2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Comprehensive Annual Financial Report
For year ending December 31, 2019

IndyGo

Indianapolis Public Transportation Corporation

Marion County, Indiana

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

www.IndyGo.net

Indianapolis Public Transportation Corporation

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

Comprehensive Annual Financial Report
For the Year Ended December 31, 2019

Inez Evans
President and Chief Executive Officer

Prepared by: Department of Finance

Indianapolis Public Transportation Corporation

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

December 31, 2019

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Indianapolis Public Transportation Corporation
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
December 31, 2019

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June 25, 2020

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

We are pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of the Indianapolis Public Transportation Corporation (lndyGo or the Company) for the year ended December 31, 2019.

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 BKD 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 reached 9.24M passenger trips in 2019. This represents an increase of 4.5% from 2018 ridership.

Trips on Open Door paratransit decreased by 16.9% to 282,281 in 2019. However, taxi vouchers used in 2019 increased by 69% over 2018 totaling 49,618. Taken together, total consumption of paratransit and taxi voucher trips decreased by less than 3% in 2019.

Red Line Rapid Transit

In September 2019, the Red Line, Indianapolis' first bus rapid transit line, opened for service. The 13.1 mile line runs from 66th Street in Broad Ripple to the University of Indianapolis, through the densest corridor in Marion County of both residents and employers.

The Red Line was met with incredible enthusiasm from the community when it launched on September 1. In the line's opening week, there were more than 64,000 boardings. The Red Line saw nearly a quarter-million boardings during the first month of service.

Awards

Team members and operations received several awards in 2019 for various types of work done inside the agency.

- In May 2019, IndyGo Operator Misti El-Shabazz won first place in the Customer Service Challenge Final at the American Public Transportation Association's 2019 International Bus Roadeo in Louisville, KY.
- In October 2019, CEO Inez Evans was appointed to the APTA Board of Directors and Leadership Committee.
- In December 2019, IndyGo was awarded the "Best Service Improvement" award by TransitCenter.
- IndyGo received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR).

Marion County Transit Plan

In addition to opening the Red Line, IndyGo made great strides in implementing the Marion County Transit Plan through three rounds of service changes in 2019.

In September 2019 with the opening of the Red Line, IndyGo implemented changes to many routes to better connect local and rapid service. Among these significant improvements, every route began operating every day of the week, and weekend and evening service was enhanced.

In October 2019, some routes had minor timing adjustments and stop changes to better serve riders. Three routes (5, 6, and 10) had their weekend hours extended. Additionally, IndyGo eliminated the need to transfer from a Red Line rapid transit vehicle to a diesel bus when traveling past the rapid portion of the Red Line into local service, making it a one-seat ride for those passengers.

IndyGo is already seeing the results of these service improvements reflected in 2019. Ridership reached 9.24 million, a 4.9% increase over 2018. As IndyGo continues to increase service frequency and hours of service in accordance with the Marion County Transit Plan, ridership is expected to increase further.

MyKey Fare System Implementation

IndyGo's new fare system, called MyKey, is currently in the development and testing stages for the general public. The fare system consists of reloadable tap cards, a mobile application, ticket vending machines, fare validators, a point-of-sale system for Customer Service, and fare inspection equipment.

The MyKey system will allow users to create an account, load and store fare value in their media (either a tap card or the mobile app), and use their media to pay a fare, drawing from their existing balance. Users on the MyKey system will also benefit from fare capping, which will "cap," or limit, the amount riders pay within a day or week. The fare capping system eliminates the need for a weekly or monthly pass.

In 2019, IndyGo moved forward with the implementation of the MyKey fare system for certain rider populations. IndyGo offered access to the MyKey system to riders enrolled in the veteran program, as well as students in sponsored-rides programs, including those in the IndyGo and Indianapolis Public Schools (IPS) partnership.

Since July 2018, IndyGo has offered veterans the opportunity to ride the IndyGo fixed route system fare-free by registering for a special veteran identification card. In July 2019, IndyGo started preparing to transition veteran fare cards to the MyKey tap-card system. In November 2019, IndyGo began issuing the new MyKey cards to the over 3,000 veterans registered for the program. The usage of MyKey tap cards allows IndyGo to track ridership statistics specific to the veteran program. In November and December 2019, veterans tapped their MyKey cards over 40,000 times.

IndyGo also offered tap-card technology to students in programs with partner schools. These partner programs offer students the opportunity to learn about and become comfortable with transit. Students in these programs have access to fixed routes at any time of day, any day of the week, at no direct cost to them. This flexibility not only offers students a way to get to school, but a way to get to after-school jobs, educational opportunities, and community events. IndyGo's largest partnership is with IPS high schools. IndyGo also has partnerships with Purdue Polytechnic High Schools, North Central High School, and Indianapolis Metropolitan High School.

Offering the MyKey system and tap technology has provided IndyGo with valuable information that will help IndyGo to effectively implement the new fare system for all riders in the future.

Factors Affecting Financial Condition

For nearly a decade, Marion County has enjoyed continual year-over-year growth in its labor force, reaching 492,967 last year. Population estimates for 2019 rank the county 1st in Indiana, with 964,582 residents. Indianapolis has continued to be an attractive region for personal and corporate investment, and continued growth has pushed up property values. The average home price has increased to $159,250, resulting in property tax collections above expectations for 2019. Property tax collections for the future.

Unemployment had continued to decline throughout 2019 nationally, with the Marion County rate landing at 3.3% at the end of the year. The federal fuel tax rate remained unchanged at 18.4 cents per gallon of gasoline. In 2019 the Federal government continued to allocate formula-based funding to transit, as well as offer opportunities to apply for competitive grants which can be used for innovative projects that deliver exceptional transportation benefits. State funding for mass transit has continued to stay flat.

In September of 2019 when IndyGo opened the Red Line rapid transit project for passenger service, several other routes in the system were changed, and IndyGo implemented a new fare structure. These significant changes were accompanied by a two-week, fare-free period, approved by the IndyGo Board of Directors. Additionally, IndyGo offers a free fare for veterans, a policy adopted by the City-County Council and approved by the Board of Directors. Approximately 3,000 veterans in Indianapolis are enrolled in the program, and typically these riders account for more than 50,000 trips per month. These changes to fares did result in passenger fare revenue coming in under budget.

The 0.25% income tax that was supported by nearly 60% of voters in 2016 was approved by the Indianapolis City-County Council in 2017, and IndyGo received its first disbursement of the income tax in 2018. Collections came in as expected in 2019, and IndyGo ended the year in a strong financial position.

Financial Updates

In the first quarter for 2020, the COVID-19 epidemic called for swift response in various areas of our economy, and public transportation faced notable challenges. IndyGo instituted various operational measures, purchased new equipment, and contracted for new cleaning services, all of which were unbudgeted. Congress passed various support packages to ease the economic impacts of COVID-19 including the CARES Act, one-time grant money covering 100% of eligible expenses for transit agencies' response efforts to the epidemic. The CARES Act offers support for capital purchases to keep employees safe in the long term as well as operational support to keep critical public transportation services running. Based on federal guidelines, this money will help ensure we can continue to operate service and meet our obligations. IndyGo received $44 M for increased protective equipment, capital projects for employee protection, and operational support, all 100% reimbursable.

With stay at home orders in place, and the closure of many businesses, IndyGo's ridership decreased noticeably. March 2020 was down 22% compared to March of 2019. The decrease coincided with Indiana Stay-at-Home orders. On March 29, 2020, IndyGo implemented social distancing measures on the transit system and moved to a reduced schedule. Q1 2020 ended down about 5.5% compared to Q1 2019. Weekly ridership in April has stabilized at approximately 62,000 weekly trips. As social distancing measures ease, IndyGo assumes ridership will rebound slowly during the remainder of FY 2020, but will likely remain lower than FY 2019.

Post-epidemic, IndyGo will be continuing its investment in frequency and longer span of service in 2021. We believe that these investments will support ridership growth, while also recognizing that some commute patterns may be impacted in the longer term. We expect many employers to retain flexible and remote work arrangements for employees, which minimizes IndyGo's capacity concerns during traditional peak commute hours. Maintaining steady service supply for daytime, evenings and weekends for our city's densest population centers will remain core to the business approach. IndyGo is also aiming to integrate more flexible approaches to service delivery to achieve geographic and late night/early morning coverage. IndyGo is targeting new service delivery models to efficiently match supply to demand in real time.

The first bond issue (Series 2018A) for the Marion County Transit Plan in the amount of $26 M was issued by IndyGo in November 2018. This round of bonds will finance Purple Line Rapid Transit Design Services, Blue Line Rapid Transit Design Services, Local Bus and Paratransit Infrastructure and Bus Fleet Replacement. The funding for this bond issue comes from the 0.25% Local Income Tax. During the bonding process, IndyGo received a standalone AA- rating from S&P. Because of COVID-19, all transportation bonds have been put on a negative outlook.

Recognition

For the seventeenth 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, 2018.

A Certificate of Achievement is valid for a period of one year only. 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 BKD, LLP in providing technical assistance. In addition, we wish to recognize those Finance and Administrative staff members who contribute their time and efforts in preparing this document.

Respectfully Submitted,

Inez Evans

Inez Evans, CEO
IndyGo

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

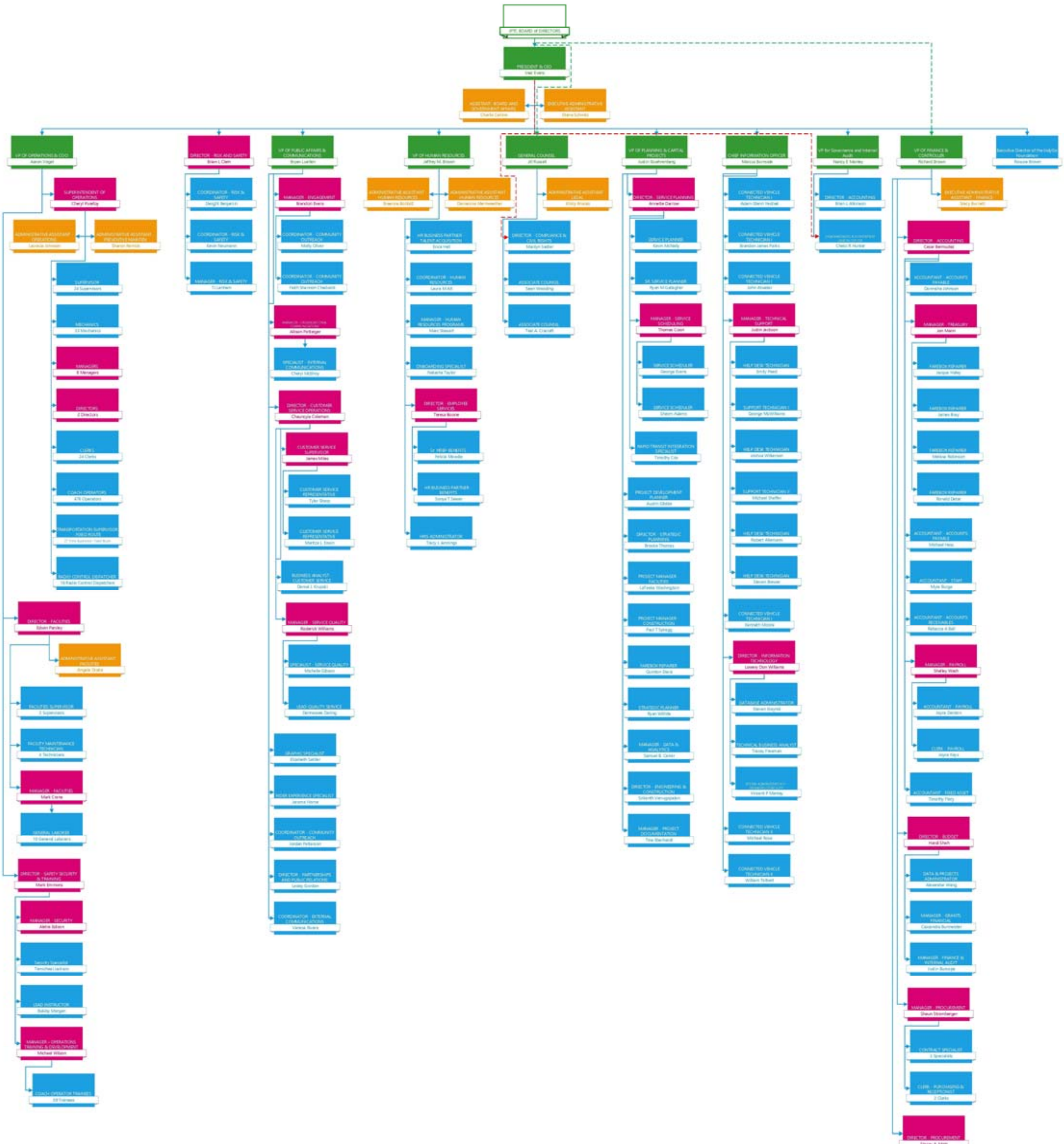
December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Indianapolis Public Transportation Corporation

Organizational Chart



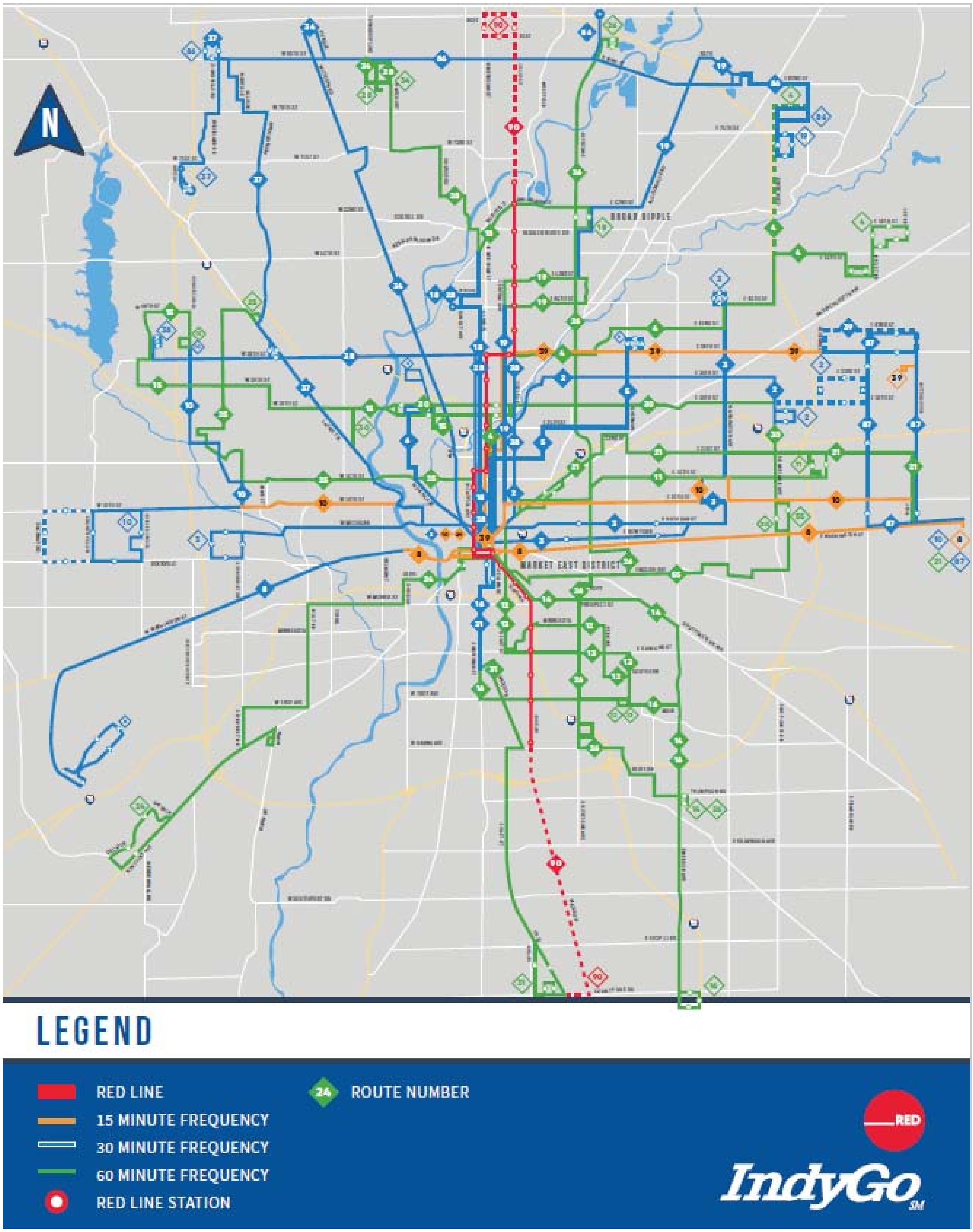
Indianapolis Public Transportation Corporation

Board of Directors, Principal Officials and Management

Name	Approximate Length of Service	Occupation
<u>Appointed Board of Directors</u>		
Danny M. Crenshaw, Chair (Council)	15 ½ years	President Crenshaw Insurance Agency
Juan Gonzalez, Vice Chair (Mayor)	10 years	Vice President – Sr. Business Banking Relationship Manager Key Bank
Tommie L. Jones, Secretary (Council)	19 ½ years	Retired Professional Educator Decatur Township School District
Gregory Hahn, Treasurer (Council)	7 years	Partner Bose McKinney & Evans, LLP
Mark Fisher (Mayor)	5 years	VP – Government Relations & Policy Development Indianapolis Chamber of Commerce
Adairius Gardner, Secretary (Council)	1 ½ years	Director of Government Affairs, Indiana University Health
Richard Wilson, Jr. (Mayor)	1 ½ years	Executive Officer, Defense Finance and Accounting Service, U.S. Department of Defense
<u>Principal Officials & Management</u>		
Inez Evans	< 1 year	President/CEO
Jill D. Russell	14 years	General Counsel
Bart Brown	< 1 year	VP of Finance/CFO
Roscoe Brown	20 years	Executive Director of IndyGo Foundation
Jeffery Brown	1 ½ years	VP of Human Resources
Bryan Luellen	10 years	VP of Public Affairs
Justin Stuehrenberg	5 years	VP of Planning & Capital Projects
Aaron Vogel	< 1 year	VP of Operations/COO

Indianapolis Public Transportation Corporation

2019 Systems Map - Service Area and Routes



Indianapolis Public Transportation Corporation

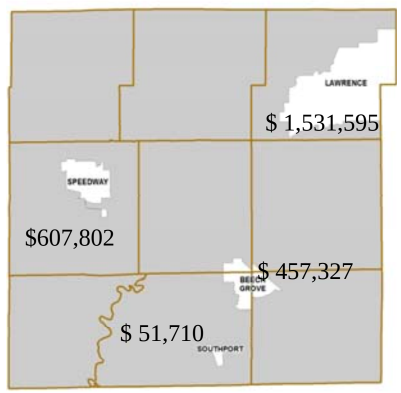
Taxing Districts

Map 1

MARION COUNTY
AND OTHER INCLUDED TOWNS

Marion County $42,341,434

Map 2



CONSOLIDATED
CITY OF INDIANAPOLIS

City of Indianapolis $39,692,999
Excluded Cities and Towns $2,648,434

Map 3

TOWNSHIPS

Note: Map 2 is representative of the taxing districts for IPTC with the exception of Beech Grove.

Financial Section

BKD
CPAs & Advisors

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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 component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise IPTC's basic financial statements. The introductory and statistical sections, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 25, 2020, 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 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 IPTC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IPTC's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
June 25, 2020

Introduction

This section of the financial statements presents a discussion and analysis of the Indianapolis Public Transportation Corporation's (IPTC's) financial performance for the year ended December 31, 2019. Please read this section in conjunction with 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2019 by $239.1 million (net position). Of this amount, $19.7 million (unrestricted net position) may be used to meet IPTC's ongoing obligations arising from providing transportation service to the community at December 31, 2019.
- Fare revenues for 2019 decreased 10% from 2018.
- FTA capital contributions for 2019 increased approximately $11.3 million, or 36% from 2018.
- Net nonoperating revenues for 2019 increased approximately $12 million, or 11% from 2018.
- Operating expenses before depreciation for 2019 increased approximately $10.6 million, or 12% from 2018.
- Net position increased by approximately $63.1 million or 36% in 2019.

Overview of the Financial Statements

The financial statements consist 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 IPTC are included in the statements of net position.

The financial statements provide both short and long-term information about 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.

Financial Statement Analysis

Net Position

IPTC's total assets and deferred outflows of resources at December 31, 2019 were approximately $285.5 million. These changes represent an increase of approximately 26% in 2019. Total liabilities and deferred inflows of resources approximated $46.4 million at December 31, 2019. These changes represent a decrease of approximately 9% in 2019.

Approximately $186.7 million, or 78%, of the net position reflects investments in capital assets, less related debt at December 31, 2019. Approximately $29.4 million, or 12%, of the net position is restricted for future acquisition of capital assets and approximately $3.4 million, or 2% is restricted to service IPTC's bonds payable at December 31, 2019. Approximately $19.7 million, or 8%, may be used to meet IPTC's ongoing obligations arising from providing transportation services to the community at December 31, 2019.

Table 1 - Net Position

	2019	2018
Assets		
Current assets	$ 70,730,100	$ 84,346,544
Capital assets (net)	201,808,944	134,302,814
Other noncurrent assets	12,991,415	6,951,727
Total assets	285,530,459	225,601,085
Deferred Outflows of Resources	-	499,972
Total assets and deferred outflows of resources	$ 285,530,459	$ 226,101,057
Liabilities		
Current liabilities	$ 19,036,354	$ 20,387,197
Noncurrent liabilities	26,226,973	29,657,832
Total liabilities	45,263,327	50,045,029
Deferred Inflows of Resources	1,128,653	46,162
Total liabilities and deferred inflows of resources	46,391,980	50,091,191
Net Position		
Net investment in capital assets	186,723,286	124,209,656
Restricted for capital assets acquisitions	29,359,977	16,327,942
Restricted for debt service reserve	2,859,052	2,859,052
Restricted for debt service	545,974	1,000,000
Unrestricted	19,650,190	31,613,216
Total net position	239,138,479	176,009,866
Total liabilities, deferred inflows of resources and net position	$ 285,530,459	$ 226,101,057

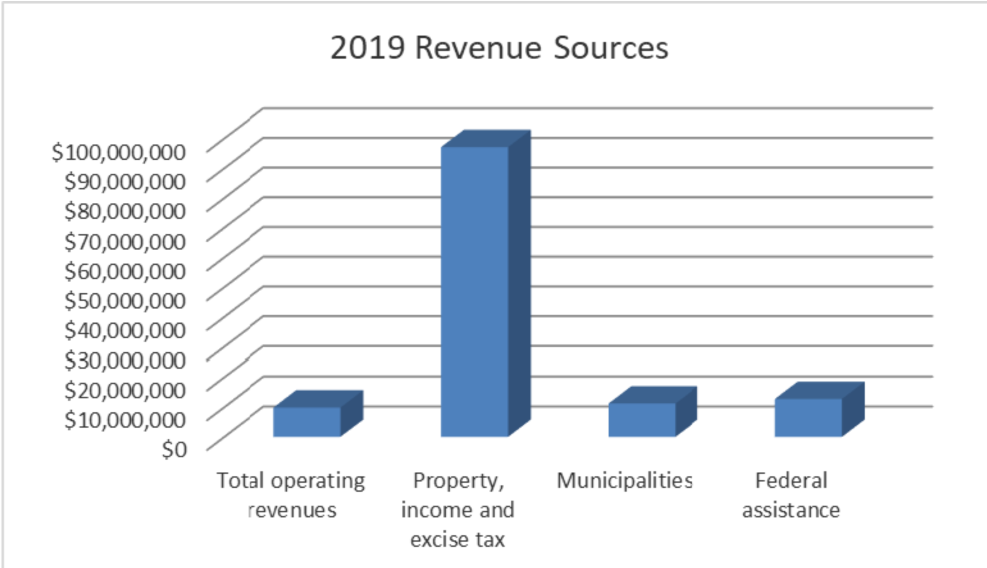
Changes in Net Position

The change in net position for 2019 represents an increase of approximately $63.1 million, or 36%. Total revenues for 2019 increased approximately $22.3 million, or 15%. The increase is mainly attributed to an additional $11.3 million of contributions related to federal capital grants for significant ongoing capital projects. Overall operating expenses, excluding depreciation increased $10.6 million, or 12%, in 2019, which was primarily attributed to an increase in transit services provided during 2019.

Table 2 - Changes in Net Position

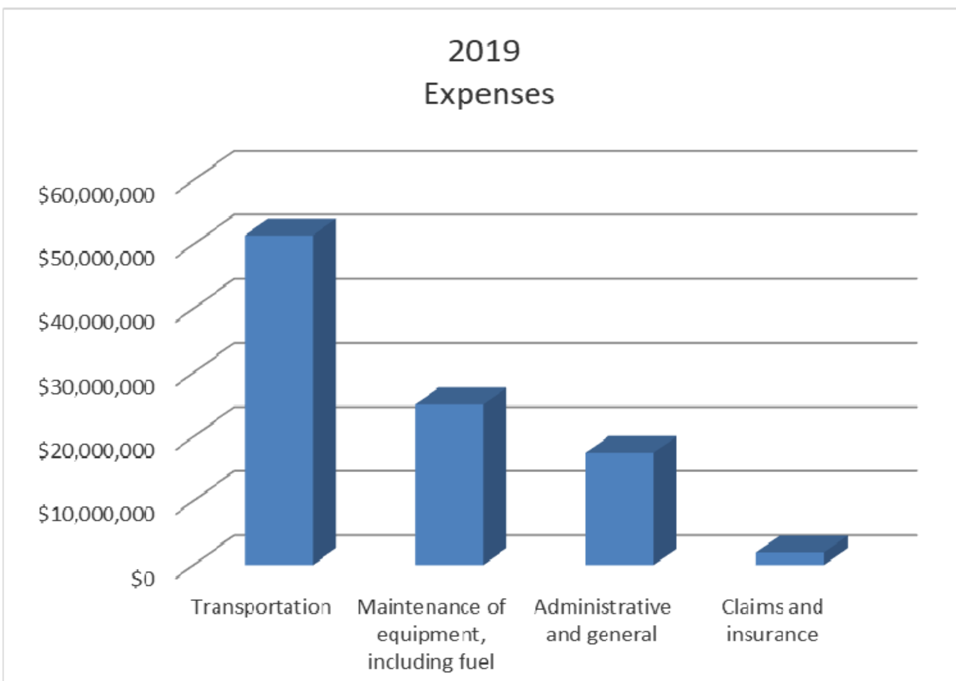
	2019	2018
Operating Revenues		
Passenger fares	$ 9,224,816	$ 10,287,454
Advertising	655,636	636,540
Total operating revenues	9,880,452	10,923,994
Nonoperating Revenues (Expenses)		
Property, income and excise tax	97,092,434	91,732,257
Municipalities	11,251,928	11,386,129
Federal assistance	12,755,339	5,243,143
Investment income	837,699	144,670
Contributions - capital grants	42,625,457	31,355,362
Interest expense	(1,047,123)	(71,357)
Loss on disposal of capital assets	(628,688)	(425,054)
Other revenues (expenses), net	(127,698)	88,533
Total nonoperating revenues	162,759,348	139,453,683
Total revenues	172,639,800	150,377,677
Operating Expenses		
Transportation	51,432,242	45,696,369
Maintenance of equipment, including fuel	25,183,296	21,471,248
Administrative and general	17,489,243	17,453,459
Claims and insurance	2,837,323	1,754,005
Depreciation	12,569,083	12,052,443
Total operating expenses	109,511,187	98,427,524
Change in Net Position	63,128,613	51,950,153
Net Position, Beginning of Year	176,009,866	124,059,713
Net Position, End of Year	$ 239,138,479	$ 176,009,866

Revenues: For 2019, total operating revenues decreased approximately $1.0 million or 10%. For 2019, nonoperating revenues excluding capital grant contributions and other revenue (expenses), increased by approximately $12.0 million, or 11%.



The revenues and percentages presented above exclude “Contributions - capital grants” of $42,625,457, “Investment income” of $837,699, and “Other expenses, net” of $(127,698) for 2019.

Expenses: During 2019, total operating expenses, excluding depreciation, were approximately $96.9 million. This is an increase of $10.6 million, or 12% from 2018. This increase is primarily attributed to an increase in transportation services as a result of expanded routes and services in 2019.



The expenses and percentages presented above exclude “depreciation” expense of $12,569,083 for 2019.

Capital Asset and Debt Administration

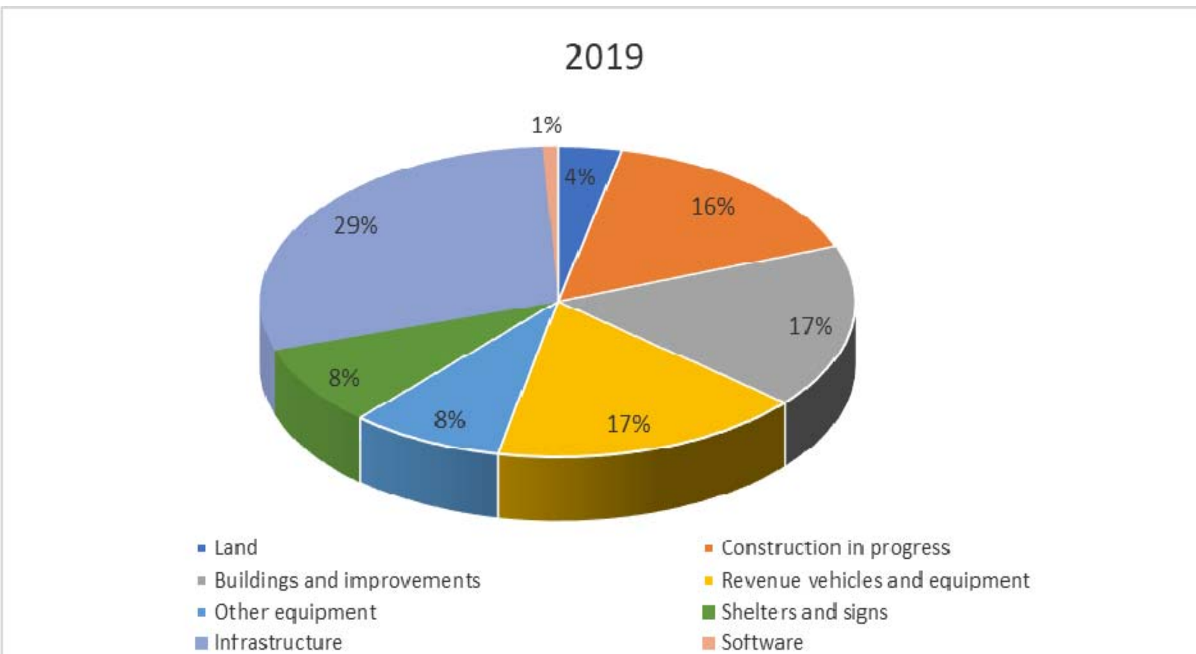
Capital Assets

As of December 31, 2019, IPTC had invested approximately $201.8 million in capital assets, net of accumulated depreciation. Compared to the prior year, capital assets increased by approximately $67.5 million for the year ended December 31, 2019. Depreciable capital acquisitions and transfers from construction in progress for 2019 were approximately $90.3 million with a net loss on retirement of capital assets approximating $0.6 million recognized during 2019. Net decrease in construction in progress was $9.7 for 2019. 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 and transfers during 2019 included 16 low floor 40 ft. buses totaling approximately $8.0 million and finishing development of the Red Line totaling approximately $46 million.

Percentage allocation invested in net capital assets:



Debt Disclosures

As of December 31, 2019, IPTC had approximately $26.2 million of bonds and the related premium. In November 2018, IPTC issued bonds in the amount of $26 million primarily to be used for capital projects. During 2019, bonds and notes payable were repaid pursuant to the maturity schedule of each issue. As of December 31, 2019, IPTC had no financial restrictive covenants associated with its outstanding debt other than holding minimum debt service funds. Please refer to Note 6 of the financial statements included in the 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. Throughout 2019 and 2018, the IPTC's Board of Directors awarded several contracts related to the Marion County Transit Plan (Plan) to significantly expand services to the community.

Subsequent to December 31, 2019, the spread of the SARS-CoV-2 virus and the incidence of COVID-19 resulted in significant uncertainties within Marion County, the State of Indiana and across the Country. It is likely that this pandemic will have a significant economic impact on many industries, which could likely impact IPTC as well.


IndyGo RAPID
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Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated City of Indianapolis-Marion County
Statement of Net Position
December 31, 2019

Assets and Deferred Outflows of Resources

Current Assets	
Cash and cash equivalents	
Unrestricted - working capital	$ 24,194,660
Unrestricted - liability reserve	837,701
Restricted - capital asset acquisitions	16,368,562
Restricted - debt service and unpsent bond proceeds	20,835,477
Total cash and cash equivalents	62,236,400
Receivables	
Federal grants	3,964,538
Operations receivables, net	1,424,632
Total receivables	5,389,170
Other current assets	
Materials and supplies inventory	2,969,624
Deposits and prepaid expenses	134,906
Total other current assets	3,104,530
Total current assets	70,730,100
Noncurrent Assets	
Restricted investments - capital asset acquisitions	12,991,415
Capital assets	
Nondepreciable assets	
Land	6,975,654
Construction in progress	31,873,617
Total nondepreciable assets	38,849,271
Depreciable assets	
Buildings and improvements	84,804,259
Revenue vehicles and equipment	90,536,928
Other equipment	16,887,679
Shelters and signs	22,412,031
Infrastructure	58,969,934
Software	1,618,533
Total depreciable assets	275,229,364
Total capital assets	314,078,635
Accumulated depreciation	(112,269,691)
Capital assets, net of depreciation	201,808,944
Total noncurrent assets	214,800,359
Total assets	$ 285,530,459

Indianapolis Public Transportation Corporation

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

Statement of Net Position (continued)

December 31, 2019

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities	
Accounts and contract services payable	$ 11,706,820
Accrued payroll and benefits	2,176,134
Unearned fare revenue	332,951
Bonds payable, current portion	2,628,117
Interest payable	537,785
Risk management - unpaid claim estimates	1,564,702
Other unearned revenue	89,845
Total current liabilities	19,036,354
Noncurrent Liabilities	
Risk management - unpaid claim estimate, net of current portion	326,965
Bonds payable, net of current portion	23,652,830
Net pension liability	1,129,939
Other postemployment benefit liability (OPEB)	1,117,239
Total noncurrent liabilities	26,226,973
Total liabilities	45,263,327
Deferred Inflows of Resources	
Deferred inflows - pensions	1,128,653
Net Position	
Net investment in capital assets	186,723,286
Restricted for capital assets acquisitions	29,359,977
Restricted for debt service reserve	2,859,052
Restricted for debt service	545,974
Unrestricted	19,650,190
Total net position	239,138,479
Total liabilities and net position	$ 285,530,459

Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated City of Indianapolis-Marion County
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

Operating Revenues	
Passenger fares	$ 9,224,816
Advertising	655,636
Total operating revenues	9,880,452
Operating Expenses	
Transportation	51,432,242
Maintenance of equipment, including fuel	25,183,296
Administrative and general	17,489,243
Claims and insurance	2,837,323
Depreciation	12,569,083
Total operating expenses	109,511,187
Operating Loss	(99,630,735)
Nonoperating Revenues (Expenses)	
Operating assistance	
Property, income and excise tax	97,092,434
Municipalities	11,251,928
Federal and local operating and planning grants, and preventative maintenance funding	12,755,339
Investment income	837,699
Interest expense	(1,047,123)
Loss on disposal of capital assets	(628,688)
Other expenses, net	(127,698)
Total nonoperating revenue	120,133,891
Change in Net Position Before Capital Contributions	20,503,156
Contributions - capital grants	42,625,457
Change in Net Position	63,128,613
Net Position, Beginning of Year	176,009,866
Net Position, End of Year	$ 239,138,479

Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated City of Indianapolis-Marion County
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows From Operating Activities	
Receipts from customers	$ 9,667,438
Payments for transportation	(52,643,551)
Payments for maintenance of equipment, including fuel	(24,592,748)
Payments for administrative and general	(17,392,743)
Claims and insurance paid to external parties	(1,964,105)
Net cash used in operating activities	(86,925,709)
Cash Flows From Noncapital Financing Activities	
Property, income and excise tax distributions	77,697,024
Assistance from municipalities	10,101,928
Federal operating assistance	9,312,290
Other noncapital financing	(127,698)
Net cash provided by noncapital financing activities	96,983,544
Cash Flows From Capital and Related Financing Activities	
Transit tax distributions for capital	19,395,410
Capital grant receipts	62,866,085
Purchases of capital assets	(81,777,788)
Proceeds from sale of capital assets	67,445
Principal paid on bonds payable	(1,995,000)
Interest paid	(792,455)
Net cash used in capital and related financing activities	(2,236,303)
Cash Flows From Investing Activities	
Purchases of investments	(21,441,387)
Proceeds from sale of investments	15,500,000
Interest received	739,398
Net cash used in investing activities	(5,201,989)
Net Change in Cash and Cash Equivalents	2,619,543
Cash and Cash Equivalents, Beginning of Year	59,616,857
Cash and Cash Equivalents, End of Year	$ 62,236,400

Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated City of Indianapolis-Marion County
Statement of Cash Flows (Continued)
Year Ended December 31, 2019

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (99,630,735)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	12,569,083
Changes in assets and liabilities	
Other receivables	89,297
Materials and supplies inventory	590,548
Deposits and prepaid expense	(91,437)
OPEB liability	96,500
Deferred outflows of resources - pensions	499,972
Deferred inflows of resources - pensions	1,082,491
Net pension liability	(825,105)
Accounts and contract services payable	(2,860,525)
Accrued payroll and benefits	699,030
Unearned fare revenue	(18,046)
Risk management	873,218
Net cash used in operating activities	$ (86,925,709)
Noncash Investing, Capital and Financing Activities	
Capital assets in accounts payable	$ 5,697,377
Payment of note payable via transfer of other assets	284,265
Loss on disposal of capital assets	628,688
Change in capital grants/contributions included in receivables	(16,797,579)

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

Nature of Operations and Reporting Entity

Indianapolis Public Transportation Corporation (IPTC) operates in the public transportation industry with the purpose of acquiring, providing and maintaining an urban mass transportation system for the metropolitan Indianapolis area. IPTC d/b/a IndyGo was formed on August 7, 1973 by City-Council General Ordinance No. 36 as a municipal corporation, which has no stockholder, under the provisions of IC 36-9-4. Management of the Consolidated City of Indianapolis-Marion County has determined that IPTC is a component unit of the Consolidated City of Indianapolis-Marion County, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by Statement No. 61 and IPTC 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 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 CEO/President, Vice Presidents and 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 issuance of debt.

On August 27, 2018, IPTC established a nonprofit corporation, the Indianapolis Public Transportation Foundation, Inc. (Foundation), which is legally separate from IPTC and whose purpose is to promote mobility for the citizens in the Indianapolis-area community by connecting resources and investing in programs and services that enhance accessibility and quality of life. The Foundation is considered a blended component unit and is therefore reported as if it is part of IPTC. As of December 31, 2019, the Foundation had no activity.

Basis of Accounting and Presentation

IPTC is accounted for as a single-purpose, business-type entity since its operations are financed and operated in a manner similar to a private business. IPTC's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and government appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues are primarily the result of passenger fares, as well as fees collected from advertisements on IPTC property. Operating expenses for IPTC include the costs of operating the transit system, administrative expenses and depreciation on capital assets. Government-mandated or voluntary nonexchange transactions that are not program specific (such as government appropriations), property taxes, and income taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. IPTC first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Adoption of GASB Statement No. 84

During 2019, IPTC adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* GASB Statement No. 84 clarifies whether a state or local government – including a government engaged in standalone, business-type activities (BTAs) – has a fiduciary responsibility. Criteria for identifying activities a government should report as fiduciary focuses on whether the government is controlling the assets and nature of the asset's beneficiaries. Activities meeting the criteria should be reported in one of four fiduciary fund types in the government's financial statements, with an exception for BTAs expecting to hold custodial fund assets for three or less months. Adoption of this standard resulted in no fiduciary activities of IPTC to be reported within the accompanying financial statements.

Use of Estimates

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

Cash Equivalents

IPTC considers all liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents. At December 31, 2019, cash equivalents consisted of demand and money market deposit accounts, as well as money market mutual funds.

Property and Income 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 1st. 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 the record as of the assessed valuation date. Taxes are payable to the Treasurer in equal installments on or before May 10th and November 10th of the year subsequent to assessment. The Marion County Treasurer remits collections to IPTC and other governmental units within the county.

Risk Management

IPTC is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than personal injury claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

IPTC is self-insured for a portion of its exposure to risk of loss from property damage claims ($50,000 deductible) and personal injury matters. Annual estimated provisions are accrued for the self-insured portion of claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments

In accordance with Indiana Code, it is the policy of 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. obligations and issues of federal agencies, secured repurchase agreements fully collateralized by the U.S. Government or U.S. Government agency securities, municipal securities of Indiana issuers that have not defaulted during the previous 20 years, and open-ended money market mutual funds. 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. Investments are stated at fair value.

Receivables

IPTC reports receivables for amounts due and unpaid as of year-end and receivable balances are shown net of allowance, if any, for uncollectible balances. IPTC provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management has recorded an allowance of $193,057 for potentially uncollectible operating receivable balances at December 31, 2019. Management has not made a provision for an allowance for uncollectible property tax receivables or federal grants receivable.

Restricted and Designated Assets

Certain cash, cash equivalents and investment balances are restricted or designated as follows:

- Unspent Bond Proceeds: Funds deposited with trustee from bond issuances for capital expenditures
- Debt Service: Funds deposited in these accounts are set aside to be used for the purpose of payment on outstanding debt, primarily as a result of requirements from bond and debt ordinance requirements

- Liability Reserve (designated only): Funds 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.
- Capital Asset Acquisition: 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.

Supplies

Supply inventories are stated at cost, determined using the first-in, first-out method. Management reviews supply inventories regularly for obsolete inventory, which is written off when determined to no longer be of value to IPTC.

Capital Assets

Major items of capital assets acquired with federal, state and local funds are capitalized at cost. IPTC adheres to the Federal Transit Administration (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) homogenous and not individually identifiable; (b) may or may not have a unit 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. 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:

	Years
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
Infrastructure	30
Software	5 to 10

Deferred Outflows and Inflows of Resources

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

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

Compensated Absences

IPTC policies permit essentially all employees to accumulate benefits for vacation, holidays, illness and certain other qualifying absences that may be realized as paid time off or, in limited circumstances, as a cash payment. The number of days compensated for the various categories of absence is based generally on length of service. Expense and the related liability are recognized as vacation benefits are earned and vested whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensation for holiday and other qualifying absences is not accrued in the accompanying financial statements because rights to compensation amounts either do not accumulate or they do not vest. Accumulated unused sick leave benefits are nonvesting 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 experience, for employees with at least one year of service regardless of age. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Defined-Benefit Pension Plan

IPTC has a single-employer defined-benefit pension plan known as the Indianapolis Public Transportation Corporation Pension Plan (Plan). For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

IPTC has a single-employer defined benefit other postemployment benefit (OPEB) plan, Postemployment Medical and Life Benefits Plan (the OPEB Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, amounts have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

Net Position

Net position of IPTC is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position consists of external constraints placed on net position imposed by creditors, grantors, donors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position. If both restricted and unrestricted resources are to be used for the same purpose, restricted resources will be applied first.

Revenue and Expense Recognition

Passenger fare revenues 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.

IPTC receives a significant portion of their revenues from 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 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 by IPTC when earned.

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

Future Adoption of New Accounting Standards

GASB has issued Statement No. 87, *Leases*; Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. IPTC intends to adopt these GASB Statements, as applicable, on their respective effective dates.

Subsequent Events

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of IPTC. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 2: Deposits and Investments

Summary of Carrying Values

The carrying values of deposits and investments included in the statement of net position are classified as follows:

	2019
Current Assets	
Cash and cash equivalents	
Unrestricted - working capital	$ 24,194,660
Unrestricted - liability reserve	837,701
Restricted - capital asset acquisitions	16,368,562
Restricted - debt service and unpsent bond proceeds	20,835,477
Noncurrent Assets	
Restricted investments - capital asset acquisitions	12,991,415
	$ 75,227,815
Cash and Cash Equivalents	$ 62,236,400
Investments	12,991,415
	$ 75,227,815

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

	2019
Deposits	
Cash deposits	$ 45,343,734
Investments	
Money market mutual funds	16,892,666
Government-backed mortgage notes	12,991,415
Total deposits and investments	$ 75,227,815

Deposits

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

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

Investment Policy

Indiana statutes generally authorize IPTC to invest in U.S. obligations and issues of federal agencies, secured repurchase agreements fully collateralized by the U.S. Government or U.S. Government agency securities, municipal securities of Indiana issuers that have not defaulted during the previous 20 years, certificates of deposit and open-ended money market mutual funds. It is the policy of IPTC to deposit public funds into the depositories approved by the Marion 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.

At December 31, 2019, IPTC had the following investments and maturities:

		Maturities (in Years)	
	Fair Value	Less Than 1	1 to 5
Government-backed mortgage notes	$ 12,991,415	$ 8,255,493	$ 4,735,922

Interest Rate Risk **-** As a means of limiting its exposure to fair value losses arising from rising interest rates, IPTC is limited to investing in municipal securities of Indiana issuers that have not defaulted during the previous 20 years and other securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code.

Credit Risk **-** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. IPTC complies with the provisions of Indiana statutes. At December 31, 2019, IPTC's investments were rated by Moody's Investor Services or Standard and Poor's as follows:

	December 31, 2019		
	Fair Value	**AAAm**	**Not Rated**
Government-backed mortgage notes	$ 12,991,415	$ 12,991,415	$ -

Custodial Credit Risk **-** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, IPTC will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2019, IPTC's investments in government-backed mortgage notes were exposed to custodial credit risk. These investments were uninsured and the collateral was held by the pledging financial institution's trust department or agent but not in IPTC's name. 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. The money market mutual funds were not subject to custodial credit risk at December 31, 2019.

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 that may be invested in any one issuer. The following table shows investment in issuers and the representative percentage of total investments at December 31, 2019.

	Fair Value	**% Rounded**
Money market mutual funds	$ 16,892,666	56.5%
Government-backed mortgage notes	12,991,415	43.5%
	$ 29,884,081	

Foreign Currency Risk **-** This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. All IPTC deposits and investments are denominated in United States currency and is prohibited from investing in foreign investments.

Note 3: Capital Assets

Capital assets activity for the year ended December 31 was:

	January 1, 2019	Additions/ Transfers	Disposals/ Transfers	December 31, 2019
Capital Assets Cost				
Nondepreciable capital assets				
Land	$ 6,975,654	$ -	$ -	$ 6,975,654
Construction in progress*	41,400,443	74,137,651	(83,664,477)	31,873,617
Total nondepreciable capital assets	48,376,097	74,137,651	(83,664,477)	38,849,271
Depreciable capital assets				
Buildings and improvements	84,761,423	42,836	-	84,804,259
Revenue vehicles and equipment	98,065,781	9,422,209	(16,951,062)	90,536,928
Other equipment	17,565,557	2,686,509	(3,364,387)	16,887,679
Shelters and signs	4,853,880	17,558,151	-	22,412,031
Infrastructure	-	58,969,934	-	58,969,934
Software	-	1,618,533	-	1,618,533
Total depreciable capital assets	205,246,641	90,298,172	(20,315,449)	275,229,364
Less: accumulated depreciation for				
Buildings and improvements	(47,162,381)	(3,195,980)	-	(50,358,361)
Revenue vehicles and equipment	(52,599,400)	(7,062,648)	16,254,929	(43,407,119)
Other equipment	(15,279,512)	(1,047,763)	3,364,387	(12,962,888)
Shelters and signs	(4,278,631)	(525,336)	-	(4,803,967)
Infrastructure	-	(655,222)	-	(655,222)
Software	-	(82,134)	-	(82,134)
Total accumulated depreciation	(119,319,924)	(12,569,083)	19,619,316	(112,269,691)
Total depreciable capital assets, net	85,926,717	77,729,089	(696,133)	162,959,673
Total capital assets, net	$ 134,302,814	$ 151,866,740	$ (84,360,610)	$ 201,808,944

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

Note 4: Tax Abatements

The City of Indianapolis (City) promotes a series of real and personal property tax abatement programs available under Indiana law, including:

Real Property Tax Abatement (I.C. 6-1.1-12.1)

Real property tax abatements are achieved through the phase-in of real property tax obligations from the improvements being made. The phase-in can span a period of one to ten years and is based on a declining percentage of the increase in assessed value of such improvements.

Personal Property Tax Abatement (I.C. 6-1.1-12.1)

Similarly, personal property tax abatements for manufacturing, research and development, information technology and logistics/distribution equipment are accomplished through the phase-in of personal property tax obligations over a one to ten year period, based on a declining percentage of the assessed value of the newly installed equipment.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. MDC and, in certain circumstances, the City-County Council approval is required and must occur prior to the equipment being operational and the MDC determines the time period for the abatement.

Tax Exemption for Enterprise Information Technology Equipment (I.C. 6-1.1-10.44)

The City may grant up to a ten-year, 100% personal property tax exemption to a business engaged in computing, networking or data storage for new investments in qualified enterprise information technology equipment.

The tax exemption requires a minimum investment of $10 million in qualifying investment by an eligible business located in a High Technology District Area, as designated by the City-County Council. The average wage of employees must be at least one hundred twenty-five percent (125%) of the county average wage. Examples of non-eligible activities are call centers, back office operations, customer service operations and credit/claims processing operations. City-County Council approval is required to grant the exemption.

Vacant Building Abatement (I.C. 6-1.1-12.1)

Up to a two-year real property tax abatement is available to a company, according to local qualifications, based on occupying a building that has been vacant for more than a year.

The building must be used for commercial or industrial purposes and be located in a designated Economic Revitalization Area, as designated by the MDC. Prior approval of the MDC must occur before occupying the facility and the MDC determines the time period for the abatement.

All of these programs are designed to spur job creation and retention, grow the income and property tax base, support the redevelopment of areas experiencing a cessation of growth, attract and retain businesses in targeted industries, and assist distressed businesses, among other objectives. Minimum eligibility criteria for such abatements vary by program, as noted above, but generally require that an investment in real or personal property be projected to increase assessed value, create or retain jobs and/or promote economic revitalization.

In return for such abatements, the City generally commits to permit, zoning and job training assistance. Included in each abatement agreement are provisions specifying certain damages, among which may include a clawback of some or all of the taxes previously abated. If a company ceases operations or announces the cessation of operations at the facility for which the abatement was granted, termination of the abatement agreement is warranted and 100% clawback is required. Other clawbacks are calculated based on the highest level of noncompliance among the measured categories for that project.

Impact of Abatements on Revenues

Indiana property tax laws complicate the calculation of the exact impact of property tax abatements on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors. The increase in the annual tax levy is limited to the growth in the six-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient (AVGQ). Statutory property tax caps for homesteads, agricultural and other residential, and commercial are equal to 1%, 2% and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the Department of Local Government Finance, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

Tax abatements are granted on the assessed value of the property abated. The taxpayer’s taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district’s tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps (circuit breaker credits) reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

The estimated gross amount, on an accrual basis, by which IPTC’s property tax revenues were reduced as a result of the aforementioned City abatement programs totaled $600,000. However, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

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 third-party insurance and retains certain risks. IPTC is self-insured for workers' compensation without limitation. Detail of the estimated claims liability is provided below, which is made up of claims reported before the issuance of the financial statements for which 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. It is reasonably possible that IPTC's estimate will change by a material amount in the near term. There were no significant reductions in insurance coverage during 2019 and there were no settlements that exceeded insurance coverage during the past three years for those risks that IPTC purchased insurance. Activity for the year ended December 31, 2019 was as follows for those risks for which IPTC bears risk:

	2019	2018
Unpaid claims, beginning of year	$ 1,018,449	$ 1,536,098
Incurred claims and changes in claim estimates	2,799,239	2,569,318
Claim payments	(1,926,021)	(3,086,967)
Unpaid claims, end of year	$ 1,891,667	$ 1,018,449
Current portion	$ 1,564,702	$ 900,464
Noncurrent portion	326,965	117,985
Unpaid claims, end of year	$ 1,891,667	$ 1,018,449

During 1986, IPTC's Board of Directors approved the establishment of a nonreverting fund (Liability Reserve Account) 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.

Note 6: Long-Term Obligations

The following is a summary of long-term obligation transactions for IPTC for the year ended December 31:

	January 1, 2019	Additions	Reductions	December 31, 2019	Current	Noncurrent
Long-Term Debt						
Series 2018A bonds payable	$ 26,000,000	$ -	$ (1,995,000)	$ 24,005,000	$ 2,345,000	$ 21,660,000
Unamortized bond premium	2,559,064	-	(283,117)	2,275,947	283,117	1,992,830
City of Indianapolis notes payable	284,265	-	(284,265)	-	-	-
Total bonds and notes payable	28,843,329	-	(2,562,382)	26,280,947	2,628,117	23,652,830
Other Long-Term Liabilities						
Risk management payable	1,018,449	2,799,239	(1,926,021)	1,891,667	1,564,702	326,965
OPEB liability	1,020,739	189,946	(93,446)	1,117,239	-	1,117,239
Net pension liability	1,955,044	1,713,518	(2,538,623)	1,129,939	-	1,129,939
Total other long-term liabilities	3,994,232	4,702,703	(4,558,090)	4,138,845	1,564,702	2,574,143
Total long-term obligations	$ 32,837,561	$ 4,702,703	$ (7,120,472)	$ 30,419,792	$ 4,192,819	$ 26,226,973

Series 2018A Bonds Payable

The Indianapolis Local Public Improvement Bond Bank Local Income Tax Revenue Bonds, Series 2018A, dated November 21, 2018, were issued in the aggregate principal amount of $26,000,000. The Series 2018A bond proceeds are planned to be used for IPTC’s rapid transit plan as well as paratransit infrastructure and bus replacement. The bonds bear interest at 5.0%, payable on January 15 and July 1 annually, beginning in 2019 and ending January 15, 2028. The trust indenture includes minimum debt service reserve requirements to be held on deposit.

At December 31, 2019, bonds payable consisted of the following:

Series 2018A bonds payable	$ 24,005,000
Plus: net unamortized premium	2,275,947
Total bonds payable	26,280,947
Less: current maturities	(2,628,117)
	$ 23,652,830

The scheduled debt service requirements on the bonds payable for years subsequent to December 31, 2019 are as follows:

	Principal	Interest	Total
2020	$ 2,345,000	$ 1,144,350	$ 3,489,350
2021	2,460,000	1,025,725	3,485,725
2022	2,590,000	901,100	3,491,100
2023	2,710,000	783,425	3,493,425
2024	2,825,000	660,125	3,485,125
2025 - 2028	11,075,000	1,134,500	12,209,500
	$ 24,005,000	$ 5,649,225	$ 29,654,225

City of Indianapolis Notes Payable

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 to passengers affected by planned route changes, and to review existing routes to plan for needed service change. Through various extensions and amendments to the original loan agreement, the maturity date of the loan was extended to December 31, 2019. During 2019, IPTC provided $284,265 in the form of passenger bus tickets for the benefit of the City of Indianapolis, which reduced the outstanding loan balance to $0 at December 31, 2019.

Line of Credit

IPTC has a $15 million line of credit agreement with a financial institution to fund future operating costs. The line matures on December 31, 2019 and interest is payable upon maturity at a rate of the 30-day LIBOR rate plus 0.75%. No balance existed as of December 31, 2019.

Subsequent to year end, in May 2020, IPTC entered into a new line of credit agreement with a financial institution to fund future operating costs for $20 million. The line matures on December 31, 2021 and interest is payable upon maturity at a rate equal to the greater of (A) one-month LIBOR or (B) 50 basis points, plus 160 basis points.

Note 7: Benefit Plans - Defined-Contribution and Deferred Compensation

Defined Contribution Plan

IPTC maintains a defined contribution 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 to participate in the plan.

(a) Nonunion Employees. Are eligible to participate in the plan upon the first day of the month following 30 days of employment or at any time during their employment.

(b) Eligible Union Employees. A Union Employee will become a participant upon employment pursuant to the collective bargaining agreement with the Union, which is the first of the month following six months of employment.

The defined contribution plan is administered by the Pension Fund Committee (Committee), a joint labor-management body and is subject to collective bargaining. It is comprised of four members, two labor and two management, and has historically been chaired by the ranking Labor member. The current plan requirements for union employees is governed by an arbitration award effective until June 30, 2018. IPTC is currently operating under the old arbitration award until a new agreement is finalized. Prior to July 1, 2017, the award required union employees to contribute 3.5% of their compensation in order to receive the 3.0% employer match, with 0.50% directed to fund the defined-benefit plan until such time the fund ratio met the 110% requirement to return the 0.50% back to the employee. Currently, union and nonunion employees contribute 3.5% of their compensation to the 401(a) in order to receive the 3.5% employer match. Employer contributions to the defined contribution plan during 2019 were $1,067,647.

Deferred Compensation Plan

IPTC maintains an IRS Code Section 457 plan for the benefit of substantially all of its employees. 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 and plan assets are held in a trust separate from IPTC's assets.

Note 8: Benefit Plan – Defined Benefit Pension

Plan Description

IPTC provides pension benefits through a single-employer defined benefit exempt governmental pension plan known as the Indianapolis Public Transportation Corporation Pension Plan (Plan). The Plan is part of the collective bargaining agreement between IPTC and the Amalgamated Transit Union (ATU), Local 1070. All full-time IPTC employees who agree to make employee contributions in accordance with the Plan are covered by the Plan after working 60 days of continuous employment. After December 31, 1997, no new employees entered the Plan. Effective December 31, 1997, all benefits were frozen by plan amendment, and effective December 31, 1997, the Plan was amended to remove the disability benefit provisions. Current requirements for administering both the Defined Benefit Pension Plan and the Defined Contribution Plan for union employees are governed by an arbitration award issued by Samuel Stone that was effective until June 30, 2018. IPTC is currently operating under the old arbitration award until a new agreement is finalized. The Plan issues a separate audit report that includes financial statements and required supplementary information for the Plan, which can be obtained by writing to Indianapolis Public Transportation Corporation, 1501 West Washington Street, Indianapolis Indiana 46222.

Benefits Provided

The Plan provides retirement and death benefits to plan members and their beneficiaries. The retirement benefit is payable monthly during the life of the retired employee. If, at death, the retired employee has not received total benefits at least equal to his/her contributions to the Plan (plus interest accumulated at 2% per year), his/her beneficiary or estate will be paid a sum equal to his/her total contributions plus interest, less the aggregate of the benefits he/she has received. Death benefits or termination of employment prior to retirement, result in the return of all employee contributions plus interest at 2% to be made. 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 with 20 years of continuous employment as of January 1, 2006 who have not attained age 65.

The employees covered by the Plan at December 31, 2019, are:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	4
Active employees	25
	148

Contributions

The Pension Fund Committee has the authority to establish and amend the contribution requirements of the IPTC and active employees only through negotiation or arbitration. As of January 2006, all vested active union employees who remain in the Plan will contribute 4.5% of the total compensation received by such employee and IPTC will contribute 3.5% of their pay, as documented in the arbitration award in effect through and until June 30, 2018, which shall automatically continue in effect for successive periods of three years each after June 30, 2018. Employer contributions for 2019 were $60,835.

Net Pension Liability

IPTC's net pension liability was measured as of December 31, 2019, for the year ended December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2019.

For the total pension liability at December 31, 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.20%
Salary increases	None
Ad hoc cost of living adjustments	None
Investment rate of return	6.5%, net of pension plan investment expense, including inflation
Retirement age	65 years
Turnover	Crocker-Sarson T4 table

Mortality rates were based on the Pri-2012 Blue Collar Mortality for Employees, Healthy Annuitants, Surviving Spouses and Disabled Annuitants with generational projection per Scale MP-2019.

The actuarial assumptions used in the December 31, 2019 valuations were not based on the results of an actuarial experience study.

The building-block method which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	68%	4.61%
Non-US equity	9%	5.27%
Fixed income	11%	1.56%
Cash	12%	0.09%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 5.49%, for the year ended December 31, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that IPTC contributions will be made at contractually determined contribution rates. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate (2.74%) applied to benefit payment, to the extent that the plan's fiduciary net position is not projected to be sufficient.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for 2019 are:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2019	$ 11,025,874	$ 9,070,830	$ 1,955,044
Changes for the year			
Interest	548,001	-	548,001
Effect of economic/demographic gains (losses)	(60,360)	-	(60,360)
Effect of plan changes	897,915	-	897,915
Effect of assumptions, changes or inputs	204,880	-	204,880
Benefit payments, including refunds of employee contributions	(2,005,124)	(2,005,124)	-
Contributions - employer	-	60,835	(60,835)
Contributions - employee	-	78,220	(78,220)
Net investment income	-	2,339,208	(2,339,208)
Administrative expense	-	(62,722)	62,722
Net changes	(414,688)	410,417	(825,105)
Balances at December 31, 2019	$ 10,611,186	$ 9,481,247	$ 1,129,939

The net pension liability of IPTC has been calculated using a discount rate of 5.49% at December 31, 2019. The following presents the net pension liability using a discount rate of 1% higher and 1% lower than the current rate.

	1% Decrease (4.49%)	Current Discount Rate (5.49%)	1% Increase (6.49%)
IPTC's net pension liability	$ 1,940,388	$ 1,129,939	$ 419,309

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, or fair value of Plan assets, at December 31, 2019 is as follows:

Cash and cash equivalents	$ 1,164,759
Receivable investment income	8,752
Fixed income investments	1,074,542
Domestic equities	7,694,126
Benefit payments payable	(460,932)
	$ 9,481,247

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

For the year ended December 31, 2019, IPTC recognized pension expense of $818,193. At December 31, 2019, IPTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,128,653
	$ -	$ 1,128,653

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2019, related to pensions will be recognized in pension expense (reduction in pension expense) as follows:

Year Ending December 31:	Amount
2020	$ (323,892)
2021	(281,137)
2022	(161,365)
2023	(362,259)
	$ (1,128,653)

Payable to the Pension Plan

At December 31, 2019, IPTC had no outstanding amount of contributions owed to the pension plan required for the year.

Note 9: Other Postemployment Benefit Plan

Plan Description and Benefits Provided

IPTC maintains and provides postemployment medical and life insurance benefits (OPEB) to retirees, through a single-employer defined-benefit plan, which IPTC administers. 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 IPTC 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 plan does not issue a stand-alone financial report and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The employees covered by the benefit terms at the measurement date of December 31, 2019 are:

Inactive employees or beneficiaries currently receiving benefit payments	96
Active employees	25
	121

Total OPEB Liability

The IPTC's total OPEB liability of $1,117,239 was measured as of December 31, 2019 for the year end December 31, 2019, and was determined by an actuarial valuation as of that date. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	0.00%
Discount rate	2.74%
Salary increases	N/A
Employee turnover/withdrawal	Crocker-Sarason T-4 Table
Life insurance premium	$4.07/mo./$1,000 of coverage

Retirement rates are shown below:

Age	Rates
55	2.5%
56-59	1.0%
60	5.0%
61	1.0%
62	30.0%
63	10.0%
64	20.0%
65+	100.0%

The discount rate was based on the Bond Buyer General Obligation 20 – Bond Municipal Index.

Mortality rates were based on the Pri-2012 Blue Collar mortality rates for employees, retirees, contingent survivors, with generational improvement using Scale MP-2019.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	Total OPEB Liability 2019
Balance, beginning of year	$ 1,020,739
Changes for the year:	
Service cost	680
Interest	40,567
Effect of economic/demographic losses	(28,867)
Effect of assumption changes or inputs	148,699
Benefit payments	(64,579)
Net change	96,500
Balance, end of year	$ 1,117,239

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% at December 31, 2018 to 2.74% at December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the IPTC has been calculated using a discount rate of 2.74%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
IPTC's net OPEB liability	$ 1,218,480	$ 1,117,239	$ 1,029,797

Health Care Cost Trend Rates, the rates of change in per capita health claims over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments, are not applicable due to the nature of the plan benefits.

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

For the year ended December 31, 2019, IPTC recognized OPEB expense of $161,079. At December 31, 2019, IPTC did not have any reported deferred outflows of resources or deferred inflows of resources related to OPEB because the closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period was less than one year for the applicable OPEB items.

Note 10: Disclosures About Fair Value of Assets and Liabilities

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

IPTC has the following recurring fair value measurements as of December 31, 2019:

- Money market mutual funds totaling $16,892,666 as of December 31, 2019 are valued using quoted prices in active markets for identical assets and are deemed to fall within Level 1 of the fair value hierarchy.

- Government-backed mortgage notes totaling $12,991,415 as of December 31, 2019 are valued using significant other observable inputs and are deemed to fall within Level 2 of the fair value hierarchy.

Note 11: Contingencies

Litigation

In the normal course of business, IPTC is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by IPTC's self-insurance program or by commercial insurance. IPTC evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 12: Commitments

In late 2017 through 2019, the IPTC Board of Directors awarded and revised a number of contracts related to the Marion County Transit Plan - Red Line BRT project. The table below is a breakout of the remaining contract activity and amount awarded (in millions).

Red Line BRT Project		
Construction	$	16.1
Professional services/ROW		0.3
Vehicles		4.6
	$	21.0

In 2018 and 2019, the IPTC Board of Directors awarded a number of contracts related to the Marion County Transit Plan - Purple Line BRT project. The table below is a breakout of the contract activity and amount awarded (in millions).

Purple Line BRT Project		
Design/Engineering	$	13.3
Construction management		1.5
E-Builder Renewal		0.1
Professional services/ROW		1.9
Vehicles		22.6
	$	39.4

In 2018, the IPTC Board of Directors awarded a contract related to the Marion County Transit Plan - Blue Line BRT project. The total contract was for Design and Engineering services at $7.9 million.


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Indianapolis Public Transportation Corporation

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

Schedule of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	2019	2018	2017	2016	2015
Total Pension Liability					
Interest on total pension liability	$ 548,001	$ 575,531	$ 605,983	$ 602,323	$ 623,493
Service cost	-	21,125	-	-	-
Effect of plan changes	897,915	1,567,592	-	-	-
Effect of economic/demographic gains (losses)	(60,360)	(183,410)	(85,848)	(499,484)	(268,255)
Effect of assumptions, changes or inputs	204,880	705,896	(81,629)	(8,303)	333,067
Benefit payments, including refunds of employee contributions	(2,005,124)	(972,804)	(884,818)	(999,235)	(964,637)
Net change in total pension liability	(414,688)	1,713,930	(446,312)	(904,699)	(276,332)
Total pension liability - beginning	11,025,874	9,311,944	9,758,256	10,662,955	10,939,287
Total pension liability - ending (a)	10,611,186	11,025,874	9,311,944	9,758,256	10,662,955
Plan Fiduciary Net Position					
Contributions - employer	60,835	61,809	124,276	159,746	164,076
Contributions - employee	78,220	79,473	88,269	88,923	96,872
Net investment income (loss)	2,339,208	(362,116)	1,214,040	823,838	(44,197)
Benefit payments, including refunds of employee contributions	(2,005,124)	(972,804)	(884,818)	(999,235)	(964,637)
Administrative expense	(62,722)	(53,589)	(37,156)	(29,504)	(21,917)
Net change in plan fiduciary net position	410,417	(1,247,227)	504,611	43,768	(769,803)
Plan fiduciary net position - beginning	9,070,830	10,318,057	9,813,446	9,769,678	10,539,481
Plan fiduciary net position - ending (b)	9,481,247	9,070,830	10,318,057	9,813,446	9,769,678
IPTC's Net Pension Liability (Asset) - Ending (a) - (b)	$ 1,129,939	$ 1,955,044	$ (1,006,113)	$ (55,190)	$ 893,277
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	89.35%	82.27%	110.80%	100.57%	91.62%
Covered Payroll	$ 1,870,497	$ 1,936,383	$ 2,069,769	$ 2,106,365	$ 1,994,058
IPTC's Net Pension Liability (Asset) as a Percentage of Covered Payroll	60.41%	100.96%	-48.61%	-2.62%	44.80%

Notes to Schedule:

Required supplementary information is not available for the preceding five years. IPTC is presenting information for those years for which information is available until a full ten years of information is available.

Benefit changes. No significant changes

Changes of assumptions. Discount rate changed from 5.46% at December 31, 2018 to 5.49% at December 31, 2019. The mortality assumption changed to Pri-2012 Blue Collar Mortality for Employees, Healthy Annuitants, Surviving Spouses, and Disabled Annuitants with generational projection per Scale MP-2019.

Indianapolis Public Transportation Corporation
A Component Unit of Consolidated City of Indianapolis-Marion County
Schedule of Required Supplementary Information
Schedule of IPTC Pension Contributions

	2019	2018	2017	2016	2015
Contractually required contribution	$ 60,835	$ 61,809	$ 124,276	$ 159,746	$ 164,076
Contributions in relation to the contractually required contribution	(60,835)	(61,809)	(124,276)	(159,746)	(164,076)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
IPTC's contributions as a percentage of contractually required contribution for pension	100%	100%	100%	100%	100%
IPTC's covered payroll	$ 1,870,497	$ 1,936,383	$ 2,069,769	$ 2,106,365	$ 1,994,058
Contributions as a percentage of covered payroll	3.3%	3.2%	6.0%	7.6%	8.2%

Notes to Schedule:

Required supplementary information is not available for the preceding five years. IPTC is presenting information for those years for which information is available until a full ten years of information is available.

Valuation date: January 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal

Amortization method: Level dollar

Remaining amortization period: N/A

Asset valuation method: Zero years smoothing period with no corridor

Inflation: 2.20%

Salary increases: Not applicable

Investment rate of return: 6.5%

Retirement age: 65

Mortality: Pri-2012 Blue Collar Mortality for Employees, Healthy Annuitants, Surviving Spouses, and Disabled Annuitants with generational projection per Scale MP-2019

Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated City of Indianapolis-Marion County
Schedule of Required Supplementary Information
Schedule of Changes in IPTC's Total OPEB Liability and Related Ratios

	2019	2018
Total OPEB Liability		
Service cost	$ 680	$ 1,238
Interest	40,567	38,970
Effect of economic/demographic losses	(28,867)	(59,107)
Effect of assumption changes or inputs	148,699	(59,000)
Benefit payments	(64,579)	(65,362)
Net Change in Total OPEB Liability	96,500	(143,261)
Total OPEB Liability - Beginning	1,020,739	1,164,000
Total OPEB Liability - Ending	$ 1,117,239	$ 1,020,739
IPTC's Covered-Employee Payroll	$ 1,729,827	$ 1,739,898
Total OPEB Liability as a Percentage of Covered-Employee Payroll	64.6%	58.7%

Notes to Schedule:

Required supplementary information is not available for the preceding eight years. IPTC is presenting information for those years for which information is available until a full ten years of information is available.

Benefit changes. No significant changes

Changes of assumptions. Discount rate changed from 4.10% at December 31, 2018 to 2.74% at December 31, 2019

Trust: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75


1997
IndyGo RAPID
ELECTRIC BUS
IndyGoRAPID

Statistical Section (Unaudited)

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

Statistical Section (Unaudited)
Table of Contents

The statistical section of this report presents detailed information in order to understand what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Financial Trends

Tables I-III contain trend information to help the reader understand how the IPTC's financial performance and well-being have changed over time.

Revenue Capacity

Tables IV-VII contain information to help the reader assess one of the IPTC's most significant sources of revenue, property taxes.

Debt Capacity

Tables VIII - Table X contain information to help the reader assess IPTC's ability to take on debt and service it over time.

Demographic and Economic Information

Tables XI - Table XIII offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

Tables XIV-XVI contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the IPTC provides and the activities it performs.

Indianapolis Public Transportation Corporation

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

Table I

Net Position by Component - Accrual Basis of Accounting

Last Ten Years

(amounts in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)	2019
Net investment in capital assets	$ 33,867	$ 33,985	$ 33,289	$ 36,110	$ 42,647	$ 80,425	$ 98,024	$ 109,604	$ 124,210	$ 186,723
Restricted	17,716	17,268	18,281	16,092	17,760	14,655	9,530	7,589	20,187	32,765
Unrestricted	3,507	6,177	10,473	13,578	12,961	15,456	14,152	8,460	31,613	19,650
Total IPTC activities net position	$ 55,090	$ 57,430	$ 62,043	$ 65,780	$ 73,368	$ 110,536	$ 121,706	$ 125,653	$ 176,010	$ 239,138

Note: 2018 and forward reflects the impact of adoption of GASB Statement No. 75. 2015 and forward reflects the impact of adoption of GASB Statement No. 68.

(1) The net position balances were adjusted for additional reclassifications between categories to make the presentation comparable to 2019.

Indianapolis Public Transportation Corporation

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

Table II

Operating Expenses by Type

Last Ten Years

Calendar Year	Transportation	Maintenance of Equipment Including Fuel	Administrative and General	Claims and Insurance	Subtotal Expenses Before Depreciation	Depreciation	Total Operating Expenses
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
2015	29,787,891	16,952,267	9,833,426	1,322,196	57,895,780	7,750,331	65,646,111
2016	35,205,033	16,837,683	11,842,475	1,547,474	65,432,665	9,105,197	74,537,862
2017	38,377,545	16,708,390	12,123,381	2,288,866	69,498,182	10,303,582	79,801,764
2018	45,696,369	21,471,248	17,453,459	1,754,005	86,375,081	12,052,443	98,427,524
2019	51,432,242	25,183,296	17,489,243	2,837,323	96,942,104	12,569,083	109,511,187

Indianapolis Public Transportation Corporation
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table III
Changes in Net Position
Last Ten Years

Calendar Year	Operating Revenue	Operating Expense	Operating Loss	Nonoperating Revenue (Expense)	Income (Loss) Before Capital Contributions	Capital Contributions	Change in Net Position
2010	$ 9,996,539	$ 63,542,497	$ (53,545,958)	$ 49,221,744	$ (4,324,214)	$ 12,186,098	$ 7,861,884
2011	10,884,539	62,887,789	(52,003,250)	47,319,768	(4,683,482)	7,022,466	2,338,984
2012	11,661,120	61,023,950	(49,362,830)	50,265,991	903,161	3,710,587	4,613,748
2013	11,738,207	65,669,029	(53,930,822)	54,831,342	900,520	2,836,387	3,736,907
2014	12,136,882	71,119,035	(58,982,153)	54,548,834	(4,433,319)	12,021,795	7,588,476
2015	11,724,021	65,646,111	(53,922,090)	58,447,464	4,525,374	33,040,761	37,566,135
2016	11,105,202	74,537,862	(63,432,660)	64,881,873	1,449,213	9,721,628	11,170,841
2017	10,628,556	79,801,764	(69,173,208)	63,216,860	(5,956,348)	9,903,586	3,947,238
2018	10,923,994	98,427,524	(87,503,530)	108,098,321	20,594,791	31,355,362	51,950,153
2019	9,880,452	109,511,187	(99,630,735)	120,133,891	20,503,156	42,625,457	63,128,613

Indianapolis Public Transportation Corporation

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

Table IV

Operating Revenues by Source

Last Ten Years

Calendar Year	Passenger Fares	Advertising	Total
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
2015	11,232,694	491,327	11,724,021
2016	10,387,232	717,970	11,105,202
2017	9,990,230	638,326	10,628,556
2018	10,287,454	636,540	10,923,994
2019	9,224,816	655,636	9,880,452

Indianapolis Public Transportation Corporation

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

Table V

Nonoperating Revenues and Expenses

Last Ten Years

Calendar Year		Property and Excise Tax	Municipalities	FTA Operating Assistance	Other, net	Total Nonoperating Revenue and Expenses
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		31,729,423	10,877,058	11,855,317	87,036	54,548,834
2015		34,110,139	10,996,469	13,265,041	75,815	58,447,464
2016		39,000,284	11,021,036	11,792,142	3,068,411	64,881,873
2017		39,254,016	11,002,081	13,331,008	(370,245)	63,216,860
2018	(1)	91,732,257	11,386,129	5,243,143	(263,208)	108,098,321
2019		97,092,434	11,251,928	12,755,339	(965,810)	120,133,891

(1) Effective 2018, IPTC began receiving additional local income tax for public transportation via ordinance.

Indianapolis Public Transportation Corporation

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Table VI

Assessed Value and Estimated Actual Value of Taxable Property (1)

Last 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 % of Actual Taxable Value
2010	$ 28,961,103,856	$ 4,921,541,600	$ 33,882,645,456	0.0610 %	100 %
2011	29,737,227,003	2,189,862,781	31,927,089,784	0.0696	100
2012	30,767,449,975	4,966,628,437	35,734,078,412	0.0803	100
2013	28,895,562,176	5,076,078,757	33,971,640,933	0.1031	100
2014	29,672,648,271	5,152,942,345	34,825,590,616	0.0938	100
2015	29,582,373,258	5,148,642,743	34,731,016,001	0.0983	100
2016	30,090,249,074	5,471,602,908	35,561,851,982	0.1120	100
2017	31,662,059,780	5,816,440,516	37,478,500,296	0.1074	100
2018	33,189,915,211	5,641,338,056	38,831,253,267	0.1044	100
2019	34,318,475,936	5,824,733,758	40,143,209,694	0.1029	100

(1) Source: Indiana Department of Local Government Finance.

Indianapolis Public Transportation Corporation

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Table VII

Property Tax Levies and Collections (1, 2 & 3)

Last Ten Years

Year Ended December 31	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy		Collections of Taxes Levied in Prior Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 20,668,415	$ 19,671,063	95.17%	$ 413,368	$ 20,084,431	97.17%
2011 (5)	24,680,645	23,740,201	96.19%	940,444	24,680,645	100.00%
2012 (6)	25,732,422	25,055,800	97.37%	957,259	26,013,059	101.09%
2013	28,011,096	26,490,971	94.57%	1,157,889	27,648,860	98.71%
2014 (4) (7)	25,292,892	26,426,781	104.48%	1,001,691	27,428,472	108.44%
2015	29,823,911	28,690,763	96.20%	1,025,882	29,716,645	99.64%
2016	33,521,071	33,164,540	98.94%	942,355	34,106,895	101.75%
2017	33,174,179	32,980,034	99.41%	1,144,468	34,124,502	102.86%
2018	33,975,127	33,582,649	98.84%	958,308	34,540,957	101.67%
2019	34,404,784	34,991,721	101.71%	941,006	35,932,727	104.44%

(2) Includes operating, cumulative capital and debt service funds.
(3) Data presented on the cash basis of accounting.
(4) Source of information is Indiana Department of Local Government Finance.
(5) Beginning in 2008, the effect of property tax caps has impacted the value of taxes levied.
(6) Collections include water company pilot program distribution in lieu of taxes.
(7) Collected more delinquent tax in 2012.
(8) The Tax Levy for 2014 was cut $3.9 million.

Indianapolis Public Transportation Corporation

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Table VIII

Ratio of General Bonded Debt Outstanding

Last Ten Years

Calendar Year	Total General Bonded Debt Outstanding	Total Notes Payable Outstanding	Less: Amounts Available in Debt Service Fund	Total	Per Capita Debt (1)	Per Capita Personal Income (3)	Total Debt as a Percentage of Per Personal Income	Actual Taxable Value of Property (2)	Percentage of Actual Taxable Value of Property
2010	$ 9,265,000	$ 6,872,906	$ -	$ 16,137,906	$ 20.38	$ 41,633	0.00055	$ 33,882,645,456	0.048%
2011	7,835,000	6,674,153	5,543	14,503,610	16.02	44,538	0.00043	31,927,089,784	0.045%
2012	6,425,000	6,621,748	5,543	13,041,205	14.19	45,897	0.00037	35,734,078,412	0.036%
2013	4,675,000	1,549,420	-	6,224,420	7.86	45,074	0.00020	33,971,640,933	0.018%
2014	2,925,000	1,336,688	-	4,261,688	4.56	46,143	0.00010	34,825,590,616	0.012%
2015	1,680,000	967,155	-	2,647,155	2.82	47,978	0.00007	34,731,016,001	0.008%
2016	1,680,000	719,124	-	2,399,124	2.78	49,439	0.00006	35,561,851,982	0.007%
2017	-	621,977	-	621,977	0.72	50,957	0.00001	37,478,500,296	0.002%
2018	26,000,000	284,265	3,859,052	22,425,213	25.86	51,940	0.00049	38,831,253,267	0.058%
2019	24,005,000	-	3,942,811	20,062,189	20.80	51,940	0.00044	40,143,209,694	0.050%

(1) Based on 2015 population of Consolidated City (939.020) for 2016. 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) Data presented are per the U.S. Department of Commerce, Bureau of Economic Analysis. Per capita personal income is compiled using Census Bureau midyear population estimates. Estimates reflect county population estimates available as of December 2018.

Indianapolis Public Transportation Corporation
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table IX
Direct and Overlapping Property Tax Rates (1, 3, & 4)
Last Ten Years

	Direct Rates (2)				Overlapping Rates					Total (2)
Year	Basic Rate	Debt Service	Cumulative Capital	Total Direct Rate	City	County	Other Muni Corp	School	Other	Total
2010	0.0461	0.0049	0.0100	0.0610	0.8673	0.3534	0.2672	1.3692	0.0615	2.9796
2011	0.0538	0.0058	0.0100	0.0696	0.9525	0.3665	0.2989	1.4065	0.0615	3.1555
2012	0.0656	0.0051	0.0096	0.0803	1.0034	0.4007	0.3155	1.2711	0.0670	3.1380
2013	0.0870	0.0061	0.0100	0.1031	0.9802	0.3932	0.3283	1.4829	0.0607	3.3484
2014	0.0781	0.0057	0.0100	0.0938	0.7667	0.4034	0.3402	1.2889	0.0620	2.9550
2015	0.0847	0.0044	0.0092	0.0983	0.7069	0.3825	0.3222	1.3504	0.0607	2.9210
2016	0.0983	0.0044	0.0093	0.1120	0.7136	0.3883	0.3334	1.4170	0.0630	3.0273
2017	0.0981	0.0000	0.0093	0.1074	0.7316	0.3940	0.3443	0.9735	0.0619	2.6127
2018	0.0951	0.0000	0.0093	0.1044	1.0279	0.3893	0.3444	0.8300	0.0587	2.7547
2019	0.0936	0.0000	0.0093	0.1029	0.7092	0.3906	0.3467	1.5032	0.0563	3.1089

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

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

(3) Taxable property was assessed at thirty-three and one-third of this assessed value as per the Marion County Auditor's abstract. In 2002, a change in State law modified the use of free market value as taxable assessed value. The effect of this change reduced the effective tax rate by two-thirds.

(4) Sources: Marion County Treasurer's Office "Notice to the Taxpayers of Marion County of Tax Rates Charged"

Indianapolis Public Transportation Corporation

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Table X

Direct and Overlapping Bonded Debt and Bonding Limit

December 31, 2019

(amounts in thousands)

	Bonded Debt Limit (1)	Bonds Outstanding (2)
Overlapping Debt		
City of Indianapolis	$ 2,475,042	$ 121,652
Marion County	283,688	-
Other Municipal Corporations	1,130,679	236,930
Public Schools	288,373	159,257
Other Cities and Towns	17,744	7,777
Other Misc City and Town Township	281,980	2,404
Total Overlapping Debt	4,477,506	528,020
Direct Debt		
Indianapolis Public Transportation Corporation	269,007	24,005
Total Direct and Overlapping Debt	$ 4,746,513	$ 552,025
IPTC's Percentage of Total Direct and Overlapping Debt	5.67%	4.35%

(1) Source: Marion County Auditor's Abstract.

(2) Source: Indianapolis City Controller's Office.

Indianapolis Public Transportation Corporation
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Table XI
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population (1)	Per Capita Personal Income (2)	Median Age (3)	Student Enrollment (4)	Unemployment Rate (5)
2010	904,504	$ 41,633	33.6	159,865	9.7 %
2011	911,195	44,538	33.0	143,053	9.5
2012	919,453	45,897	33.7	146,175	9.4
2013	929,722	45,074	33.9	149,697	7.0
2014	935,745	46,143	34.1	130,007	5.8
2015	940,235	47,978	34.3	130,371	4.6
2016	944,034	49,439	34.4	131,754	3.9
2017	950,082	50,957	34.5	132,596	3.1
2018	954,670	51,940	34.5	132,838	3.4
2019	964,582	51,940 (6)	34.5 (7)	131,292	2.9

(1) Source: U.S. Census Bureau

(2) Data presented are per the U.S. Department of Commerce, Bureau of Economic Analysis.

(3) Data presented by Stats Indiana.

(4) Data presented is for all Marion County Public Schools. Source: Indiana Department of Education.

(5) Data presented is for Unemployment rate, nonseasonally adjusted, annual average, Marion County, IN. Source: Bureau of Labor Statistic as of December 2018.

(6) This information will be released by the Bureau of Economic Analysis in August 2020; therefore, prior year numbers were utilized.

(7) This information will be released by the U.S. Census Bureau at a future date; therefore, prior year numbers were utilized.

Indianapolis Public Transportation Corporation

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Table XII

Principal Employers

Current Year and Nine Years Ago

2019				2010			
Employer (2)	Employees	Rank	Percentage of Total City Employment (1)	Employer (3)	Total Employees	Rank	Percentage of Total City Employment (1)
Indiana University Health	23,187	1	4.90%	Clarian Health Partners, Inc.	12,763	1	3.13%
St. Vincent Hospitals & Health Services	17,398	2	3.68%	Eli Lilly and Company	11,550	2	2.84%
Community Health Network	11,328	3	2.39%	St. Vincent Hospitals & Health Services	10,640	3	2.61%
Eli Lilly and Company	10,737	4	2.27%	IUPUI	7,066	4	1.73%
Wal-Mart	8,926	5	1.89%	Federal Express	6,311	5	1.55%
Kroger	7,675	6	1.62%	Community Health Network	5,341	6	1.31%
Federal Express	5,000	7	1.06%	Rolls Royce	4,300	7	1.06%
Anthem	4,866	8	1.03%	St. Francis Hospital & Health Centers	4,152	8	1.02%
Eskenazi Health	4,620	9	0.98%	WellPoint Inc.	3,950	9	0.97%
Meijer	4,594	10	0.97%	Allison Transmission/Div of GMC	3,800	10	0.93%
		Total	20.79%			Total	17.15%

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

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

(3) 2010 largest employers data can be found in IPTC 2010 Annual Report.

Indianapolis Public Transportation Corporation

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Table XIII

Principal Property Tax Payers (3)

Current Year and Nine Years Ago

(amounts in thousands)

	2019 Taxpayer	2019 Taxable Assessed Value (1)	2019 Rank	2019 Percentage of Total City Taxable Assessed Value	2010 Taxpayer	2010 Taxable Assessed Value (2) (4)	2010 Rank	2010 Percentage of Total City Taxable Assessed Value
1	Eli Lilly and Company	$ 1,334,403	1	2.985%	Eli Lilly and Company	$ 2,261,447	1	6.089%
2	Citizens Energy Group	481,064	2	1.076%	Indianapolis Power & Light Co.	361,036	2	0.972%
3	Indianapolis Power and Light Company	354,175	3	0.792%	Federal Express Corporation	191,197	3	0.515%
4	Federal Express Corporation	240,863	4	0.539%	Allison Transmission Inc.	184,486	4	0.497%
5	Convention Headquarters Hotels, LLC	195,413	5	0.437%	Indiana Bell Telephone Co. Inc.	153,410	5	0.413%
6	Hertz Indianapolis 111 Monument, LLC	156,831	6	0.351%	Circle Centre Development Co.	152,746	6	0.411%
7	American United Life Insurance Company	117,369	7	0.263%	Macquarie Office Monument Center I, LLC	138,940	7	0.374%
8	G&I IX MJW Keystone Crossing, LLC	102,774	8	0.230%	VV USA City, LP	136,320	8	0.367%
9	Rolls-Royce Corporation	94,568	9	0.212%	Keystone Investors, LLC	130,454	9	0.351%
10	SVC Manufacturing	91,086	10	0.204%	American United Life	116,215	10	0.313%
		$ 3,168,546		7.089%		$ 3,826,251		10.302%

(1) Represents the January 1, 2018 valuations for taxes due and payable in 2019 as represented by the taxpayer.

(2) Represents the March 1, 2009 valuations for taxes due and payable in 2010 as represented by the taxpayer.

(3) Taxable assessed value was determined using public records from the Marion County Treasurer's Office.

(4) Data presented as originally published in the IPTC 2010 annual report.

Indianapolis Public Transportation Corporation

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Table XIV

Operating Information

Last Ten Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EMPLOYEE DATA										
Number of Employees (1)										
Full Time										
Operators	525	408	379	327	332	341	380	301	271	277
Other Transportation	62	87	68	59	47	35	7	19	-	-
Maintenance	131	100	101	96	88	85	69	79	76	78
Administrative & Other	152	83	71	52	43	43	41	58	38	37
Total full-time employees	870	678	619	534	510	504	497	457	385	392
Part Time										
Operators	2	2	2	2	2	2	4	5	-	-
Other	1	2	4	4	5	6	5	4	-	-
Total part-time employees	3	4	6	6	7	8	9	9	-	-
Total Employees	873	682	625	540	517	512	506	466	385	392
PASSENGER DATA										
Passengers (2)	9,556,169	9,115,875	9,064,093	9,494,784	9,951,627	10,574,895	10,526,681	10,248,603	9,512,408	8,778,098
Number of Fixed Routes (3)	30	31	31	31	31	31	31	30	30	30
Annual Vehicle Miles (2)	12,638,190	12,738,058	11,719,245	11,510,632	11,359,866	11,535,338	11,062,831	10,759,404	10,816,574	10,907,886
Annual Vehicle Hours (2)	789,200	758,689	562,192	764,275	739,029	635,693	710,253	624,219	679,805	691,203
Number of Coaches (4)	280	262	257	268	243	220	233	227	228	224
Number of ADA Accessible vehicles (4)	280	262	257	268	243	220	233	227	228	224
Fare (Single Ride) (3)	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75

(1) Source: National Transportation Database (NTD) Form 8-10. Includes both motor bus and demand response modes.

(2) Source: NTD Form 5-10. 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

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Table XV

Schedule of Insurance in Force

December 31, 2019

Type of Coverage	Company	Term	Expiration Date	Limit	Deductible
GL, AL, Public Officials:	The Princeton Excess and Surplus Lines Insurance Company	1 year	January 1		
General Liability				$ 5,000,000	$ 1,000,000
Wrongful Acts				$ 5,000,000	$ 1,000,000
Auto Liability				$ 5,000,000	$ 1,000,000
Employee Benefits Liability				$ 5,000,000	$ 1,000,000
Sexual Abuse				$ 5,000,000	$ 1,000,000
Public Official	RSUI	1 year	January 1	$100,000 - $2,000,000	$0-$35,000
Fiduciary Liability	Travelers	1 year	January 1	$100,000 - $2,000,000	$ -
Property:	Continental Casualty Company	1 year	January 1		
Building & Contents				$ 185,888,815	
Property Damage - Per Occurrence					$ 50,000
Bus					$ 50,000
Lease Goodyear Tires					$ 1,000
Property Off Premises (Inland Marine)					$ 5,000
Earthquake				$ 25,000,000	$ 100,000
Flood				$ 25,000,000	$ 100,000
Crime:	National Union	1 year	January 1		
Employee Theft				$ 1,000,000	$ 15,000
Forgery or Alteration				$ 1,000,000	$ 15,000
Inside of Premises - Theft of Money & Securities				$ 1,000,000	$ 15,000
Inside of Premises - Robbery & Safe Burglary				$ 1,000,000	$ 15,000
Outside of Premise				$ 1,000,000	$ 15,000
Computer Fraud				$ 1,000,000	$ 15,000
Funds Transfer Fraud				$ 1,000,000	$ 15,000
Money Orders and Counterfeit Paper Currency				$ 1,000,000	$ 15,000

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

Source: “Summary of Insurance” report from Aon Risk Services Central, Inc.

Indianapolis Public Transportation Corporation

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

Table XVI

Schedule of Transit Vehicles (4)

December 31, 2019

No. of Vehicles	Year (2)	Manufacturer	Engine Type	Seating Capacity	Lift/Ramp Equipped
Large Bus					
21	2000	ZEPS	Electric	39+2wc	Yes(Lift)
17	2003	Gillig	Diesel	38+2wc	Yes(Lift)
10	2007	Gillig	Diesel	38+2wc	Yes(Lift)
22	2010	Gillig	Diesel	38+2wc	Yes(Lift)
4	2013	Gillig	Diesel	38+2wc	Yes(Lift)
13	2014	Gillig	Diesel	38+2wc	Yes(Lift)
13	2015	Gillig	Diesel	38+2wc	Yes(Lift)
13	2016	Gillig	Diesel	38+2wc	Yes(Lift)
16	2017	Gillig	Diesel	38+2wc	Yes(Lift)
17	2018	Gillig	Diesel	38+2wc	Yes(Lift)
16	2019	Gillig	Diesel	38+2wc	Yes(Lift)
31	2019	BYD	Electric	47+2wc	Yes(Lift)
193	Total Large Buses				
Body on Chassis					
2	2014	Chevrolet	Diesel	10+2wc	Yes(Lift)
36	2015	Starcraft/Allstar	Diesel	8+4wc	Yes(Lift)
16	2017	Ford	Gasoline	10+2wc	Yes(Lift)
15	2018	Ford	Gasoline	9+3wc	Yes(Lift)
6	2019	Dodge	Gasoline	5-1wc	Yes(Lift)
12	2019	Ford	Gasoline	9+3wc	Yes(Lift)
87	Total Body on Chassis				
280	Vehicles in Total Fleet				

(1) Used exclusively for demand response and flexible service, IPTC policy precludes standees on these vehicles.

(2) Average age of equipment is 9.5 years.

(3) Please refer to Note 3 of the financial statements for additional information regarding capital assets.

(4) Source: IPTC Operations Department

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

Independent Auditor's Report

Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Indianapolis Public Transportation Corporation (IPTC), a component unit of the Consolidated City of Indianapolis-Marion County, which comprise the statement of financial position as of December 31, 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

IPTC's Response to the Finding

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

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
June 25, 2020

Indianapolis Public Transportation Corporation
(A Component Unit of Consolidated City of Indianapolis-Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number		Finding
2019-001	**Criteria or Specific Requirement:**	Management is responsible for establishing and maintaining effective internal controls over financial reporting.
	Condition:	IPTC's internal control environment over financial reporting did not timely detect material adjustments to the GAAP financial statements. (significant deficiency)
	Context:	Effective and accurate financial statements are essential to managing and communicating financial position and results of operations to interested parties. The following adjustments were proposed to management and recorded during the audit process: • Increase interest payable and expense by approximately $500,000 • Increase claims payable estimate and related expense by approximately $700,000
	Effect:	Misstatements within the financial statements.
	Cause:	Inadequate internal controls over the year-end reconciliation of certain balances resulting in undetected adjustments.
	Recommendation:	We recommend IPTC's management strengthen controls and processes related to monthly and year-end closing procedures surrounding claims reserve, and interest payable.

Findings Required to be Reported by *Government Auditing Standards*

Reference Number		Finding
	Views of Responsible Officials and Planned Corrective Action:	Activities to implement the 2019 corrective action plan and subsequently this corrective action plan have begun in 2020. Regarding interest payable, IPTC finance officers will include interest payable for all debt service in the Corporation's annual budgets, which will be loaded into the ERP/AP system. This will ensure that there is a mandatory journal entry to record the interest payable for the year. A mandatory review of monthly expenditure report will reveal that the necessary entries were made when payment to trustee is made upon receipt. Regarding claims payable estimate, Departments responsible for expenses related to claims will be the first reviewer and provider of estimated liabilities. Those departments are the subject matter experts and more knowledgeable in determining amounts that could be expected. The Finance Division would be the second reviewer of the claims data and associated liabilities. In addition, the Finance Department will account for the claims payable estimate and related expenses in the financial system. Two-part review will help IPTC ensure the accuracy of the claims payable estimate accounted for in the financial system and strengthen internal controls. Responsible parties: The Chief Financial Officer and Finance management team is responsible for providing continual training to new and existing employees as necessary. The Chief Financial Officer, Accounting Director, Accounting Manager, Grant Manager and Budget Director or Manager is responsible for year-end review and closeout process. This includes running reports from the official financial system which can drill down to specific transactions during a queried period. Any newly hired staff with responsibilities associated with review, reconciliation and adjustments or fiscal management will be provided the SOP as part of their department's specific training. A year-end review of all closeout procedures/policies will be conducted in the third quarter of each fiscal year.

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