

Indianapolis Airport Authority

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019

Indianapolis Airport Authority

December 31, 2020 and 2019

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Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

We have audited the accompanying financial statements of the Indianapolis Airport Authority (Authority) as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Authority as of December 31, 2020 and 2019, and the changes in financial position and 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, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. We previously expressed an unmodified opinion on the 2018 financial statements. The supplementary information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

BKD, LLP

Indianapolis, Indiana
April 2, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**December 31, 2020 and 2019
(Unaudited)**

The following discussion and analysis of the financial performance and activity of the Indianapolis Airport Authority (Authority) is to provide an introduction and overview that users need to interpret the financial statements of the Authority as of and for the years ended December 31, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Authority Powers and Purposes

In 1962, the City Council of the City of Indianapolis (City), the Mayor of the City and the County Council of Marion County (County) created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to: (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the County; (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority; (iii) adopt a schedule of reasonable charges and collect them from all users of facilities and services within the County; (iv) lease all or any part of an airport, landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft; (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control; and (vi) incur indebtedness in accordance with the Authority Act.

The operations of the Authority depend heavily on revenues received from airlines serving Indianapolis International Airport. Airlines are given the option to sign an Agreement and Lease of Premises (Airline Agreement), which sets forth rates and charges for use of Authority assets and which utilizes a hybrid residual rate-making methodology. The hybrid residual nature of the Airline Agreement essentially requires the airlines to assume certain financial risks to guarantee the Airport has sufficient revenue to cover all operating and capital borrowing costs. In return, the Authority has less autonomy over capital asset development decisions in that the airlines must approve certain proposed capital improvement projects at the Airport. As of December 31, 2020, seven passenger carriers and two cargo carriers represent the Signatory Airlines.

The term of the current signatory airline agreement is January 1, 2019 through December 31, 2023. The agreement does not contain extension provisions but does have holdover provisions. Airlines that sign the Airline Agreement are subject to favorable Signatory rates, as opposed to the Authority's Non-Signatory rates.

Airport Operations Activity and Financial Highlights

	2020	2019	Variance
Enplaned passengers ⁽¹⁾	2,044,464	4,765,409	-57.1%
Landed weight (1,000 lb. units)			
Passenger airlines	3,282,245	5,475,524	-40.1%
Cargo airlines	5,653,986	5,304,330	6.6%
Total landed weights	8,936,231	10,779,854	-17.1%
Aircraft operations	144,078	187,284	-23.1%

⁽¹⁾ Includes domestic air carriers, international air carriers and air taxi/commuter flights

Airport Operations Activity

In 2020, the number of enplaned passengers was 57.1% lower than 2019. The decrease from 2019 is attributed to the coronavirus outbreak (“COVID-19”) related travel restrictions, warnings, and concerns. On March 13, 2020, President Trump proclaimed a national emergency in the United States due to the COVID-19 outbreak, beginning March 1, 2020. On March 23, 2020, Governor Eric Holcomb issued a stay-at-home order for the state of Indiana, which expired on May 1, 2020.

The year 2020 started off strong at IND. January and February passenger traffic were record-breaking months, respectively. American announced nonstop service from IND to Boston (BOS) and Contour Airlines announced they would begin service from IND to Nashville (BNA), Pittsburgh (PIT), and St. Louis (STL). However, due to the COVID-19 pandemic, these routes were postponed indefinitely.

New nonstop destinations that were later announced or started in 2020 at IND include:

- Fort Lauderdale (FLL) - Spirit
- St. Louis (STL) - Southwest
- Cancun (CUN) - American
- Fort Myers (RSW) - United
- Sarasota (SRQ) - Southwest *Announced in 2020 to begin in March 2021
- Fort Myers (RSW) - Spirit

In addition to a record-breaking January and February, the Authority hosted Routes Americas 2020. The world’s most prominent network planning conference, Routes Americas, selected Indianapolis as the host of the February 2020 conference in 2018 after a highly competitive bid process. Routes Americas brought over 700 airport and airline decision makers to Indianapolis, providing unparalleled exposure of Central Indiana to key airline decision makers. Feedback from the conference suggested that the Indy event received the highest net promoter score for any Routes event by 21 points and an importance score that exceeds both company and industry average. Perhaps most importantly, 53% of delegates had a more positive view of Indy than before. IND plans to welcome the first new airline after Routes Americas in 2021. Sun Country, who the team last met with at Routes Americas 2020, will start service at IND in summer 2021 with service to Minneapolis and Orlando.

Passenger airlines accounted for approximately 37% of total landed weight at IND in 2020 and 51% in 2019; cargo airlines accounted for the other 63% during 2020 and 49% in 2019. Passenger airline landed weights decreased by 40.1% in 2020 from prior year; cargo airline landed weight increased 6.6% from prior year. The decrease in passenger landed weights is a result of the mentioned market factors and is explained further in the Economic Factors section. FedEx continued to represent most of the cargo landed weights in 2020. The increase in cargo landed weights can be attributed to increased FedEx activity mainly due to the increase in demand for goods during the pandemic.

Aircraft operations represent landings and takeoffs for air carrier (passenger and cargo), air taxi and commuter, general aviation and military operations. This activity decreased 23.1% over the prior year primarily attributable to a decrease in passenger airline activity due to the COVID-19 disruption.

Financial Highlights

- The Authority experienced an increase in total assets and deferred outflows of resources of \$45.8 million during 2020. This increase can be attributed to a number of changes in the statement of net position, including lessee financed fixed asset additions partly offset by the normal decrease in capital assets due to depreciation.
- Total liabilities decreased \$37.6 million in 2020. This change is primarily attributable to the reduction of bonds payable and other debt.
- The 2020 increase in net position was \$79.2 million compared to a decrease of \$17.3 million for 2019. The \$79.2 million increase is a result of the loss from operations of \$50.1 million, net nonoperating revenues of \$1.2 million and capital contributions and grants of \$128.2 million.

Overview of Financial Statements

The Authority only engages in business-type activities. These are activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services. The Authority reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business.

The Authority's financial report includes comparative Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. Also included are notes to the financial statements that provide more detailed data. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The net position of the Authority is comprised of these categories:

- *Net investment in capital assets* - reflects the Authority's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.
- *Restricted* - represent resources that are subject to external restrictions on how they may be used.
- *Unrestricted* - represent resources that may be used to meet the Authority's ongoing obligations to the public and creditors.

Statements of Net Position

The Statements of Net Position present the financial position of the Authority at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The net position of the Authority represents the difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources and is an indicator of the current net value of the Authority.

A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2020, 2019 and 2018 follows:

	2020	2019	2018
(Table Amounts in Thousands)			
Current assets - unrestricted	\$ 95,514	\$ 30,929	\$ 32,580
Current assets - restricted	71,699	73,522	48,217
Noncurrent assets			
Capital assets, net	1,783,116	1,754,221	1,734,709
Other noncurrent assets	198,994	242,162	221,850
Total assets	2,149,323	2,100,834	2,037,356
Deferred outflows of resources	19,882	22,583	31,435
Total assets and deferred outflows of resources	\$ 2,169,205	\$ 2,123,417	\$ 2,068,791
Current liabilities - payable from unrestricted	\$ 13,491	\$ 13,229	\$ 14,090
Current liabilities - payable from restricted	67,969	72,069	66,518
Noncurrent liabilities - payable from restricted	970,288	1,004,014	943,648
Total liabilities	1,051,748	1,089,312	1,024,256
Deferred inflows of resources	22,122	18,009	11,163
Net position			
Net investment in capital assets	841,311	780,340	825,210
Restricted	171,161	162,493	140,516
Unrestricted	82,863	73,263	67,646
Total net position	1,095,335	1,016,096	1,033,372
Total liabilities, deferred inflows of resources and net position	\$ 2,169,205	\$ 2,123,417	\$ 2,068,791

2020 to 2019 Comparative Statements of Net Position

Unrestricted current assets increased \$64.6 million, which is primarily attributable to increases in cash and cash equivalents. The low interest rate environment during 2020 prompted an investment strategy change which caused the transfer of \$54.8 million of noncurrent unrestricted investments to unrestricted cash and cash equivalents.

Restricted current assets decreased \$1.8 million relating to a decrease in cash and cash equivalents, offset by an increase in the receivable for reimbursable IMC expenses.

Total noncurrent assets decreased by \$14.3 million. This change reflects a \$43.2 million decrease in cash and cash equivalents, investment securities and derivative instruments; a decrease in nondepreciable capital assets of \$14.1 million that includes the sale of the old parking garage; offset by an increase in depreciable capital assets of \$43.0 million that includes fixed asset additions for the stormwater project, partly offset by the normal decrease in capital assets due to depreciation.

Total deferred outflows of resources decreased by \$2.7 million, the result of the amortization of deferred losses on the refunding of debt of \$2.7 million.

Total current liabilities decreased by \$3.8 million primarily driven by a decrease of \$16.1 million in accounts payable offset by an increase of \$3.5 million in grants payable, an increase of \$5.8 million in the current portion of debt, an increase of \$2.1 million in accrued interest on debt, and \$0.9 million increase to accrued and withheld items.

2019 to 2018 Comparative Statements of Net Position

Unrestricted current assets decreased \$1.7 million, which is attributable to decreases in cash and cash equivalents of \$2.3 million and prepaid insurance of \$1.2 million, offset by an increase in accounts receivable of \$1.6 million.

Restricted current assets increased \$25.3 million relating to an increase in cash and cash equivalents, offset by a decrease in the receivable for reimbursable IMC expenses.

Total noncurrent assets increased by \$39.8 million. This change is primarily attributable to a \$152.9 million increase in depreciable capital assets, including fixed asset additions for the stormwater project, partly offset by the normal decrease in capital assets due to depreciation.

Total deferred outflows of resources decreased by \$8.9 million, the result of a decrease in the amortization of deferred losses on the refunding of debt of \$2.4 million and an adjustment in the accumulated changes in fair values of hedging derivative instruments of \$6.6 million.

Total current liabilities increased by \$4.7 million primarily driven by a decrease of \$2.3 million in the current portion of debt and an increase of \$6.2 million in accounts payable.

2020 to 2019 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2020 and 2019 was an increase of \$79.2 million and a decrease of \$17.3 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2020 and 2019.

	2020	2019	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Total operating revenues	\$ 117,071	\$ 161,349	\$ (44,278)	-27.4%
Total nonoperating revenues	23,138	12,506	10,632	85.0%
Total revenues	<u>140,209</u>	<u>173,855</u>	<u>(33,646)</u>	<u>-19.4%</u>
Total operating expenses	167,204	174,865	(7,661)	-4.4%
Net nonoperating expenses	21,984	45,115	(23,131)	-51.3%
Total expenses	<u>189,188</u>	<u>219,980</u>	<u>(30,792)</u>	<u>-14.0%</u>
Loss Before Capital Contributions and Grants	(48,979)	(46,125)	(2,854)	6.2%
Capital Contributions and Grants	<u>128,218</u>	<u>28,849</u>	<u>99,369</u>	<u>344.4%</u>
Increase (Decrease) in Net Position	79,239	(17,276)	96,515	-558.7%
Net Position, Beginning of Year	<u>1,016,096</u>	<u>1,033,372</u>	<u>(17,276)</u>	<u>-1.7%</u>
Net Position, End of Year	<u>\$ 1,095,335</u>	<u>\$ 1,016,096</u>	<u>\$ 79,239</u>	<u>7.8%</u>

Operating revenue in 2020 decreased \$44.3 million, or 27.4% from prior year attributable to the following components:

- *Airfield revenue* in 2020 of \$22.1 million decreased from prior year by \$1.6 million, or 6.6%. Total landed weights decreased 17.1% from prior year as passenger carriers decreased 40.1% and cargo carriers increased 6.6%. The Signatory landing fee rate increased to \$2.09 in 2020 from \$1.71 in 2019. The Non-Signatory landing fee rate increased to \$3.14 in 2020, as compared to the 2019 rate of \$2.57.
- *Terminal complex revenues* of \$44.2 million decreased \$7.2 million, or 14.0% from prior year. Budgeted airline terminal rental rates increased in 2020 to \$90.37 per square foot compared to the prior year rate of \$77.95 per square foot. This was offset by concession revenues lower than prior year by \$5.0 million (58.5%) and automobile rental commissions lower than prior year by \$5.3 million (49.2%); both attributable to the significant decrease in passengers of 57.1% which prompted one-time adjustments to contractual minimum annual guarantees.
- *Parking revenues* decreased from prior year by \$34.2 million, or 57.5%, resulting in \$25.2 million in 2020 parking revenue; decrease directly related to the 57.1% decrease in passengers.
- *Rented buildings and other* of \$16.2 million increased \$0.7 million from prior year or 4.6% primarily attributable to additional aircraft parking on the old postal ramp primarily during the height of the COVID-19 disruption, and increased ground rental.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$6.6 million decreased by \$2.0 million, or 23.3%. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The decrease from prior year relates to a renegotiated lease with the IMC's main tenant, AAR Aircraft Services.

Nonoperating revenues in 2020 of \$23.1 million increased from prior year by \$10.6 million, or 85.0% attributable to the following components:

- *Federal operating grants* of \$15.8 million increased \$15.2 million representing the operating portion drawn on IND's CARES Act funded recovery grant.
- *Passenger facility charges (PFC) income* of \$7.9 million decreased \$11.4 million, or 59.0%. This decrease is due to the decrease in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Customer facility charges (rental cars) income* of \$4.3 million decreased \$5.1 million, or 53.8% due to the decrease in passenger numbers and rental transactions.
- *Investment income (loss)* of \$(4.9) million decreased \$11.9 million, or 70.8%. The fair value change of hedging derivatives was \$12.6 million less than the change in 2019 but offset by \$0.7 million lower earnings on securities in the Authority's investment portfolio.

Operating expenses (before depreciation) for the years ended December 31, 2020 and 2019 totaled \$72.6 million and \$85.2 million, respectively, a decrease of \$12.6 million, or 14.8%. As a result of the 57.1% decrease in passengers and the impact on operating revenues, operating expenses were slowed by freezing all staff pay levels, instituting a hiring freeze and halting all non-essential operating and maintenance expenses. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by class* (before depreciation): Total *personal services expense* decreased 3.7% or \$1.3 million to \$34.1 million attributable to the impact of the hiring freeze, lower health insurance expense claims; lower part-time salaries and contract help in the parking departments due to reduction in passengers; and lower utilization of overtime. Total *contractual services expense* decreased 27.8% or \$7.9 million to \$20.6 million attributable to the intentional strategic slowing of expenditures resulting in lower professional fees, travel/training, print/advertising, pavement repairs, and grounds maintenance. Costs that vary in proportion of passenger volumes such as parking related credit card processing fees and valet operating costs also decreased. Total *utilities expense* of \$9.7 million decreased by \$1.1 million, or 10.5% reflective of electricity efficiencies and lower sewer charges relating to glycol processing. Total *supplies expense* of \$3.4 million decreased by \$1.8 million, or 33.8% primarily in lower fuel costs, paper supplies, LED replacements and uniforms. Expenses for snow and ice chemical reduced due to milder weather than prior year. Total *materials expense* decreased by \$0.6 million, or 17.9% to \$2.9 million primarily due to lower motorized equipment repair parts, communication equipment replacements and ground power unit (GPU) replacements than in prior year. Total *general expense* of \$1.8 million increased from prior year by \$0.1 million, or 7.7% primarily due to an increase in bad debt reserve expense.
- *Airfield expenses* (before depreciation) of \$10.6 million decreased by \$1.3 million, or 11.1% from the prior year. Decrease attributable to lower environmental professional fees, pavement repairs, less ground power unit (GPU) replacements, and lower snow and ice chemical and sewage costs for glycol processing.
- *Terminal complex expenses* (before depreciation) of \$16.5 million decreased \$1.8 million, or 10.0% from the prior year. Reduction relates to vacancies throughout the year due to hiring freeze; lower electricity and sewage costs; lower paper supplies as a result of halting all non-essential operating and maintenance expenses.
- *Parking expenses* (before depreciation) of \$7.5 million decreased \$3.2 million, or 30.1% from the prior year. Decrease attributable to lower part-time and overtime salaries and contract help, pavement repairs, credit card fees and valet services. The decrease is also due to less snow removal/chemical costs due to milder weather and lower light bulb costs as prior year represented a LED lighting replacement program in the garage.
- *Rented buildings and other expenses* (before depreciation) of \$1.7 decreased \$1.7 million, or 49.4% from prior year. Current year reflects a decrease in environmental remediation costs; lower on-call environmental professional fees related to compliance audits and tree removal/vegetation control; and lower pavement repairs, grounds maintenance and building repairs as a result of halting non-essential maintenance expenses.
- *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$6.5 million decreased \$0.9 million, or 11.9%. The decrease from prior year is mainly attributable to a reduction of electrical usage due to a reduction in the number of hangars utilized by AAR Aircraft Services, lower pavement repairs and grounds maintenance costs.
- *Reliever airports expenses* (before depreciation) of \$1.5 million decreased \$0.4 million, or 21.2% from prior year. Decrease primarily attributable to lower fuel costs and lower utilization of contractual services.

- *Public safety expenses* (before depreciation) of \$12.1 million decreased \$0.6 million, or 4.4% from prior year. Variance represents staff vacancies throughout the year; lower health insurance claims and professional fees offset by expenses incurred relating to COVID-19 including employee testing and terminal cleaning and supplies/personal protection equipment (PPE).
- *Administration costs* (before depreciation) of \$16.0 million decreased by \$2.7 million, or 14.5% from prior year. Decrease reflects the slowing of overall expenses resulting in lower professional fees, travel/training, print/advertising and various other operating projects put on hold.

Net Nonoperating expenses for the years ended December 31, 2020 and 2019 totaled \$22.0 million and \$45.1 million, respectively, a decrease of \$23.1 million, or 51.3% attributable to the following components:

- *Interest expense* of \$33.8 million decreased \$4.2 million over the prior year due the full year effect of the 2019 bond deal issue premiums and the reduction of interest expense from the continued amortization of principal outstanding.
- *Gain (loss) on disposals of capital assets and other* of \$11.8 million increased \$18.9 million over the prior year. The current year net gain is comprised of \$0.7 million gain on land sales; \$0.7 million for loss on fixed assets, offset by \$11.2 million gain from the sale of the old terminal's parking garage to the City of Indianapolis. The prior year included a \$6.5 million and \$1.8 million loss related to land sales and fixed asset retirements, respectively.

Capital contributions and grants of \$128.2 million increased \$99.4 million compared to prior year. Current year includes \$23.2 million drawn on IND's CARES Act funded recovery grant and \$73.9 million of Lessee Financed Improvements for FedEx's sort facility and capacity expansion of its Indianapolis hub.

2019 to 2018 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2019 and 2018 was a decrease of \$17.3 million and \$25.3 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2019 and 2018.

	2019	2018	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Total operating revenues	\$ 161,349	\$ 160,672	\$ 677	0.4%
Total nonoperating revenues	12,506	46,312	(33,806)	-73.0%
Total revenues	173,855	206,984	(33,129)	-16.0%
Total operating expenses	174,865	173,206	1,659	1.0%
Net nonoperating expenses	45,115	85,205	(40,090)	-47.1%
Total expenses	219,980	258,411	(38,431)	-14.9%
Loss Before Capital Contributions and Grants	(46,125)	(51,427)	5,302	-10.3%
Capital Contributions and Grants	28,849	26,106	2,743	10.5%
Increase (Decrease) in Net Position	(17,276)	(25,321)	8,045	-31.8%
Net Position, Beginning of Year	1,033,372	1,058,693	(25,321)	-2.4%
Net Position, End of Year	\$ 1,016,096	\$ 1,033,372	\$ (17,276)	-1.7%

Operating revenue in 2019 increased \$676 thousand or 0.4% from prior year attributable to the following components:

- *Airfield revenue* in 2019 of \$23.7 million decreased from prior year by \$0.6 million, or 2.5%. Total landed weights were flat with prior year, however, the decrease in revenue was driven by budgeted decreases in landing fee rates (2019 signatory landing fee rate of \$1.71 compared to \$1.85 in 2018; 2019 non-signatory landing fee rate \$2.57 compared to \$2.78 in 2018).
- *Terminal complex revenues* of \$51.3 million decreased \$2.8 million, or 5.2% from prior year. Budgeted airline terminal rental rates decreased in 2019 to \$77.95 per square foot compared to the prior year rate of \$92.78 per square foot. Concession revenues and automobile rental commissions were also lower than prior year related to concession refresh construction and change in agreements.
- *Parking revenues* increased from prior year by \$4.8 million, or 8.8%, resulting in \$59.4 million in 2019 parking revenue. A budgeted rate increase went into effect January 2019 for the garage (\$20/day in 2019 compared to 2018's \$18/day) and for the valet operation (\$27/day in 2019 compared to 2018's \$25/day). Passenger growth of 1.5% also contributed to the increase, as well as an increase in Transportation Network Company (TNC) revenues.
- *Rented buildings and other* of \$15.5 million decreased \$1.0 million from prior year or 6.2% primarily attributable to the vacancy of the US Post Office building in November 2018, and various other changes in ground lease rental agreements.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$8.6 million increased by \$0.3 million, or 4.0%. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The increase from prior year relates to higher hangar bay utilization.

Nonoperating revenues in 2019 of \$12.5 million decreased from prior year by \$33.8 million, or 73.0% attributable to the following components:

- *State and local appropriations* of \$0.0 million decreased \$13.2 million, or 100%. This relates to capital leases with the State of Indiana and the City of Indianapolis for the IMC and the remaining bonds matured in 2018.
- *Passenger facility charges (PFC) income* of \$19.3 million increased \$0.3 million, or 1.6%. This increase is due to an increase in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Customer facility charges (rental cars) income* of \$9.4 million increased \$2.0 million, or 26.8%. A rate increase implemented in March 2019 to \$5.00 from \$4.00 per transaction per day attributed to the increase.
- *Investment income (loss)* of \$(16.8) million decreased \$22.9 million, or 375.0%. Decrease was primarily attributable to a \$6.6 million adjustment to the accumulated change in fair value of hedging derivatives and a \$17.1 million 2019 change in the fair value of hedging derivative instruments offset by \$0.8 million higher earnings on securities in the Authority's investment portfolio.

Operating expenses (before depreciation) for the years ended December 31, 2019 and 2018 totaled \$85.2 million and \$81.0 million, respectively, an increase of \$4.2 million, or 5.2%. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by class* (before depreciation): Total *personal services expense* increased 4.5% or \$1.5 million to \$35.4 million attributable to annual merit increases, higher health insurance expense claims and increased full-time staff in the Terminal Service and Planning & Development departments. Total *contractual services expense* increased 11.2% or \$2.9 million to \$28.5 million attributable to environmental professional fees related to compliance audits, sustainability management and tree removal services; print/advertising/marketing fees for Routes Americas 2020; and various strategic initiatives to maintain and preserve the Authority's assets including pavement repairs, grounds maintenance, roof and other building repairs. Total *utilities expense* of \$10.9 million decreased by \$0.6 million, or 5.1% reflective of electricity efficiencies. Total *supplies expense* of \$5.2 million remained level with prior year. Total *materials expense* increased by \$0.5 million, or 15.6% to \$3.5 million reflecting higher motorized equipment repair parts, communication equipment replacements and additional ground power unit (GPU) replacements than in prior year. Total *general expense* of \$1.7 million decreased from prior year by \$0.1 million, or 6.7% primarily due to a decrease in bad debt expense.
- *Airfield expenses* (before depreciation) of \$12.0 million decreased slightly by \$0.1 million, or 0.4% from the prior year. Current year expenses include annual merit increases; increased health insurance; greater environmental professional fees, pavement repairs and additional ground power unit (GPU) replacements, offset by lower snow and ice chemical and sewage costs for glycol processing.
- *Terminal complex expenses* (before depreciation) of \$18.3 million increased \$0.5 million, or 2.7% from the prior year. Increase is primarily attributable to annual merit increases and increased health insurance.
- *Parking expenses* (before depreciation) of \$10.7 million increased \$1.0 million, or 10.0% from the prior year. Increase is due to annual merit increases; increased health insurance; the full year valet operator expense incurred in 2019 compared to the six months of expense reflected in 2018; LED lighting replacement program in garage; pavement repairs; and enhanced customer service initiatives including bottled water and umbrellas for parking customers.
- *Rented buildings and other expenses* (before depreciation) of \$3.4 increased \$0.7 million, or 26.6% from prior year. Current year reflects an increase in the environmental remediation accrual; greater on-call environmental professional fees related to compliance audits and tree removal and vegetation control; greater pavement repairs, grounds maintenance and building repairs.
- *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$7.4 million decreased \$0.2 million, or 2.2%, primarily reflective of electricity efficiencies.
- *Reliever airports expenses* (before depreciation) of \$1.9 million increased \$0.3 million, or 18.1% from prior year. Increase attributable to various repairs including pavement, fuel farm, T-hanger doors and water drainage.
- *Public safety expenses* (before depreciation) of \$12.7 million increased \$0.7 million, or 5.8% from prior year. Variance primarily attributable to annual merit increases; increased health insurance; lower staff vacancies in the Fire and Police departments; 2019 disaster drill expenses and communication equipment replacements.
- *Administration costs* (before depreciation) of \$18.8 million increased by \$1.2 million, or 7.1% from prior year. Variance the result of annual merit increases; increased health insurance; increased full-time staff in Planning & Development and Information Technology departments; print/advertising/marketing fees for Routes Americas 2020, and an increase in computer equipment and software/hardware costs.

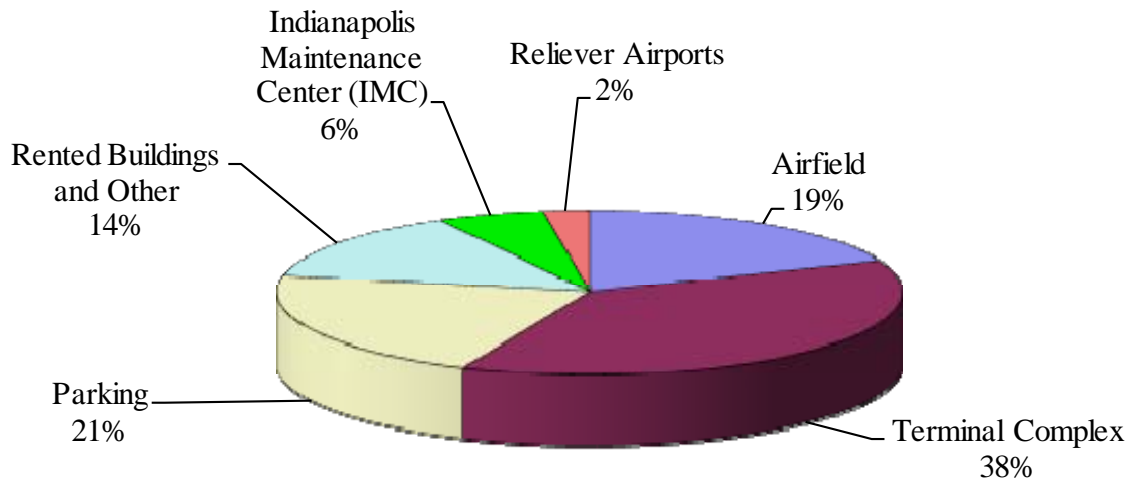
Net Nonoperating expenses for the years ended December 31, 2019 and 2018 totaled \$45.1 million and \$85.2 million, respectively, a decrease of \$40.1 million, or 47.1% attributable to the following components:

- *Interest expense* of \$38.0 million increased \$0.1 million over the prior year a net effect of various increases and decreases of interest expense over the year and the amortization of principal outstanding and the corresponding reduction in interest expense.
- *Loss on disposals of capital assets and other* of \$7.1 million decreased \$40.2 million over the prior year. The current year net loss is comprised of \$6.5 million loss on land sales; \$1.8 million for loss on fixed assets, offset by \$1.2 million for insurance claim reimbursements. The prior year included a \$43.6 million loss related to one-time strategic land sale of heavily deed restricted land.

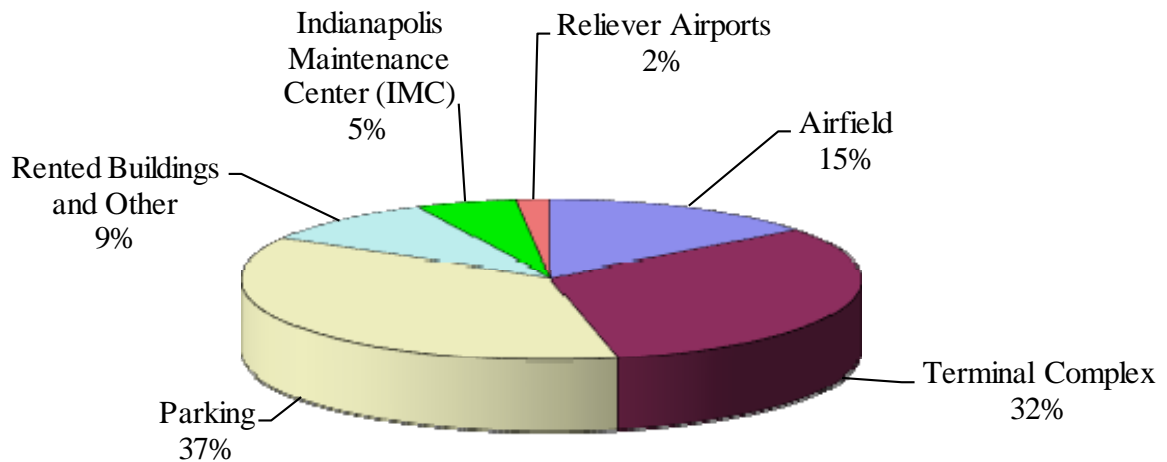
Capital contributions and grants of \$28.8 million increased \$2.7 million compared to prior year. Current year represents greater contributions from leased property tenant.

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2020 and 2019:

Operating Revenues - 2020

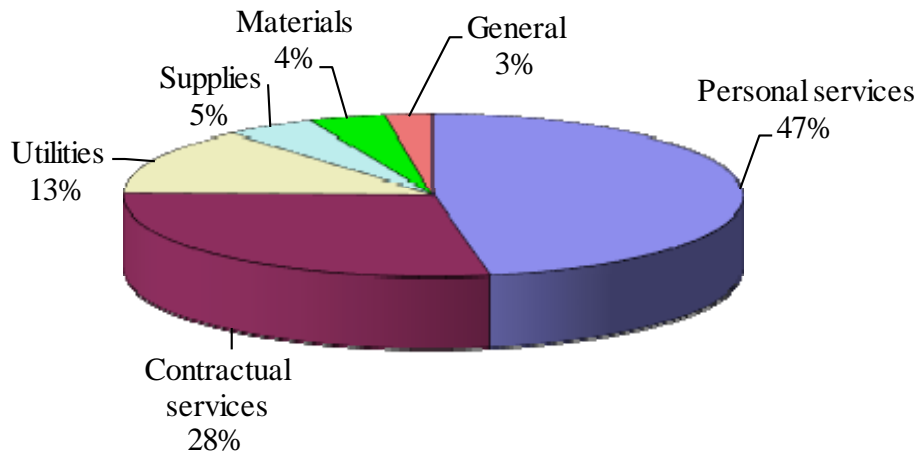


Operating Revenues - 2019

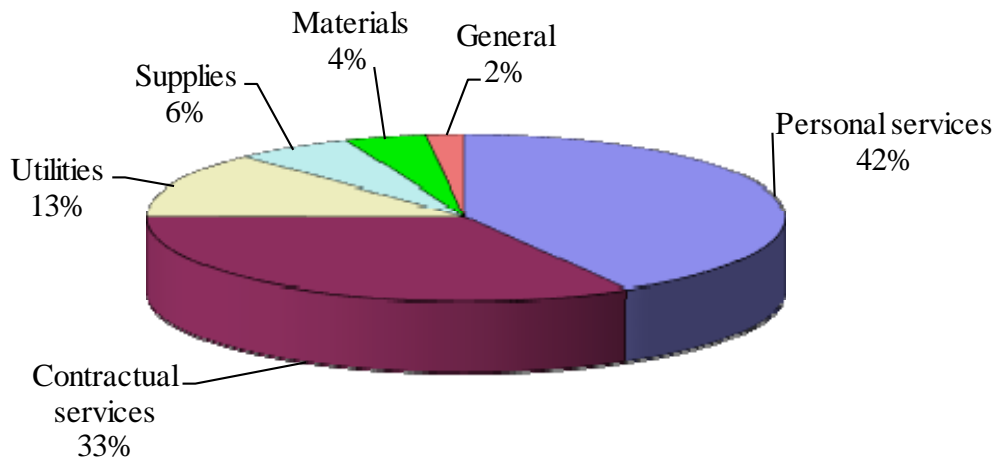


The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2020 and 2019 (excluding depreciation):

Operating Expenses (Excluding Depreciation) - 2020



Operating Expenses (Excluding Depreciation) - 2019



Capital Asset and Debt Administration

Capital Assets

During 2020, the Authority expended approximately \$64.3 million on capital assets. The capital expenditures related to multiple construction and equipment acquisition projects related to: The stormwater & deicing - Seerley Creek basin relocation & west basin, rehabilitate runway 14-32 and taxiways including LED lighting, IND terminal optimization, and airfield maintenance and snow removal equipment facilities.

During 2020, completed projects totaling \$63.8 million were closed from construction-in-progress to their respective capital asset accounts. The more significant of these completed projects are as follows:

Rehab and Return to Service - Old Parking Garage	\$10.9 million
Rehabilitation Runway 14-32 and Taxiway including LED Lighting	\$8.5 million
Stormwater & Deicing - Seerley Creek Basin Relocation & West Basin	\$8.2 million
IND - Terminal Optimization	\$5.6 million

Note 4 to the financial statements provides additional information on the Authority's capital asset activity.

Long-Term Debt

Capital acquisitions can be funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, customer facility charges, public debt issues and airport operating revenues.

The Authority's Master Bond Ordinance enables it to adopt an ordinance or resolution irrevocably designating certain revenues as Dedicated Revenues (which may include, without limitation, PFC & CFC revenues, state and/or federal grants, or other identified revenues) to be used to pay debt service on Authority revenue bonds. Note 5 of the financial statements explains the details of ordinances adopted in 2019 and 2020.

As of December 31, 2020, the Authority had \$948.9 million in outstanding senior lien bonds. The Authority, through its Master Bond Ordinance, has a covenant to maintain a debt service coverage ratio of not less than 1.25 for senior lien debt. Debt service coverage is calculated based on a formula included in the Master Ordinance and the Airline Agreements. Historically, the Authority has maintained a coverage ratio higher than its requirement. During 2020 and 2019, respectively, the Authority's debt service coverage was 1.78 and 1.79 for senior lien debt. The 2020 senior lien debt service coverage was calculated including \$38.4 million of grant revenue funded by the *Coronavirus Aid, Relief, and Economic Security Act* (the "CARES Act"), pledged by the Authority's Board of Directors as Gross Revenues, that was drawn and received to pay operating expenses and debt service during 2020.

Notes 5, 6 and 7 to the financial statements provide additional information regarding the Authority's debt activities.

Economic Factors

As noted earlier, IND experienced a 57.1% decrease in the number of passenger enplanements over last year, resulting in total 2020 enplanements of 2,044,464. This level of enplanements has not been seen since 1986. A suffering economy and a significant drop in business and leisure travel due to the COVID-19 disruption caused this drop in traffic.

Due to the drop in passenger demand, all passenger airlines decreased their seat capacity at IND. Seat capacity overall was down 36% compared to 2019. International seat capacity was down 76% compared to 2019, due to international travel restrictions. On March 13, 2020 through September 14, 2020, residents of the United States of America returning from all restricted countries were required to travel through 13 specific hub airports.

Despite the significant drop in demand, airlines did launch new capacity at IND to try to gain leisure passengers. In total, IND launched or announced 5 new routes. New flights were added by Spirit, Southwest, American, and United. Delta added a nonstop from IND to Memphis (MEM), a historically business route. However, in October 2020 it was suspended shortly after due to a continued drop in business travel demand.

Unlike some airports, IND maintained year-round service from all domestic airlines in 2020 providing nonstop or 1 stop connectivity across the U.S. IND is served by both major and national airlines operating at many of the domestic hubs. In addition, point-to-point service is provided to major business and leisure destinations, mainly in the Eastern and Central U.S., and improved coverage on the West Coast.

As a result of the historical strength of the Indianapolis passenger market, Allegiant Air opened the Indianapolis airplane and crew base in Q1 2018. The original two-plane base was increased to a three-plane base in the summer of 2019. Allegiant maintains its crew base at IND. Allegiant started off the fourth quarter of 2020 with load factors on all flights at or above 78%.

In addition to long-term increased passenger activity, the Authority continues to benefit from sustained cargo operations, anchored by FedEx. IND's position as FedEx's second largest hub worldwide allows the airport to maintain high cargo landed weight levels. In 2020, IND airlines carried 1.1 million tons of cargo. This was the highest level of cargo moved since 2008. IND domestic cargo was up 8.6% from 2019 and international cargo increased by 29% from 2019 levels, both due to an increase in demand for goods during the pandemic.

The COVID-19 pandemic's dynamic nature leads to uncertainties, including the ultimate geographic spread of the virus; the severity of the disease; the duration of the pandemic; and actions that may be taken by governmental authorities to contain the outbreak or to treat its impact. There is uncertainty related to the local or global economic impact of the pandemic on the demand for air travel and on the airlines and concessionaires serving IND.

Looking Forward

At the end of 2018, the Air Service Task Force Executive Committee approved the Authority's five-year Air Service Strategy. The Committee includes representatives from the Indiana Economic Development Corporation ("IEDC"), Visit Indy and the Indy Chamber. The strategy considers a myriad of factors including passenger demand, costs, airline strategy, industry trends, local and global economies amongst others.

The strategy identifies two-year and five-year targets including both domestic and international markets as well as domestic and international airlines. This strategy will be adjusted to consider the impact of COVID-19 and the potential paths for recovery. The strategy outlines opportunities of implementation with emphasis on data collection and airline engagement, which will remain critical to air service recovery.

Despite planning efforts, future increases in passenger and cargo traffic at the Authority will be influenced by several key economic factors, which include, but are not limited to, the following:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Capacity of national air traffic control and airport systems
- Global health conditions
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the airport
- Airline competition and airfares
- Airline service and routes

As mentioned above, economic conditions have a significant effect on air travel and the transportation industry. The Authority cannot predict how future air travel, enplanements, or other variables relating to airport revenues may be impacted by various market factors.

Future passenger traffic may be impacted by the following:

- Load factors by carrier
- Average daily departures
- Scheduled seat capacity
- Average nonstop fares
- Average fares by market
- Airline communication
- Aircraft orders/retirements

Although it is not anticipated, the restructuring or liquidation of one or more of the large network airlines could also affect airline service at many connecting hub airports. Additionally, present business opportunities for the remaining airlines, and evolving travel patterns throughout the U.S. aviation system will continue to play a role in how the industry performs.

Request for Information: This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Investor Relations, 7800 Col. H. Weir Cook Memorial Drive, Suite 100, Indianapolis, IN 46241-4941 or via email to INDir@indianapolisairport.com.

Indianapolis Airport Authority

Statements of Net Position December 31, 2020 and 2019

	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 83,133,735	\$ 18,795,526
Accounts receivable, net of allowance of \$390,000 and \$131,000, respectively	1,827,870	4,264,321
Unbilled revenues	5,832,412	3,001,131
Grants receivable	-	2,127,852
Supplies and materials inventories	2,705,720	2,344,797
Other	2,014,492	395,563
Total unrestricted current assets	<u>95,514,229</u>	<u>30,929,190</u>
Restricted Assets		
Cash and cash equivalents	65,769,083	69,897,536
Cash and cash equivalents - customer deposits	647,150	748,786
Receivable - passenger facility charges	919,097	1,321,773
Receivable - governments and other	137,381	236,041
Receivable - reimbursable IMC expenses	4,225,911	1,317,711
Total restricted current assets	<u>71,698,622</u>	<u>73,521,847</u>
Total current assets	<u>167,212,851</u>	<u>104,451,037</u>
Noncurrent Assets		
Cash and cash equivalents, restricted	136,289,112	83,998,883
Investment securities, unrestricted	-	54,841,737
Investment securities, restricted	39,742,856	84,591,822
Rent receivable	840,132	720,839
Derivative instruments - forward delivery purchase agreements	22,121,818	18,009,187
Nondepreciable capital assets	265,038,315	279,167,853
Depreciable capital assets, net	1,518,077,224	1,475,052,393
Total noncurrent assets	<u>1,982,109,457</u>	<u>1,996,382,714</u>
Total assets	<u>2,149,322,308</u>	<u>2,100,833,751</u>
Deferred Outflows of Resources		
Deferred loss on refunding of debt	19,882,354	22,582,877
Total deferred outflows of resources	<u>19,882,354</u>	<u>22,582,877</u>
Total assets and deferred outflows of resources	<u>\$ 2,169,204,662</u>	<u>\$ 2,123,416,628</u>

Indianapolis Airport Authority
Statements of Net Position (Continued)
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Payable From Unrestricted Assets		
Accounts payable	\$ 2,245,705	\$ 6,433,448
Accrued and withheld items (including compensated absences)	7,772,485	6,795,778
Grants payable	3,473,304	-
Total current liabilities payable from unrestricted assets	<u>13,491,494</u>	<u>13,229,226</u>
Payable From Restricted Assets		
Accounts payable	15,454,396	27,363,317
Customer deposits payable	647,150	748,786
Current portion of debt	34,480,000	28,705,000
Accrued interest on debt	17,387,070	15,251,897
Total current liabilities payable from restricted assets	<u>67,968,616</u>	<u>72,069,000</u>
Total current liabilities	<u>81,460,110</u>	<u>85,298,226</u>
Noncurrent Liabilities		
Derivative instruments - interest rate swap agreements	55,905,280	44,833,349
Bonds payable and other debt, payable from restricted assets	914,382,708	959,180,214
Total noncurrent liabilities	<u>970,287,988</u>	<u>1,004,013,563</u>
Total liabilities	<u>1,051,748,098</u>	<u>1,089,311,789</u>
Deferred Inflows of Resources		
Accumulated increase in fair value of hedging derivatives	<u>22,121,818</u>	<u>18,009,187</u>
Net Position		
Net investment in capital assets	<u>841,310,882</u>	<u>780,340,027</u>
Restricted for		
Capital projects	87,155,753	80,308,444
Debt service	80,141,430	81,333,934
Other	3,863,814	850,707
Total restricted net position	<u>171,160,997</u>	<u>162,493,085</u>
Unrestricted	<u>82,862,867</u>	<u>73,262,540</u>
Total net position	<u>1,095,334,746</u>	<u>1,016,095,652</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,169,204,662</u>	<u>\$ 2,123,416,628</u>

Indianapolis Airport Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Airfield	\$ 22,118,257	\$ 23,677,830
Terminal complex	44,175,766	51,345,864
Parking	25,208,150	59,369,820
Rented buildings and other	16,218,550	15,504,906
Indianapolis Maintenance Center (IMC)	6,570,715	8,567,153
Reliever airports	2,779,635	2,883,108
Total operating revenues	<u>117,071,073</u>	<u>161,348,681</u>
Operating Expenses		
Personal services	34,126,777	35,427,388
Contractual services	20,570,241	28,495,664
Utilities	9,727,168	10,864,115
Supplies	3,435,607	5,192,393
Materials	2,897,046	3,528,879
General	1,806,630	1,677,457
Total operating expenses	<u>72,563,469</u>	<u>85,185,896</u>
Income From Operations Before Depreciation	44,507,604	76,162,785
Depreciation expense	<u>94,640,303</u>	<u>89,679,466</u>
Loss From Operations	<u>(50,132,699)</u>	<u>(13,516,681)</u>
Nonoperating Revenues (Expenses)		
Federal operating grants	15,782,948	589,349
Passenger facility charges	7,917,919	19,320,752
Customer facility charges (rental cars)	4,347,368	9,410,469
Investment loss, net of investment derivative fair value adjustments of \$(11,071,931) and \$(23,721,601), respectively	(4,909,795)	(16,814,912)
Interest expense	(33,787,024)	(38,005,502)
Gain (loss) on disposals of capital assets and other	11,802,875	(7,109,668)
	<u>1,154,291</u>	<u>(32,609,512)</u>
Decrease in Net Position Before Capital Contributions and Grants	<u>(48,978,408)</u>	<u>(46,126,193)</u>
Capital Contributions and Grants		
Federal, state and local grants	44,816,168	21,719,379
Contributions from lessees and other	83,401,334	7,130,008
	<u>128,217,502</u>	<u>28,849,387</u>
Increase (Decrease) in Net Position	79,239,094	(17,276,806)
Net Position, Beginning of Year	<u>1,016,095,652</u>	<u>1,033,372,458</u>
Net Position, End of Year	<u><u>\$ 1,095,334,746</u></u>	<u><u>\$ 1,016,095,652</u></u>

Indianapolis Airport Authority

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 115,307,738	\$ 161,213,956
Cash payments to vendors for goods and services	(49,359,808)	(43,894,559)
Cash payments for employees services	(34,908,600)	(34,938,690)
Net cash provided by operating activities	<u>31,039,330</u>	<u>82,380,707</u>
Cash Flows From Noncapital Financing Activities		
Operating grants received	21,384,104	615,703
Customer facility charges received	4,347,368	9,410,469
Insurance recoveries	60,000	1,225,000
Net cash provided by noncapital financing activities	<u>25,791,472</u>	<u>11,251,172</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of subordinate note	-	59,700,000
Proceeds from issuance of revenue bonds	-	327,378,446
Principal paid on bonds	(28,705,000)	(207,235,000)
Principal paid on subordinate securities	-	(105,540,000)
Termination payment on interest rate swap	-	(26,532,000)
Bond issuance and remarketing costs paid	(184,142)	(2,346,988)
Interest paid	(39,084,692)	(38,583,253)
Acquisition and construction of capital assets	(62,090,535)	(115,647,721)
Proceeds from sale of capital assets	26,545,748	5,634,299
Passenger facility charges received	8,320,595	19,112,792
Capital grants received	44,816,168	21,719,379
Net cash used in capital and related financing activities	<u>(50,381,858)</u>	<u>(62,340,046)</u>
Cash Flows From Investing Activities		
Purchase of investment securities	(287,653,500)	(308,408,769)
Proceeds from sales and maturities of investment securities	390,999,681	308,715,194
Interest received on investments and cash equivalents	2,603,224	3,187,726
Net cash provided by investing activities	<u>105,949,405</u>	<u>3,494,151</u>
Net Increase in Cash and Cash Equivalents	112,398,349	34,785,984
Cash and Cash Equivalents, Beginning of Year	<u>173,440,731</u>	<u>138,654,747</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 285,839,080</u></u>	<u><u>\$ 173,440,731</u></u>

Indianapolis Airport Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Loss From Operations to Net Cash		
Provided by Operating Activities		
Loss from operations	\$ (50,132,699)	\$ (13,516,681)
Item not requiring cash		
Depreciation of capital assets	94,640,303	89,679,466
Change in assets and liabilities		
Accounts receivable and unbilled revenues	(1,763,335)	(134,725)
Supplies and materials inventories	(360,923)	(192,700)
Other assets	(1,618,929)	1,097,438
Accounts payable	(8,943,264)	4,959,211
Accrued and withheld items	<u>(781,823)</u>	<u>488,698</u>
Net cash provided by operating activities	<u>\$ 31,039,330</u>	<u>\$ 82,380,707</u>
Noncash Capital and Related Financing Activities		
Capital assets included in accounts payable at end of year	\$ 8,920,516	\$ 15,592,523
Capital assets contributed by lessees and other governments	83,401,334	7,130,008

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

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

The Indianapolis Airport Authority (Authority) is a municipal corporation established January 1, 1962, under authority granted by Indiana statute (1961 Acts, Chapter 283, I.C. 1979 19-6-2, superseded by I.C. 8-22-3). The Authority was established for the general purpose of acquiring, maintaining, operating and financing airports and landing fields in and bordering on Marion County, Indiana. In connection therewith, the Authority is authorized, among other things, to issue general obligation and revenue bonds and to levy taxes in accordance with the provisions of the statute. The Authority administers an airport system comprised of the Indianapolis International Airport, three general aviation reliever airports, one general aviation airport and one general aviation reliever heliport. The Authority has no stockholders or equity holders and all revenue and other receipts must be disbursed in accordance with such statute.

The Authority's Board consists of eleven members, six of which are appointed by the Mayor of the Consolidated City of Indianapolis-Marion County (a unified form of government commonly referred to as Unigov), one by the majority leader of the City-Council, and one each by the Hendricks, Hamilton, Hancock and Morgan County Boards of Commissioners. Each member is appointed a four-year term.

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 and deferred outflows of resources, liabilities and deferred inflows 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.

Financial Reporting Entity

The definition of the reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, is based primarily on the concept of financial accountability. Although the Mayor appoints a voting majority of the Authority's governing body, neither of the other two tests of financial accountability are met. Unigov is unable to impose its will on the Authority. Also, the Authority does not impose a financial burden or provide a financial benefit to Unigov. Careful review of these criteria, therefore, has resulted in the conclusion that the Authority is a separate reporting entity and is not a component unit of Unigov or any other government.

Basis of Accounting and Financial Reporting

The financial statements consist of a single-purpose business-type activity, which is reported on the accrual basis of accounting using the economic resources measurement focus.

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

Investment Securities

Investment securities are stated at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

Investment income consists of interest and dividend income.

Unbilled Revenues

The Authority accrues revenue for rentals earned but not yet billed as of year-end.

Inventories

Inventories consist of parts, supplies and materials. Inventories are stated cost, which is determined using the first-in, first-out (FIFO) method.

Lessee-Financed Improvements

Certain leases include provisions whereby lessee-financed improvements become the property of the Authority. Prior to the adoption of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority recorded lessee-financed improvements only upon leasehold reversion or lease termination, at which time the improvements were capitalized at fair value and recorded as a capital contribution. Upon implementation of GASB Statement No. 33, the Authority began recognizing lessee-financed improvements at cost or estimated cost upon completion of construction, or upon the asset being placed in service, whichever occurs first. However, lessee-financed improvements placed in service prior to the adoption of GASB Statement No. 33 continue to be recognized only upon leasehold reversion or lease termination.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500. Capital assets purchased by the Authority are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	<u>Years</u>
Buildings, including parking garage	20 to 50
Sewers	25 to 50
Runways, taxiways and aprons	15 to 25
Roads, ramps, parking areas, runway and apron lighting, etc.	15 to 20
Heavy equipment, furniture and fixtures and fencing	5 to 20
Vehicles, office equipment and other	3 to 10

Maintenance and repairs are expensed as incurred. Environmental mitigation costs incurred to establish wetlands and habitats are capitalized, while costs related to maintaining wetlands and habitats are generally charged to expense as incurred. Gains and losses on disposition of capital assets are included in nonoperating revenues and expenses.

Donated capital assets are measured at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Original Issue Premiums and Discount

Original issue premiums and discounts on bonds are amortized using the interest method over the lives of the bonds to which they relate.

Employee Health Benefits

The Authority offers health benefit plans which provide employees with a choice of coverage under a Health Savings Account plan or a plan provided by a Preferred Provider Organization.

Deferred Outflows and Inflows of Resources

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

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

Indianapolis Airport Authority

Notes to Financial Statements

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Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Net Position

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

Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, such as facility charges and investment income.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Indiana. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

From time to time, the Authority disposes of land or other assets which were originally purchased with federal assistance. In accordance with the Airport Improvement Program (AIP), the Authority must reinvest the federal government's proportionate share of the proceeds realized from the sale or exchange of such assets in approved AIP projects or return such amounts to the federal government.

Indianapolis Airport Authority

Notes to Financial Statements

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Revenue and Expense and Net Position Recognition

Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions, grants and charges.

When both restricted and unrestricted net position are available for use, it is the Authority's policy to use restricted net position first, and then unrestricted net position as they are needed.

Passenger Facility Charges

The Authority received approval from the Federal Aviation Administration (FAA) to impose and use a passenger facility charge (PFC) of \$3.00 per eligible enplaned passenger and has imposed the PFC since September 1993. PFC's are restricted for use in the acquisition of real estate and the construction of certain airport improvements and other costs, as approved by the FAA.

During 2001, the Authority received approval from the FAA to increase the collection level from \$3.00 to \$4.50 per enplaned passenger beginning April 2002. In addition, approvals received in March 2001 and August 2003 allow the Authority to impose and use \$524,907,606 in PFC's for various capital and debt-related purposes. Included in the use approval is \$208,872,000 for principal payments on debt, \$178,668,000 for interest payments on debt and \$56,330,000 for the construction of the terminal and associated program construction.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to \$7,917,919 and \$19,320,752 for 2020 and 2019, respectively.

Customer Facility Charges (Rental Cars)

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC, which started in 2007, was \$3.00 per rental car transaction per day, up to 14 days. The Authority increased this charge to \$4.00 per transaction in May 2010 and subsequently increased this charge to \$5.00 per transaction in March 2019. Under the adopting ordinance, CFC's may be pledged or dedicated for the payment of airport bonds or other obligations, as defined by applicable bond documents, or other costs as agreed to by the Authority. CFC revenue totaled \$4,347,368 and \$9,410,469 for 2020 and 2019, respectively.

Indianapolis Airport Authority

Notes to Financial Statements

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Rental Income

All leases wherein the Authority is the lessor are accounted for as operating leases. Rental income is generally recognized as it becomes receivable over the respective lease terms. The Authority has some leases which provide for waived rent during the initial period of the lease term and/or rental escalations throughout the lease term. In accordance with GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, the related rental income for leases in which the rental income stream is not systematic, if significant, is reported using the straight-line method rather than using the terms of the lease agreements. Accordingly, the Authority has recorded a receivable of \$637,956 and \$720,839 at December 31, 2020 and 2019, respectively. The current receivable will be recognized in full in 2034.

Income Taxes

As an instrumentality of the state, the income of the Authority is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Note 2: Cash, Cash Equivalents and Investment Securities

Deposits

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

The Authority's cash deposits are insured up to \$250,000 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 (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

At December 31, 2020 and 2019, the Authority had the following investment securities and maturities:

	Rating	Total	December 31, 2020	
			Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Bills	AA+/Aa1	\$ 45,586,716	\$ -	\$ 45,586,716
Total U.S. Treasury Security Bills		45,586,716	-	45,586,716
Indiana municipal securities	AA+/Aa1	5,917,804	-	5,917,804
	AAA/Aaa	200,120	-	200,120
Total Indiana municipal securities		6,117,924	-	6,117,924
Money market mutual funds	AAA/Aaa	86,114,163	86,114,163	-
	Not Rated	135,338,728	135,338,728	-
Total money market mutual funds		221,452,891	221,452,891	-
External investment pools	Not Rated	27,021,495	27,021,495	-
		<u>\$ 300,179,026</u>	<u>\$ 248,474,386</u>	<u>\$ 51,704,640</u>

	Rating	Total	December 31, 2019	
			Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Bills	A-1+/P-1	\$ 19,699,100	\$ 19,699,100	\$ -
	AA+/Aa1	154,000,266	79,533,559	74,466,707
Total U.S. Treasury Security Bills		173,699,366	99,232,659	74,466,707
Indiana municipal securities	AA+/Aa1	100,074	100,074	-
	AA/Aa2	202,896	202,896	-
Total Indiana municipal securities		302,970	302,970	-
Money market mutual funds	AAA/Aaa	62,721,796	62,721,796	-
	Not Rated	61,453,698	61,453,698	-
Total money market mutual funds		124,175,494	124,175,494	-
External investment pools	Not Rated	53,318	53,318	-
		<u>\$ 298,231,148</u>	<u>\$ 223,764,441</u>	<u>\$ 74,466,707</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority is limited to investing in municipal securities of Indiana issuers that have not defaulted within the previous 20 years and other securities with a stated maturity of not more than five years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Authority's investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The money market mutual funds and external investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy for credit risk requires compliance with the provisions of Indiana statutes, and Indiana Code Section 5-13-9-2.5 requires that the Authority only invest in money market mutual funds that are rated AAAm by Standard and Poor's or Aaa by Moody's Investors Service. Other securities, including municipal securities, may be rated lower than AAAm/Aaa or may be unrated. The Authority's investment policy restricts investments in unrated or below investment grade Indiana municipal securities to five percent of its total investment portfolio.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2020 and 2019, the Authority's investments were not exposed to custodial credit risk. The Authority's investments in Indiana municipal securities and U.S. agency obligations are held by the pledging financial institution's trust department or agent in the Authority's name. Likewise, investments in repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) are not subject to custodial credit risk as the underlying collateral was held in the Authority's name. The existence of the Authority's investment in money market mutual funds and external investment pools is not evidenced by securities that exist in physical or book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Authority places the following limits on the amount that may be invested in any one issuer: (1) no more than 50% of total investments with any one governmental agency; (2) no more than 25% in any one money market mutual fund, investment pool or certificate of deposit; and (3) no more than 15% with any one Indiana municipal issuer. No single issuer of the Indiana municipal securities in which the Authority has invested exceeded 5% of total investments.

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Summary of Carrying Values

Cash, cash equivalents and investment securities included in the statements of net position are classified as follows:

	2020	2019
Cash and cash equivalents		
Current - unrestricted	\$ 83,133,735	\$ 18,795,526
Current - restricted	66,416,233	70,646,322
Noncurrent - restricted	136,289,112	83,998,883
Total cash and cash equivalents	<u>285,839,080</u>	<u>173,440,731</u>
Investment securities		
Noncurrent - unrestricted	-	54,841,737
Noncurrent - restricted	39,742,856	84,591,822
Total investment securities	<u>39,742,856</u>	<u>139,433,559</u>
	<u><u>\$ 325,581,936</u></u>	<u><u>\$ 312,874,290</u></u>

The carrying value of deposits and investments are as follows:

	2020	2019
Carrying value		
Deposits	\$ 25,402,910	\$ 14,643,142
Investments	300,179,026	298,231,148
	<u><u>\$ 325,581,936</u></u>	<u><u>\$ 312,874,290</u></u>

Investment Income (Loss)

Investment income (loss) for the years ended December 31, 2020 and 2019 consisted of:

	2020	2019
Interest and dividends	\$ 6,162,136	\$ 6,906,689
Changes in valuation of investment derivatives	<u>(11,071,931)</u>	<u>(23,721,601)</u>
Investment loss	<u><u>\$ (4,909,795)</u></u>	<u><u>\$ (16,814,912)</u></u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Cash, cash equivalents and investment securities are as follows:

	2020	2019
Unrestricted		
Airport System Fund	\$ 65,554,493	\$ 59,928,026
Customer Facility Charge Fund	17,568,542	13,698,537
Other unrestricted funds	10,700	10,700
Total unrestricted cash, cash equivalents and investments	<u>83,133,735</u>	<u>73,637,263</u>
Restricted		
Revenue Bond Interest and Principal Fund	53,993,662	45,857,590
Revenue Bond Reserve Fund	55,683,658	55,463,193
Operation and Maintenance Reserve Fund	14,102,807	14,114,698
Renewal and Replacement Fund	2,837,380	2,838,454
Capital Improvement Fund	76,791,939	60,148,871
Passenger Facility Charge Fund	9,444,717	18,837,800
Debt Service Coverage Fund	17,171,467	17,187,689
Construction Fund - Subordinate Securities	9,285,803	16,351,359
Construction Fund - State Revolving Fund	2,489,618	7,688,587
Customer deposits	647,150	748,786
Total restricted cash, cash equivalents and investments	<u>242,448,201</u>	<u>239,237,027</u>
Total cash, cash equivalents and investments	<u><u>\$ 325,581,936</u></u>	<u><u>\$ 312,874,290</u></u>

The above funds and accounts have been established in accordance with the Authority's General Ordinance No. 5-2014, the Consolidated and Restated Master Bond Ordinance (consolidating and restating all previously adopted Bond Ordinances, as amended), and further amended by various supplemental ordinances (collectively, the Ordinance). The Ordinance provides, among other things, that certain accounting procedures be followed, and certain funds be established to provide bond holders a degree of security against certain contingencies. Brief descriptions of these funds follow.

Deposits into the Airport System Fund are disbursed in accordance with the Authority's annual budget to provide for current operations and maintenance expenses. Such deposits are also used to replenish balances in other funds to their required levels under the Ordinance. Amounts in the Airport System Fund are pledged to secure the Authority Revenue Bonds, but all current operations and maintenance expenses of the Airport System are paid prior to debt service on the Authority Revenue Bonds.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Assets included in the Revenue Bond Interest and Principal Funds and Revenue Bond Reserve Funds are used for the payment of bond principal, interest and redemption premiums, as well as any amounts due under Qualified Derivative Agreements (as defined under the Ordinance) entered into with regard to any of the Authority's Revenue Bonds. The Operation and Maintenance Reserve Fund must be maintained at a balance at least equal to one-sixth of the Authority's current operating budget as a reserve for payment of operation and maintenance expenses. Assets of the Renewal and Replacement Fund are used to pay extraordinary costs of replacing depreciable property and equipment and/or making extraordinary repairs, replacements, or renovations to the airport system. The Capital Improvement Fund can be used for any lawful airport system purpose, including payment for capital improvements and land acquisition. The State Revolving Fund serves as a construction fund to be drawn upon as eligible costs for the expansion of the Authority's stormwater system are incurred. Finally, amounts in the Debt Service Coverage Fund are used for the purposes of establishing future coverage on outstanding Revenue Bonds.

Funds not used for these purposes are transferred into a Prepaid Airline Revenue Fund. Balances included in the Airport System Fund and Prepaid Airline Revenue Fund are classified in current unrestricted assets in the accompanying statements of net position.

The Authority has established a Customer Facility Charge Fund, which provides for a segregated account for receipt of CFC revenue. Such revenue is expended for reimbursement of capital and operating expenditures related to rental car operations on airport property, as well as to service debt associated with the financing of such capital projects. Balances in the CFC Fund are classified in current unrestricted assets in the accompanying statements of net position.

The Authority's Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenues are to be expended only for allowable capital projects, or to repay debt (principal and interest) issued for allowable capital projects, under a Record of Decision granted by the FAA.

Note 3: Grants Receivable (Payable)

Grants receivable (payable) from government agencies represent reimbursements due from/to the federal government and/or the State of Indiana for allowable costs incurred on federal and state award programs. Grants receivable (payable) at December 31, 2020 and 2019 consist of:

	2020	2019
State of Indiana	\$ 50,948	\$ 175,616
Federal Aviation Administration	(3,728,880)	1,733,885
U.S. Department of Homeland Security	204,628	218,351
	<u>\$ (3,473,304)</u>	<u>\$ 2,127,852</u>

The maximum amount of federal and state participation available for 2020 totaled \$138,743,880. At December 31, 2020, a cumulative total of \$90,465,875 has been received on these grant commitments.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Note 4: Capital Assets

A summary of changes in capital assets for the years ended December 31, 2020 and 2019 is as follows:

	Beginning Balance	Transfers and Additions	Transfers and Disposals	Ending Balance
December 31, 2020				
Capital assets, not being depreciated:				
Land	\$ 231,248,278	\$ 153,300	\$ (6,055,765)	\$ 225,345,813
Construction in progress	47,919,575	72,383,853	(80,610,926)	39,692,502
Total capital assets, not being depreciated	279,167,853	72,537,153	(86,666,691)	265,038,315
Capital assets, being depreciated:				
Buildings	1,657,869,625	46,194,293	(7,527,838)	1,696,536,080
Runways and other airport infrastructure	1,177,479,685	76,956,504	(36,090,017)	1,218,346,172
Equipment, furniture and fixtures and other	254,278,355	15,203,660	(4,190,258)	265,291,757
Total capital assets, being depreciated	3,089,627,665	138,354,457	(47,808,113)	3,180,174,009
Less accumulated depreciation for:				
Buildings	(745,786,143)	(47,149,853)	6,841,703	(786,094,293)
Runways and other airport infrastructure	(673,354,697)	(38,523,280)	36,090,017	(675,787,960)
Equipment, furniture and fixtures and other	(195,434,432)	(8,967,170)	4,187,070	(200,214,532)
Total accumulated depreciation	(1,614,575,272)	(94,640,303)	47,118,790	(1,662,096,785)
Total capital assets, being depreciated, net	1,475,052,393	43,714,154	(689,323)	1,518,077,224
Capital assets, net	\$ 1,754,220,246	\$ 116,251,307	\$ (87,356,014)	\$ 1,783,115,539
December 31, 2019				
Capital assets, not being depreciated:				
Land	\$ 242,852,666	\$ 520,818	\$ (12,125,206)	\$ 231,248,278
Construction in progress	78,160,894	114,040,124	(144,281,443)	47,919,575
Total capital assets, not being depreciated	321,013,560	114,560,942	(156,406,649)	279,167,853
Capital assets, being depreciated:				
Buildings	1,659,414,917	9,624,227	(11,169,519)	1,657,869,625
Runways and other airport infrastructure	1,044,754,801	135,479,008	(2,754,124)	1,177,479,685
Equipment, furniture and fixtures and other	256,785,598	7,823,841	(10,331,084)	254,278,355
Total capital assets, being depreciated	2,960,955,316	152,927,076	(24,254,727)	3,089,627,665
Less accumulated depreciation for:				
Buildings	(709,859,959)	(46,654,512)	10,728,328	(745,786,143)
Runways and other airport infrastructure	(640,475,821)	(34,183,185)	1,304,309	(673,354,697)
Equipment, furniture and fixtures and other	(196,923,743)	(8,841,769)	10,331,080	(195,434,432)
Total accumulated depreciation	(1,547,259,523)	(89,679,466)	22,363,717	(1,614,575,272)
Total capital assets, being depreciated, net	1,413,695,793	63,247,610	(1,891,010)	1,475,052,393
Capital assets, net	\$ 1,734,709,353	\$ 177,808,552	\$ (158,297,659)	\$ 1,754,220,246

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Note 5: Bonds Payable and Other Debt

Bonds and other debt outstanding at December 31, 2020 and 2019 consist of:

	2020	2019
Revenue Bonds, Series 2019A		
Serial bonds, maturing January 1, 2021 to January 1, 2054 in payments from \$540,000 to \$1,340,000. Interest at 2.8%, due semiannually on January 1 and July 1.	\$ 29,995,000	\$ 30,000,000
Revenue Bonds, Series 2019B		
Serial bonds, maturing January 1, 2021 to January 1, 2035 in payments from \$320,000 to \$24,450,000. Interest at 5.0%, due semiannually on January 1 and July 1.	146,750,000	149,130,000
Unamortized premium	24,741,740	29,571,765
	<u>171,491,740</u>	<u>178,701,765</u>
Revenue Bonds, Series 2019C-1		
Term bonds, maturing January 1, 2044 to January 1, 2050 Interest at 4.00% and 5.00%, due semiannually on January 1 and July 1.	51,595,000	51,595,000
Unamortized premium	7,232,948	7,549,287
	<u>58,827,948</u>	<u>59,144,287</u>
Revenue Bonds, Series 2019C-2		
Serial bonds, maturing January 1, 2037 Interest at 5.00%, due semiannually on January 1 and July 1.	16,000,000	16,000,000
Unamortized premium	3,186,872	3,558,567
	<u>19,186,872</u>	<u>19,558,567</u>
Revenue Bonds, Series 2019D		
Serial bonds, maturing January 1, 2022 to January 1, 2040 in payments from \$1,000 to \$3,411,300. Interest at 2.62%, due semiannually on January 1 and July 1.	38,215,000	38,215,000
Revenue Bonds, Series 2016A-1		
Serial bonds, maturing January 1, 2021 to January 1, 2035 in payments from \$2,145,000 to \$18,645,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1.	97,700,000	114,585,000
Unamortized premium	9,284,110	11,130,081
	<u>106,984,110</u>	<u>125,715,081</u>
Revenue Bonds, Series 2016A-2		
Serial bonds, maturing January 1, 2021 to January 1, 2023 in payments from \$2,260,000 to \$3,370,000. Interest at 2.225% to 2.561%, due semiannually on January 1 and July 1.	8,925,000	12,155,000
Term bonds, maturing January 1, 2024 to January 1, 2027 in payments from \$85,000 to \$95,000. Interest is fixed at 3.195%, due semiannually on January 1 and July 1.	365,000	365,000
Term bonds, maturing January 1, 2035 and January 1, 2036 in payments of \$1,520,000 and \$1,615,000, respectively. Interest is fixed at 3.894%, due semiannually on January 1 and July 1.	3,135,000	3,135,000

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)	<u>2020</u>	<u>2019</u>
Revenue Bonds, Series 2015A		
Serial bonds, maturing January 1, 2023 to January 1, 2033		
in payments from \$6,770,000 to \$19,875,000. Interest at 4.00%		
to 5.00%, due semiannually on January 1 and July 1.	\$ 178,690,000	\$ 178,690,000
Unamortized premium	12,047,330	13,618,592
	<u>190,737,330</u>	<u>192,308,592</u>
Revenue Bonds, Series 2014A		
Serial bonds, maturing January 1, 2021 to January 1, 2034		
in payments from \$6,515,000 to \$17,075,000. Interest at 4.00%		
to 5.00%, due semiannually on January 1 and July 1.	157,645,000	163,850,000
Unamortized premium	10,514,708	11,896,922
	<u>168,159,708</u>	<u>175,746,922</u>
Revenue Bonds, Series 2010C		
Term bonds, maturing January 1, 2033, 2036 and 2037. Interest		
is variable (75% of the one-month LIBOR plus 0.817% (0.933%)		
at December 31, 2020), due monthly on the first business day	152,840,000	152,840,000
	<u>152,840,000</u>	<u>152,840,000</u>
Total revenue bonds	948,862,708	987,885,214
Current portion	<u>(34,480,000)</u>	<u>(28,705,000)</u>
Long-term portion	<u>\$ 914,382,708</u>	<u>\$ 959,180,214</u>

Revenue Bonds

Portions of the Authority's Series 2014A, 2015A, 2016A-1, 2016A-2, 2019B, 2019C-1, and 2019C-2 Revenue Bonds are subject to optional redemption by the Authority at various dates in the future. Portions of the Authority's Series 2019A and 2019D Revenue Bonds, with consent from the Indiana Finance Authority, are subject to optional redemption by the Authority at various dates in the future. The 2010C Revenue Bonds are subject to optional redemption by the Authority upon notification of the bondholders.

The Series 2010C Revenue Bonds (as discussed more fully below), maturing January 1, 2033, 2036 and 2037, are subject to redemption from mandatory sinking fund payments during 2030 to 2037.

The Series 2016A-2 Refunding Revenue Bonds, maturing January 1, 2027 (the 2027 Term Bonds) and January 1, 2036 (the 2036 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2024 to 2027 and 2035 to 2036, respectively.

The Authority's 2019C-1 bonds maturing January 1, 2044 (the 2044 Term Bonds) and January 1 2050 (the 2050 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2040 to 2044 and 2045 to 2050, respectively.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

2019A Revenue Bonds - State Revolving Fund

In March 2019, the Authority entered into a \$30,000,000, 35-year term subsidized Clean Water Loan with the Indiana Finance Authority's State Revolving Fund (SRF) program at an annualized rate of 2.80%. The SRF Bonds were issued on parity with the Authority's Senior Lien Revenue Bonds. The proceeds were deposited in a construction fund to be drawn upon as eligible costs for the expansion of the Authority's stormwater system were incurred. As of December 31, 2020 and 2019, respectively, \$1,367,900 and \$2,753,439 remained in the construction fund.

2019B Revenue Bonds

In August 2019, the Authority issued the 2019B Refunding Revenue Bonds in the amount of \$149,130,000 with an original issue premium of \$31,330,593. The proceeds from the 2019B Revenue Bonds, in conjunction with transfers from the debt service reserve and principal and interest funds, were used to refund \$156,050,000 of the 2010C Revenue Bonds, terminate a portion of the associated interest rate swaps, fund a debt service reserve fund surety policy, and pay for costs of issuance. The net present value loss resulting from this refunding was \$592,869, and the aggregate difference in the required debt service between the portion of the refunded 2010C Bonds and the 2019B Bonds was \$2,646,125.

2019C Revenue Bonds

In December 2019, the Authority issued the 2019C-1 (\$51,595,000; tax-exempt) and 2019C-2 (16,000,000; tax exempt) Refunding Revenue Bonds in the amount of \$67,595,000 with original issue premium of \$7,549,287 and \$3,558,567 on the C-1 and C-2 series, respectively. The proceeds from the 2019C-1 Revenue Bonds were used to redeem the outstanding 2018A Subordinate Securities of \$58,470,000, pay interest on the 2019C-1 Bonds through January 1, 2020, and pay for costs of issuance. The 2019C-2 Revenue Bonds were used to refund the outstanding balance of the 2010A Authority Bonds of \$20,613,781 and pay costs of issuance. The net present value savings resulting from the refunding of the 2010A Bonds were \$3,691,196, and the aggregate difference in the required debt service between the 2010A Bonds and the 2019C-2 Bonds was \$4,718,278.

2019D Revenue Bonds - State Revolving Fund

In November 2019, the Authority entered into a \$38,215,000, 20-year term subsidized Clean Water Loan with the Indiana Finance Authority's State Revolving Fund (SRF) program at an annualized rate of 2.62%. The SRF Bonds were issued on parity with the Authority's Senior Lien Revenue Bonds. The proceeds were deposited in a construction fund to be drawn upon as eligible costs for the expansion of the Authority's stormwater system were incurred. As of December 31, 2020 and 2019, respectively, \$1,121,718 and \$4,935,148 remained in the construction fund.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

2010C Revenue Bonds

In December 2010, the Authority issued the Indianapolis Airport Authority Airport Revenue Bonds, Series 2010C (2010C Revenue Bonds) in an original amount totaling \$350,000,000. The 2010C Revenue Bonds were issued in five subseries (2010C-1 through 2010C-5) with final maturities ranging from January 1, 2033 through January 1, 2037. The Series 2010C Revenue Bonds were sold to the Indianapolis Local Public Improvement Bond Bank (the "ILPIBB") and directly purchased by banks (by subseries), subject to Continuing Covenant Agreements, as the ILPIBB Revenue Bonds, Series 2010L, and are secured by a Trust Indenture and Ordinances establishing a security interest in net revenues of the airport system. The 2010C Revenue Bonds are currently subject to acceleration at the end of the bank term beginning on the dates outlined in the table below:

Authority Series	ILPIBB Series	Maturity Date	End of Bank Term
201C-1	2010L-1	1/1/2033	7/30/2021
201C-2	2010L-2	1/1/2033	7/29/2022
201C-3	2010L-3	1/1/2036	7/29/2022
201C-4	2010L-4	1/1/2036	7/29/2022
201C-5	2010L-5	1/1/2037	7/30/2021

The Authority has paid or refunded a portion of the 2010C Revenue Bonds since they were issued. As of December 31, 2020 and 2019, there were \$152,840,000 of 2010C Revenue Bonds outstanding and no additional amounts may be issued under the 2010C Revenue Bond facilities. The 2010C Revenue Bonds are periodically remarketed to banks and the bank owners have changed since the bonds were issued and are likely to change again before they reach maturity or are otherwise paid. The last remarketing occurred in July 2020. The bonds will be remarketed again, prior to the bank term of the existing facilities. There are certain events which could result in a higher interest rate and/or an acceleration of amounts due on the 2010C Revenue Bonds. These events are described in the Continuing Covenant Agreement filed on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") site at the ILPIBB's issuer homepage or using the following links:

- <https://emma.msrb.org/ER1147310-ES818056-ES1219338.pdf>
- <https://emma.msrb.org/ER1147312-ES818063-ES1219346.pdf>
- <https://emma.msrb.org/ER1147314-ES818068-ES1219349.pdf>
- <https://emma.msrb.org/SS1394508-SS1084866-SS1492962.pdf>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

2018A Subordinate Securities

In March 2018, the Authority issued the Indianapolis Airport Authority Subordinate Securities, Series 2018A (2018A Subordinate Securities) in an original amount not to exceed \$175,000,000 with a final maturity not to exceed March 1, 2021. The Series 2018A Subordinate Securities were sold to the ILPIBB and directly purchased by Bank of America, N.A., subject to a Continuing Covenant Agreement, as the ILPIBB Subordinate Notes, Series 2018B, and were secured by a Trust Indenture and Ordinances establishing a subordinate security interest in net revenues of the airport system. The Series 2018A Subordinate Securities was a non-revolving credit facility, allowing the Authority to borrow funds to fund authorized purposes which include, but were not limited to, the Authority's stormwater enhancement and baggage system modification projects. On July 7, 2020, the Authority determined it would not need to draw additional amounts under the Continuing Covenant Agreement and elected to terminate it early. There were no amounts outstanding at the time of termination or at the year ended December 31, 2020.

Directly Placed Debt

As of December 31, 2020 and 2019, the Authority held directly placed debt as detailed below:

	2010C-1	2010C-2	2010C-3	2010C-4	2010C-5	2018A Subordinate Securities
Par Outstanding at 12/31/20	\$ 46,505,000	\$ 23,250,000	\$ 20,660,000	\$ 30,985,000	\$ 31,440,000	\$ -
Par Outstanding at 12/31/19	46,505,000	23,250,000	20,660,000	30,985,000	31,440,000	-
Credit Available For Draw as of 12/31/20	-	-	-	-	-	-
Credit Available For Draw as of 12/31/19	-	-	-	-	-	36,960,000
Lien	Senior	Senior	Senior	Senior	Senior	Subordinate
Final Maturity	1/1/2033	1/1/2033	1/1/2036	1/1/2036	1/1/2037	3/1/2021 ⁽⁴⁾
End of Bank Term	7/30/2021	7/29/2022	7/29/2022	7/29/2022	7/30/2021	3/1/2021 ⁽⁴⁾
Bank	Banc of America Preferred	PNC Bank,	Old National Bank	Wells Fargo Municipal	Banc of America Preferred	Bank of America, N.A.
Index Rate	Funding Corporation 1M USD LIBOR	National Association 1M USD LIBOR	1M USD LIBOR	Capital Strategies, LLC 1M USD LIBOR	Funding Corporation 1M USD LIBOR	1M USD LIBOR
Applicable Factor	75%	75%	75%	75%	75%	75%
Applicable Spread as of 12/31/2020	1.10%	0.40%	0.62%	0.40%	1.10%	-
Applicable Spread as of 12/31/2019	0.43%	0.40%	0.62%	0.40%	0.43%	0.52%
Increase in Applicable Spread Due To Credit	Yes ⁽¹⁾	Yes ⁽²⁾	Yes ⁽³⁾	Yes ⁽²⁾	Yes ⁽¹⁾	Yes
Rating Downgrade	No	Yes	No	Yes	No	No
Margin Rate Factor	Rate Formula	Rate Formula	Rate Formula	Rate Formula	Rate Formula	Rate Formula
Rate Formula	Index Rate x Applicable Factor + Applicable Spread	(Index Rate x Applicable Factor + Applicable Spread) x Margin Rate Factor	Index Rate x Applicable Factor + Applicable Spread	(Index Rate x Applicable Factor + Applicable Spread) x Margin Rate Factor	Index Rate x Applicable Factor + Applicable Spread	Index Rate x Applicable Factor + Applicable Spread
Events of Default	CCA Article 8	CCA Article 8	CCA Article 8	CCA Article 8	CCA Article 8	CCA Article 8
Moody's Rating as of 12/31/20	A1	A1	A1	A1	A1	-
Moody's Rating as of 12/31/19	A1	A1	A1	A1	A1	Not Rated
S&P Rating as of 12/31/20	A-	A-	A-	A-	A-	-
S&P Rating as of 12/31/19	A	A	A	A	A	Not Rated
Fitch Rating as of 12/31/20	A	A	A	A	A	-
Fitch Rating as of 12/31/19	A	A	A	A	A	Not Rated

(1) See Table 1

(2) See Table 2

(3) See Table 3

(4) Terminated on July 7, 2020 at the election of the Authority

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Applicable Spread upon Credit Ratings Downgrade

In the event of a change in the long-term unenhanced rating assigned by Moody's, S&P or Fitch to such bonds, the Applicable Spread shall be the Applicable Spread associated with such new long-term unenhanced rating as set forth in the following schedules:

Table 1 – 2010C-1 and 2010C-5 Bonds

Moody's	Credit Rating S&P	Fitch	Applicable Spread
A2 or Higher	A or higher	A or higher	1.10%
A3	A-	A-	1.20%
Baa1	BBB+	BBB+	1.45%
Baa2	BBB	BBB	1.95%
Baa3	BBB-	BBB-	2.45%

Table 2 – 2010C-2 and 2010C-4 Bonds

Moody's	Credit Rating S&P	Fitch	Applicable Spread
A2 or Higher	A or higher	A or higher	0.40%
A3	A-	A-	0.50%
Baa1	BBB+	BBB+	0.75%
Baa2	BBB	BBB	1.25%
Baa3	BBB-	BBB-	1.75%

Table 3 – 2010C-3 Bonds

Moody's	Credit Rating S&P	Fitch	Applicable Spread
A2 or Higher	A or higher	A or higher	0.62%
A3	A-	A-	0.72%
Baa1	BBB+	BBB+	0.97%
Baa2	BBB	BBB	1.47%
Baa3	BBB-	BBB-	1.97%

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

The Master Bond Ordinance

The Authority's Revenue Bonds are secured under the Master Bond Ordinance by a pledge of net revenues of the Airport System and on parity with each other, except with respect to their Revenue Bond Reserve Funds.

Pursuant to its Master Bond Ordinance, the Authority has adopted resolutions beginning in 2003 and 2006 irrevocably dedicating revenues from passenger facility charges and customer facility charges (the Dedicated Revenues), respectively, to be used exclusively to pay debt service on the Authority's Revenue Bonds. The irrevocable designation of passenger facility charges revenue in 2020 and 2019 was approximately \$18.0 million and \$16.8 million, respectively. The customer facility charge revenue designation was \$0 for 2020 and 2019.

In accordance with the Rate Covenant contained in the Master Bond Ordinance, rates and fees charged by the Authority for the use of its facilities must be sufficient to provide annual net revenues when combined with moneys in the coverage fund to equal the larger of: (a) all amounts required to be deposited to the credit of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (b) an amount not less than 125% of the Debt Service Requirement for all Revenue Bonds. For the purpose of complying with the Rate Covenant, the Authority includes within net revenues in any fiscal year amounts transferred from the Prepaid Airline Fund and amounts on deposit in the Debt Service Coverage Fund pursuant to the Master Bond Ordinance and excludes from interest due on Authority Revenue Bonds any interest paid from bond proceeds. The Authority can also exclude debt service to be paid from dedicated revenues from its Rate Covenant calculation.

Debt Service Requirements

Debt service requirements to maturity for all debt of the Authority, excluding any unamortized discount or premium and its capital lease agreements, are as follows at December 31, 2020:

Years Ending December 31	Revenue Bonds		Total
	Principal	Interest	
2021	\$ 34,480,000	\$ 34,232,396	\$ 68,712,396
2022	36,260,000	33,037,854	69,297,854
2023	39,876,015	31,726,978	71,602,993
2024	48,371,542	29,723,202	78,094,744
2025	50,808,785	27,462,696	78,271,481
2026 - 2030	286,124,666	97,800,926	383,925,592
2031 - 2035	277,936,480	37,974,446	315,910,926
2036 - 2040	41,202,512	15,050,144	56,252,656
2041 - 2045	27,740,000	10,248,875	37,988,875
2046 - 2050	33,905,000	4,038,170	37,943,170
2051 - 2055	5,150,000	293,300	5,443,300
	<u>\$ 881,855,000</u>	<u>\$ 321,588,987</u>	<u>\$ 1,203,443,987</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

The following is a summary of long-term obligation transactions for the Authority for the years ended December 31, 2020 and 2019:

	2020				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 910,560,000	\$ -	\$ (28,705,000)	\$ 881,855,000	\$ 34,480,000
Bond (discounts)/premium	77,325,214	-	(10,317,506)	67,007,708	-
Total revenue bonds payable	987,885,214	-	(39,022,506)	948,862,708	34,480,000
Total long-term obligations	\$ 987,885,214	\$ -	\$ (39,022,506)	\$ 948,862,708	\$ 34,480,000
	2019				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 832,855,000	\$ 284,940,000	\$ (207,235,000)	\$ 910,560,000	\$ 28,705,000
Bond (discounts)/premium	41,706,922	42,438,446	(6,820,154)	77,325,214	-
Total revenue bonds payable	874,561,922	327,378,446	(214,055,154)	987,885,214	28,705,000
Subordinate securities	45,840,000	-	(45,840,000)	-	-
Total long-term obligations	\$ 920,401,922	\$ 327,378,446	\$ (259,895,154)	\$ 987,885,214	\$ 28,705,000

Note 6: Special Facility Revenue Bonds

To provide for the construction of the Indianapolis Maintenance Center (IMC) (formerly leased to United Air Lines, Inc.), the Authority issued special facility revenue bonds (conduit debt obligations). These bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of lease rentals to be received by the Authority. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, the City or the State and are, therefore, not reported in the accompanying financial statements. At December 31, 2020 and 2019, the Special Facility Revenue Bonds, Series 1995 (Indianapolis Maintenance Center), outstanding were \$165,988,327.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Note 7: Derivative Financial Instruments

Forward Delivery Purchase Agreements - Hedging Derivative Instruments

The Authority has entered into three forward delivery purchase agreements (the Forward Delivery Agreements). The Forward Delivery Agreements require the counterparties to deposit securities in the Authority's debt service reserve trust accounts and provides the Authority a guaranteed rate of return. The securities that are deposited into the debt service reserve trust accounts are required to mature prior to scheduled debt service payment dates on the bonds that are secured by the respective debt service reserve funds.

Eligible securities include (a) discount notes issued by a federal agency; and (b) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America, and issued by any of the following:

- the United States Treasury
- a federal agency
- a federal instrumentality
- a federal government-sponsored enterprise

Objective of the Forward Delivery Agreements - The Forward Delivery Agreements allow the Authority to earn a guaranteed fixed rate of return over the life of the agreement. These Agreements are utilized by the Authority to earn a rate of return in excess of a rate that would otherwise be feasible by investing in securities with a shorter term.

Terms - The general terms of each agreement are set forth in the table below:

Debt Service Fund	Date of Agreement	Termination Date	Scheduled Reserve Amount	Guaranteed Rate	Fair Value at December 31, 2020	Fair Value at December 31, 2019
Series 2014A	December 1, 2004	December 30, 2033	\$ 16,534,000	4.962%	\$ 7,155,340	\$ 5,792,021
Series 2015A	December 28, 2005	December 31, 2032	15,000,000	4.820%	5,865,389	4,714,194
Series 2016A	August 1, 2006	January 1, 2036	17,321,400	5.311%	9,101,089	7,502,972
					<u>\$ 22,121,818</u>	<u>\$ 18,009,187</u>

Fair Value - The fair values of the Forward Delivery Agreements are based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset on the statements of net position as of December 31, 2020 and 2019. As the Forward Delivery Agreements are effective hedging instruments, the changes in fair value of the Forward Delivery Agreements of \$4,112,631 and \$6,846,620 for the years ended December 31, 2020 and 2019, respectively, are shown as an adjustment to the carrying amount of the related deferred inflows of resources on the statements of net position.

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Notes to Financial Statements

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Credit Risk - Credit risk is the risk that a counterparty will not fulfill its obligations. Under the terms of the Forward Delivery Agreements, the Authority is either holding cash or an approved security within the debt service reserve funds. None of the principal amount of an investment under the Forward Delivery Agreements is at risk to the credit of the counterparty. Should the counterparty default, the Authority's maximum exposure is the positive termination value, if any, related to these agreements.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or cash flows. The fair value of the Forward Delivery Agreements is expected to fluctuate over the life of the agreements in response to changes in interest rates. The Authority does not have a formally adopted policy related to interest rate risk on the Forward Delivery Agreements.

Termination Risk - The Authority or the counterparties may terminate the Forward Delivery Agreements if the other party fails to perform under the terms of the contract. In addition, the Authority has an unrestricted option to terminate the Forward Delivery Agreements. If the Forward Delivery Agreements have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equivalent to the fair value of the instrument at the time of termination.

Interest Rate Swap Agreements – Investment Derivative Instruments

The Authority is a party to three interest rate swap agreements (the Swap Agreements) that became effective on July 1, 2008, concurrent with the issuance of the 2008 Revenue Bonds. The Swap Agreements continued to hedge the 2008 Revenue Bonds until December 21, 2010, at which time the 2008 Revenue Bonds were refunded by the issuance of the 2010C Revenue Bonds. This refunding resulted in a terminating event and accordingly, the Authority included the balance of the deferred outflows associated with this hedge in its calculation of the deferred loss on refunding, which was \$47,643,748. At that same time, the Swap Agreements became a hedge of the 2010C Revenue Bonds with terms and conditions that are identical to the previous hedge of the refunded 2008 Revenue Bonds. Upon this terminating event, it was determined the interest rate swaps were no longer effective hedges and all subsequent changes in the fair value are recorded as a component of investment income.

On August 22, 2019, the Authority used the proceeds of the 2019B Revenue Bonds to refund a portion of the 2010C Revenue Bonds and terminate associated interest rate swaps. A \$26,532,000 partial termination payment to the swap counterparties eliminated \$156,050,000 of the Authority's swap notional amount.

Objective of the Interest Rate Swaps - The Swap Agreements are used as a strategy to maintain acceptable levels of exposure to the risk of future changes in interest rates related to the Authority's existing variable rate debt. The primary intention of the Swap Agreements is to effectively convert the Authority's variable interest rates on its long-term debt to synthetic fixed rates.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Terms - The general terms of each agreement are set forth in the table below:

Notional Amount	Trade Date	Effective Date of Swap Agreement	Termination Date	Rate Authority Pays	Variable Rate Authority Receives	Fair Value at December 31, 2020	Fair Value at December 31, 2019
\$ 51,645,000	October 14, 2004	July 1, 2008	January 1, 2036	4.0325%	75% One Month LIBOR	\$ (20,385,505)	\$ (16,265,624)
31,440,000	October 14, 2004	July 1, 2008	January 1, 2037	4.1500%	75% One Month LIBOR	(12,941,730)	(10,529,426)
23,251,667	October 7, 2005	July 1, 2008	January 1, 2033	3.7800%	75% One Month LIBOR	(7,539,563)	(6,033,294)
46,503,333	July 2, 2015 *	July 1, 2015 *	January 1, 2033	3.7775%	75% One Month LIBOR	(15,038,482)	(12,005,005)
<u>\$ 152,840,000</u>						<u>\$ (55,905,280)</u>	<u>\$ (44,833,349)</u>

* During 2015, there was an exchange of counterparties from UBS to Wells Fargo. This was not considered as a terminating event.

Payments due under the Swap Agreements (excluding any termination payments) and payments on any repayment obligation will be payable from net revenues of the airport system on a parity with the Revenue Bonds. Under the Swap Agreements, the Authority pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The Swap Agreements resulted in no initial cash receipts or payments to be made by the Authority.

Fair Value - The fair values of the Swap Agreements are based on estimated discounted future cash flows determined using the counterparties' proprietary models based upon financial principles and estimates about relevant future market conditions. The fair values of the Swap Agreements are classified as a noncurrent liability on the statements of net position as of December 31, 2020 and 2019. As the Swap Agreements are ineffective hedging instruments, the changes in fair value of the Swap Agreements of (\$11,071,931) and \$9,457,895 for the years ended December 31, 2020 and 2019, respectively, are shown as investment income.

Credit Risk - The fair value of each of the Swap Agreements represents the Authority's credit exposure to the counterparties as of December 31, 2020. Should the counterparties to these transactions fail to perform according to the terms of the Swap Agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2020, the Authority was not exposed to credit risk because each of the swaps had a negative fair value. In order to mitigate the potential for credit risk, if any of the counterparties' credit quality rating falls below a rating threshold of Aa3 by Moody's Investors Service or AA- by Standard & Poor's, the fair value of that counterparty's swap or swaps is to be fully collateralized by the counterparty with eligible securities (as defined in the Schedule to the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

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The ratings of the various counterparties at December 31, 2020 are as follows:

	Ratings of the Counterparty	
	Moody's Investors Service	Standard & Poor's
JPMorgan Chase Bank, N.A., counterparty of the interest rate swaps with notional amounts of \$51,645,000 and \$31,440,000	Aa2	A+
Bank of America, counterparty of the interest rate swap with the notional amount of \$23,251,667	A2	A-
Wells Fargo Bank, N.A., counterparty of the interest rate swap with the notional amount of \$46,503,333 and both basis swap agreements	Aa2	A+

Basis Risk - The Authority is not exposed to basis risk because the variable-rate payments received by the Authority under the Swap Agreements are based on an index that coincides with the interest rates the Authority pays on its 2010C Revenue Bonds. As of December 31, 2020, the interest rate on the Authority's 2010C Revenue Bonds is 0.933%, (calculated at 75% of the one-month LIBOR plus 0.817% times the margin rate factor for applicable series), while the Authority receives payments under the Swap Agreements equal to 75% of the one-month LIBOR, or 0.108%.

Termination Risk - The Authority or the counterparties may terminate the Swap Agreements if the other party fails to perform under the terms of the contract. In addition, the Authority has the unilateral option to terminate the Swap Agreements. If the Swap Agreements have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the fair value of the respective swap.

Swap Payments and Associated Debt - The variable rate bond interest payments and net swap payments will vary with changes in interest rates. Using rates as of December 31, 2020, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are set forth in the table below.

	Variable Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	Interest
2021	\$ -	\$ 1,490,613	\$ 5,846,720	\$ 7,337,333
2022	-	1,962,469	5,846,720	7,809,189
2023	-	2,440,957	5,846,720	8,287,677
2024	-	2,480,833	5,846,720	8,327,553
2025	-	2,480,833	5,846,720	8,327,553
2026 - 2030	25,930,000	12,018,507	28,335,167	40,353,674
2031 - 2035	111,085,000	4,292,899	10,286,500	14,579,399
2036 - 2040	15,825,000	59,422	151,382	210,804
	<u>\$ 152,840,000</u>	<u>\$ 27,226,533</u>	<u>\$ 68,006,647</u>	<u>\$ 95,233,180</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Note 8: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value				
December 31, 2020				
Investments				
U.S. Treasury Security Bills	\$ 45,586,716	\$ 45,586,716	\$ -	\$ -
Indiana municipal securities	6,117,924	-	6,117,924	-
External investment pools	27,021,495	-	27,021,495	-
Derivative Financial Instruments				
Forward delivery purchase agreements	22,121,818	-	-	22,121,818
Interest rate swap agreements	(55,905,280)	-	(55,905,280)	-
December 31, 2019				
Investments				
U.S. Treasury Security Bills	\$ 173,699,366	\$ 173,699,366	\$ -	\$ -
Indiana municipal securities	302,970	-	302,970	-
External investment pools	53,318	-	53,318	-
Derivative Financial Instruments				
Forward delivery purchase agreements	18,009,187	-	-	18,009,187
Interest rate swap agreements	(44,833,349)	-	(44,833,349)	-

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Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Derivative Financial Instruments

Interest rate swaps classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates. The fair value of the forward delivery agreements are derived from proprietary models and are calculated on a mid-market basis, but do not include bid/offer spread and are therefore classified in Level 3.

Note 9: Indianapolis Maintenance Center

As discussed previously in these footnotes, the Authority, the State of Indiana, the City of Indianapolis and United Air Lines, Inc. (United) financed the construction and equipping of the IMC. As a part of the financing of these facilities, the Authority issued \$220,705,000 in special facility revenue bonds of which \$165,988,327 remains outstanding at December 31, 2020. The Authority had, and continues to have, no obligation to make interest and principal payments on these special facility bonds. Revenues from the IMC are reserved for expense reimbursement to the Authority for operational expenses incurred. Once all on-going expenses have been reimbursed to the Authority, revenue in excess of expenses are shared between the bondholders and the Authority on a percentage basis bound by the Settlement Agreement. Previously, the interest and principal payments for the Series 1995 Special Facility Revenue Bonds were funded by rentals paid by United under its lease agreement with the Authority. On December 9, 2002, United filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. On May 9, 2003, the Bankruptcy Court made effective United's rejection of its lease of the IMC and United abandoned the IMC facilities, whereby all of the IMC assets reverted to the Authority's control.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

In February 2004, the Authority and the Trustee of the bondholders entered into a Settlement Agreement which, among other things, provides for up to \$7.5 million in reimbursements for certain costs incurred after May 2003. The Settlement Agreement also provides for reimbursement for up to \$6.5 million of the Tenant Improvement Expenditure Reserve (TIER) fund for use of capital improvements, if certain conditions are met. On the ten-year anniversary of the Settlement Agreement, all the funds accumulated in the TIER Fund were to be disbursed to the bondholders with the exception of \$1 million. On February 13, 2014, these funds were disbursed.

Since 2004, the Authority has entered into various leases for certain portions of the IMC. These leases include hangar space, office areas and the backshops (which were being used primarily for the maintenance, repair and overhaul of commercial aircraft) and certain warehouse and office space for non-aviation related use. In December 2020, the Authority entered into a new lease with the IMC's main tenant, AAR Aircraft Services (AAR), with a new lease expiration of February 28, 2025. This new AAR lease provided for AAR to return a total of five of the ten hangars previously leased back to the Authority (Hangars 1A through 3A). As well, a lease extension was granted to Express Scripts with a new lease expiration of December 31, 2023. AAR and Shuttle America make up the leasing of seven of the twelve hangar spaces. As a part of the Settlement Agreement, rentals collected for the IMC are not considered revenue to the Authority, but instead are required to be deposited into a trust held on behalf of the United bondholders. The monies held in trust are to be used to pay ongoing operating and maintenance costs of the IMC and must be applied in a manner prescribed by the terms of the Settlement Agreement.

For the years ended December 31, 2020 and 2019, the Authority incurred approximately \$6.5 million and \$7.4 million of costs for the IMC, respectively. The Authority has received reimbursements for these costs under the Settlement Agreement aggregating approximately \$3.8 million and \$10.6 million for 2020 and 2019, respectively. In addition, as of December 31, 2020 and 2019, the Authority has accrued approximately \$4.2 million and \$1.3 million, respectively, in reimbursements from the Trustee for allowable costs incurred.

The aforementioned lease agreements historically contained a number of incentives to be provided by the Authority in the form of grants and rent credits over the terms of these leases, which currently range from six months to five years. These grants and rental credits were designed to assist the tenants with start-up costs and the acquisition of certain capital assets, including leasehold improvements, and to encourage them to expand their operations and/or increase the amount of space they lease. Grants for start-up costs are recorded as unamortized lease costs by the Authority and amortized over the respective lease term, while grants for capital improvements result in new depreciable assets of the Authority. Success payments (for expanding operations) and other similar grants were expensed as they were earned by AAR. All existing IMC capital assets, as well as those acquired by the tenants through Authority grants or otherwise, remain the property of the Authority, subject only to the tenants' rights to use such assets during their respective lease terms. As of December 31, 2020, the Authority has provided \$7.5 million in grants and \$9.8 million in rental credits to the lessees of the IMC.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

Note 10: Risk Management

Risk management is the responsibility of the Authority. Operationally, the Authority is exposed to various risks of loss related to the theft of, damage to and destruction of assets, natural disasters as well as certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from \$0 to \$100,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other mid-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

The Authority recognized \$60,000 and \$1.2 million in insurance recoveries as nonoperating revenue in 2020 and 2019, respectively. There are no material claim settlements to exceed insurance coverage that exists presently, to the best of the Authority's knowledge, which has the potential of doing so for the 2021 calendar year.

The Authority has a self-insured arrangement for health care benefits provided to Authority employees and has established a self-insured liability for employee medical claims. The Authority utilizes a third-party company to provide individual stop loss coverage of \$100,000 on each covered individual's health claims and \$6,107,862 on overall health care program aggregate claims. The estimated self-insurance liability is based on claim trend and consultation with an actuary. There is no significant incremental claim adjustment expense, salvage or subrogation attributable to this liability.

Note 11: Benefit Plan

The Authority provides a 401(a) defined-contribution employee retirement plan for employer contributions and a 457(b) deferred compensation plan for employee contributions. The Authority is the administrator of these plans, which are available to substantially all of its employees. Employer contributions to the 401(a) plan can range from zero up to nine percent of eligible compensation. Contributions to the plan were \$1,045,341 for 2020 and \$970,438 for 2019.

Note 12: Rental Income From Operating Leases

The Authority leases space in the Indianapolis International Airport terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and adjustment of the rental amounts. Substantially all capital assets are held by the Authority for the purpose of rental or related use.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2020 and 2019

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter as of December 31, 2020 are as follows:

2021	\$ 70,185,507
2022	71,034,370
2023	71,679,263
2024	35,566,871
2025	33,409,846
Thereafter	323,448,714
	<u><u>\$ 605,324,571</u></u>

The Authority has entered into an Agreement and Lease of Premises (Airline Agreement) with certain passenger, charter and cargo airlines serving the airport (collectively, the Signatory Airlines). Other airlines operate under an airport use permit that generally has a term of no more than two years. The Airline Agreement's hybrid residual rate-making features are designed to ensure that the Authority's debt service and related coverage obligations, including the Rate Covenant, will be met. The Airline Agreement authorizes the Authority to implement new fees and charges as necessary. In the event of an airline bankruptcy, the Authority may adjust the rates and charges for all Signatory Airlines in the current rate period to recover the rates and charges due from the bankrupt carrier. However, there can be no assurance that such other airlines will be financially able to absorb the additional costs. Rental rates under these agreements are determined annually.

Contingent rentals and fees aggregated approximately \$34.4 million in 2020 and \$46.3 million in 2019, and are accrued in arrears.

Note 13: Commitments and Contingencies

Land Acquisition and Disposal

In 1991, the Authority updated its FAA Part 150 Noise and Land Use Compatibility Study and final recommendations were adopted by the Authority Board in April 1992. The recommendations included expanding the existing Guaranteed Purchase Program (Phase I), which is now an inactive program, to add approximately 750 additional homes. As of December 31, 2020, the Authority has spent approximately \$102.6 million (including relocation costs) under this inactive program (Phase II), substantially all of which was eligible for 80% reimbursement from the FAA. The owners of an estimated 30 homes did not participate in Phase II when it was an active program.

A five-year review and update of the Authority's noise compatibility program (Phase III) began in 1996. Final recommendations were adopted by the Authority Board in February 1998, followed by FAA approval in October 1998. The recommendations included continuation of the Guaranteed Purchase Program with respect to approximately 132 additional homes, of which 127 were acquired by the Authority when the program was active.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

The Sound Insulation Program, which is now an inactive program, paid for a home within the impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Authority. At December 31, 2020, 316 homes were sound insulated under this program. Under the Purchase Assurance Program, which is now an inactive program, the Authority purchased the property, sound insulated the home and then resold the property on the open market. At December 31, 2020, 118 homeowners participated in the Purchase Assurance Program. Participation in either the Sound Insulation or Purchase Assurance programs required the homeowner to grant an aviation easement in favor of the Authority.

The Sales Assistance program is the third and only active program at December 31, 2020 and applied to approximately 487 homes, of which 409 requests have been completed. Sales Assistance consists of a benefit payment to homeowners adjacent to the 65DNL noise contour. The benefit payment is equal to 10% of the contract sales price between the homeowner and third-party buyer, in exchange for the inclusion of a Noise Disclosure Statement in the deed of conveyance. The estimated cost of the Phase III programs is approximately \$98.5 million. These programs, excluding Sales Assistance, were eligible for reimbursement from passenger facility charges and FAA noise grants (at 80% reimbursement).

The noise mitigation land use programs described above are voluntary on the part of the homeowner as there is no legal requirement that homeowners participate in any of these programs.

The Authority has also acquired land south of Interstate 70 (I-70). With the exception of one small parcel of land, all parcels have been acquired for the future development of a third parallel runway in this area. As of December 31, 2020, the Authority has expended approximately \$13.7 million for this project.

In November 2014, the Authority Board approved and adopted Resolution No. 12-2014, establishing certain land use policies and guidelines for the implementation of a new land use initiative. The Authority owns approximately 6,200 acres of land in and around the Indianapolis International Airport, with large holdings not only in Wayne and Decatur Townships of Marion County, but also in neighboring Hendricks County.

As part of the land use initiative, land holding not required for aviation purposes have been marketed and sold. The Authority determines how land sale proceeds must be treated, including what amounts, if any, must be returned to the Federal Aviation Administration directly or reinvested in other AIP eligible projects pursuant to federal grant requirements. Amounts due to the Federal Aviation Administration were \$11,181,289 and \$8,514,691 as of December 31, 2020 and 2019, respectively.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2020 and 2019

Environmental Mitigation and Remediation

The Authority is currently involved in three separate pollution remediation obligations that meet the requirements for accounting treatment under GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. These obligations are related primarily to the removal and/or treatment of petroleum impacted soil. The pronouncement dictates that for each obligating event, an estimate of the expected pollution remediation outlays is required to be accrued as a liability and expensed in the current period. Re-measurement of the liability is required when new information indicates increases or decreases in estimated outlays.

The amount of the estimated liability as of December 31, 2020 and 2019 was \$359,000 and \$358,000, respectively, which represents the approximate present value of the amounts the Authority expects to pay for future remediation activities. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from one-time events to longer term sustained monitoring activity.

The Authority will continue to closely monitor each of these obligations, working toward the point of ultimate resolution, and will make any necessary adjustments to the potential liability as new information becomes available.

Capital Improvements

As of December 31, 2020, the Authority had outstanding commitments for certain airport improvements aggregating \$47,596,142.

Litigation and Claims

The nature of the business of the Authority generates certain litigation against the Authority arising in the ordinary course of business.

As of December 31, 2020, there were two claims in litigation for alleged personal injury and/or other claims pending against the Authority. All of these claims were for personal injury and are fully insured. In addition, there were five worker's compensation claims pending as of December 31, 2020. The Authority was also aware of several claims for which legal action against the Authority might be threatened or possible in the future.

Economic Events

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

Supplementary Information

Indianapolis Airport Authority

Schedule of Net Position Information

December 31, 2020

	2020		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 83,133,735	\$ -	\$ 83,133,735
Accounts receivable, net	1,827,870	-	1,827,870
Unbilled revenues	5,832,412	-	5,832,412
Supplies and materials inventories	2,705,720	-	2,705,720
Other	2,014,492	-	2,014,492
Total unrestricted current assets	<u>95,514,229</u>	<u>-</u>	<u>95,514,229</u>
Restricted Assets			
Cash and cash equivalents	65,769,083	-	65,769,083
Cash and cash equivalents - customer deposits	647,150	-	647,150
Receivable - passenger facility charges	919,097	-	919,097
Receivable - governments and other	137,381	-	137,381
Receivable - reimbursable IMC expenses	-	4,225,911	4,225,911
Total restricted current assets	<u>67,472,711</u>	<u>4,225,911</u>	<u>71,698,622</u>
Total current assets	<u>162,986,940</u>	<u>4,225,911</u>	<u>167,212,851</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	136,289,112	-	136,289,112
Investment securities, restricted	39,742,856	-	39,742,856
Rent receivable	840,132	-	840,132
Derivative instruments - forward delivery purchase agreements	22,121,818	-	22,121,818
Capital assets, net	<u>1,588,870,173</u>	<u>194,245,366</u>	<u>1,783,115,539</u>
Total noncurrent assets	<u>1,787,864,091</u>	<u>194,245,366</u>	<u>1,982,109,457</u>
Total assets	<u>1,950,851,031</u>	<u>198,471,277</u>	<u>2,149,322,308</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	<u>19,882,354</u>	<u>-</u>	<u>19,882,354</u>
Total deferred outflows of resources	<u>19,882,354</u>	<u>-</u>	<u>19,882,354</u>
Total assets and deferred outflows of resources	<u>\$ 1,970,733,385</u>	<u>\$ 198,471,277</u>	<u>\$ 2,169,204,662</u>

		2020		
		Authority	IMC	Total
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Payable From Unrestricted Assets				
Accounts payable	\$	2,245,705	\$ -	\$ 2,245,705
Accrued and withheld items		7,772,485	-	7,772,485
Grants payable		3,473,304	-	3,473,304
Total current liabilities payable from unrestricted assets		13,491,494	-	13,491,494
Payable From Restricted Assets				
Accounts payable		15,092,299	362,097	15,454,396
Customer deposits payable		647,150	-	647,150
Current portion of debt		34,480,000	-	34,480,000
Accrued interest on debt		17,387,070	-	17,387,070
Total current liabilities payable from restricted assets		67,606,519	362,097	67,968,616
Total current liabilities		81,098,013	362,097	81,460,110
Noncurrent Liabilities				
Derivative instruments - interest rate swap agreements		55,905,280	-	55,905,280
Bonds payable and other debt, payable from restricted assets		914,382,708	-	914,382,708
Total noncurrent liabilities		970,287,988	-	970,287,988
Total liabilities		1,051,386,001	362,097	1,051,748,098
Deferred Inflows of Resources				
Accumulated increase in fair value of hedging derivatives		22,121,818	-	22,121,818
Net Position				
Net investment in capital assets		647,065,516	194,245,366	841,310,882
Restricted for				
Capital projects		87,155,753	-	87,155,753
Debt service		80,141,430	-	80,141,430
Other		-	3,863,814	3,863,814
Total restricted net position		167,297,183	3,863,814	171,160,997
Unrestricted		82,862,867	-	82,862,867
Total net position		897,225,566	198,109,180	1,095,334,746
Total liabilities, deferred inflows of resources and net position	\$	1,970,733,385	\$ 198,471,277	\$ 2,169,204,662

Indianapolis Airport Authority

Schedule of Net Position Information

December 31, 2019

	2019		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 18,795,526	\$ -	\$ 18,795,526
Accounts receivable, net	4,264,321	-	4,264,321
Unbilled revenues	3,001,131	-	3,001,131
Grants receivable	2,127,852	-	2,127,852
Supplies and materials inventories	2,344,797	-	2,344,797
Other	395,563	-	395,563
Total unrestricted current assets	<u>30,929,190</u>	<u>-</u>	<u>30,929,190</u>
Restricted Assets			
Cash and cash equivalents	69,897,536	-	69,897,536
Cash and cash equivalents - customer deposits	748,786	-	748,786
Receivable - passenger facility charges	1,321,773	-	1,321,773
Receivable - governments and other	236,041	-	236,041
Receivable - reimbursable IMC expenses	-	1,317,711	1,317,711
Total restricted current assets	<u>72,204,136</u>	<u>1,317,711</u>	<u>73,521,847</u>
Total current assets	<u>103,133,326</u>	<u>1,317,711</u>	<u>104,451,037</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	83,998,883	-	83,998,883
Investment securities, unrestricted	54,841,737	-	54,841,737
Investment securities, restricted	84,591,822	-	84,591,822
Rent receivable	720,839	-	720,839
Derivative instruments - forward delivery purchase agreements	18,009,187	-	18,009,187
Capital assets, net	<u>1,548,001,927</u>	<u>206,218,319</u>	<u>1,754,220,246</u>
Total noncurrent assets	<u>1,790,164,395</u>	<u>206,218,319</u>	<u>1,996,382,714</u>
Total assets	<u>1,893,297,721</u>	<u>207,536,030</u>	<u>2,100,833,751</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	<u>22,582,877</u>	<u>-</u>	<u>22,582,877</u>
Total deferred outflows of resources	<u>22,582,877</u>	<u>-</u>	<u>22,582,877</u>
Total assets and deferred outflows of resources	<u>\$ 1,915,880,598</u>	<u>\$ 207,536,030</u>	<u>\$ 2,123,416,628</u>

		2019		
		Authority	IMC	Total
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Payable From Unrestricted Assets				
Accounts payable	\$	6,433,448	\$ -	\$ 6,433,448
Accrued and withheld items		6,795,778	-	6,795,778
Total current liabilities payable from unrestricted assets		13,229,226	-	13,229,226
Payable From Restricted Assets				
Accounts payable		26,896,313	467,004	27,363,317
Customer deposits payable		748,786	-	748,786
Current portion of debt		28,705,000	-	28,705,000
Accrued interest on debt		15,251,897	-	15,251,897
Total current liabilities payable from restricted assets		71,601,996	467,004	72,069,000
Total current liabilities		84,831,222	467,004	85,298,226
Noncurrent Liabilities				
Derivative instruments - interest rate swap agreements		44,833,349	-	44,833,349
Bonds payable and other debt, payable from restricted assets		959,180,214	-	959,180,214
Total noncurrent liabilities		1,004,013,563	-	1,004,013,563
Total liabilities		1,088,844,785	467,004	1,089,311,789
Deferred Inflows of Resources				
Accumulated increase in fair value of hedging derivatives		18,009,187	-	18,009,187
Net Position				
Net investment in capital assets		574,121,708	206,218,319	780,340,027
Restricted for				
Capital projects		80,308,444	-	80,308,444
Debt service		81,333,934	-	81,333,934
Other		-	850,707	850,707
Total restricted net position		161,642,378	850,707	162,493,085
Unrestricted		73,262,540	-	73,262,540
Total net position		809,026,626	207,069,026	1,016,095,652
Total liabilities, deferred inflows of resources and net position	\$	1,915,880,598	\$ 207,536,030	\$ 2,123,416,628

Indianapolis Airport Authority

Schedules of Revenues, Expenses and Changes in Net Position Information

Years Ended December 31, 2020 and 2019

	2020		
	Authority	IMC	Total
Operating Revenues			
Airfield	\$ 22,118,257	\$ -	\$ 22,118,257
Terminal complex	44,175,766	-	44,175,766
Parking	25,208,150	-	25,208,150
Rented buildings and other	16,218,550	-	16,218,550
Indianapolis Maintenance Center (IMC)	-	6,570,715	6,570,715
Reliever airports	2,779,635	-	2,779,635
Total operating revenues	110,500,358	6,570,715	117,071,073
Operating Expenses			
Personal services	33,717,675	409,102	34,126,777
Contractual services	17,145,266	3,424,975	20,570,241
Utilities	7,252,380	2,474,788	9,727,168
Supplies	3,305,107	130,500	3,435,607
Materials	2,932,542	(35,496)	2,897,046
General	1,669,850	136,780	1,806,630
Total operating expenses before depreciation	66,022,820	6,540,649	72,563,469
Income From Operations Before Depreciation Expense	44,477,538	30,066	44,507,604
Depreciation expense	81,601,624	13,038,679	94,640,303
Loss From Operations	(37,124,086)	(13,008,613)	(50,132,699)
Nonoperating Revenues (Expenses)			
Federal operating grants	15,782,948	-	15,782,948
Passenger facility charges	7,917,919	-	7,917,919
Customer facility charge (rental cars)	4,347,368	-	4,347,368
Investment loss, net of investment derivative fair value adjustments of \$(11,071,931) and \$(23,721,601), respectively	(4,909,795)	-	(4,909,795)
Interest expense	(33,787,024)	-	(33,787,024)
Gain (loss) on disposals of capital assets and other	12,071,625	(268,750)	11,802,875
	1,423,041	(268,750)	1,154,291
Decrease in Net Position Before Capital Contributions and Grants	(35,701,045)	(13,277,363)	(48,978,408)
Capital Contributions and Grants			
Federal, state and local grants	44,816,168	-	44,816,168
Contributions from lessees and other	83,401,334	-	83,401,334
	128,217,502	-	128,217,502
Increase (Decrease) in Net Position	92,516,457	(13,277,363)	79,239,094
Transfers	(4,317,517)	4,317,517	-
Net Position, Beginning of Year	809,026,626	207,069,026	1,016,095,652
Net Position, End of Year	\$ 897,225,566	\$ 198,109,180	\$ 1,095,334,746

2019		
Authority	IMC	Total
\$ 23,677,830	\$ -	\$ 23,677,830
51,345,864	-	51,345,864
59,369,820	-	59,369,820
15,504,906	-	15,504,906
-	8,567,153	8,567,153
2,883,108	-	2,883,108
152,781,528	8,567,153	161,348,681
34,989,872	437,516	35,427,388
24,675,946	3,819,718	28,495,664
7,960,166	2,903,949	10,864,115
5,010,579	181,814	5,192,393
3,572,891	(44,012)	3,528,879
1,555,764	121,693	1,677,457
77,765,218	7,420,678	85,185,896
75,016,310	1,146,475	76,162,785
76,427,585	13,251,881	89,679,466
(1,411,275)	(12,105,406)	(13,516,681)
589,349	-	589,349
19,320,752	-	19,320,752
9,410,469	-	9,410,469
(16,814,912)	-	(16,814,912)
(38,005,502)	-	(38,005,502)
(7,109,668)	-	(7,109,668)
(32,609,512)	-	(32,609,512)
(34,020,787)	(12,105,406)	(46,126,193)
21,719,379	-	21,719,379
7,130,008	-	7,130,008
28,849,387	-	28,849,387
(5,171,400)	(12,105,406)	(17,276,806)
(665,945)	665,945	-
814,863,971	218,508,487	1,033,372,458
\$ 809,026,626	\$ 207,069,026	\$ 1,016,095,652

Indianapolis Airport Authority
Schedules of Operating Revenues
Years Ended December 31, 2020 and 2019

	2020	2019	Increase (Decrease)
Airfield			
Landing fees - scheduled airlines	\$ 6,776,529	\$ 9,073,759	\$ (2,297,230)
Landing fees - freight and other	11,993,612	9,258,133	2,735,479
Apron fees	1,620,144	2,804,976	(1,184,832)
Commissions - aviation fuel sales	228,897	367,733	(138,836)
Other	1,499,075	2,173,229	(674,154)
	<u>22,118,257</u>	<u>23,677,830</u>	<u>(1,559,573)</u>
Terminal Complex			
Space rental			
Airlines	29,273,668	25,225,826	4,047,842
Concessionaires	3,536,597	8,519,805	(4,983,208)
Other space rental	1,726,007	1,585,497	140,510
Automobile rental commissions	5,461,099	10,752,709	(5,291,610)
Other commissions, fees, etc.	4,178,395	5,262,027	(1,083,632)
	<u>44,175,766</u>	<u>51,345,864</u>	<u>(7,170,098)</u>
Parking - parking operations	<u>25,208,150</u>	<u>59,369,820</u>	<u>(34,161,670)</u>
Rented Buildings and Other			
Space rental - freight buildings	1,343,229	1,265,434	77,795
Space rental - hangars	745,885	708,375	37,510
Space rental - other buildings	7,113,664	7,078,737	34,927
Ground leases	5,795,833	5,704,698	91,135
Farm income	945	25,291	(24,346)
Other	1,218,994	722,371	496,623
	<u>16,218,550</u>	<u>15,504,906</u>	<u>713,644</u>
Indianapolis Maintenance Center (IMC)	<u>6,570,715</u>	<u>8,567,153</u>	<u>(1,996,438)</u>
Reliever Airports	<u>2,779,635</u>	<u>2,883,108</u>	<u>(103,473)</u>
	<u>\$ 117,071,073</u>	<u>\$ 161,348,681</u>	<u>\$ (44,277,608)</u>

Indianapolis Airport Authority

Schedule of Operating Expenses

Year Ended December 31, 2020

(With Comparative Totals for 2019)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,556,851	\$ 4,581,948	\$ 2,622,067	\$ 260,819	\$ 317,299
Employee insurance	619,351	1,288,678	664,245	35,835	53,001
Retirement and social security	290,566	479,829	263,952	36,939	38,802
	<u>3,466,768</u>	<u>6,350,455</u>	<u>3,550,264</u>	<u>333,593</u>	<u>409,102</u>
Contractual Services					
Transportation and communication	93,349	35,673	14,674	7,465	23,461
Professional fees	426,085	96,605	134,913	730,062	239,430
Printing and advertising	215	29,544	17,059	34	-
Repairs and maintenance	335,929	2,488,829	727,154	(3,397)	320,550
Facilities maintenance and security	25,222	2,592,847	42,883	-	2,752,415
Other contractual services	314,815	515,508	1,161,261	204,850	89,119
	<u>1,195,615</u>	<u>5,759,006</u>	<u>2,097,944</u>	<u>939,014</u>	<u>3,424,975</u>
Utilities	<u>3,380,575</u>	<u>2,572,199</u>	<u>426,551</u>	<u>433,344</u>	<u>2,474,788</u>
Supplies					
Fuel	169,046	-	96,871	-	27,942
Garage and motor	191,096	23,510	127,060	-	-
Institutional and medical	44,170	522,754	194,687	-	4,874
Office supplies	6,902	12,861	6,012	538	715
Snow and ice chemicals	500,422	14,759	86,866	2,400	11,361
Other	81,538	218,106	132,525	6,372	85,608
	<u>993,174</u>	<u>791,990</u>	<u>644,021</u>	<u>9,310</u>	<u>130,500</u>
Materials					
Building	42,944	124,005	13,538	-	(64,694)
Pavement and grounds	298,219	2,050	-	-	-
Repair parts	943,506	392,564	509,717	1,660	7,968
Small equipment and tools	35,862	4,660	4,287	-	-
Other	44,203	99,577	23,566	481	21,230
	<u>1,364,734</u>	<u>622,856</u>	<u>551,108</u>	<u>2,141</u>	<u>(35,496)</u>
General					
Insurance	230,793	414,915	189,422	7,137	124,000
Equipment rental	-	-	-	(572)	11,955
Other (including bad debts)	2,673	-	-	55	825
	<u>233,466</u>	<u>414,915</u>	<u>189,422</u>	<u>6,620</u>	<u>136,780</u>
Subtotal	<u>10,634,332</u>	<u>16,511,421</u>	<u>7,459,310</u>	<u>1,724,022</u>	<u>6,540,649</u>
Depreciation	<u>32,516,509</u>	<u>19,152,195</u>	<u>5,984,566</u>	<u>19,790,216</u>	<u>13,038,679</u>
Total	<u>\$ 43,150,841</u>	<u>\$ 35,663,616</u>	<u>\$ 13,443,876</u>	<u>\$ 21,514,238</u>	<u>\$ 19,579,328</u>
Year Ended December 31, 2019	\$ 39,929,333	\$ 36,851,173	\$ 16,615,000	\$ 22,906,468	\$ 20,672,559
Increase (Decrease)	\$ 3,221,508	\$ (1,187,557)	\$ (3,171,124)	\$ (1,392,230)	\$ (1,093,231)

2020				Year Ended December 31,		Increase (Decrease)
Reliever Airports	Public Safety	Administration	Total	2019		
\$ 315,527	\$ 7,286,458	\$ 7,822,685	\$ 25,763,654	\$ 26,524,984	\$ (761,330)	
72,706	1,528,953	1,399,217	5,661,986	6,078,509	(416,523)	
39,624	699,168	852,257	2,701,137	2,823,895	(122,758)	
427,857	9,514,579	10,074,159	34,126,777	35,427,388	(1,300,611)	
25,276	92,123	585,459	877,480	2,094,444	(1,216,964)	
709	237,352	2,234,304	4,099,460	6,666,899	(2,567,439)	
-	38,010	257,485	342,347	722,321	(379,974)	
145,745	97,941	1,593,302	5,706,053	6,806,136	(1,100,083)	
17,610	594	-	5,431,571	6,071,624	(640,053)	
69,569	1,097,766	660,442	4,113,330	6,134,240	(2,020,910)	
258,909	1,563,786	5,330,992	20,570,241	28,495,664	(7,925,423)	
279,316	160,395	-	9,727,168	10,864,115	(1,136,947)	
248,029	-	-	541,888	942,251	(400,363)	
29,740	54,857	20,491	446,754	503,008	(56,254)	
9,792	115,259	689	892,225	1,421,399	(529,174)	
(297)	55,669	37,780	120,180	168,693	(48,513)	
62,182	-	-	677,990	1,038,399	(360,409)	
7,305	207,817	17,299	756,570	1,118,643	(362,073)	
356,751	433,602	76,259	3,435,607	5,192,393	(1,756,786)	
4,584	2,308	-	122,685	28,587	94,098	
55,935	-	-	356,204	417,850	(61,646)	
46,813	213,771	27,100	2,143,099	2,778,856	(635,757)	
7,937	5,443	1,108	59,297	146,687	(87,390)	
1,324	23,681	1,699	215,761	156,899	58,862	
116,593	245,203	29,907	2,897,046	3,528,879	(631,833)	
76,015	164,446	41,925	1,248,653	1,384,312	(135,659)	
-	345	52,091	63,819	80,970	(17,151)	
-	49,747	440,858	494,158	212,175	281,983	
76,015	214,538	534,874	1,806,630	1,677,457	129,173	
1,515,441	12,132,103	16,046,191	72,563,469	85,185,896	(12,622,427)	
2,865,144	347,174	945,820	94,640,303	89,679,466	4,960,837	
\$ 4,380,585	\$ 12,479,277	\$ 16,992,011	\$ 167,203,772			
\$ 4,889,370	\$ 13,037,252	\$ 19,964,207		\$ 174,865,362		
\$ (508,785)	\$ (557,975)	\$ (2,972,196)			\$ (7,661,590)	

Indianapolis Airport Authority

Schedule of Operating Expenses

Year Ended December 31, 2019

(With Comparative Totals for 2018)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,586,456	\$ 4,904,356	\$ 3,203,679	\$ 258,987	\$ 345,676
Employee insurance	604,166	1,388,743	679,496	73,561	52,712
Retirement and social security	271,018	440,209	272,582	17,757	39,128
	<u>3,461,640</u>	<u>6,733,308</u>	<u>4,155,757</u>	<u>350,305</u>	<u>437,516</u>
Contractual Services					
Transportation and communication	109,924	63,065	54,294	17,473	20,994
Professional fees	656,010	163,042	55,752	1,367,090	90,972
Printing and advertising	54	19,993	7,090	1,561	-
Repairs and maintenance	578,635	2,474,602	818,245	637,185	502,554
Facilities maintenance and security	49,439	2,697,574	238,171	8,550	3,060,816
Other contractual services	124,557	703,111	2,790,924	541,417	144,382
	<u>1,518,619</u>	<u>6,121,387</u>	<u>3,964,476</u>	<u>2,573,276</u>	<u>3,819,718</u>
Utilities	<u>3,347,392</u>	<u>3,158,169</u>	<u>470,062</u>	<u>474,573</u>	<u>2,903,949</u>
Supplies					
Fuel	303,291	-	221,877	-	57,834
Garage and motor	255,401	33,846	139,156	757	-
Institutional and medical	72,533	874,399	405,134	6,385	7,387
Office supplies	19,973	8,550	17,783	1,007	932
Snow and ice chemicals	735,954	16,598	211,011	16,100	21,493
Other	94,014	266,709	371,450	7,062	94,168
	<u>1,481,166</u>	<u>1,200,102</u>	<u>1,366,411</u>	<u>31,311</u>	<u>181,814</u>
Materials					
Building	31,309	116,765	14,996	(64,722)	(85,744)
Pavement and grounds	361,962	19	2,326	-	-
Repair parts	1,397,359	518,172	475,849	2,704	5,358
Small equipment and tools	86,539	23,680	17,455	-	76
Other	53,374	45,133	8,135	-	36,298
	<u>1,930,543</u>	<u>703,769</u>	<u>518,761</u>	<u>(62,018)</u>	<u>(44,012)</u>
General					
Insurance	220,485	422,360	197,815	41,347	113,059
Equipment rental	-	-	-	572	8,084
Other (including bad debts)	2,325	3,640	690	35	550
	<u>222,810</u>	<u>426,000</u>	<u>198,505</u>	<u>41,954</u>	<u>121,693</u>
Subtotal	<u>11,962,170</u>	<u>18,342,735</u>	<u>10,673,972</u>	<u>3,409,401</u>	<u>7,420,678</u>
Depreciation	<u>27,967,163</u>	<u>18,508,438</u>	<u>5,941,028</u>	<u>19,497,067</u>	<u>13,251,881</u>
Total	<u>\$ 39,929,333</u>	<u>\$ 36,851,173</u>	<u>\$ 16,615,000</u>	<u>\$ 22,906,468</u>	<u>\$ 20,672,559</u>
Year Ended December 31, 2018	\$ 40,598,193	\$ 38,928,184	\$ 14,069,227	\$ 22,426,740	\$ 21,184,298
Increase (Decrease)	\$ (668,860)	\$ (2,077,011)	\$ 2,545,773	\$ 479,728	\$ (511,739)

2019				Year Ended December 31, 2018	Increase (Decrease)
Reliever Airports	Public Safety	Administration	Total		
\$ 319,853	\$ 7,337,237	\$ 7,568,740	\$ 26,524,984	\$ 25,303,493	\$ 1,221,491
74,371	1,752,872	1,452,588	6,078,509	5,861,912	216,597
38,100	1,009,612	735,489	2,823,895	2,744,806	79,089
<u>432,324</u>	<u>10,099,721</u>	<u>9,756,817</u>	<u>35,427,388</u>	<u>33,910,211</u>	<u>1,517,177</u>
22,529	152,026	1,654,139	2,094,444	1,944,411	150,033
232,360	131,745	3,969,928	6,666,899	6,167,319	499,580
-	4,281	689,342	722,321	345,290	377,031
138,105	188,440	1,468,370	6,806,136	6,014,882	791,254
12,949	2,135	1,990	6,071,624	5,992,144	79,480
118,351	992,883	718,615	6,134,240	5,156,307	977,933
<u>524,294</u>	<u>1,471,510</u>	<u>8,502,384</u>	<u>28,495,664</u>	<u>25,620,353</u>	<u>2,875,311</u>
<u>290,337</u>	<u>219,633</u>	<u>-</u>	<u>10,864,115</u>	<u>11,448,531</u>	<u>(584,416)</u>
359,249	-	-	942,251	1,029,652	(87,401)
14,745	53,460	5,643	503,008	607,120	(104,112)
16,556	38,314	691	1,421,399	1,226,316	195,083
3,449	63,007	53,992	168,693	117,689	51,004
37,107	136	-	1,038,399	1,385,839	(347,440)
13,634	221,339	50,267	1,118,643	814,094	304,549
<u>444,740</u>	<u>376,256</u>	<u>110,593</u>	<u>5,192,393</u>	<u>5,180,710</u>	<u>11,683</u>
9,475	6,505	3	28,587	91,481	(62,894)
52,801	742	-	417,850	439,769	(21,919)
83,884	262,941	32,589	2,778,856	2,212,984	565,872
6,522	11,796	619	146,687	152,102	(5,415)
3,676	1,454	8,829	156,899	156,550	349
<u>156,358</u>	<u>283,438</u>	<u>42,040</u>	<u>3,528,879</u>	<u>3,052,886</u>	<u>475,993</u>
75,702	168,563	144,981	1,384,312	1,294,823	89,489
-	5,193	67,121	80,970	96,391	(15,421)
35	61,402	143,498	212,175	405,840	(193,665)
<u>75,737</u>	<u>235,158</u>	<u>355,600</u>	<u>1,677,457</u>	<u>1,797,054</u>	<u>(119,597)</u>
1,923,790	12,685,716	18,767,434	85,185,896	81,009,745	4,176,151
<u>2,965,580</u>	<u>351,536</u>	<u>1,196,773</u>	<u>89,679,466</u>	<u>92,196,205</u>	<u>(2,516,739)</u>
<u>\$ 4,889,370</u>	<u>\$ 13,037,252</u>	<u>\$ 19,964,207</u>	<u>\$ 174,865,362</u>		
\$ 4,485,122	\$ 12,337,629	\$ 19,176,557		<u>\$ 173,205,950</u>	
\$ 404,248	\$ 699,623	\$ 787,650			<u>\$ 1,659,412</u>

Indianapolis Airport Authority

Schedule of Bond Debt Service Requirements to Maturity

December 31, 2020

	2019A Revenue Bonds		2019B Revenue Bonds		2019C-1 Revenue Bonds		2019C-2 Revenue Bonds		2019D Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 540,000	\$ 832,300	\$ 5,820,000	\$ 7,192,000	\$ -	\$ 2,247,450	\$ 565,000	\$ 785,875	\$ -	\$ 1,001,233
2022	555,000	816,970	6,140,000	6,893,000	-	2,247,450	650,000	755,500	60,000	1,000,447
2023	570,000	801,220	6,415,000	6,579,125	-	2,247,450	685,000	722,125	2,501,015	966,898
2024	585,000	785,050	18,330,000	5,960,500	-	2,247,450	720,000	687,000	2,566,542	900,513
2025	605,000	768,390	19,435,000	5,016,375	-	2,247,450	755,000	650,125	2,633,785	832,388
2026	620,000	751,240	20,585,000	4,015,875	-	2,247,450	795,000	611,375	2,702,790	762,479
2027	635,000	733,670	21,825,000	2,955,625	-	2,247,450	830,000	570,750	2,773,604	690,739
2028	655,000	715,610	23,090,000	1,832,750	-	2,247,450	870,000	528,250	2,846,272	617,118
2029	675,000	696,990	24,450,000	644,250	-	2,247,450	915,000	483,625	1,000	579,819
2030	690,000	677,880	-	33,000	-	2,247,450	965,000	436,625	1,000	579,793
2031	710,000	658,280	-	33,000	-	2,247,450	1,015,000	387,125	1,000	579,767
2032	730,000	638,120	-	33,000	-	2,247,450	1,065,000	335,125	1,000	579,740
2033	750,000	617,400	-	33,000	-	2,247,450	1,120,000	280,500	1,000	579,714
2034	775,000	596,050	320,000	25,000	-	2,247,450	1,170,000	223,250	2,920,975	541,436
2035	795,000	574,070	340,000	8,500	-	2,247,450	1,230,000	163,250	2,997,505	463,904
2036	815,000	551,530	-	-	-	2,247,450	1,295,000	100,125	3,076,039	384,341
2037	840,000	528,360	-	-	-	2,247,450	1,355,000	33,875	3,156,632	302,693
2038	865,000	504,490	-	-	-	2,247,450	-	-	3,239,335	218,906
2039	885,000	479,990	-	-	-	2,247,450	-	-	3,324,206	132,923
2040	910,000	454,860	-	-	590,000	2,232,700	-	-	3,411,300	44,688
2041	935,000	429,030	-	-	4,125,000	2,114,825	-	-	-	-
2042	965,000	402,430	-	-	4,330,000	1,903,450	-	-	-	-
2043	990,000	375,060	-	-	4,545,000	1,681,575	-	-	-	-
2044	1,020,000	346,920	-	-	4,775,000	1,448,575	-	-	-	-
2045	1,045,000	318,010	-	-	5,010,000	1,229,000	-	-	-	-
2046	1,075,000	288,330	-	-	5,210,000	1,024,600	-	-	-	-
2047	1,105,000	257,810	-	-	5,420,000	812,000	-	-	-	-
2048	1,135,000	226,450	-	-	5,635,000	590,900	-	-	-	-
2049	1,170,000	194,180	-	-	5,860,000	361,000	-	-	-	-
2050	1,200,000	161,000	-	-	6,095,000	121,900	-	-	-	-
2051	1,235,000	126,910	-	-	-	-	-	-	-	-
2052	1,270,000	91,840	-	-	-	-	-	-	-	-
2053	1,305,000	55,790	-	-	-	-	-	-	-	-
2054	1,340,000	18,760	-	-	-	-	-	-	-	-
	<u>\$ 29,995,000</u>	<u>\$ 16,474,990</u>	<u>\$ 146,750,000</u>	<u>\$ 41,255,000</u>	<u>\$ 51,595,000</u>	<u>\$ 56,222,075</u>	<u>\$ 16,000,000</u>	<u>\$ 7,754,500</u>	<u>\$ 38,215,000</u>	<u>\$ 11,759,539</u>

¹ The 2010C Revenue Bonds bear interest at a variable rate. See Note 5 to the financial statements.

2016A-1 Revenue Bonds		2016A-2 Revenue Bonds		2015A Revenue Bonds		2014A Revenue Bonds		2010C Revenue Bonds ¹		Total Debt Service
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
\$ 17,745,000	\$ 4,175,175	\$ 3,295,000	\$ 309,525	\$ -	\$ 8,649,600	\$ 6,515,000	\$ 7,548,625	\$ -	\$ 1,490,613	\$ 68,712,396
18,645,000	3,265,425	3,370,000	232,243	-	8,649,600	6,840,000	7,214,750	-	1,962,469	69,297,854
13,490,000	2,462,050	2,260,000	162,678	6,770,000	8,480,350	7,185,000	6,864,125	-	2,440,957	71,602,993
2,775,000	2,055,425	85,000	132,381	12,240,000	8,066,300	11,070,000	6,407,750	-	2,480,833	78,094,744
2,910,000	1,913,300	90,000	129,585	16,250,000	7,496,500	8,130,000	5,927,750	-	2,480,833	78,271,481
3,055,000	1,764,175	95,000	126,630	16,925,000	6,748,375	8,535,000	5,511,125	-	2,480,833	78,332,347
3,210,000	1,607,550	95,000	123,595	17,800,000	5,880,250	8,965,000	5,073,625	-	2,480,833	78,497,691
2,145,000	1,473,675	-	122,077	18,720,000	4,967,250	9,415,000	4,614,125	-	2,480,833	77,340,410
2,255,000	1,363,675	-	122,077	16,215,000	4,093,875	13,375,000	4,044,375	-	2,480,833	74,642,969
2,365,000	1,248,175	-	122,077	17,055,000	3,262,125	14,045,000	3,358,875	25,930,000	2,095,175	75,112,175
2,485,000	1,126,925	-	122,077	17,955,000	2,386,875	14,750,000	2,639,000	27,310,000	1,653,938	76,060,437
2,610,000	1,012,600	-	122,077	18,885,000	1,465,875	15,485,000	1,883,125	28,775,000	1,189,052	77,057,164
2,715,000	906,100	-	122,077	19,875,000	496,875	16,260,000	1,089,500	30,315,000	699,291	78,107,907
2,820,000	795,400	-	122,077	-	-	17,075,000	341,500	12,035,000	478,166	42,486,304
18,475,000	369,500	1,520,000	92,483	-	-	-	-	12,650,000	272,452	42,199,114
-	-	1,615,000	31,441	-	-	-	-	13,295,000	56,241	23,467,167
-	-	-	-	-	-	-	-	2,530,000	3,181	10,997,191
-	-	-	-	-	-	-	-	-	-	7,075,181
-	-	-	-	-	-	-	-	-	-	7,069,569
-	-	-	-	-	-	-	-	-	-	7,643,548
-	-	-	-	-	-	-	-	-	-	7,603,855
-	-	-	-	-	-	-	-	-	-	7,600,880
-	-	-	-	-	-	-	-	-	-	7,591,635
-	-	-	-	-	-	-	-	-	-	7,590,495
-	-	-	-	-	-	-	-	-	-	7,602,010
-	-	-	-	-	-	-	-	-	-	7,597,930
-	-	-	-	-	-	-	-	-	-	7,594,810
-	-	-	-	-	-	-	-	-	-	7,587,350
-	-	-	-	-	-	-	-	-	-	7,585,180
-	-	-	-	-	-	-	-	-	-	7,577,900
-	-	-	-	-	-	-	-	-	-	1,361,910
-	-	-	-	-	-	-	-	-	-	1,361,840
-	-	-	-	-	-	-	-	-	-	1,360,790
-	-	-	-	-	-	-	-	-	-	1,358,760
<u>\$ 97,700,000</u>	<u>\$ 25,539,150</u>	<u>\$ 12,425,000</u>	<u>\$ 2,195,100</u>	<u>\$ 178,690,000</u>	<u>\$ 70,643,850</u>	<u>\$ 157,645,000</u>	<u>\$ 62,518,250</u>	<u>\$ 152,840,000</u>	<u>\$ 27,226,533</u>	<u>\$ 1,203,443,987</u>