



2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Indianapolis Public Transportation Corporation
State of Indiana
Comprehensive Annual Financial Report
For the year ending Dec. 31, 2014

A component unit of the consolidated
City of Indianapolis-Marion County Government Reporting Entity

COMPREHENSIVE ANNUAL 2014 FINANCIAL REPORT



Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated
City of Indianapolis – Marion County
Reporting Entity

Michael A. Terry, President & CEO

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
INDIANAPOLIS, INDIANA
FOR THE YEAR ENDING
DECEMBER 31, 2014



Ride IndyGo's articulated buses to downtown.

TABLE OF CONTENTS

SECTION ONE – INTRODUCTORY

Letter of Transmittal	I
GFOA Certificate of Achievement	VIII
Organizational Chart	IX
Principal Officials and Management	X
2014 Systems Map - Service Area and Routes	XI
Taxing Districts	XII

SECTION TWO – FINANCIAL

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Financial Statements	
Statements of Net Position	10
Statements of Revenue, Expense and Changes In Fund Equity	12
Statements of Cash Flows	13
Notes to Financial Statements	15
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress	32
Supplementary Information	
Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Federal Expenditures of Federal Awards	34
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	35
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	37
Schedule of Findings and Questioned Costs	39
Schedule of Prior Audit Findings	42

SECTION THREE – STATISTICAL (Unaudited)

Financial Trends	
Net Assests by Component	45
Operating Expenses by Type	46
Changes in Net Assets	47
Revenue Capacity	
Operating Revenue by Source	48
Non-Operating Revenues and Expenses	49
Assessed Value and Estimated Actual Value of Taxable Property	50
Debt Capacity	
Property Tax Levies and Collections	51
Ratios of General Bonded Debt Outstanding	52
Direct and Overlapping Property Tax Rates	53
Direct and Overlapping Bonded Debt and Bonding Limit	54
Demographic and Economic Information	
Demographic and Economic Statistics	55
Principal Employers	56
Principal Property Tax Payers	57
Operating Information	
Operating Information	58
Schedule of Insurance in Force	59
Transit Vehicles	60

SECTION ONE – INTRODUCTORY

Letter of Transmittal	I
GFOA Certificate of Achievement	VIII
Organizational Chart	IX
Principal Officials and Management.....	X
2014 Systems Map - Service Area and Routes	XI
Taxing Districts	XII



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June 26, 2015

The Citizens of Indianapolis and Marion County
and the Board of Directors for the
Indianapolis Public Transportation Corporation
Indianapolis, IN

We are pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of the Indianapolis Public Transportation Corporation (IndyGo or the Company) for the year ended December 31, 2014.

The CAFR has become the standard format used in presenting the results of the Company's annual financial operations for the calendar year. We believe this report is presented in a manner that fairly discloses the financial position and results of the Company's operations as measured by its financial activities. To the best of our knowledge and belief, the disclosures are accurate in all material respects.

The accompanying basic financial statements, supplemental schedules and statistical information are the representation of the Company's management team, who bear the responsibility of documental accuracy and completeness. Our Independent Auditors' Report, prepared by Crowe Horwath LLP, is included along with other necessary disclosures to enable the reader to gain maximum understanding of the Company's financial activities.

In evaluating and developing the accounting system, Federal Transit Administration (FTA) and General Accepted Accounting Principles (GAAP) accounting methods are applied to achieve an adequate system of internal accounting controls. These practices ensure assets are protected against loss from unauthorized use or disposition and the data used to prepare financial statements is timely and reliable.

These controls are designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance is to make certain the cost of the controls does not exceed the benefit received. It also recognizes the evaluation of costs and benefits requires estimates and judgments by management. We believe the Company's internal controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

The independent audit of the accompanying basic financial statements of IndyGo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the accompanying basic financial statements, but also on the audited agency's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Indianapolis Public Transportation Corporation's separately issued Single Audit Report.

GAAP requires management to provide a narrative introduction, overview, and analysis with the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Company's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

IndyGo is a municipal corporation as defined by the "Urban Mass Transportation Act of 1965." In 1973, the company was chartered by a city ordinance to acquire, provide and maintain an urban mass transportation system for the metropolitan Indianapolis area. IndyGo is a component unit of the Consolidated City of Indianapolis-Marion County Reporting Entity.

IndyGo is governed by a seven-member Board of Directors (Board), which provides broad policy and financial decisions, setting direction for management. The Mayor of the City of Indianapolis (Mayor) and the City-County Council of the City of Indianapolis and Marion County, Indiana (Council) appoint the Board, which is bi-partisan. The Mayor appoints three members and the Council appoints four.

The Board of Directors adopts a budget in the late summer of each year for the next calendar year, which is subsequently approved or modified by the Council. Budgetary control is maintained for certain funds, at the object level of expenditures, by the encumbrance of purchase orders against available appropriations. The budget becomes the day-to-day control document over expenditures at the department level. Changes within major account classifications require Board approval, while departments are given authority to transfer between minor line items within the major accounts.

The Board meets monthly in public session to put policies into effect. These meetings also include executive management presentations regarding the operational and financial status of the corporation.

The Company's reporting entity includes only transit operations and there is no other organization within the Indianapolis metropolitan area providing a similar scope of public transportation service.

Accomplishments

Ridership

IndyGo's fixed route ridership hit a 23-year peak in 2014, soaring to 10.29M passenger trips with seven individual months hitting highs that had never been seen before. This represents an increase of nearly 1% over 2013 ridership. Trips on paratransit increased too, from 272,735 rides in 2013 to 284,615 rides in 2014. Shifts in the housing market, a recovering job market, IndyGo's transit awareness program and solid service performance were all factors that likely contributed to the continued ridership growth.

Fleet Additions

In 2013 IndyGo was awarded \$10M through the US Department of Transportation's "Transportation Investment Generating Economic Recovery" (TIGER) grant program to purchase 21 remanufactured 2002 model year transit buses, completely re-powered using a new 100% electric propulsion system. IndyGo operations staff worked with the vendor on final design specifications and vehicle testing. The first electric bus was shipped to IndyGo in 2014. Training and safety plans were developed in 2014 so that the vehicles could be integrated into revenue service in 2015. The electric buses are expected to run approximately 130 miles on a single charge, which could significantly reduce the operating costs for the agency since diesel fuel is a considerable expense.

Downtown Transit Center Project

In 2014 IndyGo launched a campaign to get the community excited about the Downtown Transit Center. Located at the Southeast Corner of Washington and Delaware Streets, the DTC will be a hub for public transit. It will include a large public indoor waiting area as well as bus bays with canopies to protect passengers from the elements. With its close proximity to the heart of downtown, the Cultural Trail and Bike Hub, the DTC will serve pedestrians, cyclists and bus riders. IndyGo and the City of Indianapolis are also exploring possible bike and car share facilities at the transit center to increase multi-modal transit.

The DTC project broke ground in September 2014 and construction continued through the end of the year. The project is leveraging federal grants for passenger facilities in addition to local matching funds.

Red Line Planning

In 2014 IndyGo was awarded a \$2M federal Transportation Investment Generating Economic Recovery (TIGER) grant for the environmental and design work for the Red Line Bus Rapid Transit (BRT) project. Proposed as the first full electric BRT line in the nation, the 28-mile route would run from Hamilton County through Indianapolis to Greenwood in Johnson County.

Scope development and grant tracking in 2014 ensured a smooth start to the project with the final grant execution in 2015. The Red Line is one of 5 proposed rapid transit lines in the Indy Connect plan, a long term vision for transit in Central Indiana.

Awards

Team members and operations received numerous awards in 2014 for various types of work done inside the agency.

- The annual Rose Awards hosted by Visit Indy recognize Indianapolis' best service industry professionals. IndyGo operator Sam Garrison was recognized by Visit Indy and received the Lifetime Achievement award. Sam has been a professional coach operator since 1967 and has logged more than 1 million miles without a preventable accident.
- The Indiana MPO Council recognized IndyGo's Dump the Pump in June promotion and awarded the agency the Outstanding Public Involvement Award. Through the Dump the Pump campaign, IndyGo hosted 14 events, distributed more than 2600 10-trip bus passes, achieved a social media reach of nearly 2 million, and generated brand new customers for transit.
- The Transportation Security Administration recognized IndyGo among the highest performers in the country for transit system safety through the TSA Baseline Assessment and Security Enhancement Score. IndyGo received a 97% -- a score rarely reached by transit systems.
- The American Public Transportation Association (APTA) gave accolades to IndyGo with an AdWheel grand prize for the agency's awareness campaign for the Downtown Transit Center. The comprehensive campaign included a "graffiti bus," promoting the project, public meetings, advertising and an interactive exhibit at "The Hall," Indianapolis' old City Hall building that's been repurposed as a headquarters for community plans. The exhibit offered opportunities to experience the state of the art facility designs, provide input on impending route changes, and even weigh in on what additional passenger services could be located at the facility, like food vending or other convenience services.

Planning for the Future

New transit projects like the Downtown Transit Center and the Red Line bus rapid transit project will significantly change how IndyGo operates its core local service. In addition to these projects already in development, there are additional rapid transit projects that have been identified as part of the Indy Connect planning process. Additionally, significant shifts in development patterns, demographic changes and changes in land use all impact the performance of the transit network. To assess the changes and how to respond to them, every five years, IndyGo undertakes a comprehensive operational analysis. In 2014, IndyGo began work on an extensive COA planning process.

At the core of this planning process was a discussion with leadership in the community about what goals are appropriate for IndyGo fixed route service to meet. Should the agency focus on providing coverage of geography no matter how infrequent and productive the service is? Or should resources be directed into ridership and revenue generating routes?

Preliminary public input in 2014 skewed toward frequent, ridership-generating routes. Using this input from the public, plans were developed to reroute services in the downtown area to accommodate the opening of the Downtown Transit Center.

The Board of Directors and other community leadership will continue the conversation in 2015 to more broadly define how much of IndyGo's service should be aimed at providing coverage, and how much should be aiming to attract ridership.

Factors Affecting Financial Condition

Local Economy

The recession from 2008 lingered through 2013 although Marion County continued to slowly recover, with unemployment rates declining and a general economic rebound. While average income grew 4.8 %, poor job growth has unemployment still higher than 5%. The year 2014 can be characterized as a period of slow recovery, increased wages, a shrinking labor force, and rising fuel costs.

For Indiana, property tax reform legislation was enacted and reinforced via a constitutional amendment for property tax caps and periodic revaluation of property values. There is considerable strain on all levels of local government to reduce costs and become more efficient.

In April of 2011, legislation was enacted that eliminated the dedicated funded Public Mass Transportation Fund (PMTF), which distributes state sales tax revenue to Indiana public transportation service providers. While amounts for 2014 and 2015 are listed in the State's budget, it is now a budget line item instead of a dedicated source of state transit funding, subject to reductions and the biennial budget process.

Similar effects are impacting the government at the Federal level with lower fuel tax receipts, cost to wage conflicts, continued budget deficits and debt ceiling limitations. Normally, a six-year authorization bill establishes Section 5309 funding, upon which IndyGo has relied for bus replacement and other capital improvements. In October 2012, Congress passed the "Moving Ahead for Progress in the 21st Century" (MAP-21) surface transportation funding bill, a two year appropriation for fiscal years 2013 and 2014. The MAP-21 bill will change funding for capital projects with new criteria established for Sections 5309, 5310 and 5307, impacting IndyGo's operation in 2014.

The economic environment in which IndyGo operates continues to present management with major challenges in sustaining the level and quality of transit service.

Financial policies

During 2014, IndyGo maintained cash for capital projects in high interest bank accounts and certificates of deposit, averaging a yield of approximately fifteen basis points. IndyGo engaged investment advisors and implemented a plan to increase the yield of excess cash while maintaining the security of the investments. The plan includes investments in government backed securities and additional investments in certificates of deposit. The goal for 2015 is to earn seventy-five basis points on invested excess cash while reducing bank fees.

The budget for 2014 included matching the cost of preventative maintenance and the capital cost of contracting with cash from the operating fund. These measures were taken to preserve the level of cumulative funds for capital expenditures.

The cost of labor for bargaining unit personnel escalated 0.50% in 2014 over the previous year pursuant to the collective bargaining unit agreement.

IndyGo has been unable to sustain funding for financial reserves. The focus has been to maintain as much transit service on the street as possible. With nearly 75% of riders categorized as "transit dependent," it is imperative that service be preserved. This strategy is not without ramifications. With an aging bus fleet, the capital funds used for operations are not allowing IndyGo to maintain a bus replacement program. The cost to operate and maintain the aging bus fleet is impacting the operating budget. Efforts to secure additional capital funding from federal, state and local sources continues, but regarded as "one time" funds and not recurring.

Recognition

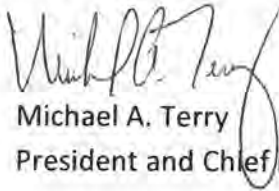
For the twelfth straight year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting

to IndyGo for its Comprehensive Annual Financial Report for the year ended December 31, 2013. A Certificate of Achievement is valid for a period of one year only. In order to receive this award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report in compliance with the GFOA policies, procedures and program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgment

We wish to acknowledge the participation and professional contribution of the accountancy firm of Crowe Horwath LLP in providing technical assistance when need. In addition, we wish to recognize those Finance and Administrative staff members who contribute their time and efforts in preparing this document.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael A. Terry", is written over the printed name.

Michael A. Terry
President and Chief Executive Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

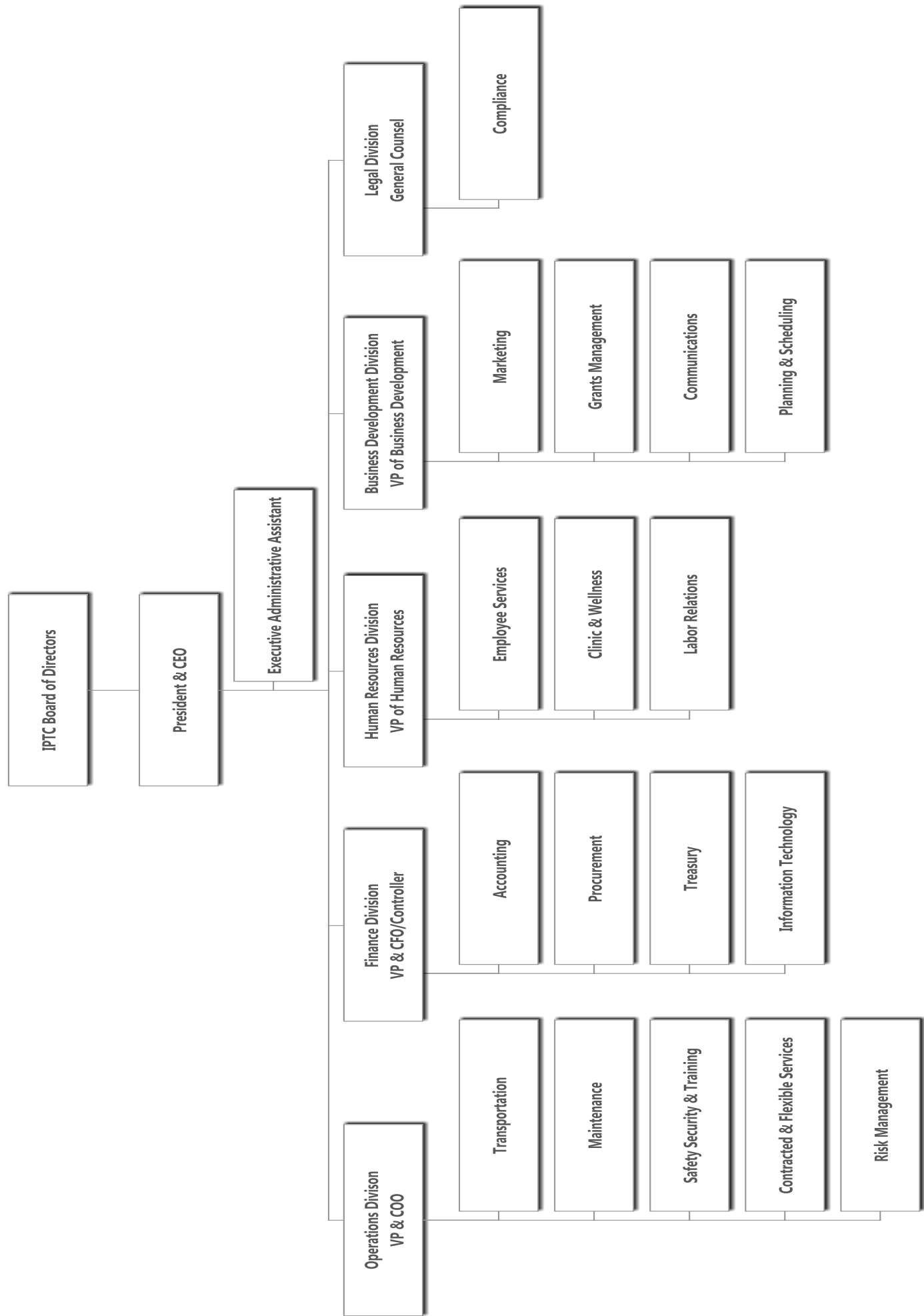
**Indianapolis Public Transportation
Corporation - IndyGo, Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION

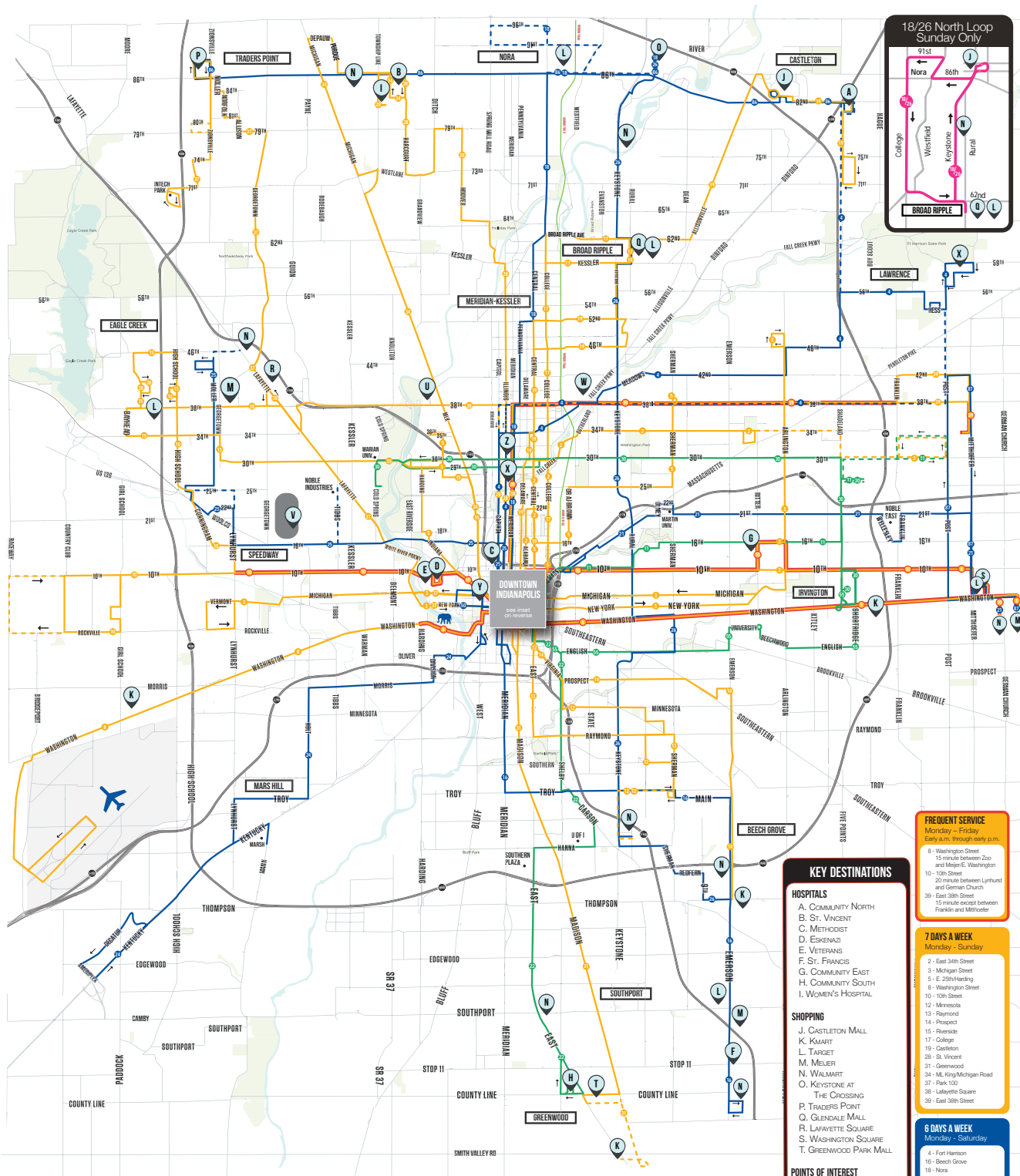


INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION - IndyGo
Board of Directors, Principal Officials and Management

Name	Approximate Length of Service	Occupation
<u>Appointed Board of Directors</u>		
Danny M. Crenshaw, Chair (Council)	11-1/2 yrs	President Crenshaw Insurance Agency
Alan Rowland, Vice Chair (Council)	6-1/2 yrs	Business Development Manager CompTIA
Juan Gonzalez, Treasurer/Sec'y (Mayor)	5 yr.	Vice President - Sr. Business Banking Relationship Manager Key Bank
Tommie L. Jones, (Council)	14-1/2 yrs	Retired Professional Educator Decatur Township School District
Jason Konesco (Mayor)	3-1/2 yr.	President, Harrison College
Gregory Hahn (Council)	2 yr.	Partner Bose McKinney & Evans, LLP
Mark Fisher (Mayor)	6 mos.	VP, Gov't Relations/Policy Div, Indy Chamber

IPTC Principal Management Staff

Michael A. Terry	11-1/2 yrs	President/CEO
Jill Russell	10 yrs	General Counsel
Andy Jackson	2 yr	VP/CFO/Controller
Roscoe Brown	16 yr	VP of Business Development
Mike Birch	17 yrs	VP/ Chief Operating Officer
Phalease Crichlow	4 yrs	VP of Human Resources



DOWNTOWN LOOP

27 of IndyGo's 31 fixed routes converge in the downtown area on "The Loop" - Ohio Street to Capitol Avenue to Maryland Street to Delaware Street. Ohio Street at Meridian Street is the main hub for transfers. Almost all downtown attractions are walkable from The Loop.

LIMITED SERVICE

All dashed lines on the map denote "limited service." This means that the route will not travel the dotted path for every trip, but instead at select times of the day or week. For more specifics refer to individual route maps.

KEY DESTINATIONS

HOSPITALS

- A. COMMUNITY NORTH
- B. ST. VINCENT
- C. METHODIST
- D. ESKENAZI
- E. VETERANS
- F. ST. FRANCIS
- G. COMMUNITY EAST
- H. COMMUNITY SOUTH
- I. WOMEN'S HOSPITAL

SHOPPING

- J. CASTLETON MALL
- K. KIMART
- L. TARGET
- M. MEIJER
- N. WALMART
- O. KEYSTONE AT THE CROSSING
- P. TRADERS POINT
- Q. GLENDALE MALL
- R. LAFAYETTE SQUARE
- S. WASHINGTON SQUARE
- T. GREENWOOD PARK MALL

POINTS OF INTEREST

- U. INDIANAPOLIS MUSEUM OF ART
- V. INDIANAPOLIS MOTOR SPEEDWAY
- W. INDIANA STATE FAIRGROUNDS
- X. IUPUI
- Y. IUPUI
- Z. CHILDREN'S MUSEUM
- AAIRPORT
- ABZOO

FREQUENT SERVICE

Monday - Friday
Early a.m. through early p.m.

- 8 - Washington Street
- 15 - 15th Street
- 20 - 20th Street
- 30 - 30th Street
- 15 - 15th Street

7 DAYS A WEEK

Monday - Sunday

- 2 - East 34th Street
- 9 - Michigan Street
- 5 - E. 25th/Harding
- 8 - Washington Street
- 10 - 10th Street
- 12 - Minnesota
- 13 - Raymond
- 14 - Prospect
- 15 - Riverside
- 17 - College
- 19 - Castleton
- 20 - St. Vincent
- 31 - Greenwood
- 34 - M. King/Michigan Road
- 37 - Park 100
- 38 - Lafayette Square
- 39 - East 38th Street

6 DAYS A WEEK

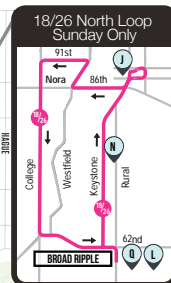
Monday - Saturday

- 4 - Fort Harrison
- 16 - Beech Grove
- 18 - Nora
- 21 - East 21st Street
- 24 - Main Hill
- 25 - West 10th Street
- 26 - Keystone Crosswalk
- 55 - Red Line
- 86 - 86th Street Crosswalk
- 87 - Eastside Circulator

5 DAYS A WEEK

Monday - Friday

- 11 - East 10th Street
- 22 - Shelby
- 30 - 30th Street Crosswalk
- 55 - English

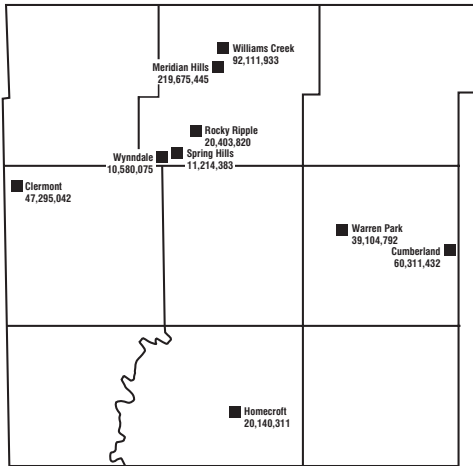


2014 SYSTEM MAP

Indianapolis Public Transportation Corporation Taxing Districts

(In Thousands)

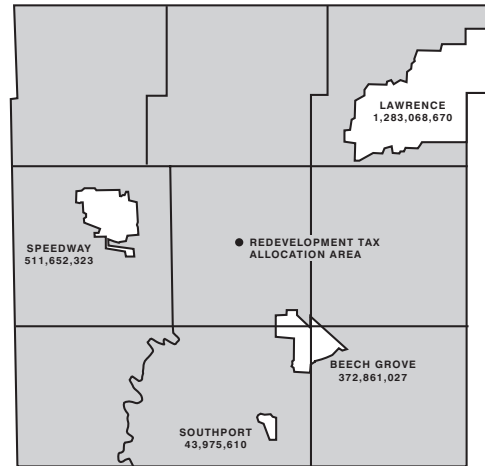
MAP 1



MARION COUNTY AND INCLUDED TOWNS

	True Value
Marion County	\$33,971,640,933
Included towns	\$520,837,233

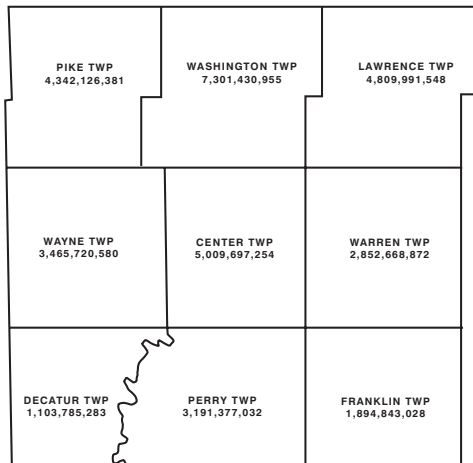
MAP 2



CONSOLIDATED CITY OF INDIANAPOLIS

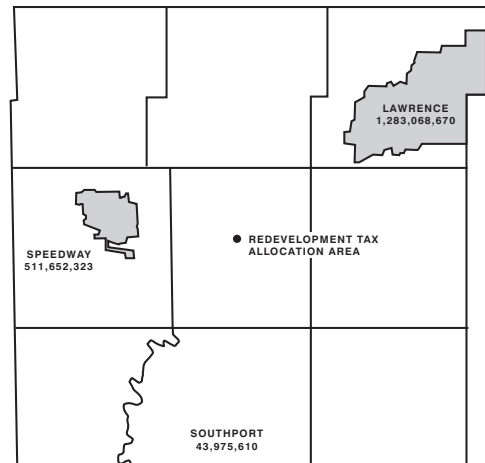
	Assessed Valuation
City of Indianapolis	\$31,760,083,303
Excluded Cities and Towns	\$2,211,557,630

MAP 3



TOWNSHIP (ASSESSED VALUATIONS)

MAP 4



IPTC TAXING DISTRICT

IPTC	\$32,132,944,330
Excluded Cities and Towns	\$1,838,696,603

[1] The assessed value figures are those certified by Marion County Auditor Abstract as of 2014
[2] Map 4 represents the taxing district of IPTC, not including excluded cities and towns.



Our coach operators are eager to drive you.

SECTION TWO – FINANCIAL

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3
Financial Statements	
Statements of Net Position.....	10
Statements of Revenue, Expense and Changes In Fund Equity	12
Statements of Cash Flows.....	13
Notes to Financial Statements.....	15
Required Supplementary Information (Unaudited)	
Schedule of Funding Progress	32
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	33
Notes to Schedule of Federal Expenditures of Federal Awards	34
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	35
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance.....	37
Schedule of Findings and Questioned Costs.....	39
Schedule of Prior Audit Findings	42

**INDIANAPOLIS PUBLIC
TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE
CONSOLIDATED CITY OF
INDIANAPOLIS MARION COUNTY
GOVERNMENT REPORTING ENTITY)**

FINANCIAL STATEMENTS
December 31, 2014

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2014

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION.....	12
STATEMENT OF CASH FLOWS.....	13
NOTES TO FINANCIAL STATEMENTS	15
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
SCHEDULE OF FUNDING PROGRESS	32
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
NOTES TO SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS	34
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE	37
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	39
SCHEDULE OF PRIOR AUDIT FINDINGS	42



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Indianapolis Public Transportation Corporation (IPTC) (a municipal corporation and a component unit of the consolidated City of Indianapolis-Marion County Government Reporting Entity), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise IPTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. 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 opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IPTC, as of December 31, 2014, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and the Schedule of Funding Progress on page 32, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by 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 an opinion on the financial statements that collectively comprise IPTC's basic financial statements. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015 on our consideration of IPTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 IPTC's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
June 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



Wait inside our shelters.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

This section of the annual financial report presents a discussion and analysis of the Indianapolis Public Transportation Corporation's (IPTC's) financial performance for the year ended December 31, 2014. Please read this section in conjunction with the IPTC financial statements in the section that follows. For more detailed information on long-term debt activity and capital asset activity please refer to the relevant disclosures in the notes accompanying the basic financial statements.

FINANCIAL HIGHLIGHTS

- IPTC's assets exceeded its liabilities at December 31, 2014 by \$74.8 million (net position). Of this amount, \$14.4 million (unrestricted net position) may be used to meet IPTC's ongoing obligations arising from providing transportation service to the community.
- Fare revenues for 2014 increased 2 percent over that of the prior year.
- FTA capital contributions for 2014 increased 8 percent from that of the prior year.
- IPTC received donated land from the City of Indianapolis appraised at \$5.6 million to construct a downtown transit center.
- FTA local operating and planning grants and preventative maintenance funding for 2014 increased by 8 percent over that of the prior year.
- Operating expenses before depreciation increased 7 percent from the prior year.
- Net position increased approximately \$9.0 million, or 14 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements and required supplementary information.

The financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units operating as an Enterprise Fund. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenue, Expense, and Changes in Net Position. All assets and liabilities associated with the operation of the IPTC are included in the Statement of Net Position.

The financial statements provide both short and long-term information about the IPTC's overall financial status. The financial statements include notes to provide more detailed information on important activities. Please refer to these notes for more in depth and detailed information.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

FINANCIAL STATEMENT ANALYSIS

Net Position

The IPTC's total assets at December 31, 2014 were approximately \$91.0 million. This represents an increase of approximately 13 percent from the prior year. Liabilities approximated \$16.6 million, an increase of 22 percent for 2014. The overall increase in liabilities is attributed to a significant increase in accounts and contract services payable over the prior year.

Approximately \$42.6 million, or 58 percent, of the net position reflects investments in capital assets, less related debt. Approximately \$17.8 million, or 24 percent, of the net position is restricted for the future acquisition of capital assets. Approximately \$13.0 million, or 18 percent, may be used to meet IPTC's ongoing obligations arising from providing transportation services to the community.

TABLE 1 - NET POSITION

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 23,442,946	\$ 22,927,122
Capital assets (net)	49,419,241	40,880,339
Other non-current assets	18,102,486	16,407,920
Total Assets	<u>\$ 90,964,673</u>	<u>\$ 80,215,381</u>
Liabilities:		
Current liabilities	\$ 14,060,702	\$ 8,085,703
Non-current liabilities	3,535,177	6,349,360
Total liabilities	<u>17,595,879</u>	<u>14,435,063</u>
Net position:		
Net investment in capital assets	42,647,303	36,110,326
Restricted	17,760,498	16,092,365
Unrestricted	<u>12,960,993</u>	<u>13,577,627</u>
Total net position	<u>73,368,794</u>	<u>65,780,318</u>
Total liabilities and net position	<u>\$ 90,964,673</u>	<u>\$ 80,215,381</u>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

Changes in Net Position

The change in net position for 2014 represents an increase of approximately \$7.6 million, or 12 percent. Of this amount, total revenues increased approximately \$9.3 million, or 16 percent. This increase is mainly attributed to a \$9.2 million increase in capital grants. Overall operating expenses, excluding depreciation increased \$4.8 million, or 8 percent. This increase is primarily attributed to an increase in bus service in 2014.

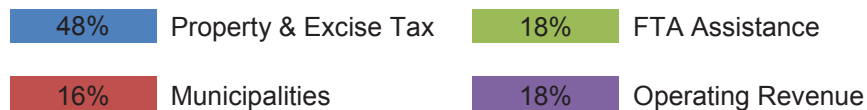
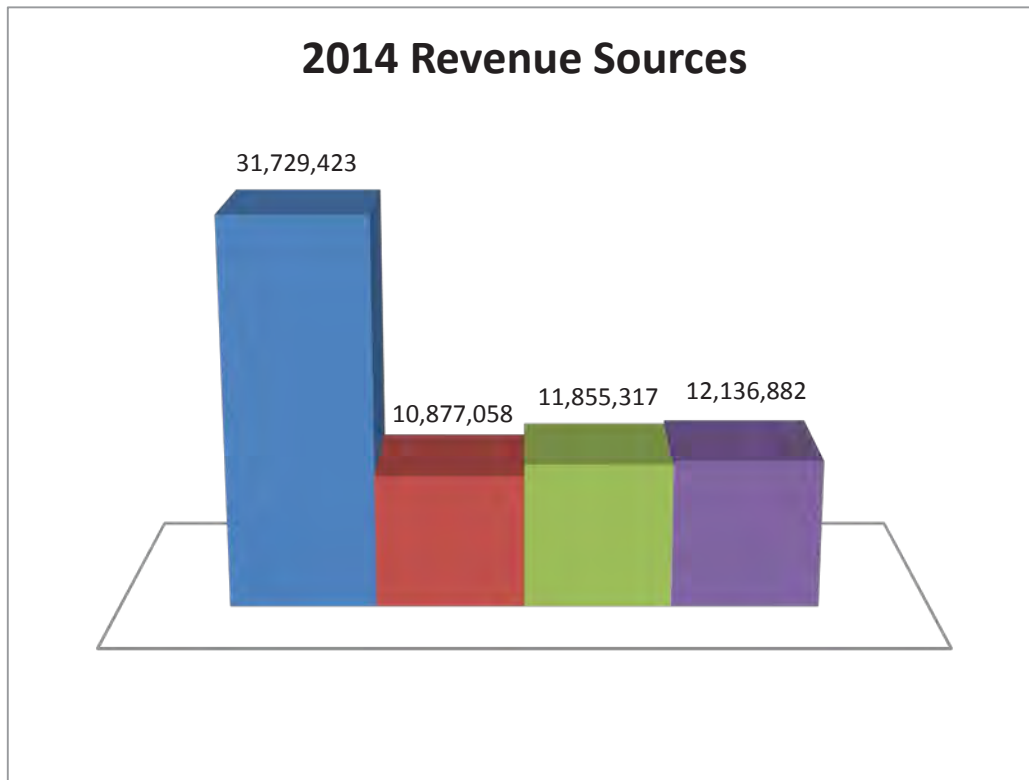
TABLE 2 - CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u>
Operating revenues		
Passenger fares	\$ 11,617,150	\$ 11,354,576
Advertising	<u>519,732</u>	<u>383,631</u>
Total operating revenues	<u>12,136,882</u>	<u>11,738,207</u>
Non-operating revenues (expenses)		
Property and excise tax	31,729,423	33,105,656
Municipalities	10,877,058	10,842,244
FTA Assistance	11,855,317	11,017,598
Contributions – capital grants	12,021,795	2,836,387
Other net revenues (expenses)	<u>87,036</u>	<u>(134,156)</u>
Total non-operating revenues	<u>66,570,629</u>	<u>57,667,729</u>
Total revenues	78,707,511	69,405,936
Operating expenses		
Transportation	32,424,781	29,733,176
Maintenance of equipment, including fuel	18,932,576	17,098,609
Administrative and general	10,311,180	10,208,449
Claims and insurance	1,566,982	1,334,836
Depreciation	<u>7,883,516</u>	<u>7,293,959</u>
Total operating expenses	<u>71,119,035</u>	<u>65,669,029</u>
Change in net position	7,588,476	3,736,907
Total net position, beginning of year	<u>65,780,318</u>	<u>62,043,411</u>
Total net position, end of year	<u>\$ 73,368,914</u>	<u>\$ 65,780,318</u>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

Revenues: For 2014, total operating revenues increased approximately \$400,000, or 3 percent. Non-operating revenue, excluding capital grant contributions and other revenue (expenses), decreased by approximately \$500,000, or 1 percent.

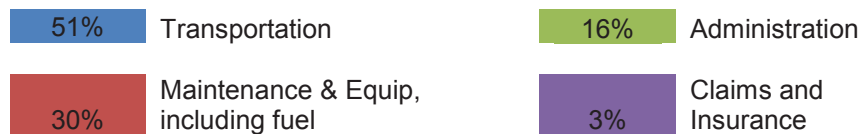
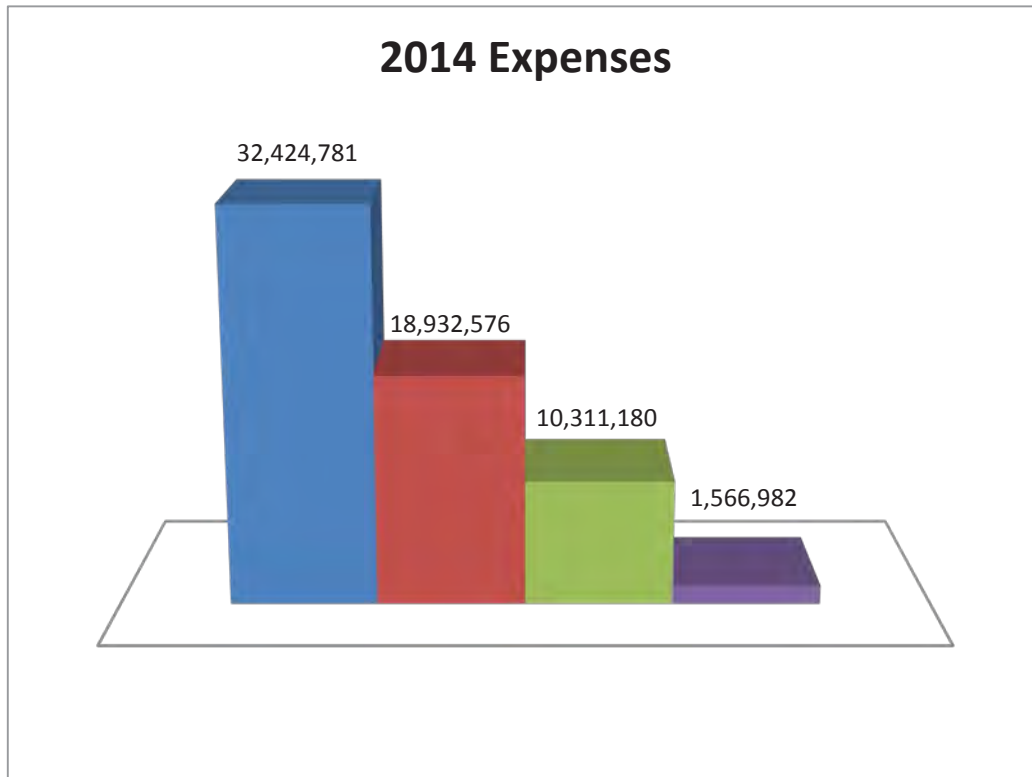


The revenues and percentages presented exclude "Contributions-capital grants" of \$12,021,795 and "Other net revenues (expenses)" of \$87,036.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

Expenses: Total operating expenses, excluding depreciation, are approximately \$63.2 million for 2014. This is an increase of \$4.8 million, or 8 percent from prior year. This increase is primarily attributed to increased services added in 2014.



The expenses and percentages presented exclude “depreciation” expense of \$7,883,516.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

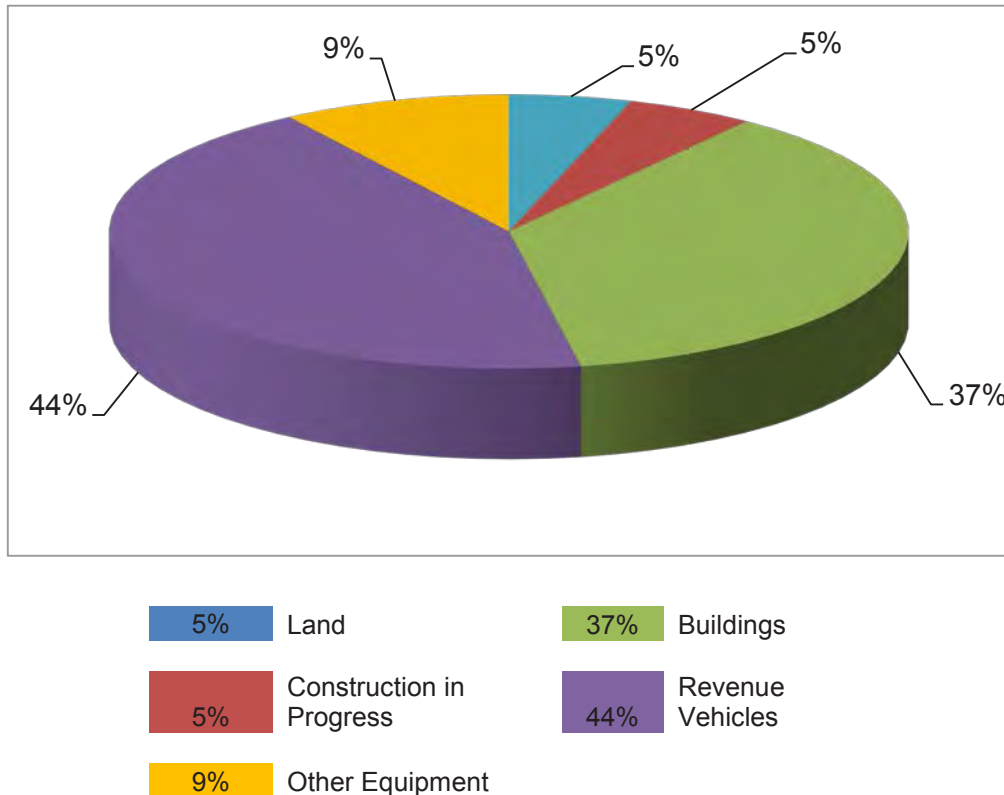
Capital Assets

As of December 31, 2014, IPTC had invested approximately \$49.4 million in capital assets, net of accumulated depreciation. Compared to the prior year, this amount represents an increase of approximately \$8.5 million. Capital acquisitions for the year were about \$23.8 million with retirements of about \$1.1 million. Please refer to Note 3 of the financial statements included in the next section of this report for additional information regarding capital assets activity.

Management has concentrated on making capital investments in equipment and technology that can be effective in improving service and reducing operating costs. These projects can be implemented only because of the availability of Federal capital funding and the establishment of the cumulative capital fund to provide the local match for Federal capital grants.

Significant capital asset acquisitions during 2014 included 13 used and remanufactured articulated buses totaling approximately \$5.2 million and downtown transit center activity as discussed on the following page.

Percentage allocation invested in capital assets:



(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

- For several years, IPTC has been working with local officials and consulting teams to identify the best location to operate a downtown transit center. In 2011, a site evaluation was conducted at a location in close proximity to current multimodal services (i.e. trains, buses, park and ride, pedestrian and bike). Operational plans for transit services from this site were considered and validated for future development. IPTC has signed a contract and has started construction work for the downtown Transit Center. During 2014, the City of Indianapolis gifted IPTC the land, appraised at \$5.6 million, where the transit center will be located. As of December 31, 2014, IPTC has incurred approximately \$3.7 million in downtown transit center construction in process.

Debt Disclosures

As of December 31, 2014, IPTC had approximately \$4.6 million of notes and bonds payable. During 2014, bonds and notes payable were repaid pursuant to the maturity schedule of each issue. As of December 31, 2014, IPTC had no financial restrictive covenants associated with its outstanding debt. Please refer to Note 4 of the financial statements included in next section of this report for additional information regarding debt activity.

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on IPTC, its funding sources, and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

The economic environment in which IPTC operates continues to present management with major challenges in sustaining the level and quality of transit service. Management remains concerned over rising variable operating costs such as fuel and health care benefits. Sufficient growth in our revenue sources is necessary to keep pace with the increase in variable costs.



Ride IndyGo.

FINANCIAL STATEMENTS

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENT OF NET POSITION
December 31, 2014

ASSETS

Current assets

Cash and cash equivalents (Note 2):

Working capital	\$ 7,913,339
Restricted – debt service	562,081
Liability reserve accounts	<u>5,021,504</u>
Total cash and cash equivalents	13,496,924

Receivables:

Federal grants	6,022,752
Operations receivables, net	<u>411,207</u>
Total receivables	6,433,959

Other current assets:

Materials and supplies inventory, net	3,025,913
Deposits and prepaid expenses	<u>486,150</u>
Total other current assets	<u>3,512,063</u>

Total current assets	<u>23,442,946</u>
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Noncurrent assets

Restricted Cash – capital asset acquisition (Note 2)	11,185,488
Restricted Investments – capital asset acquisition (Note 2)	6,575,010
Net other post-employment benefit asset (Note 11)	341,988

Capital assets (Note 3):

Non-depreciable assets:	
Land	6,975,654
Construction in progress	<u>7,253,735</u>
Total non-depreciable assets	14,229,389

Depreciable assets:

Buildings and improvements	51,859,730
Revenue vehicles and equipment	61,217,557
Other equipment	<u>13,002,020</u>
Total depreciable assets	<u>126,079,307</u>

Total capital assets	140,308,696
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Accumulated depreciation	<u>(90,889,455)</u>
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Capital assets, net of depreciation	<u>49,419,241</u>
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Total noncurrent assets	<u>67,521,727</u>
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Total assets	<u>\$ 90,964,673</u>
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See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENT OF NET POSITION
December 31, 2014

LIABILITIES AND NET POSITION

Current liabilities

Accounts and contract services payable	\$ 8,917,815
Accrued payroll and benefits	1,119,663
Unearned fare revenue	363,716
Notes payable (Note 4)	1,316,186
Bonds payable, net of premium (Note 4)	1,627,507
Risk management – unpaid claim estimates (Note 5)	460,000
Federal grantor reimbursement payable	255,815
Environmental remediation liability (Note 8)	<u>-</u>
Total current liabilities	<u>14,060,702</u>

Noncurrent liabilities

Bonds payable (Note 4)	1,680,000
Risk management – unpaid claim estimate (Note 5)	29,170
Environmental remediation liability (Note 8)	<u>1,826,007</u>
Total noncurrent liabilities	<u>3,535,177</u>
Total liabilities	<u>17,595,879</u>

Net position

Net investment in capital assets	42,647,303
Restricted for capital assets acquisition	17,760,498
Unrestricted	<u>12,960,993</u>
Total net position	<u>73,368,794</u>
Total liabilities and net position	<u>\$ 90,964,673</u>

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended December 31, 2014

Operating revenues	
Passenger fares	\$ 11,617,150
Advertising	<u>519,732</u>
Total operating revenues	<u>12,136,882</u>
Operating expenses	
Transportation	32,424,781
Maintenance of equipment, including fuel	18,932,576
Administrative and general	10,311,180
Claims and insurance	1,566,982
Depreciation	<u>7,883,516</u>
Total operating expenses	<u>71,119,035</u>
Operating loss	(58,982,153)
Non-operating revenues (expenses)	
Operating assistance:	
Property and excise tax	31,729,423
Municipalities	10,877,058
FTA and local operating and planning grants, and preventative maintenance funding	11,855,317
Other net revenues (expenses) (Note 7)	<u>87,036</u>
Total non-operating revenue	<u>54,548,834</u>
Change in net position before capital contribution	(4,433,319)
Contributions - capital grants	<u>12,021,795</u>
Change in net position	7,588,476
Net position, beginning of year	<u>65,780,318</u>
Net position, end of year	<u>\$ 73,368,794</u>

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENT OF CASH FLOWS
Year ended December 31, 2014

Cash flows from operating activities	
Receipts from customers	\$ 12,193,552
Payments for transportation	(32,424,781)
Payments for maintenance of equipment, including fuel	(16,906,553)
Payments for administrative and general	(10,607,613)
Claims and insurance paid to external parties	(1,457,229)
Net cash used by operating activities	(49,202,624)
Cash flows from noncapital financing activities	
Property and excise tax distributions	31,729,423
Assistance from municipalities	10,877,058
FTA operating assistance	8,929,363
Interest paid on notes payable	(3,558)
Net cash provided by noncapital financing activities	51,532,286
Cash flows from capital and related financing activities	
Capital grant receipts	6,313,130
Purchases of capital assets	(7,735,967)
Proceeds on sale of capital assets	56,483
Principal paid on bonds payable	(1,415,000)
Interest paid on bonds payable	(135,415)
Net cash used by capital and related financing activities	(2,916,769)
Cash flows from investing activities	
Purchases of investments	(613,453)
Proceeds from sale of investments	1,225,307
Interest received on cash and cash equivalents	104,036
Net cash provided by investing activities	697,890
Net increase in cash and cash equivalents	110,783
Cash and cash equivalents, beginning of year	<u>24,571,629</u>
Cash and cash equivalents, end of year	<u>\$ 24,682,412</u>
Statement of Net Position Presentation:	
Cash and cash equivalents – current assets	\$ 13,496,924
Cash – noncurrent assets	<u>11,185,488</u>
Cash and cash equivalents, end of year	<u>\$ 24,682,412</u>

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENT OF CASH FLOWS
Year ended December 31, 2014

**Reconciliation of operating loss to net cash used by
operating activities:**

Operating loss	\$ (58,982,153)
Adjustments to reconcile loss to net cash and cash equivalents:	
Depreciation expense	7,883,516
Changes in assets and liabilities:	
Other receivables	21,069
Materials and supplies inventory	(224,597)
Deposits and prepaid expense	422,186
Other post-employment benefit asset	(26,433)
Accounts and contract services payable	1,870,895
Accrued payroll and benefits	(42,461)
Unearned fare revenue	35,601
Risk management	109,753
Pension arbitration liability	<u>(270,000)</u>
Net cash used by operating activities	<u>\$ (49,202,624)</u>

**Supplemental schedule of noncash investing
and financing activities:**

Capital assets in accounts payable	\$ 3,464,431
Payment of note payable via transfer of other assets	263,557
Donated land	5,600,000

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: IPTC operates in one business segment, public transportation, as an enterprise fund. IPTC's purpose is to acquire, provide and maintain an urban mass transportation system for the metropolitan Indianapolis area. Indianapolis Public Transportation Corporation (IPTC) d/b/a IndyGo was formed on August 7, 1973 by City-County Council General Ordinance No. 36 as a municipal corporation, which has no stockholders, under the provisions of IC 36-9-4. Management of IPTC has determined that it is a component unit of the Consolidated City of Indianapolis-Marion County Government Reporting Entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by Statement No. 61 and is considered financially accountable to such reporting entity.

The Board of Directors of IPTC consists of seven members, three of whom are appointed by the Mayor of the City of Indianapolis (Mayor) and four of whom are appointed by the City of Indianapolis-Marion County Council (Council). The IPTC Board designates the management of IPTC, namely the General Manager, the Assistant General Managers and the other principal members of the management staff. The IPTC Board adopts the budget, tax levy, and the issuance of debt. In addition, the Council approves the budget, tax levy, and the issuance of debt.

Basis of Accounting: The operations of IPTC are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of IPTC are included in the statement of net position. The principal operating revenues of IPTC are passenger fares. IPTC also recognizes as operating revenue the fees collected from advertisements on IPTC property and miscellaneous operating revenues. Operating expenses for IPTC include the costs of operating the transit system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. IPTC's policy is to apply externally restricted funds first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents: For purposes of the statement of cash flows, IPTC considers all liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. At December 31, 2014, cash equivalents consisted of demand and money market deposit accounts.

Receivables: Management has recorded an allowance of \$10,000 for operating receivables. Management has not made a provision for an allowance for uncollectible property tax receivables or federal grants receivables.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials and Supplies Inventory: Materials and supplies inventories are valued at the lower of average cost (determined on a first-in, first-out basis) or market.

Restricted Assets: Certain cash, cash equivalents and investment balances are restricted as follows:

- **Capital Asset Acquisition Accounts:** Proceeds from the sale of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011C and Series 2012C issued by the Indianapolis Local Public Improvement Bond Bank and capital asset acquisition funds generated as a separate tax (cumulative funds) are restricted to expenditures for the acquisition of additional revenue vehicles and other capital equipment. In 2004, IPTC established a cumulative transportation fund under IC 36-9-4-48 setting forth a separate tax levy for the acquisition of capital assets.
- **Liability Reserve Accounts:** Funds deposited in these accounts are set aside from the general operations of IPTC and used only for the payment of claims arising from accidents involving IPTC that exceed \$100,000.
- **Debt Service Account:** Funds deposited in these accounts are set aside to be used for the purpose of payments of debt.

Investments: In accordance with Indiana Code Section 5-12 et sequel, it is the policy of the IPTC to deposit public funds into the depositories approved by the Marion County Board of Finance. IPTC is further authorized by statute to invest in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, and negotiable order of withdrawal accounts. It is the internal policy of IPTC to invest funds with local, federally insured banks that have a principal office within the County and have been approved by the County Board of Finance.

Capital Assets: Major items of capital assets acquired with federal, state and local funds are capitalized at cost. IPTC adheres to the FTA circular regarding capitalization of assets by capitalizing all assets with a value in excess of \$5,000 per unit and a useful life in excess of one year and IPTC adheres to the FTA capitalization policy as appropriate for items which are (a) homogeneous and not individually identifiable; (b) may or may not have a units cost meeting the threshold level for a capitalized asset but where the practice is to purchase in groups and capitalize the total group; and (c) will be maintained together or in the same general area, should be listed by homogeneous grouping. Examples include desks, cubicles, file cabinets, furniture, office equipment, and certain technology hardware. Expenditures for maintenance and repairs are charged to operations as incurred. IPTC recognizes depreciation on capital assets on a straight-line basis over the estimated useful lives of the assets, as follows:

	<u>Years</u>
Land improvements	10
Buildings and shelters	10 to 25
Coaches:	
Large bus	12
Body on chassis	3 to 5
Autos and trucks	3 to 10
Fare handling and maintenance equipment	3 to 10
Office furniture and equipment	2 to 20

Net Position: GASB Statement 34 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These net position classifications are defined as follows:

- **Net investment in capital assets** - This component consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Restricted** - This component consists of external constraints placed on net position imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. IPTC has restricted net position for capital asset acquisition. If both restricted and unrestricted resources are to be used for the same purpose, restricted resources will be applied first.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Revenue Recognition: Passenger fares are recorded as revenue at the time such services are performed and revenues pass through the fare box. Sales of tickets are recorded initially as unredeemed fares and recognized as income upon passage through the fare box.

Property Taxes: IPTC records property taxes as earned in the year they are due and payable. Taxes are levied separately for operations, capital asset acquisitions, and debt service. All taxable property located within the IPTC taxing district is assessed annually March 1. In mid-April of the year subsequent to the assessment, individual property tax statements are to be mailed by the Marion County Treasurer to the owners of record as of the assessed valuation date. Taxes are payable to the Treasurer in equal installments on or before May 10 and November 10 of the year subsequent to assessment. The Treasurer remits collections to IPTC and other governmental units within the county.

Capital and Operating Grants: Certain expenditures for capital acquisitions, improvements and development of an urban mass transportation system have received significant federal funding through the Federal Transit Administration (FTA). The balance of such expenditures is funded through state and local sources. Funds provided by governmental authorities for capital and operating assistance are recorded when earned.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

Risk Management Claims: Property damage claims and liabilities for personal injury are recognized as incurred based on the estimated cost to IPTC upon resolution.

Compensated Absences: Essentially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave, which has been earned and vested but not paid, has been accrued in the accompanying financial statements. Compensation for holiday and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest.

Accumulated unused sick leave benefits are non-vesting and are only paid out upon retirement. The maximum accumulation per employee is 1,800 hours and the maximum paid out per employee is 540 hours. Accumulated unused sick leave benefits are accrued based upon historical information, for employees with at least one year of service regardless of age.

Commitments: IPTC entered into fixed unit cost fuel contracts for the purchase of 1,448,100 gallons of fuel. Total fuel cost commitment under these contracts was \$4,533,321 at December 31, 2014.

During 2014, IPTC entered into a commitment not to exceed \$17.98 million for construction projects. At December 31, 2014, the remaining commitment on these projects is approximately \$13.59 million.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of New Accounting Standards: In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The implementation of this Statement did not have a material impact on IPTC.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this Statement did not have a material impact on IPTC.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement (1) requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee; (2) requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities, and (3) specifies the information required to be disclosed by governments that extend nonexchange financial guarantees, and (4) requires new information to be disclosed by governments that receive non-exchange financial guarantees. The implementation of this Statement did not have a material impact on IPTC.

New Pronouncements Not Yet Implemented:

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement will be effective for IPTC in the year ending December 31, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The requirements of this statement should be applied simultaneously with the provisions of Statement 68. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which completes the suite of pension standards, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses reporting by OPEB plans that administer benefits on behalf of governments, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. These statements will not be effective until future years and management has not determined what impact, if any, these GASB's statement might have on its financial statements.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are reported in the accompanying statements of net position as of December 31, 2014 as follows:

	<u>2014</u>
Current assets	
Cash and cash equivalents	
Working capital	\$ 7,913,339
Restricted – debt service	562,081
Liability reserve	5,021,504
Noncurrent assets:	
Restricted Cash – Capital asset acquisition	11,185,488
Restricted Investments – Capital asset acquisition	<u>6,575,010</u>
	<u>\$ 31,257,422</u>
Cash and cash equivalents	\$ 24,682,412
Investments	<u>6,575,010</u>
	<u>\$ 31,257,422</u>

Deposits: IPTC maintains cash and cash equivalents deposits with area financial institutions. A summary of these deposits at December 31, 2014 is as follows:

	----- <u>2014</u> -----	
	<u>Carrying</u>	<u>Bank</u>
	<u>Value</u>	<u>Balance</u>
On hand	\$ 1,300	\$ -
Cash deposits:		
Insured by FDIC	1,954,971	1,954,971
Insured by IPDIF	<u>22,726,141</u>	<u>22,843,651</u>
	<u>\$ 24,682,412</u>	<u>\$ 24,798,622</u>

During the year ended December 31, 2014, IPTC held interest bearing demand deposit accounts and interest bearing savings accounts with Indiana financial institutions. Demand deposits are fully insured by the Federal Depository Insurance Corporation (FDIC) or by the Indiana Public Deposits Insurance Fund (IPDIF).

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following summarizes the IPTC's policies on deposit and investment activity:

Investment Policy and Legal and Contractual Provisions Governing Cash Deposits and Investments: In accordance with Indiana Code Section 5-12 et sequa, it is the policy of the IPTC to deposit public funds into the depositories approved by the Marion County Board of Finance. IPTC is further authorized by statute to invest in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, and negotiable order of withdrawal accounts. It is the internal policy of IPTC to invest funds with local, federally insured banks that have a principal office within the County and have been approved by the County Board of Finance. IPTC does not have specific investment policies on interest rate risk, credit risk, concentration of credit risk, custodial credit risk, or foreign currency risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The nature of IPTC deposits and investments do not present high exposure to interest rate market risks due to their short term nature. At December 31, 2014, IPTC had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>----- Maturities (in Years) -----</u>	
		<u>Less than 1</u>	<u>1 - 5</u>
Certificates of Deposit	\$ 2,015,590	\$ 1,514,285	\$ 501,305
Government-backed Mortgage Notes	<u>4,559,420</u>	<u>3,507,595</u>	<u>1,051,825</u>
	<u>\$ 6,575,010</u>	<u>\$ 5,021,880</u>	<u>\$ 1,553,130</u>

Credit Risk and Custodial Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that the IPTC will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counter party fails. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At December 31, 2014, the IPTC's investments, along with their respective ratings from Moody's Investor Services, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Certificates of Deposit	\$ 2,015,590	Unrated
Government-backed Mortgage Notes	<u>4,559,420</u>	Aaa
	<u>\$ 6,575,010</u>	

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. IPTC places no limit on the amount IPTC may invest in any one issuer. The following table shows investment in issuers and the representative percentage of total investments at December 31, 2014:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% (rounded)</u>
Certificates of Deposit:		
BMW Bank North America	\$ 250,090	3.8%
Discover Bank	251,852	3.8%
GE Capital Bank	249,452	3.8%
Key Bank	250,398	3.8%
Merrick Bank	250,150	3.8%
National Bank of Indianapolis	513,500	7.8%
Synovus Bank Georgia	250,148	3.8%
Government-back Mortgage Notes:		
Fannie Mae	3,542,355	53.9%
Freddie Mac	<u>1,017,065</u>	15.5%
	<u>\$ 6,575,010</u>	

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. All IPTC deposits and investments are denominated in United States currency.

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets as follows:

	<u>Balance January 1, 2014</u>	<u>Changes During Year</u>		<u>Balance December 31, 2014</u>
		<u>Additions</u>	<u>Reductions</u>	
<u>Capital Assets Cost:</u>				
<u>Non-Depreciable Assets:</u>				
Land	\$ 1,375,654	\$ 5,600,000	\$ -	\$ 6,975,654
Construction in progress*	<u>3,771,654</u>	<u>10,822,422</u>	<u>(7,340,341)</u>	<u>7,253,735</u>
	5,147,308	16,422,422	(7,340,341)	14,229,389
<u>Depreciable Assets:</u>				
Buildings and improvements	51,360,458	499,272	-	51,859,730
Revenue vehicles and equipment	54,511,283	6,773,592	(67,318)	61,217,557
Other equipment	<u>14,004,850</u>	<u>67,477</u>	<u>(1,070,307)</u>	<u>13,002,020</u>
	<u>119,876,591</u>	<u>7,340,341</u>	<u>(1,137,625)</u>	<u>126,079,307</u>
Total capital assets	<u>\$ 125,023,899</u>	<u>\$ 23,762,763</u>	<u>\$ (8,477,966)</u>	<u>\$ 140,308,696</u>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CHANGES IN CAPITAL ASSETS (Continued)

	Balance January 1, <u>2014</u>	<u>Changes During Year</u>		Balance December 31, <u>2014</u>
		<u>Additions</u>	<u>Reductions</u>	
<u>Accumulated Depreciation:</u>				
<u>Depreciable Assets:</u>				
Buildings and improvements	\$ (36,348,089)	\$ (2,502,045)	\$ -	\$(38,850,134)
Revenue vehicles and equipment	(35,552,969)	(4,253,289)	67,318	(39,738,940)
Other equipment	<u>(12,242,502)</u>	<u>(1,128,182)</u>	<u>1,070,303</u>	<u>(12,300,381)</u>
Total accumulated depreciation	\$ (84,143,560)	\$ (7,883,516)	\$ 1,137,621	\$(90,889,455)
Total capital assets, net of depreciation	\$ <u>40,880,339</u>	\$ <u>15,879,243</u>	\$ <u>(7,340,431)</u>	\$ <u>49,419,241</u>

*Construction in progress also includes capital assets not placed in service such as revenue vehicles and equipment.

NOTE 4 - DEBT OBLIGATIONS

The following disclosure provides detail on IPTC debt obligations. At December 31, 2014, IPTC debt consisted of bonds payable and notes payable. Changes were as follows:

	Balance January 1, <u>2014</u>	<u>Changes During Year</u>		Balance December 31, <u>2014</u>	<u>Noncurrent</u>	<u>Current</u>
		<u>Additions</u>	<u>Reductions</u>			
Bonds payable	\$ 4,675,000	\$ -	\$ (1,415,000)	\$ 3,260,000	\$ 1,680,000	\$ 1,580,000
Bond premium	95,013	-	(47,506)	47,507	-	47,507
Notes payable	<u>1,549,420</u>	<u>30,975</u>	<u>(264,209)</u>	<u>1,316,186</u>	<u>-</u>	<u>1,316,186</u>
	\$ <u>6,319,433</u>	\$ <u>30,975</u>	\$ <u>(1,726,715)</u>	\$ <u>4,623,693</u>	\$ <u>1,680,000</u>	\$ <u>2,943,693</u>

Bonds Payable: Bonds consist of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2009C and 2012A. The amounts outstanding at December 31, 2014 are as follows:

	<u>2014</u>
Series 2009C	\$ 875,000
Series 2012A	<u>2,385,000</u>
Less: Current portion	<u>1,580,000</u>
Noncurrent portion	\$ <u>1,680,000</u>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - DEBT OBLIGATIONS (Continued)

Series 2009C Bonds - The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2009C, dated August 4, 2009, were issued in the aggregate principal amount of \$8,045,000, at a premium of \$303,081. Proceeds were used to provide local matching funds for FTA grants to acquire new and replacement coaches and other vehicles and equipment and to perform preventative maintenance on equipment and rehabilitation of the facility. Bond proceeds were also used to refund the Series 1999C Bonds.

The Series 2009C Bonds bear interest rates varying from 2.75% to 4%, payable on January 10 and July 10 commencing January 10, 2010 and have serial maturities through 2015. The bonds are not subject to optional redemption prior to maturity dates.

Debt service requirements to maturity for the outstanding bonds are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>875,000</u>	<u>35,000</u>	<u>910,000</u>
	<u>\$ 875,000</u>	<u>\$ 35,000</u>	<u>\$ 910,000</u>

Bond interest expense on Series 2009C Bonds was \$91,600 for the year ended December 31, 2014.

Series 2012A Bonds - The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2012A, dated February 15, 2012, were issued in the aggregate principal amount of \$3,100,000. The Series 2012A Bonds proceeds were used to redeem Series 2002C Bonds in 2012. The Series 2012A Bonds bear interest at 2.05%, payable on January 10 and July 10 commencing July 10, 2012 and have serial maturities from 2012 through 2016. The bonds are not subject to optional redemption prior to maturity dates.

Debt service requirements to maturity for the outstanding bonds are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	705,000	66,472	771,472
2016	<u>1,680,000</u>	<u>34,440</u>	<u>1,714,440</u>
	<u>\$ 2,385,000</u>	<u>\$ 100,912</u>	<u>\$ 2,485,912</u>

Bond interest expense on Series 2012A Bonds was \$43,815 for the year ended December 31, 2014.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - DEBT OBLIGATIONS (Continued)

Notes Payable: Notes payable consists of two agreements described as follows:

City of Indianapolis Loan Agreement - In 2004, IPTC entered into a \$2 million loan agreement with the City of Indianapolis to provide working capital to cover operating expenses, to prevent service reductions in bus routes, to provide alternative forms of transportation for passengers affected by planned route changes, and review existing routes to plan for needed service change.

In 2007, an agreement was executed to extend the loan. As extended, the loan was payable no later than December 31, 2010. Concurrent with the extension of the agreement, the City expressly waived repayment of interest that had been accrued from date of origination through the date of extension of the agreement amounting to \$105,500.

During 2010, IPTC entered into an agreement with the City of Indianapolis that replaces the 2007 loan extension agreement. The new loan agreement extended the due date to December 31, 2011, provided for interest at 2% per annum and provided a mechanism for repayment including investing in capital assets that are mutually beneficial to the City of Indianapolis and IPTC and providing tickets for City employees and beneficiaries of City programs.

The agreement has been amended in previous years to extend the maturity date. In 2013, the amendment extended the maturity date of the loan to December 31, 2015. Management estimates the reduction of the loan to be \$1,316,186 in 2015.

Interest expense for the year ended December 31, 2014 was \$30,975 and has been accrued in the balance of the loan. During 2014, IPTC provided \$224,739 of passenger bus tickets for the benefit of the City of Indianapolis and \$38,818 in investments in capital assets which reduced the outstanding loan balance. The balance of the loan at December 31, 2014 was \$1,316,186.

Line of credit: During 2014, IPTC entered into a \$7 million line of credit agreement to fund future operating costs. The line matures on December 31, 2015. Interest on the line is payable upon maturity at a rate of 30-day LIBOR plus 0.75%. No borrowings were made on the line during 2014 and no outstanding balance existed as of December 31, 2014.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - RISK MANAGEMENT

IPTC is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which IPTC carries commercial insurance and maintains certain risks. Detail of the claims liability, based upon the requirements of GASB Statement No. 10, is provided below. This requires that a liability for claims be reported if information before the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. The liability is estimated based upon historical experience. There is no significant incremental claim adjustment expense, salvage, or subrogation attributable to this liability. Activity for the year ended December 31, 2014 was as follows:

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 379,417	\$ 637,841
Incurred claims and changes in claim estimates	1,595,795	1,095,119
Claim payments	<u>(1,486,042)</u>	<u>(1,353,543)</u>
Unpaid claims, end of year	<u>\$ 489,170</u>	<u>\$ 379,417</u>
Current portion	\$ 460,000	\$ 348,417
Noncurrent portion	<u>29,170</u>	<u>31,000</u>
Unpaid claims, end of year	<u>\$ 489,170</u>	<u>\$ 379,417</u>

On December 23, 1986, IPTC's Board of Directors approved the establishment of a non-reverting fund (Liability Reserve Accounts) for payment of personal injury and property damage claims in excess of \$100,000. For claims in excess of \$100,000, the amount of the claim exceeding \$100,000 will be paid out of the liability reserve accounts. Claims up to \$100,000 will be paid out of the general accounts of IPTC. IPTC is self-insured for worker's compensation without limitation and is entirely self-insured for personal injury. It is completely self-insured for property damage to coaches.

Estimates of expected losses to IPTC resulting from personal injuries for which claims have been filed or for which it is anticipated claims will be filed, have been recorded in the financial statements. Litigation occasionally results from such claims. When, in the opinion of management, such litigation will result in a loss to IPTC, provision is made in the financial statements for loss expected upon resolution. There were no significant reductions in insurance coverage during 2014 and there were no settlements that exceeded insurance coverage during 2014, 2013, or 2012 for those risks that IPTC purchased insurance.

NOTE 6 - OPERATING LEASES

IPTC is obligated under certain leases through December 2017 for the Transit Store premise, parking premises and maintenance and office equipment that are accounted for as operating leases. Lease rental expense for the year ended December 31, 2014 was \$123,444. A schedule of future minimum operating lease payments required that have initial or remaining lease terms in excess of one year as of December 31, 2014:

<u>Year Ending December 31:</u>	
2015	\$ 110,352
2016	20,892
2017	<u>4,482</u>
	<u>\$ 135,726</u>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 - OTHER NON-OPERATING REVENUE (EXPENSE)

Other non-operating revenue (expense) consisted of the following:

	<u>2014</u>
Other revenues:	
Investment income	\$ 40,450
Miscellaneous	169,028
Pass-through grants for sub-recipients	<u>907,965</u>
	<u>1,117,443</u>
Other expenses:	
Interest - payable from restricted debt service assets	135,415
Interest - payable from unrestricted assets	34,533
Amortization of bond premium	(47,506)
Pass-through grants to sub-recipients	<u>907,965</u>
	<u>1,030,407</u>
	<u>\$ 87,036</u>

NOTE 8 - ENVIRONMENTAL REMEDIATION LIABILITY

The IPTC has had discussions with the Indiana Department of Environmental Management regarding a contamination remediation issue traced to leaking underground storage tanks. The cost of remediation is based upon current site knowledge/conditions, past remediation experience of site's with similar environmental issues, and the current IDEM regulations. The estimate is based on the expectation that a remediation system(s) will be required from the site to meet closure criteria under the IDEM RISC Program's Industrial Closure Criteria with an environmental deed restriction placed on the property.

Activity for the year ended December 31, 2014 was as follows:

	<u>2014</u>
Environmental remediation liability, beginning of year	\$ 1,826,007
Decreases/Payments	<u>-</u>
Unpaid claims, end of year	<u>\$ 1,826,007</u>
Current liability portion	\$ -
Noncurrent liability portion	<u>1,826,007</u>
Unpaid claims, end of year	<u>\$ 1,826,007</u>

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - BENEFIT PLANS – DEFINED CONTRIBUTION AND DEFERRED COMPENSATION

Defined Contribution Plan: IPTC maintains a defined-contribution plan, the Indianapolis Public Transportation Corporation Pension Plan, for the benefit of substantially all of its employees. All employees who are regularly scheduled to work at least 30 hours per week become eligible for the Plan on the first day of the month following commencement of employment or completion of any applicable probationary period. The Plan may be amended by action of IPTC's Board of Directors, subject to any applicable collective bargaining agreement obligations. The plan requires the employees to contribute 3.0% of their compensation in order to receive the 3.0% employer match. Participant contributions for 2014 were \$658,626. Employer contributions for 2014 were \$578,549.

Deferred Compensation Plan: IPTC maintains an IRS Code Section 457 plan, the Indianapolis Public Transportation Corporation Deferred Compensation Plan. Employees become eligible to participate in the Plan on the first day of the second month following commencement of employment or completion of any applicable probationary period. The Plan allows for employee contributions only. Plan assets are held in a trust separate from IPTC's assets. Contributions by employees to the Plan were approximately \$208,922 for the year ended December 31, 2014.

NOTE 10 – BENEFIT PLANS – DEFINED BENEFIT PENSION

Defined Benefit Pension Plan: IPTC provides pension benefits through a single-employer defined-benefit exempt governmental plan known as the Indianapolis Public Transportation Corporation Pension Plan. The Plan is part of an agreement between IPTC and ATU. Effective December 31, 1997, the Plan was amended to freeze all accrued benefits. Full-time IPTC employees who had completed sixty working days of continuous service, on or before December 31, 1997, were eligible to participate in the Plan. For purposes of computing normal retirement benefits, employees' total earnings through December 31, 1997, was considered. In addition, effective December 31, 1997, the Plan was amended to remove the disability benefit provisions.

On January 10, 2006, a binding interest arbitration award was issued regarding the single-employer defined-benefit exempt governmental plan (Defined Benefit Pension Plan). The arbitration award effectively modified the existing plan agreement for retirees, participants, Indianapolis Public Transportation Corporation and Amalgamated Transit Union, Local 1070.

IPTC, prior to this award, was not legally obligated to make any further contributions to this plan. Subsequent to this award, IPTC was obligated to contribute \$1,500,000 to the plan over a ten-year period ending 2015. IPTC contributed the final \$270,000 to the plan in 2014 and IPTC no longer has a pension arbitration liability at December 31, 2014.

Normal retirement benefits are payable for employees who have attained age 65 and completed 15 years of service. Early retirement benefits are available for employees who have attained age 55 and completed 15 years of continuous service. Employees are considered 100% vested upon reaching early retirement eligibility.

Prior to December 31, 1997, the normal retirement benefit was equal to 2.75% of total employee earnings since January 1, 1950, plus .75% of the average annual earnings of the occupation group to which the employee belonged for the five years preceding 1950, multiplied by the years of continuous service prior to 1950. Early retirement benefits were available at reduced amounts. Participating employees contributed 3.5% of total compensation to the Plan, and the IPTC contributed 3.5% of the total compensation of the participating employees. Employees' contributions plus interest is to be refunded in the event of separation of service or death.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 10 – BENEFIT PLANS – DEFINED BENEFIT PENSION (Continued)

Funding Policy: After December 31, 1997, there were no contribution requirements for either the employer or the employees. Before the Plan was frozen, the contribution requirements of Plan members and IPTC were established by an agreement between IPTC and Local 1070 of the ATU. Contribution requirements were not actuarially determined, but rather were set at 3.5% of annual covered payroll each for employees and the employer.

The binding interest arbitration award, described above, allows for certain participants to be returned contributions they made to the plan without interest and are to be withdrawn for future participation in this plan. Vested participants are to remain in the defined benefit plan while actively employed at IPTC and began making contributions to the plan at a rate of 4.5%. The employer matches their contributions up to 3.5%. Participants remaining in the defined benefit plan will not be allowed to make future contributions to their defined contribution accounts.

The interest arbitration award eliminated the early retirement provision previously provided for in the defined benefit plan.

Annual Pension Cost and Net Pension Obligation: Because the Plan was frozen as of December 31, 1997, and because, before the freeze, the contribution requirements were not actuarially determined, many of the accounting and disclosure requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, are not applicable. There are no annual required contributions for 2014 and no annual pension cost. IPTC has determined that it has no pension liability (asset) at transition as defined by GASB Statement No. 27.

At December 31, 2014, the Plan's fiduciary net position, or fair value of Plan assets was \$10,539,481 compared to a total pension liability of \$10,939,287, resulting in a net pension liability of \$399,806. This obligation remains that of the Plan rather than of IPTC. In the event that the Plan does not attain full funding, pursuant to the Plan agreement, the net position of the Plan will first be applied to repay individual employee contributions in excess of any employee contributions previously disbursed. The remainder of net position will be distributed in the proportion that each employee's actuarially determined accrued benefit has to the accrued benefits of all covered employees.

The Plan's obligation was determined as part of the December 31, 2014 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses) and projected salary increases of 3% and inflation of 2.3%. The projected benefit equals the employee's actual benefit (based on total compensation through December 31, 1997) with no future benefit accruals. Three-year trend information for the plan reflects that IPTC has no annual required contribution, annual pension cost or net pension obligation.

The entry age normal cost method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: The Plan consists of IPTC providing medical and life insurance benefits to retirees. Retirees under the 1997 program and their spouses under the age of 65 not covered by Medicare are eligible under the provisions to continue these benefits but must pay 20% of the medical premium. COBRA eligible, or employees who are not receiving pay from the Corporation must submit the employee's portion, or the COBRA premiums, to Human Resources no later than the first day of the month the premium is due to retain insurance coverage. IPTC will pay \$75 per month towards the COBRA continuation or conversion of group health insurance retained by any employee who retires early or is on disability with IPTC pension. If, after the 18th month of continuation group coverage, the retiree is still under the age of 65, IPTC reimburses the retiree up to a maximum of \$225 on a quarterly basis towards the cost of the premiums. Retirees also qualify for a life insurance policy with benefits of \$5,500 if they retire on or after the age of 55 with at least 15 years of service. This post-employment benefit plan is of the single employee defined benefit variety.

Funding Policy: There is no requirement for IPTC to fund these benefits though IPTC has recorded the cumulative difference between the annual required contributions (ARC) and amounts contributed to the OPEB plan as a net asset. The following schedule reports ARC and actual contributions made for the past three years:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution Made</u>	<u>Percentage Contributed</u>
2014	\$ 69,500	\$ 84,100	121%
2013	58,260	77,200	133%
2012	63,790	97,900	153%

Annual OPEB Cost and net OPEB Obligation (Asset): The other post-employment benefit (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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual cost for the year, the amount actually contributed to the plan and changes in the net OPEB asset:

Annual required contribution	\$ 69,500
Interest on net OPEB asset	<u>(11,833)</u>
Annual OPEB cost	57,667
Contributions made	<u>(84,100)</u>
Increase in net OPEB asset	(26,443)
Net OPEB asset – beginning of year	<u>(315,555)</u>
Net OPEB asset – end of year	<u>\$ (341,988)</u>

Funded Status and Funding Progress: As of December 31, 2014, the actuarial accrued liability for benefits was \$1,514,000 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,514,000. The covered payroll (annual payroll of active employees covered by the plan) was not applicable, and the ratio of the UAAL to the covered payroll was not applicable.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since 2007, the first year that an actuarial valuation was performed, the schedule of funding progress reflects only the transition year's data.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the 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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of asset, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Unit Credit Actuarial Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions described in this report and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, the Unfunded

AAL is amortized over 30 years from the valuation date on an open basis in level percent of pay payments. The actuarial assumptions are summarized below:

Measurement Date:	December 31, 2014
Discount Rate:	3.75% compounded annually
Compensation Increase Rate:	3.00%, compounded annually increase
Mortality:	<p><u>Pre-Retirement:</u> RP-2014 Blue Collar Employee mortality Rates set forward 1 year, projected to the valuation date using Scale BB. Separate rates for males and females.</p> <p><u>Post-Retirement:</u> RP-2014 Blue Collar Healthy Annuitant mortality rates set forward 1 year, projected to the valuation date using Scale BB. Separate rates for males and females.</p> <p><u>Post-Disability:</u> RP-2014 Disabled mortality rates set forward 1 year, projected to the valuation date using Scale BB. Separate rates for males and females as appropriate.</p>

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Employee Turnover/Withdrawal: Crocker-Sarason T-4 Table

Disablement: 1965 Railroad Retirement Board Disability Table

Retirement Rates:	<u>Age</u>	<u>%</u>
	55	2.5%
	56-59	1%
	60	5%
	61	1%
	62	30%
	63	10%
	64	20%
	65+	100%

Life Insurance Premium: \$2.66/mo./\$1000 of coverage



IndyGo has 31 fixed routes.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2014

Schedule of Funding Progress: Retiree Health and Life Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
12/31/2014	0	1,514,000	1,514,000	0%	N/A	N/A
12/31/2013	0	1,461,000	1,461,000	0%	N/A	N/A
12/31/2012	0	1,514,000	1,514,000	0%	N/A	N/A

SUPPLEMENTARY INFORMATION



Relax on IndyGo.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
 (A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
 MARION COUNTY GOVERNMENT REPORTING ENTITY)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2014

<u>Federal Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Awarded to Subrecipients</u>
Department of Transportation			
Federal Transit Administration			
Direct programs:			
Federal Transit Cluster:			
Capital Investment Grants	20.500	\$ 2,532,279	\$ -
Formula Grants	20.507	14,811,740	-
Bus and Bus Facilities			
Formula Program	20.526	<u>27,192</u>	<u>-</u>
Total Federal Transit Cluster		17,371,211	-
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	75,664	-
Job Access and Reverse Commuter Program	20.516	367,421	453,087
New Freedom Program	20.521	<u>515,607</u>	<u>437,374</u>
Total Transit Services Programs Cluster		958,692	890,461
Alternatives Analysis	20.522	17,504	17,504
National Infrastructure Investments	20.933	<u>837,670</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$ 19,185,077</u>	<u>\$ 907,965</u>

See accompanying notes to the schedule of expenditures of federal awards.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of IPTC, for the year ended December 31, 2014 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 financial statements.

NOTE 2 - MATCHING COSTS

Matching costs, i.e., the nonfederal share of program costs, are not included in the accompanying Schedule of Expenditures of Federal Awards.

NOTE 3 - SUBRECIPIENTS

In OMB Circular A-133, subrecipients are defined as nonfederal entities that expend federal awards received from a pass-through entity to carry out a federal program, but do not benefit from that program. IPTC passed through certain amounts to subrecipients, which are identified in the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts, the financial statements of Indianapolis Public Transportation Corporation (IPTC) (a municipal corporation and a component unit of the consolidated City of Indianapolis-Marion County Government Reporting Entity) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise IPTC's basic financial statements, and have issued our report thereon dated June 22, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Findings 2014-001 and 2014-002)

(Continued)

Compliance and Other Matters

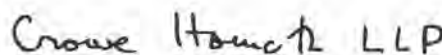
As part of obtaining reasonable assurance about whether IPTC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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*.

IPTC's Response to Findings

IPTC's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. IPTC's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in dark ink that reads "Crowe Horwath LLP". The signature is written in a cursive, slightly stylized font.

Crowe Horwath LLP

Indianapolis, Indiana
June 22, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Indianapolis Public Transportation Corporation's compliance 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 IPTC's major federal programs for the year ended December 31, 2014. IPTC'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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of IPTC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 IPTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of IPTC's compliance.

Opinion on Each Major Federal Program

In our opinion, IPTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of IPTC 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 IPTC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 IPTC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
June 22, 2015

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiencies identified not
considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiencies identified not
considered to be material weaknesses?

 Yes X None Reported

Type of auditor’s report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of
OMB Circular A-133?

 Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.500, 20.507, 20.526	Federal Transit Cluster
20.933	National Infrastructure Investments

Dollar threshold used to distinguish between Type A and Type B programs: \$575,552

Auditee qualified as low-risk auditee?

 Yes X No

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

SECTION 2 - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING 2014-001 - Controls over Financial Reporting (Material Weakness)

Condition and Criteria: Management is responsible to have internal controls in place to provide appropriate and reliable financial reports and to select and apply appropriate accounting principles. Management is not required to prepare their financial reports, but management needs to demonstrate the level of qualifications and controls to prepare their financial reports without significant deficiencies in these controls.

During the current year audit, a number of material audit adjustments were posted that changed the financial statement results of IPTC by a material amount.

Many of the adjusting entries were made to balance the general ledger to underlying subsidiary detail reports. The primary reason for the nature, number, and material amounts was that accounts were not properly reconciled to the general ledger on a timely basis during the year, or reconciliations were not performed or properly reviewed. These adjustments impacted federal grants, debt, capital assets, accounts payable and payroll. The net impact on the financial statements is shown below:

- Total assets were understated by approximately \$563,000
- Total liabilities and net position was overstated by approximately \$3,196,000
- Total revenues were understated by approximately \$5,585,000
- Total expenses were understated by approximately \$1,825,000

Effect: Lack of materially accurate monthly general ledger financial reporting from management during the year.

Cause: The above condition appears to be the result of lack of internal controls over the monthly and annual reconciliation process and/or insufficient training in the Finance Department.

Questioned Costs: None

Recommendations: We suggest that management establish appropriate procedures and reviews to provide for accurate and timely monthly reconciliations so that the general ledger reflects a complete, accurate representation of financial results. Monthly reconciliations should include posting adjustments identified each month. All reconciliations should be reviewed and approved by someone independent of the preparer. Additionally, management should be reviewing net position and ensuring that it properly rolls forward from the prior year.

Management Response and Corrective Action Plan: In 2014, IPTC engaged a firm to review and evaluate our financial structure and staffing. Upon the completion of the review and approval from the IPTC Board of Directors, IPTC worked diligently to fill four positions identified in the review as essential to improving internal controls. These positions included Director of Budget and Compliance, Grants Manager, Staff Accountant and a part-time Payroll Clerk.

In the third and fourth quarter of 2014 all four position were filled. The training for the incumbents is ongoing but positive impact of these positions is already evident. We expect that these changes will fully resolve the issues identified in this audit.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

SECTION 2 - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING 2014-002 - Internal Controls over Federal Reporting and over Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)

Condition and Criteria: Material weaknesses in internal controls identified for financial statement reporting increase the risk that internal controls over the reporting of the Schedule of Expenditures of Federal Awards (SEFA) and compliance for major and non-major programs may not be effective.

In addition, during review of the controls over the SEFA preparation with management, we noted that one person has the main responsibility for preparation of the SEFA with no independent review and approval. Also, errors were noted in the SEFA provided by management, including the failure to properly cluster two of the federal grants.

Effect: The SEFA could be materially misstated or contain incorrect information.

Cause: The material weaknesses identified over financial reporting were primarily focused on the internal controls over and reconciliation of subsidiary detail to the general ledger. The general ledger is the official record for financial statement reporting. The lack of timely and accurate reconciliation between subsidiary detail, supporting federal draws, and the general ledger presents a risk related to internal controls over compliance for allowable costs. The necessary controls surrounding the preparation of the SEFA were not in place in the current year to facilitate the SEFA preparation process.

Questioned Costs: None

Recommendations: We recommend that a reconciliation of subsidiary detail to general ledger detail be performed on a monthly basis to determine that federal draws are properly supported by general ledger records. We also recommend that the reconciliation of federal expenditures and preparation of the SEFA be approved by IPTC staff that is independent of the reconciliation and SEFA preparation process.

Management Response and Corrective Action Plan: In 2014, IPTC engaged a firm to review and evaluate our financial structure and staffing. Upon the completion of the review and approval from the IPTC Board of Directors, IPTC worked diligently to fill four positions identified in the review as essential to improving internal controls. These positions included Director of Budget and Compliance, Grants Manager, Staff Accountant and a part-time Payroll Clerk.

In the third and fourth quarter of 2014 all four position were filled. The training for the incumbents is ongoing but positive impact of these positions is already evident. We expect that these changes will fully resolve the issues identified in this audit.

SECTION 3 - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 SECTION 510(A)

None

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

SECTION 4 - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINDING 2013-001 - Controls over Financial Reporting (Material Weakness)

Condition and Criteria: Management is responsible to have internal controls in place to provide appropriate and reliable financial reports and to select and apply appropriate accounting principles. Management is not required to prepare their financial reports, but management needs to demonstrate the level of qualifications and controls to prepare their financial reports without significant deficiencies in these controls.

During the current year audit, a significant number of material audit adjustments were posted that changed the financial statement results of IPTC by a material amount.

Many of the adjusting entries were made to balance the general ledger to underlying subsidiary detail reports. The primary reason for the nature, number, and material amounts was that accounts were not properly reconciled to the general ledger on a timely basis during the year, or reconciliations were not performed or properly reviewed. These adjustments impacted federal grants, investments, debt, inventory, capital assets, accounts payable and payroll. The net impact on the financial statements is shown below:

- Total assets were understated by approximately \$588,000
- Total liabilities were overstated by approximately \$63,000
- Total revenues were understated by approximately \$340,000
- Total expenses were overstated by approximately \$310,000

Management Response and Corrective Action Plan: IPTC engaged a firm to review and evaluate our financial structure and the staffing. This review has been received and adopted by IPTC and is in the process of being implemented. This plan calls for adding four additional positions; Director of Budget and Compliance, Grants Manager, Staff Accountant and a part-time Payroll Clerk. These additions should allow the staff to properly account for the assets of IPTC and improve the internal controls. We fully expect that these changes will resolve the issue identified.

Status: Similar finding in the current year, see Finding 2014-001.

FINDING 2013-002 - Review of Disbursements/Transfers (Material Weakness)

Condition and Criteria: During analysis of bond interest expense, we noted that an interest payment for \$399,000 was made in September on 2003D bonds that were not issued by IndyGo. We further noted that the transfer of funds from the operating bank account to the sinking fund bank account, as well as the actual payment to the bank, was approved by management.

Management Response and Corrective Action Plan: IPTC engaged a firm to review and evaluate our financial structure and the staffing. This review has been received and adopted by IPTC and is in the process of being implemented. This plan calls for adding four additional positions; Director of Budget and Compliance, Grants Manager, Staff Accountant and a part-time Payroll Clerk. These additions should allow the staff to properly account for the assets of IPTC and improve the internal controls. We fully expect that these changes will resolve the issue identified.

Status: Resolved.

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014

FINDING 2013-003 - Internal Controls over Federal Reporting and over Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)

Condition and Criteria: Material weaknesses in internal controls identified for financial statement reporting increase the risk that internal controls over the reporting of the Schedule of Expenditures of Federal Awards (SEFA) and compliance for major and non-major programs may not be effective.

In addition, during review of the controls over the SEFA preparation with management, we noted that one person has the main responsibility for preparation of the SEFA with no independent review and approval. Also, errors were noted in the SEFA provided by management, including the failure to identify two of the federal grants.

Management Response and Corrective Action Plan: IPTC engaged a firm to review and evaluate our financial structure and the staffing. This review has been received and adopted by IPTC and is in the process of being implemented. This plan calls for adding four additional positions; Director of Budget and Compliance, Grants Manager, Staff Accountant and a part-time Payroll Clerk. These additions should allow the staff to properly account for the assets of IPTC and improve the internal controls. We fully expect that these changes will resolve the issue identified.

Status: Similar finding in the current year, see Finding 2014-002.

SECTION THREE – STATISTICAL (Unaudited)

Financial Trends

Net Assests by Component.....	45
Operating Expenses by Type.....	46
Changes in Net Assets.....	47

Revenue Capacity

Operating Revenue by Source.....	48
Non-Operating Revenues and Expenses.....	49
Assessed Value and Estimated Actual Value of Taxable Property.....	50

Debt Capacity

Property Tax Levies and Collections.....	51
Ratios of General Bonded Debt Outstanding	52
Direct and Overlapping Property Tax Rates	53
Direct and Overlapping Bonded Debt and Bonding Limit.....	54

Demographic and Economic Information

Demographic and Economic Statistics.....	55
Principal Employers	56
Principal Property Tax Payers	57

Operating Information

Operating Information	58
Schedule of Insurance in Force	59
Transit Vehicles.....	60

Schedule 1
Indianapolis Public Transportation Corporation
Net Assets by Component
Ten Years (1)

	Year 1 Actual 2005	Year 2 Actual 2006	Year 3 Actual 2007	Year 4 Actual 2008	Year 5 Actual 2009	Year 6 Actual 2010	Year 7 Actual 2011	Year 8 Actual 2012	Year 9 Actual 2013	Year 10 Actual 2014
Business-type activities										
Invested in capital assets, net of related debt	19,509,341	19,620,481	15,860,987	14,846,493	25,481,285	33,867,492	33,984,607	33,289,266	36,110,326	42,647,303
Restricted	4,848,101	8,240,635	12,137,992	11,486,965	16,065,599	17,716,406	17,268,294	18,281,252	16,092,365	17,760,498
Unrestricted	1,388,090	1,195,747	1,435,264	11,003,189	5,681,911	3,506,781	6,176,762	10,472,893	13,577,627	12,960,993
Total business-type activities net assets	<u>25,745,532</u>	<u>29,056,863</u>	<u>29,434,243</u>	<u>37,336,647</u>	<u>47,228,795</u>	<u>55,090,679</u>	<u>57,429,663</u>	<u>62,043,411</u>	<u>65,780,318</u>	<u>73,366,794</u>

(1) IPTC operates in one business segment, public transportation, as an enterprise fund. IPTC adopted GASB Statement No. 34 which required reclassification of certain balances, including the presentation of net assets prospectively beginning with 2003.

Schedule 2
Indianapolis Public Transportation Corporation
Operating Expenses by Type
Ten Years (1)

Calendar Year	Maintenance of Equipment		Administrative and General	Claims and Insurance	Subtotal Expenses before Depreciation		Total Operating Expenses
	Transportation	Including Fuel			Depreciation	Depreciation	
2005	22,884,668	11,679,630	6,076,300	771,249	41,411,847	7,389,612	48,801,459
2006	23,599,772	11,128,235	7,038,695	1,100,458	42,867,160	7,583,089	50,450,249
2007	26,994,527	13,383,447	6,516,194	756,182	47,650,350	8,121,358	55,771,708
2008	29,541,787	14,538,889	6,863,256	1,516,932	52,460,864	7,627,359	60,088,223
2009	30,259,567	15,218,097	7,864,376	2,226,549	55,568,589	7,869,927	63,438,516
2010	30,175,698	15,820,401	8,377,011	1,968,982	56,342,092	7,200,405	63,542,497
2011	28,378,033	15,409,628	7,362,449	1,860,421	53,010,531	9,877,258	62,887,789
2012	28,619,510	15,434,962	6,915,103	1,800,777	52,770,352	8,253,598	61,023,950
2013	29,733,176	17,098,609	10,208,449	1,334,836	58,375,070	7,293,959	65,669,029
2014	32,424,781	18,932,576	10,311,180	1,566,982	63,235,519	7,883,516	71,119,035

(1) IPTC adopted GASB Statement No. 34, which requires reclassification of certain account balances, prospectively beginning with 2003.

Schedule 3
Indianapolis Public Transportation Corporation
Changes in Net Assets
Ten Years (1)

Fiscal Year	Operating Revenue	Operating Expense	Operating Loss	Nonoperating Revenue (Expense)	Income (Loss) before Capital Contributions	Capital Contributions	Change in Net Assets
2005	7,936,779	48,801,459	(40,864,680)	41,198,775	334,095	4,555,181	4,889,276
2006	8,776,427	50,450,249	(41,673,822)	40,482,368	(1,191,454)	4,502,785	3,311,331
2007	9,179,973	55,771,708	(46,591,735)	44,207,456	(2,384,279)	2,761,659	377,380
2,008	10,355,343	60,088,223	(49,732,880)	50,360,436	627,556	5,430,248	6,057,804
2,009	10,128,052	63,438,516	(53,310,464)	50,981,036	(2,329,428)	12,221,576	9,892,148
2,010	9,996,539	63,542,497	(53,545,958)	49,221,744	(4,324,214)	12,186,098	7,861,884
2,011	10,884,539	62,887,790	(52,003,251)	47,319,768	(4,683,483)	7,022,467	2,338,984
2,012	11,661,120	61,023,950	(49,362,830)	50,265,991	903,161	3,710,587	4,613,748
2,013	11,738,207	65,669,029	(53,930,822)	54,831,342	900,520	2,836,387	3,736,907
2,014	12,136,882	71,119,035	(58,982,153)	54,548,834	(4,433,319)	12,021,795	7,588,476

1 IPTC adopted GASB Statement No. 34, which requires reclassification of certain account balances, prospectively beginning with 2003.

Schedule 4
Indianapolis Public Transportation Corporation
Operating Revenues by Source
Ten Years (1)

Calendar Year	Passenger Fares	Special Service	Advertising	Total
2005	7,439,435	266,104	231,240	7,936,779
2006	8,087,140	249,355	439,932	8,776,427
2007	8,535,060	242,918	401,995	9,179,973
2008	9,811,303	175,351	368,689	10,355,343
2009	9,823,052	-	305,000	10,128,052
2010	9,707,471	-	289,068	9,996,539
2011	10,401,922	-	482,617	10,884,539
2012	11,266,129	-	394,991	11,661,120
2013	11,354,576	-	383,631	11,738,207
2014	11,617,150	-	519,732	12,136,882

1 IPTC adopted GASB Statement No. 34, which requires reclassifi

Schedule 5
Indianapolis Public Transportation Corporation
Nonoperating Revenues and Expenses
Ten Years (1)

Calendar Year	Property and Excise Tax	Municipalities	FTA Operating Assistance	Other, net	Total Nonoperating Revenue and Expenses
2005	20,468,924	8,973,874	12,151,019	(395,042)	41,198,775
2006	21,013,574	9,705,912	10,304,869	(541,987)	40,482,368
2007	22,819,745	10,243,549	10,779,969	364,193	44,207,456
2008	22,670,695	12,887,164	14,527,052	275,525	50,360,436
2009	22,842,141	12,353,393	16,456,216	(670,714)	50,981,036
2010	23,879,654	11,798,407	15,457,006	(1,913,323)	49,221,744
2011	23,966,467	11,026,654	12,358,190	(31,543)	47,319,768
2012	27,029,782	10,883,600	12,320,606	32,003	50,265,991
2013	33,105,656	10,842,244	11,017,598	(134,156)	54,831,342
2014	31,729,422	10,566,578	11,932,238	174,488	54,402,726

(1) IPTC adopted GASB Statement No. 34, which requires reclassification of certain account bal

Schedule 6
Indianapolis Public Transportation Corporation
Assessed Value and Estimated Actual Value of Taxable Property
Ten Years

Calendar Year	Real Property Assessed Value	Personal Property Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	30,518,267,250	6,903,098,503	37,421,365,753	0.0519	100.000%
2006	31,158,955,140	6,995,684,310	38,154,639,450	0.0523	100.000%
2007	40,509,313,606	4,239,080,975	44,748,394,581	0.0503	100.000%
2008 (1)	36,832,770,108	4,376,563,164	41,209,333,272	0.0504	100.000%
2009 (1)	31,212,260,953	4,915,058,533	36,127,319,486	0.0609	100.000%
2010 (1)	28,961,103,856	4,921,541,600	33,882,645,456	0.0610	100.000%
2011 (1)	29,737,227,003	2,189,862,781	32,268,101,375	0.0694	100.000%
2012 (1)	30,767,449,975	4,966,628,437	35,734,078,412	0.0803	100.000%
2013(1)	28,703,001,803	5,076,078,757	33,779,080,560	0.0870	100.000%
2014(1)	30,506,982,259	5,152,942,345	35,659,924,604	0.0938	100.000%

(1) Beginning in 2008, the effect of property tax caps (State legislation) has impacted the amount of taxes levied.

Schedule 7

Property Tax Levies and Collections (1 & 2) Ten Years

Year Ended <u>December 31</u>	Taxes Levied for the <u>Year (3)</u>	Collected within the <u>Year of the Levy</u>		Collections of Taxes Levied <u>in Prior Years</u>	<u>Total Collections to Date</u>		Percentage
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>of Levy</u>	
2005 (4)	19,298,119	10,210,152	92.6%	910,618	18,775,623	97.3%	
2006	19,884,370	17,865,005	94.8%	535,198	19,378,130	97.5%	
2007	21,220,606	18,842,932	96.1%	400,192	20,796,194	98.0%	
2008 (5)	20,769,503	20,396,002	98.9%	226,008	20,772,171	100.0%	
2009 (5) (6)	21,134,612	20,546,163	92.0%	845,384	20,292,659	96.0%	
2010 (5)	20,668,415	19,671,063	95.2%	413,368	20,084,431	97.2%	
2011 (5) (7)	24,680,645	23,740,201	96.2%	940,444	23,966,467	97.1%	
2012 (5) (8)	25,732,422	25,055,800	97.0%	957,259	26,864,164	104.4%	
2013 (5)(8)	28,011,096	26,490,971	94.6%	1,157,889	27,648,860	98.7%	
2014 (5)(8)(9)	25,292,892	26,426,781	104.5%	1,001,691	27,428,472	108.4%	

(1) Includes operating, cumulative capital and debt service funds.

(2) Data presented on the cash basis of accounting.

(3) Source of information is Indiana Department of Local Government Finance.

(4) Includes cumulative capital fund beginning in 2005.

(5) Beginning in 2008 the effect of property tax caps has impacted the value of taxes levied.

(6) A number of appeals from 2008 were resolved in 2009. These appeals resulted from property tax reassessment.

(7) Collections include water company pilot program distribution in lieu of taxes.

(8) Collected more delinquent tax in 2012.

(9) The Tax Levy for 2014 was cut \$3.9 million.

Schedule 8
Indianapolis Public Transportation Corporation
Ratio of General Bonded Debt Outstanding
Ten Years

Calendar Year	Total General Bonded Debt		Less: Amounts Available in Debt Service Fund	Total Notes Payable Outstanding	Per Capita		Total Debt as a Percentage of Per Capita Personal Income		Actual Taxable Value of Property (2)		Percentage of Actual Taxable Value of Property
	Outstanding	Total			Debt	Personal Income	Income	Income	Property (2)	Property	
2005	15,085,000	7,301,000	125	22,385,875	28.27	36,286	0.00078	0.00078	37,421,365,753	0.060%	
2006	14,140,000	7,087,000	-	21,227,000	26.80	36,869	0.00073	0.00073	38,154,639,450	0.056%	
2007	13,120,000	7,018,500	157,519	19,980,981	25.23	37,936	0.00067	0.00067	44,748,394,581	0.031%	
2008	12,025,000	7,053,500	27,638	19,050,862	24.06	25,546	0.00094	0.00094	41,209,333,272	0.046%	
2009	10,625,000	7,003,988	-	17,628,988	22.26	38,532	0.00058	0.00058	36,127,319,486	0.049%	
2010	9,265,000	6,872,906	-	16,137,906	20.38	37,232	0.00055	0.00055	33,882,645,456	0.048%	
2011	7,835,000	6,674,153	5,543	14,503,610	16.02	37,232	0.00043	0.00043	32,045,358,660	0.045%	
2012	6,425,000	6,621,748	5,543	13,041,205	14.19	38,309	0.00037	0.00037	33,823,881,794	0.039%	
2013	4,675,000	1,549,420	-	6,224,420	7.86	40,132	0.00020	0.00020	32,196,661,823	0.019%	
2014	2,925,000	1,336,688	-	4,261,688	4.56	39,963	0.00010	0.00010	34,825,590,616	0.012%	

(1) Based on 2014 population of Consolidated City (934,243) for 2014. Source: U.S. Department of Commerce, Bureau of Census.
(2) The legal debt limit for IPTC general obligation bonds is two percent of the actual taxable value of property.
(3) The information for personal income will be released by the Bureau of Economic Analysis in November 20, 2015 therefore, prior year numbers were utilized.

Schedule 9
Indianapolis Public Transportation Corporation
Direct and Overlapping Property Tax Rates (1 & 3)
Ten Years

Calendar Year	--Direct Rates(2)				--Overlapping Rates							--Total (2)--
	Basic Rate	Debt Service	Cumulative Capital	Direct Rate	City	County	Other Muni Corp	School	State	Other	Total	
2005	0.0379	0.0040	0.0100	0.0519	1.1670	0.4163	0.1114	1.6744	0.0024	0.0516	3.4750	
2006	0.0385	0.0038	0.0100	0.0523	0.9546	0.4948	0.3228	1.7172	0.0024	0.0523	3.5964	
2007	0.0361	0.0042	0.0100	0.0503	0.8770	0.5607	0.2917	1.8713	0.0000	0.0522	3.7032	
2008	0.0370	0.0034	0.0100	0.0504	0.8920	0.4602	0.3017	1.7668	0.0024	0.0510	3.5490	
2009	0.0460	0.0049	0.0100	0.0609	0.7093	0.4842	0.2645	1.1569	0.0024	0.0578	2.7360	
2010	0.0461	0.0049	0.0100	0.0610	0.8673	0.3534	0.2672	1.3692	0.0000	0.0615	2.9796	
2011	0.0538	0.0058	0.0100	0.0696	0.9525	0.3665	0.2989	1.4065	0.0000	0.0615	3.1555	
2012	0.0656	0.0051	0.0096	0.0803	1.0034	0.4007	0.3155	1.2711	0.0000	0.0670	3.1380	
2013	0.0870	0.0061	0.0100	0.1031	0.9802	0.3932	0.3283	1.4829	0.0000	0.0607	3.3484	
2014	0.0781	0.0057	0.0100	0.0938	0.7667	0.4034	0.3402	1.2889	0.0000	0.0620	2.9550	

(1) Rate is per \$100 of assessed valuation.

(2) Rate of District 101 (Indpls.-Center Twnshp.) which rate includes all major service.

(3) Taxable property was assessed at thirty three and one-third of the taxable assessed value as per the Marion County Auditor's abstract. In 2002, a change in State law mandated the use of

(4) The IPTC Board of Directors established a Cumulative Capital Fund with a one-cent tax rate adjustment in 2004 to provide for future capital funding. At the same time the IPTC Board of Dir

(5) The property tax rates for State fair and State forestry were repealed in 2010

Schedule 10
Indianapolis Public Transportation Corporation
Direct and Overlapping Bonded Debt and Bonding Limit
As of December 31, 2014
(amounts expressed in thousands)

	Bonded Debt Limit (1)	Bonds Outstanding (2)
Overlapping Debt		
City of Indianapolis	3,372,850	156,155
Marion County	227,610	0-0
Other Municipal Corporations	677,054	287,115
Public Schools	2,258,967	136,824
Other Cities and Towns	226,042	7,890
Other Misc City and Town, Township	20,703	7,948
Total Overlapping Debt	<u>6,783,226</u>	<u>595,932</u>
Direct Debt		
Indianapolis Pubic Transportation Corporation	<u>215,291</u>	<u>2,925</u>
Total Direct and Overlapping Debt	<u><u>6,998,517</u></u>	<u><u>598,857</u></u>
IPTC's percentage of Total Direct and Overlapping Debt	3.08%	0.49%

- (1) Source: Marion County Auditor's Abstract
(2) Source: Indianapolis City Controller's Office.

Schedule 11
Indianapolis Public Transportation Corporation
Demographic and Economic Statistics
Ten Years

Calendar Year	Per Capita		Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
	Population (1)	Personal Income (2)			
2005	791,926	36,286	34.7	170,864	5.4
2006	791,926	36,869	35.0	160,732	4.9
2007	791,926	37,936	35.5	158,991	4.6
2008	791,926	25,546	35.6	162,678	5.6
2009	791,926	38,532	35.8	141,573	9.4
2010	791,926	37,232	33.6	133,084	9.9
2011	905,393	37,232	33.0	132,474	9.4
2012	918,977	38,309	33.7	149,335	7.7
2013	928,281	40,132	33.7	128,478	8.7
2014	934,243	39,963	34.0	130,007	6.3

- (1) Based on 2014 estimates population of Marion County (934,243) for year 2014. Source: US Depar
(2) Data presented are per the U.S. Department of Commerce, Bureau of Economic Analysis.
(3) Data presented are per U.S. Census Bureau.
(4) Data presented is for Indianapolis Public Schools. Source: Indiana Department of Education.
(5) Data presented is for Unemployment rate, nonseasonally adjusted, annual average, Marion County

Schedule 12
Indianapolis Public Transportation Corporation
Principal Employers
Current Year and Ten Years Ago

2014		2004	
<u>Employer (2)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>
St Vincent Hospitals & Health Services	17,398	1	0.030%
IU Health	11,810	2	0.020%
Eli Lilly and Company	10,735	3	0.019%
Community Health Network	10,402	4	0.018%
IUPUI	7,365	5	0.013%
City of Indianapolis?Marion County	7,058	6	0.012%
Fed Ex Express	6,000	7	0.010%
Rolls-Royce	4,300	8	0.007%
Anthem	4,200	9	0.007%
Franciscan St. Francis Health	4,100	10	0.007%
Total			0.143%
<u>Employer (3)</u>	<u>Total Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>
Eli Lilly and Company	14,000	1	0.024%
Clarian Health Partners	7,500	2	0.013%
Federal Express Corp.	6,311	3	0.011%
St. Vincent Hospitals	6,000	4	0.010%
Rolls-Royce	4,500	5	0.008%
South Western Bell	3,500	6	0.006%
Intenational Truck and Engine	3,200	7	0.006%
Wellpoint Inc. (Anthem Inc.)	3,000	8	0.005%
Kroger	2,530	9	0.004%
Chase Bank	2,500	10	0.004%
Total			0.092%

(1) Percentage of total City employment is calculated using 2014 and 2004 Employed Labor Force, which can be found at www.stats.indiana.edu.

(2) Largest employers can be found at www.indypartnership.com (Indy Partnership). Total Employees 579,045

(3) 2004 largest employers data can be found in IPTC 2004 Annual Report.

Schedule 13
Indianapolis Public Transportation Corporation
Principal Property Tax Payers
Current Year and Ten Years Ago (3)
(amounts expressed in thousands)

		-----2014-----		-----2004-----		
		Percentage of Total City Taxable Assessed Value				
<u>Taxpayer</u>	<u>Taxable Assessed Value (1)</u>	<u>Rank</u>	<u>Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value (2,3)</u>	<u>Rank</u>
Eli Lilly and Company	1,114,264	1	3.28%	Eli Lilly and Company	790,468	1
Citizens Gas Coke Utility	431,328	2	1.27%	South Western Bell	397,080	2
Indianapolis Power & Light	327,493	3	0.96%	Indianapolis Power and Light Company	361,426	3
Federal Express Corporation	226,877	4	0.67%	Simon Property Group Inc	275,553	4
White Legacy Properties LLC	174,342	5	0.51%	Aimco	263,419	5
CW Monument Circle Inc	163,944	6	0.48%	General Motors Corporation	199,030	6
Castleton Square, LLC	82,090	7	0.24%	Federal Express Corp.	194,385	7
American United Life Insurance Co	80,393	8	0.24%	International Truck and Engine (formerly Navistar Int'l)	178,911	8
SVC Manufacturing Inc	72,820	9	0.21%	Visteon Corporation (formerly Ford Motor Co.)	152,576	9
Ingredion Inc	72,520	10	0.21%	American United Life Insurance Co.	118,127	10
	<u>2,746,071</u>		<u>8.08%</u>		<u>2,930,975</u>	

- 1 Represents the March 1, 2013 valuations (33,971,640,933) for taxes due and payable in 2014 and represented by the taxpayer.
2 Represents the March 1, 2003 valuations (39,498,980,565) for taxes due and payable in 2004 and represented by the taxpayer.
3 Taxable assessed value was determined using public records from the Marion County Treasurer's Office.

Schedule 14
Indianapolis Public Transportation Corporation
Operating Information
Ten Years

EMPLOYEE DATA:

Number of Employees (1)

Full Time

Operators

Other Transportation

Maintenance

Administrative & Other

Total full-time employees

Part Time

Operators

Other

Total part-time employees

Total Employees

PASSENGER DATA:

Passengers (2)

Number of Fixed Routes (3)

Annual Vehicle Miles (2)

Annual Vehicle Hours (2)

Number of Coaches (4)

Number of ADA Accessible vehicles (4)

Fare (Single Ride) (3)

2014

2013

2012

2011

2010

2009

2008

2007

2006

2005

341	380	301	271	277	308	286	277	272	272
35	7	19	0	0	0	37	67	75	75
85	69	79	76	78	83	79	80	76	75
43	41	58	38	37	46	41	42	36	36
504	497	457	385	392	437	443	466	459	458
2	4	5	0	0	0	0	0	0	0
6	5	4	0	0	0	0	0	0	0
8	9	9	0	0	0	0	0	0	0
512	506	466	385	392	437	443	466	459	458

(1) Source: National Transportation Database (NTD) Form R-10. Includes both motor bus and demand response modes.

(2) Source: NTD Form S-10. Includes both motor bus and demand response modes.

(3) Source: IPTC Transportation Department.

(4) Source: NTD Form A-30. Includes both motor bus and demand response modes.

Indianapolis Public Transportation Corporation
Schedule of Insurance in Force (1)
December 31, 2014

<u>Type of Coverage</u>	<u>Company</u>	<u>Term</u>	<u>Expiration Date</u>	<u>Limit</u>	<u>Deductible</u>
Public Official	National Union	1 year	January 1	\$1,000,000	\$25,000
Fiduciary Liability	Chartis	1 year	January 1	\$1,000,000	\$10,000
Property:	Travelers	1 year	January 1		
Building & Contents				\$34,946,250	\$50,000
Earthquake				\$20,000,000	2%
Flood				\$20,000,000	\$50,000
Stock				\$1,714,000	\$5,000
Computer Equipment				\$500,000	\$5,000
Crime:	Zurich	1 year	January 1		
Employee Theft				\$500,000	\$7,500
Forgery or Alteration				\$500,000	\$7,500
Inside of Premises - Theft of Money & Securities				\$500,000	\$7,500
Inside of Premises - Robbery & Safe Burglary				\$500,000	\$7,500
Outside of Premises				\$500,000	\$7,500
Computer Fraud				\$500,000	\$7,500
Funds Transfer Fraud				\$500,000	\$7,500
Money Orders and Counterfeit Paper Currency				\$500,000	\$7,500

(1) For more information, refer to Note 5 (Risk Management) accompanying the basic financial statements.

Schedule 16
Indianapolis Public Transportation Corporation
Transit Vehicles
December 31, 2014

<u>No. of Vehicles</u>	<u>Year (2)</u>	<u>Manufacture</u>	<u>Engine Type</u>	<u>Seating Capacity</u>	<u>Lift/Ramp Equipped</u>
Large Bus:					
1	1997	Gillig	Diesel	44+2wc	Yes(Lift)
2	1998	Gillig	Diesel	44+2wc	Yes(Lift)
23	1999	nova	Diesel	39+3wc	Yes(Lift)
15	2000	Gillig	Diesel	28+2wc	Yes(Lift)
15	2000	Gillig	Diesel	38+2wc	Yes(Lift)
11	2001	New Flyer	Diesel	39+2wc	Yes(Lift)
17	2002	New Flyer	Diesel	54+2wc	Yes(Lift)
24	2003	Gillig	Diesel	38+2wc	Yes(Lift)
2	2004	Gillig	Diesel	38+2wc	Yes(Lift)
10	2007	Gillig	Diesel	38+2wc	Yes(Lift)
11	2010	Gillig	Diesel	38+2wc	Yes(Lift)
11	2010	Gillig	Diesel	38+2wc	Yes(Lift)
4	2013	Gillig	Diesel	38+2wc	Yes(Lift)
<u>146</u>	<u>Total Large Buses</u>				

Body on Chassis:					
1	2006	Ford	Diesel	11	Yes(Lift)
3	2008	Chevy	Diesel	12+2wc	Yes(Lift)
53	2009	Chevy	Diesel	10+2wc	Yes(Lift)
10	2009	Chevy	Diesel	8+2wc	Yes(Lift)
4	2012	VPG	Diesel	3+1wc	no
3	2014	Chevy	Diesel	10+wc	Yes(Lift)
<u>74</u>	<u>Total Body on Chassis</u>				
<u>220</u>	<u>Vehicles in Total Fleet</u>				

- (1) Used exclusively for demand response and flexible service. IPTC policy precludes
(2) Average age of equipment is 9.8 years.
(3) Please refer to Note 3 of the financial statements for additional information regarding



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