INDIANA

<u>*Comprehensive Annual Financial Report*</u>
For Fiscal Year Ended June 30, 2017

Eric J. Holcomb, Governor

Prepared by the Office of
Indiana Auditor of State

Tera Klutz, CPA

Room 240 State House
200 West Washington St.
Indianapolis, IN 46204

STATE OF INDIANA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Eric J. Holcomb, Governor

Prepared by:

The Office of Indiana Auditor of State
Tera Klutz, CPA
Auditor of State
Room 240
State House
Indianapolis, Indiana 46204

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We acknowledge the cooperation and assistance of the State Budget Agency and all other State agencies in the preparation of this report.

Please visit our web site at **www.in.gov/auditor/**

Tera K. Klutz, CPA is the 57th Indiana Auditor of State and the first Certified Public Accountant to serve as the state's Chief Financial Officer. Appointed by Governor Eric J. Holcomb in January 2017, Klutz is focused on providing accurate information, maintaining and enhancing government transparency, and delivering great customer service to ALL Hoosiers.

Prior to becoming the Auditor of State, Klutz served as the County Auditor in Allen County, Indiana, the state's largest county, geographically, and the third largest by population. First elected in 2010 and again in 2014, Klutz streamlined the county's payment system and ensured the county's fiscal house was in order. Between 2013 and 2016, Klutz was very active in the Association of Indiana Counties' Legislative Committee. As Chairwoman, she oversaw and directed the Association's legislative priorities by assisting in the analysis and review of proposed legislation and regularly testified before the Indiana General Assembly.

In 2016, Klutz was named the Indiana Auditor of the Year by the Indiana Auditors' Association for her dedicated and tireless work. Before serving in the public sector, Klutz served as a Senior Accountant at PriceWaterhouseCoopers in Ft. Wayne, Indiana.

As part of her 'First Year Initiatives, Klutz has created an Internal Controls Department tasked with reviewing the processes with the Auditor's office to enhance services provided to Hoosiers. She has also begun the process of overhauling the Indiana Transparency Portal to provide even more useful data regarding the state's spending and purchasing.

Klutz holds a Bachelor's Degree in Accounting from Indiana University- Purdue University Ft. Wayne. She is married to Zach Klutz and they have 2 daughters; Alyx and Julian.

Auditor Klutz is a member of the Indiana CPA Society, the American Institute of CPAs, Pass the Torch, and Cornerstone Lutheran Church.

AUDITORS OF STATE
Of THE STATE OF INDIANA

Term	Name	Politics
1816-1828	William H. Lilley	Party Unknown
1828-1829	Benjamin I. Blythe	Party Unknown
1829-1844	Morris Morris	Party Unknown
1844-1847	Horatio J. Harris	Party Unknown
1847-1850	Douglas Maguire	Whig
1850-1853	Erastus W. H. Ellis	Democrat
1853-1855	John P. Dunn	Democrat
1855-1857	Hiram E. Talbot	Fusion-"peoples"
1857-1861	John W. Dodd	Democrat
1861-1863	Albert Lange	Republican
1863-1865	Joseph Ristine	Democratic Union
1865-1869	Thomas P. McCarthy	Republican
1869-1871	John D. Evans	Republican
1871-1873	John C. Shoemaker	Democrat
1873-1875	James A. Wilder	Republican
1875-1879	Ebenezer Henderson	Democrat
1879-1881	Mahlon D. Manson	Democrat
1881-1883	Edward H. Wolfe	Republican
1885-1887	James H. Rice	Democrat
1887-1891	Bruce Carr	Republican
1891-1895	John O. Henderson	Democrat
1895-1899	Americus C. Daily	Republican
1899-1903	William H. Hart	Republican
1903-1905	David E. Sherrick	Republican
1905-1906	Warren Bigler	Republican
1906-1910	John C. Billheimer	Republican
1910-1914	William H. O'Brien	Democrat
1914-1916	Dale J. Crittenberger	Democrat
1916-1920	Otto Clauss	Republican
1920-1922	William G. Oliver	Republican
1922-1924	Robert Bracken	Democrat
1924-1928	Lewis S. Bowman	Republican
1928-1930	Arch N. Bobbit	Republican
1930-1934	Floyd E. Williamson	Democrat
1934-1938	Laurence F. Sullivan	Democrat
1938-1940	Frank G. Thompson	Democrat
1940-1944	Richard T. James	Republican
1944-1948	Alvin V. Burch	Republican
1948-1950	James M. Propst	Democrat
1950-1954	Frank T. Millis	Republican
1954-1956	Curtis E. Rardin	Republican
1956-1958	Roy T. Combs	Republican
1958-1960	Albert A. Steinwedel	Democrat
1960-1964	Dorothy Gardner	Republican
1964-1966	Mark L. France	Democrat
1966-1968	John P. Gallagher	Republican
1968-1970	Trudy Slaby Etherton	Republican
1970-1978	Mary Aikins Currie	Democrat
1978-1982	Charles D. Loos	Republican
1982-1986	Otis E. Cox	Democrat
1986-1994	Ann G. DeVore	Republican
1994-1998	Morris Wooden	Republican
1998-2006	Connie K. Nass	Republican
2006-2013	Tim Berry	Republican
2013-2013	Dwayne Sawyer	Republican
2013-2017	Suzanne Crouch	Republican
2017-	Tera Klutz	Republican

STATE OF INDIANA

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Comprehensive Annual Financial Report

The Crossroads of America

The Lewis and Clark Bridge spans the Ohio River and connects Indiana State Road 265 with Kentucky State Highway 841. (Photo courtesy of INDOT)

Long before the Indiana General Assembly codified it as the State's official motto in 1937, Indiana has been known as the *'Crossroads of America.'* According to the Indiana Department of Transportation, over 81 Million vehicles travel Hoosier roads each year. Indiana is located within a day's drive of two-thirds of the nation's population and with over 14 Interstate highways beginning in, ending in, or passing through Indiana, it comes as no surprise that our state's infrastructure is a vital part of the American economy. As Indiana enters its Third Century of Statehood, we are committed to improving the infrastructure to assure we live up to our moniker for another 200 years.

Auditor of State

Tera K. Klutz, CPA

December 19, 2017

Governor,
Members of the General Assembly,
Citizens of the State of Indiana:

We are proud to present the State of Indiana's Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2017, prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board (GASB).

The Auditor of State in conjunction with the Indiana State Budget Agency are primarily and ultimately responsible for the contents and presentation of this report, however, the responsibility for both the accuracy of the data presented and completeness and fairness of the presentation rests with the state agencies that provide the data. To the best of our knowledge, the information set forth in this report is accurate in all aspects and is presented in a manner designed to set forth the financial position and results of operations of the state as measured by the financial activity of its various funds.

The Indiana State Board of Accounts, considered by federal and state government to be independent auditors, provides the Independent Auditor's Report on the financial statements included in the financial section of this report and in the Federal Single Audit Report of the State of Indiana.

The State is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments.

This internal control structure is subject to periodic evaluation by management and internal audit staff of the various state agencies. As part of the single audit, tests are made to determine the adequacy of the internal control structure related to federal financial assistance programs, as well as to determine that the State of Indiana has complied with applicable laws and regulations.

Generally Accepted Accounting Principles provide for two types of statements, government-wide and fund statements. The government-wide statements use the full accrual basis of accounting and the economic resources measurement focus. The governmental funds financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. In the government-wide statements, infrastructure (roads, bridges, dams) has been capitalized. Capital assets, except for infrastructure using the modified approach, are depreciated in the same manner as the private sector.

Management's Discussion and Analysis (MD&A) in the financial section introduces the basic financial statements and provides an analytical overview of the government's financial activities. We encourage you to read it to get an in-depth analysis of the State of Indiana's finances.

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Website: www.in.gov/ auditor – Telephone: 317-232-3300

Profile of the Government

Located in America's heartland in the Midwest, Indiana is a leading manufacturing state and a major agricultural producer. The latest U.S. Census Bureau estimate places Indiana's population at 6,619,680 which makes Indiana the nation's 16th most populated State. The five largest cities are Indianapolis (the capital), Fort Wayne, Evansville, South Bend, and Carmel.

Indiana became the 19th State of the Union on December 11, 1816. The State Constitution establishes the government in three separate departments: legislative, executive including administrative, and judicial. The legislative power of the State is vested in the Indiana General Assembly, which consists of a 100-member House of Representatives and a 50-member Senate. The Indiana General Assembly has the power to enact laws which are authorized and not prohibited by the State Constitution and not in conflict with the U.S. Constitution and laws made in pursuance thereof. The executive power of the State is vested with the Governor. The State Constitution and legislation establish the following Statewide elected administrative officials: Lieutenant Governor, Auditor of State, Secretary of State, Treasurer of State, Attorney General, and the Superintendent of Public Instruction. The judicial power of the State is vested in one Supreme Court consisting of five justices, one Court of Appeals consisting of 15 judges, 315 Trial Courts (including Circuit Courts), and one Tax Court.

State government provides a wide range of services to the citizens of Indiana, including education, transportation, public health, public safety, welfare, conservation, and economic development.

This report includes the financial activities and balances of the State of Indiana and its component units. The component units are legally separate entities for which the State of Indiana has financial responsibility and include State funded colleges and universities, and other legally separate entities that provide services and benefits to local governments and the citizens of the State of Indiana. More information on the financial reporting entity can be found in Note I(A) in the notes to the financial statements.

The Indiana General Assembly meets every other year to adopt a biennial budget, which is submitted by the Governor. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated funding sources. Budgetary control is exercised in that agencies of the State may only expend appropriations as allotted by the Budget Agency or other statutory authority. The State Board of Finance, which consists of the Governor, Auditor of State, and Treasurer of State, is empowered to transfer appropriations from one agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign appropriations made for one specific purpose to another use or purpose within the same agency.

Factors Affecting Economic and Financial Conditions

The information presented in the financial statements is better understood within the context of the specific environment within which the State of Indiana operates. The following describes that environment.

Local Economy

With a 2016 Gross Domestic Product of $341.9 billion, Indiana's economy ranked 16th largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to real GDP growth was the professional and business services sector, which accounted for 33% of Indiana's GDP growth in 2016. The second largest contributor of Indiana's real GDP growth was educational services, health care, and social assistance, which accounted for 25% of the total growth.

As of June 2017, the manufacturing sector accounted for nearly 16.9% of the jobs in Indiana compared to 20.3% in 2002. The share of employment accounted for by the health care and social services sector increased from 10.2% in 2002 to 12.9% as of June 2017. Per capita personal income was $43,097 in 2016, and the State's unemployment rate was 3.0% at the end of FY 2017.

Cash Management and Investments

Cash temporarily idle during the year was invested in deposit accounts, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds, and repurchase agreements. The pension trust funds' portfolios include other investments as outlined in Note I(E)(1) in the notes to the financial statements. The average yield on the General Fund investments was 0.52% for the fiscal year ended June 30, 2017. The average yield on the total investment of all funds, except for pension trust funds, was 0.76% for the fiscal year ended June 30, 2017. The State's investment policy is to minimize credit and market risks while maintaining sufficient liquidity and earning a competitive yield on its portfolio. Deposits held by the Treasurer of State are insured by federal and state depository insurance.

Debt Administration

The commissions and authorities, some of which are included as component units in the financial reporting entity of the State of Indiana, issue bonds for some of the State's capital needs. All of the bond issues are revenue bonds associated with specific State component units. The total of long-term revenue bonds and notes outstanding, net of amortized discounts, is $9.0 billion as of June 30, 2017.

Financial Policies

Indiana's Office of Management and Budget (OMB) serves as an umbrella organization to better coordinate the State's financial policies. The OMB consists of the State Budget Agency, Management Performance Hub, Office of State Based Initiatives, Department of Revenue, Department of Local Government Finance, Indiana Finance Authority, State Board of Accounts, Indiana Public Retirement System, Indiana Office of Technology, and Indiana Board of Tax Review.

In June 2017, Indiana closed the books with $1.771 billion in reserves and a structurally balanced budget. Reducing general fund spending has enabled Indiana not only to maintain a prudent level of reserves, but also repay debts to local government, schools, and universities, which at their peak in FY 2005, totaled over $750 million. One-time revenues, such as those generated by the Tax Amnesty program several years ago, have been used to repay one-time debt rather than being built into revenue forecasts to support on-going expenditures. The 2015 Tax Amnesty continues to fund quality of place investments in Indiana's localities through the Regional Cities program.

Indiana is one of twelve states that has the highest credit rating assigned by all three independent credit rating agencies: Fitch, Moody's, and Standard & Poor's Ratings Service (S&P).

At the time of the upgrade by S&P, their report noted that the administration has made significant financial management changes and strengthened budgeting practices. S&P cited four areas in issuing the AAA credit rating: a stable and diversifying economic base despite continued manufacturing concentration, a conservative biennial budget that will add to the fund balance by the end of the biennium, property tax reform that has clarified the state's financial responsibilities, and low overall debt levels.

Long-Term Financial Planning

The Indiana Finance Authority is charged with developing, implementing, maintaining, and monitoring a debt management plan for all non-conduit debt or debt-related obligations issued by state issuers. This plan is intended to provide guidance in the structuring, sale, monitoring, and post-issuance compliance for all State-related debt.

Executive Order 14-06 required the OMB to create the Governor's Management and Performance Hub (MPH) for the purposes of centralized data sharing, correlation, and analysis in order to drive innovation and efficiency across state agencies; improve information technology systems, practices, and procedures to enhance the security of data retained by state agencies; and to increase the transparency of state government.

Major Initiatives

K-12 Education –
Local school aid includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State's calendar year 1972 funding level as the base for local school aid.

The K-12 tuition support distributions for FY 2017 totaled $6.92 billion. In addition, there was a distribution of $26.1 million for adult learners.

Higher Education – Through the General Fund, the state supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana, and Vincennes University. Higher education expenditures from the General Fund were $1.52 billion for FY 2017, which included funding for university operating, fee-replaced debt service, and line items. An additional $453.6 million was appropriated for other higher education line items, university repair and rehabilitation, university capital projects, and state student aid.

Since FY 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding student fee and building facilities fee bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, "Fee Replacement Appropriations"). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the Indiana Constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

Public Safety – Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as, parole programs. Corrections expenditures were $711.1 million for FY 2017.

Offender population is the most significant driver of corrections expenditures. The total offender population, including those in jail and contract beds, decreased by 0.9% to 26,173 at the end of FY 2017 compared to 26,420 at the end of FY 2016.

Transportation – As a result of the Major Moves program and the Major Moves 2020 program, Indiana has seen record construction. The Indiana Department of Transportation (INDOT) is executing a $12.0 billion construction program made possible in part by the lease of the Indiana Toll Road. INDOT is aggressively working to advance as much work as possible from later construction years to take advantage of favorable price conditions. This also helps deliver the benefits of the new highways much earlier, and spurs job creation. In addition, $100.0 million was appropriated from the General Fund for highway capacity enhancements in FY 2017.

In FY 2017, a one-time transfer of $427.9 million from General Fund reserves was made to INDOT and local governments for road and bridge maintenance and construction. This transfer was the result of an FY 2016 excess reserves calculation.

Conservation and Environment - In FY 2017, the Department of Natural Resources (DNR) continued the largest land conservation initiative in the State's history, the Healthy Rivers Initiative (HRI). The HRI consists of two projects, one within the Wabash River and Sugar Creek floodplain (over 43,000 acres) and another along the Muscatatuck River known as Muscatatuck Bottoms (over 26,000 acres). Since the announcement in FY 2010, DNR has acquired over 14,300 acres along the Muscatatuck River and Wabash River corridors. Land acquisition efforts will continue for years into the future. To date, these efforts have added three new conservation areas for recreational use: Austin Bottoms, Sugar Creek, and Wabash River.

The Bicentennial Nature Trust (BNT) was launched in FY 2012 as a statewide land conservation initiative to celebrate Indiana's upcoming 200th anniversary in much the same way as the first 100 years of statehood were marked in 1916 with establishment of the state park system. The state committed $20 million to help fund BNT and called on individuals, businesses and communities around the state to join the effort. Through FY 2017, nearly 200 BNT projects had been approved.

In 2016, the Indiana Heritage Trust was renamed the President Benjamin Harrison Conservation Trust Fund. The purpose of the trust is to acquire and protect land that represents outstanding natural resources and habitats, or have recreational, historical, or archeological significance.

Health and Human Services – Medicaid is a state/federal shared fiscal responsibility with the state supporting 33.26% of the total program through a combination of General Fund and dedicated funds over the biennium and the remaining 66.74% funded through federal funding. Indiana's base federal reimbursement rate equaled 66.52% for Federal FY 2015 and 66.74% for Federal FY 2016. In FY 2017, General Fund Medicaid expenditures totaled $1.97 billion. Total Medicaid and CHIP enrollment at the end of FY 2017 was 1,416,322.

In 2015, Indiana received approval from the federal government to replace the traditional Medicaid program for non-disabled adults by expanding the Healthy Indiana Plan (HIP). HIP 2.0 has been designed to improve healthcare utilization and promote personal responsibility. In addition, HIP 2.0 will maintain financial sustainability and will not increase taxes for Hoosiers. The program will be funded by enhanced federal funding, the hospital assessment fee, and existing cigarette tax revenues previously used for HIP.

In its eleventh year of operations, the Department of Child Services (DCS) continued the implementation of its practice to place children in the least restrictive, most family-like setting; providing better outcomes and more cost effective services.

In January 2010, DCS established the Indiana Child Abuse and Neglect Hotline to serve as the centralized reporting channel for all allegations of child abuse or neglect in Indiana. The Hotline is staffed with trained intake specialists and at least one supervisor per shift, 24 hours per day, seven days per week, and 365 days per year. DCS has seen the number of calls reported to the Hotline increase by 71% from 2009 to 2016, up from 109,489 in 2009 to 187,137 in 2016.

Economic Development – The Indiana Economic Development Corporation (IEDC) is the State of Indiana's chief economic development agency. The IEDC seeks to bring new job creation and capital investment opportunities to Indiana through competitive company attractions, expansions and consolidations. In 2016, Indiana received several accolades for its business environment. This includes ranking 1st in the Midwest and 5th in the nation in Chief Executive magazine's annual "Best & Worst States" survey (April 2017), 1st in the Midwest and 9th overall in the Tax Foundation's State Business Tax Climate Index (2017), and best in the Midwest and 7th overall in Area Development magazine's "Top States for Doing Business" study (Q3 2017).

General Government – Legislation creating an Automatic Taxpayer Refund (ATR) was enacted in FY 2011, requiring any reserves greater than 10% of FY 2013 appropriations to be divided equally between various pension plans and a refundable tax credit to eligible taxpayers. The statute was again changed during FY 2016, triggering a one-time transfer from the General Fund reserves of $427.9 million after the end of the fiscal year for state and local road and bridge preservation. The balance in General Fund at the end of Fiscal Year 2017 did not result in a transfer.

The state continues to administer Retirement Medical Benefits accounts, established as Health Reimbursement Arrangements (HRAs), for most employees and elected officials of the State. The purpose of this defined contribution plan is to allow retirees from State government to have a means to assist with the payment of health insurance premiums in retirement. Funding for the program comes from 4% of State cigarette tax revenues as well as charges to federal and dedicated funds for employees paid from those funds. The plan remained more than 100% funded at the end of FY 2017. These funds are then credited to each employee's account annually based upon their age. There is also a catch-up provision allowing for additional contributions based upon the number of years of service completed by the qualified employee who is eligible for full unreduced retirement on or before June 30, 2017.

Awards

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Indiana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the 24th consecutive year that the State of Indiana has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

Sincerely,

Tera K. Klutz

Tera Klutz, CPA
Auditor of State
State of Indiana

Micah Vincent

Micah Vincent
Director
Office of Management and Budget

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

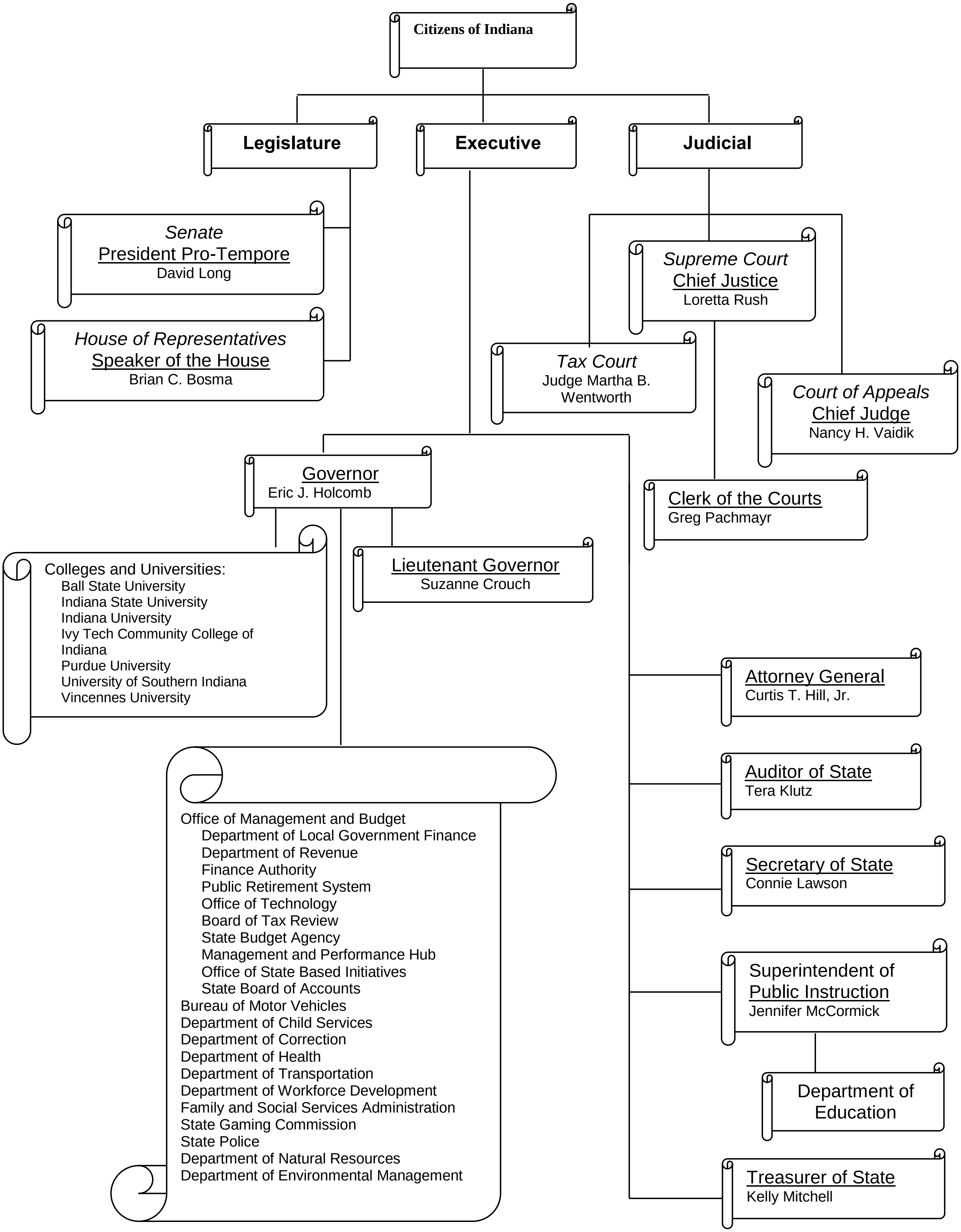
Presented to

State of Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO


Citizens of Indiana
Legislature
Executive
Judicial
Senate
President Pro-Tempore
David Long
House of Representatives
Speaker of the House
Brian C. Bosma
Supreme Court
Chief Justice
Loretta Rush
Tax Court
Judge Martha B. Wentworth
Court of Appeals
Chief Judge
Nancy H. Vaidik
Clerk of the Courts
Greg Pachmayr
Governor
Eric J. Holcomb
Lieutenant Governor
Suzanne Crouch
Colleges and Universities:
Ball State University
Indiana State University
Indiana University
Ivy Tech Community College of Indiana
Purdue University
University of Southern Indiana
Vincennes University
Office of Management and Budget
Department of Local Government Finance
Department of Revenue
Finance Authority
Public Retirement System
Office of Technology
Board of Tax Review
State Budget Agency
Management and Performance Hub
Office of State Based Initiatives
State Board of Accounts
Bureau of Motor Vehicles
Department of Child Services
Department of Correction
Department of Health
Department of Transportation
Department of Workforce Development
Family and Social Services Administration
State Gaming Commission
State Police
Department of Natural Resources
Department of Environmental Management
Attorney General
Curtis T. Hill, Jr.
Auditor of State
Tera Klutz
Secretary of State
Connie Lawson
Superintendent of Public Instruction
Jennifer McCormick
Department of Education
Treasurer of State
Kelly Mitchell

FINANCIAL SECTION

Comprehensive Annual Financial Report

The South Shore Line connects South Bend with Downtown Chicago. Photo courtesy of Times Media Co.

With almost $1.8 billion in reserve, Indiana is in a strong position to weather a serious crisis

But it's not just our State Government that is doing well. The City of Fishers was named as the "Best Place to Live" in the United States by Money Magazine and Ft Wayne, Evansville, South Bend & Indianapolis all made the Top 20 Cities with the Lowest Cost of Living by Niche.com.

Investments in infrastructure, such as the South Shore Line in Northern Indiana, can have a positive effect on economic development and citizens' quality of living.

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

To: The Honorable Eric J. Holcomb, the Members of the General Assembly, and the Citizens of the State of Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana (State), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the local government investment pool, which represents 100 percent of the assets, net position, and revenues of the Investment Trust Fund. Nor did we audit the financial statements of certain component units of the State, as discussed in Note I(A), which represent 33.9 percent, 26.6 percent, and 10.0 percent, respectively, of the assets, net position, and revenues of the colleges and universities; 100 percent of the assets, net position, and revenues of the governmental discretely presented component unit; and 99.9 percent, 97.3 percent, and 100 percent, respectively, of the assets, net position, and revenues of the proprietary discretely presented component units. Nor did we audit the financial statements of the Indiana Public Retirement System, reported as a Fiduciary in Nature Component Unit in Note I(A), which represents 97.7 percent, 97.1 percent, and 96.5 percent, respectively, of the assets, net position, and revenues of the Pension and Other Employee Benefit Trust Funds. Nor did we audit the financial statements of the Indiana State Police Pension Fund, which represents 1.1 percent, 1.4 percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the Pension and Other Employee Benefit Trust Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those activities and component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Ports of Indiana, Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, State Police Pension, and Indiana Public Retirement System were not audited in accordance with *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 State'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 State's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits, Schedules of Employer Contributions for Employee Retirement Systems and Plans and Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios for Employee Retirement Systems and Plans, Schedules of the State's Proportionate Share of the Net Pension Liability for Employee Retirement Systems and Plans, Schedules of Changes in the Net OPEB Liability and Related Ratios for Other Postemployment Benefits, Schedule of Investment Returns for the Other Postemployment Benefits, Budgetary Information, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Major Funds (Budgetary Basis), Budget/GAAP Reconciliation - Major Funds, and the Infrastructure - Modified Reporting Condition Rating of the State's Highways and Bridges and Comparison of Needed-to-Actual Maintenance/Preservation, 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 and other auditors 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual statements for the Non-Major Governmental and Proprietary Funds, Internal Service Funds, Fiduciary Funds, Non-Major Discretely Presented Component Units, Budget/GAAP Reconciliation Non-Major Special Revenue Funds, and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual statements for the Non-Major Governmental and Proprietary Funds, Internal Service Funds, Fiduciary Funds, Non-Major Discretely Presented Component Units, and the Budget/GAAP Reconciliation Non-Major Special Revenue Funds are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures as described above, and the report of the other auditors, the combining and individual statements for the Non-Major Governmental and Proprietary Funds, Internal Service Funds, Fiduciary Funds, and Non-Major Discretely Presented Component Units, and the Budget/GAAP Reconciliation Non-Major Special Revenue Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 19, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF INDIANA
Management's Discussion and Analysis
June 30, 2017

The following discussion and analysis of the State of Indiana's financial performance provides an overview of the state's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the state's financial statements, which follow this section. Because of prior period adjustments and reclassifications as described in Note IV(G) of the Notes to the Financial Statements, fiscal year (FY) 2016 numbers have been restated.

Financial Highlights

- For FY 2017, on a government-wide basis, the assets and deferred outflows of the State of Indiana exceeded its liabilities and deferred inflows by $11.8 billion. This compares with $11.2 billion for FY 2016, as restated.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $296.4 million, or 2.3% of the total general fund expenditures.
- On a government-wide basis for the primary government, the state incurred expenses net of program revenue of $16.0 billion, which are offset by general revenues totaling $16.7 billion, giving an increase in net position of $0.7 billion.
- General revenue for the primary government increased by $464.0 million, or 2.9%, from FY 2016. Sales tax revenues increased by $240.7 million and income tax revenue increased $220.0 million. The increase in sales and income tax revenues can be attributed to a reduction in Indiana's unemployment rate, increases in the median household income, and growth in our GDP.
- Combined budget balances for FY 2017 were $1.8 billion. That balance consists of $302.7 million in the General Fund, $577.6 million in the Medicaid Contingency Reserve Fund, $348.3 million in the Tuition Reserve Fund, and $548.5 million in the Rainy Day Fund.
- $1.8 billion represents 11.5% of the General Fund expenditures for FY 2017. These reserve balances will protect the state's critical operations during the next economic downturn.
- Indiana is one of only twelve states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Fitch Ratings, the rating "reflects Indiana's historical pattern of low debt, balanced financial operations, and a commitment to funding reserves to provide a cushion in times of economic and revenue decline. These strengths are offset by an economy that, despite ongoing diversification, remains heavily concentrated in the cyclical manufacturing industry." According to Standard & Poor's Ratings Service (S&P), the rating "reflects our view of the state's strong financial position and management's commitment to maintaining structural balance and a high level of reserves. In addition, despite any negative variance from projected revenues, we expect the state to make adjustments as necessary to restore budgetary balance." In addition, Moody's Analytics released a Stress Testing States report in October 2017 indicating that Indiana was one of only "16 states that have the funds they need for the next recession".

Key Economic Indicators

	Dec. 31, 2016	Dec. 31, 2015	% Change
Total Labor Force	3,287,532	3,274,687	0.4%
Total Employed Labor Force	3,156,507	3,125,715	1.0%
Total Goods and Service Employment	3,118,600	3,080,900	1.2%
Service-Providing Employment	2,460,200	2,425,700	1.4%
Goods-Producing Employment	658,400	655,200	0.5%
Unemployment Rate	4.0%	4.5%	-11.1%
Median Household Income	52,314	50,532	3.5%

Sources: Indiana Department of Workforce Development, Bureau of Labor Statistics, and U.S. Census Bureau.

Salaries and benefits for state employees represent approximately 7.6% of governmental fund expenditures. The following table shows a ten year history of the count of full time state employees.

Full Time State Employees Paid Through The Auditor of State's Office

Year	Governor's Authority	Judiciary	Other Elected Officials	On Disability Leave - In Pay Status	On Disability Leave - Not in Pay Status	Total
2017	28,286	894	1,062	425	221	30,888
2016	28,315	886	1,107	419	250	30,977
2015	28,157	865	1,083	455	289	30,849
2014	28,279	845	1,065	471	312	30,972
2013	28,398	831	1,049	511	345	31,134
2012	28,485	835	1,049	545	349	31,263
2011	28,472	830	1,067	610	351	31,330
2010	29,911	846	1,056	647	341	32,801
2009	31,254	835	1,093	624	358	34,164
2008	32,606	811	1,139	727	339	35,622

For more information on personnel paid through the Auditor of State, please read the Statistical Section.

Overview of the Financial Statements

This Financial Section consists of four parts: management's discussion and analysis (this part), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the state. The first two statements are government-wide financial statements that provide both long-term and short-term information about the state's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the state government, reporting the state's operations in more detail than the government-wide statements.

- The governmental fund statements tell how general government services such as public safety, education, and welfare were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Unemployment Compensation Fund.
- Fiduciary fund statements provide information about the financial relationships in which the state acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong, such as the retirement plan for the state's employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* and *other supplementary information* that further explain and support the information in the financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the state as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the state's net position and how they have changed. Net position, which equals the state's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure the state's financial health, or position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State of Indiana is improving or deteriorating. To assess the overall health of the state, additional non-financial factors should be considered, such as changes in the state's tax base, the condition of the state's roads and the state's student population. The government-wide financial statements of the state are divided into three categories:

- **Governmental activities**. Most of the state's basic services are included here, such as the state's roads and bridges, and health and environmental programs. State sales and income taxes and federal grants finance most of these activities.
- **Business-type activities**. The state provides goods and services through these activities that are financed or recovered primarily through fees and user charges. The Unemployment Compensation Fund, the Inns and Concessions Fund, and the Indiana Residual Malpractice Insurance Authority are included here.
- **Discretely Presented Component Units**. These are legally separate discretely presented entities for which the state is financially accountable. These include, among others, the Indiana Finance Authority, the State Lottery Commission of Indiana, the Indiana Bond Bank, the Indiana Housing and Community Development Authority, and colleges and universities that receive state funding.

Fund Financial Statements

The fund financial statements provide more detailed information about the state's most significant funds, not the state as a whole. Funds are accounting devices that the state uses to keep track of specific sources of funding and spending for particular purposes. The State of Indiana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The state has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

1. **Governmental funds**. Most of the state's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader

determine whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs.

*Relationship and Reconciliation***.** Because the information provided in the governmental funds statements does not encompass the additional long-term focus of the government-wide statements, reconciliation pages are provided. On the page following each governmental fund's financial statement, these reconciliations explain the differences between the government-wide and the fund financial statement. Government-wide statements use full accrual accounting. Revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of related cash inflows and outflows. Governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized when earned so long as they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. Specific accrued liabilities are recognized as expenditures when payment is due because that is when they are normally liquidated with expendable available financial resources.

Non-current assets such as infrastructure, land, and property, plant and equipment appear on the government-wide statements but not on the governmental fund statements where they are expensed as acquired rather than capitalized. Non-current liabilities such as capital lease payables and net pension liabilities also appear on the government-wide statements but not on the fund statements. Internal service funds are included as part of the governmental activities in the government-wide statements but not the governmental fund financial statements because they provide services to the governmental funds.

2. **Proprietary funds**. Services for which the state charges customers a fee are generally reported in proprietary funds. These funds use the economic resources measurement focus and the accrual basis of accounting. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the state's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows. The state uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the state's other programs and activities. An example would be the State Employee Health Insurance Fund.

3. **Fiduciary funds**. The state is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The state is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. All of the state's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the state's government-wide financial statements, because the state cannot use these assets to finance its operations.

Financial Analysis of the State as a Whole

Net Position

The following is condensed from the Statement of Net Position:

State of Indiana
Condensed Schedule of Net Position
(in millions of dollars)

	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 11,191.7	$ 12,409.1	$ 603.6	$ 352.3	$ 11,795.3	$ 12,761.4
Capital assets	16,298.2	15,931.0	0.2	0.2	16,298.4	15,931.2
Total assets	27,489.9	28,340.1	603.8	352.5	28,093.7	28,692.6
Deferred outflows of resources	1,660.2	1,668.0	-	-	1,660.2	1,668.0
Total deferred outflows of resources	1,660.2	1,668.0	-	-	1,660.2	1,668.0
Current liabilities	3,198.5	4,354.2	53.0	45.8	3,251.5	4,400.0
Long-term liabilities	14,634.5	14,434.6	25.7	26.1	14,660.2	14,460.7
Total liabilities	17,833.0	18,788.8	78.7	71.9	17,911.7	18,860.7
Deferred inflows of resources	31.0	332.8	-	-	31.0	332.8
Total deferred inflows of resources	31.0	332.8	-	-	31.0	332.8
Net position:						
Net investment in capital assets	15,475.8	14,934.6	0.2	0.2	15,476.0	14,934.8
Restricted	1,129.7	1,150.9	477.7	233.0	1,607.4	1,383.9
Unrestricted	(5,319.4)	(5,199.0)	47.2	47.4	(5,272.2)	(5,151.6)
Total net position	$ 11,286.1	$ 10,886.5	$ 525.1	$ 280.6	$ 11,811.2	$ 11,167.1

At the end of the current fiscal year, net position for the primary government increased by $644.1 million.

Current and other assets decreased by $966.1 million due primarily to a decrease in securities lending collateral. Another contributing factor to this decrease was the end of the Tax Amnesty program in 2016.

Capital assets increased by $367.2 million. The principal reason for the increase in capital assets was the increase in land and infrastructure at the Indiana Department of Transportation of $313.7 million primarily due to the continued efforts of the state's infrastructure improvement initiative and other large construction commitments such as the Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP).

Total liabilities decreased $949.0 million. This decrease is due to decreases in securities lending collateral of $870.5 million, accounts payables of $279.8 million, and capital leases of $177.8 million. The securities lending decrease is due to less securities out on loan as of the fiscal year end. These decreases were offset by the increase in the net pension liability of $381.2 million which was due to investment earnings lower than the assumed rate of 6.75%.

Changes in Net Position

The following is condensed from the Statement of Activities:

State of Indiana
Condensed Schedule of Change in Net Position
(in millions of dollars)

	Primary Government					
	Governmental Activities Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 2,477.8	$ 2,369.6	$ 575.8	$ 656.8	$ 3,053.6	$ 3,026.4
Operating grants and contributions	12,478.1	11,974.4	-	-	12,478.1	11,974.4
Capital grants and contributions	979.0	1,187.3	-	-	979.0	1,187.3
General revenues:						
Income taxes	6,454.7	6,234.7	-	-	6,454.7	6,234.7
Sales taxes	7,577.3	7,336.6	-	-	7,577.3	7,336.6
Other	2,627.7	2,622.7	1.7	3.3	2,629.4	2,626.0
Total revenues	32,594.6	31,725.3	577.5	660.1	33,172.1	32,385.4
Program Expense						
General government	1,388.5	1,463.4	-	-	1,388.5	1,463.4
Public safety	1,738.7	1,567.6	-	-	1,738.7	1,567.6
Health	379.2	374.3	-	-	379.2	374.3
Welfare	15,046.8	14,270.3	-	-	15,046.8	14,270.3
Conservation, culture and development	572.9	545.3	-	-	572.9	545.3
Education	11,035.8	11,671.6	-	-	11,035.8	11,671.6
Transportation	1,991.6	2,175.5	-	-	1,991.6	2,175.5
Interest expense	43.7	45.6	-	-	43.7	45.6
Unemployment compensation fund	-	-	305.4	330.4	305.4	330.4
Other	-	-	25.4	23.2	25.4	23.2
Total expenses	32,197.2	32,113.6	330.8	353.6	32,528.0	32,467.2
Excess (deficiency) before transfers	397.4	(388.3)	246.7	306.5	644.1	(81.8)
Transfers	2.2	2.6	(2.2)	(2.6)	-	-
Change in net position	399.6	(385.7)	244.5	303.9	644.1	(81.8)
Beginning net position, as restated	10,886.5	11,272.2	280.6	(23.3)	11,167.1	11,248.9
Ending net position	$ 11,286.1	$ 10,886.5	$ 525.1	$ 280.6	$ 11,811.2	$ 11,167.1

Governmental Activities

Program expenses exceeded program revenues by $16.3 billion. General revenues and transfers were $16.7 billion. The increase in net position was $399.6 million, which is 1.2% of total revenues and 1.2% of total expenses.

Excess (deficiency) before transfers increased $785.7 million from FY 2016 to FY2017.

Revenues increased mainly in operating grants and contributions. This revenue increased $503.7 million over the previous fiscal year due to an increase in federal funding for Medicaid. In addition, income taxes increased $220.0 million or 3.5% and sales tax increased $240.7 million or 3.3%. These increases were previously explained under financial highlights.

Expenses overall remained steady with only an increase of $0.8 million or 0.3%.

Education expenses decreased $635.8 million due to the decrease in pension expense for the Teachers Retirement fund. Changes of assumptions from the 2015 experience study caused the pension expense in 2016 to be significantly greater than 2017.

Transportation expenses decreased $183.9 million due to a significant reduction in the investment in direct financing lease between INDOT and IFA.

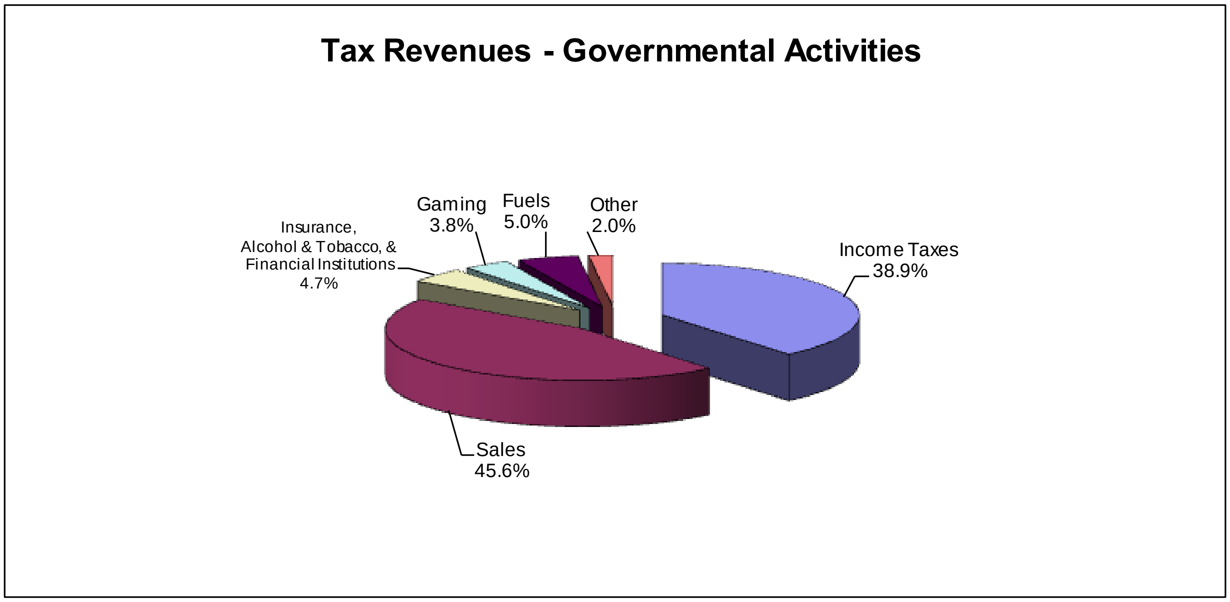
These decreases were offset by increases in Public Safety and Welfare expenses.

Public safety expenses increased $171.1 million primarily due to increases in net pension liabilities. Some other programs such as the Patients Compensation Fund, Community Corrections Program, federal funding for the Department of

Homeland Security, and payments to counties for state offenders also increased.

Welfare expenses increased $776.5 million. This increase is primarily due to the spending of the increased Medicaid funding by the federal government and to increased state support required for the Department of Child Services' Family and Children program.

Tax revenues for governmental activities were broken down as follows:



Tax revenues of $16.6 billion represent 50.9% of total revenues for governmental activities. This compares to $16.1 billion or 50.8% of total revenues in FY 2016. Program revenues accounted for $15.9 billion or 48.9% of total revenues. In FY 2016, program revenues accounted for $15.5 billion or 49.0% of total revenues. General revenues other than tax revenues were $74.5 million or 0.2% of total revenues. Of this $46.6 million were investment earnings. This compares to 2016, when general revenues other than taxes were $70.5 million or 0.2% of total revenues and $38.3 million was investment earnings. Investment earnings increased by $8.3 million from FY 2016 to FY 2017 or 21.7% due to increased interest from securities on loan throughout the year and higher interest rates

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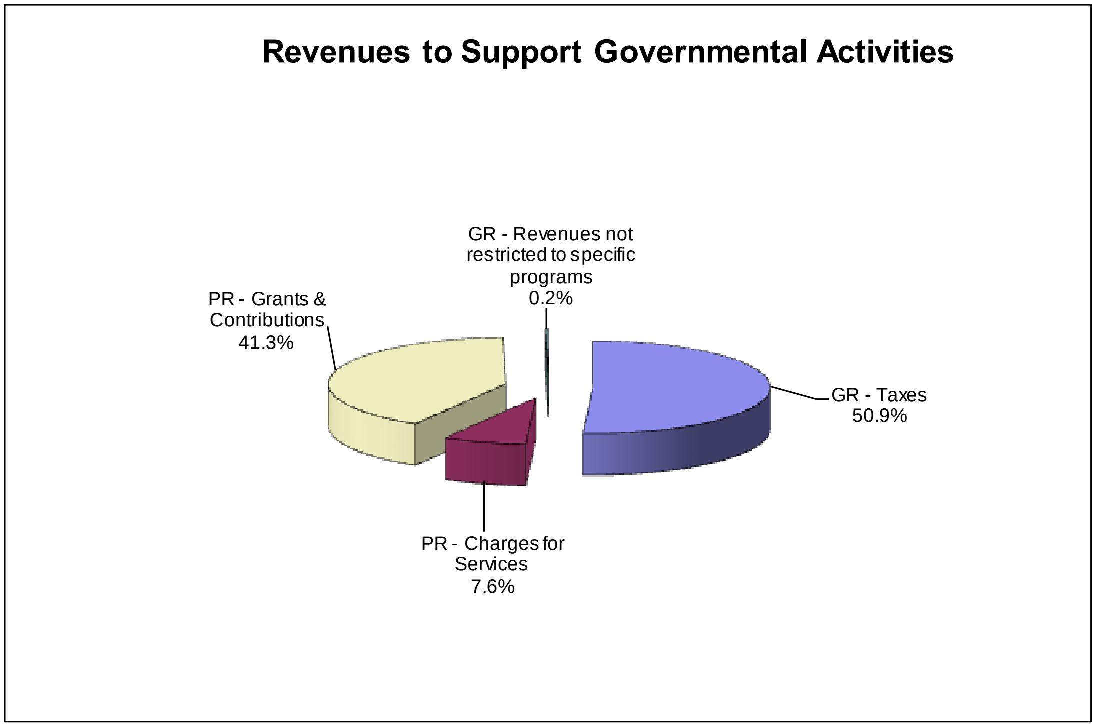
Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

Total revenues were 101.2% of expenses which was an increase from 98.8% in FY 2016. Total revenues increased 2.7% from $31.7 billion in FY 2016 to $32.6 billion in FY 2017. Expenses increased 0.3% from $32.1 billion in FY 2016 to $32.2 billion in FY 2017.

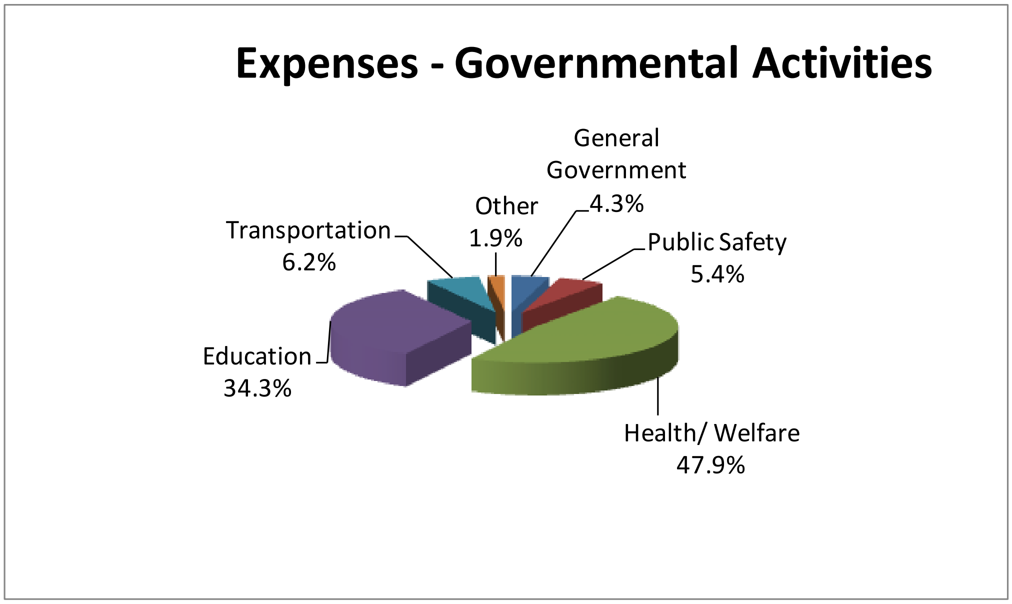
The largest portion of the state's expenses is for Welfare, which is $15.0 billion, or 46.7% of total expenses. This compares with $14.3 billion, or 44.4% of total expenses in FY 2016. The change in welfare expenses was an increase of $776.5 million or 5.4%. $3.4 billion of Welfare expenses in FY 2017 were funded from general revenues.

Some of the major expenses were Medicaid assistance, $11.3 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, $1.1 billion, and the U.S. Department of Health and Human Services Fund, $1.5 billion.

Education comprises 34.3%, or $11.0 billion of the state's expenses. In FY 2016, Education accounted for 36.3%, or $11.7 billion, of expenses. The change in Education expenses was a decrease of $635.8 million, or 5.4%, as a result of the decrease in pension expense for the Teachers Retirement fund. Some of the major expenses were tuition support and full day kindergarten, $6.9 billion, General Fund appropriations for State colleges and universities, $1.5 billion, Teachers' Retirement Pension, $765.3 million, federal grant programs from the U.S. Department of Education Fund, $601.1 million, federal grant programs from the U.S. Department of Agriculture Fund, $423.0 million, and federal grant programs from the U.S. Department of Health and Human Services Fund, $175.9 million.

$1.4 billion, or 4.3% of expenses, was spent for General Government. General Government comprised $1.5 billion or 4.6%% of expenses in FY 2016. General Government includes local distributions and money for state administration and those functions that serve the state as a whole. Overall, general government expenditures decreased from FY 2016 to FY 2017 by $74.9 million or 5.1%.

Total expenses for governmental activities were broken down as follows:



Business-type Activities

Business-type activities represent 1.7% of the Primary Government's revenues and 1.0% of the expenses. The Unemployment Compensation Fund accounts for 95.2% of business-type activities' operating revenues and 94.1% of operating expenses. The change in net position for business-type activities was an increase of $244.5 million.

The Unemployment Compensation Fund collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals and the fund covers general and administrative expenses. Revenue in the fund exceeded benefits and administrative expenses paid by $242.9 million. This compares to FY 2016 when this fund's revenues exceeded expenses by $301.3 million. Employer contributions into the fund decreased by $81.6 million, from $629.9 million in FY 2016 to $548.3 million in FY 2017. The increase in net position is due to a low number of claims for benefits against the fund, the UI Program's strong anti-fraud and collections initiatives, and to an improving economy.

The following schedule shows the net expense (revenue) attributable to each function of government. Each function of Indiana government is either self-supporting (a negative number) or requires additional general revenues to cover expenses (a positive number).

Net Cost of Primary Government
(in millions of dollars)

	June 30, 2017	June 30, 2016	% Change
Governmental Activities:			
General government	$ 698.0	$ 776.3	-10.1%
Public safety	1,083.6	893.0	21.3%
Health	(93.5)	(42.9)	117.9%
Welfare	3,443.5	3,260.8	5.6%
Conservation, culture, and developm	203.1	144.1	40.9%
Education	9,981.3	10,613.7	-6.0%
Transportation	902.7	891.8	1.2%
Interest expense	43.7	45.6	-4.2%
Business-type Activities:			
Unemployment Compensation Fund	-242.9	-299.5	-18.9%
Malpractice Insurance Authority	1.4	0.3	366.7%
Inns and Concessions	(3.5)	(4.0)	-12.5%
Total	**$ 16,017.4**	**$ 16,279.2**	**-1.6%**

Financial Analysis of the State's Funds

The following is an analysis of the state's major governmental funds. The transfers in and transfers out for these funds are explained in much greater detail in note IV(B) in the Notes to the Financial Statements.

General Fund

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund. The fund balance of the General Fund at June 30, 2017 was $3.6 billion, which is 64.7% of assets. This compares to a fund balance at June 30, 2016 of $3.8 billion, which was 57.6% of assets. This indicates that the state's financial position in the General Fund decreased from the prior year by $271.9 million. The fund balance of $3.6 billion is composed of restrictions of $550.5 million, commitments of $3.5 million, and assignments of $2.6 billion, leaving an unassigned balance of $296.4 million. The restricted amount consists of the Rainy Day Fund, which is accounted for in the General Fund. For more information on the components of fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 2.5%, or $370.7 million, from FY 2016, because of the increase in total tax revenue which included a $141.9 million (2.3%) increase in income tax and a $242.9 million (3.3%) increase in sales tax. The increase in tax revenues is explained by the reduction in unemployment, increase in Indiana's GDP, and the increase in median household income

General Fund expenditures increased $292.3 million, or 2.3% from FY 2016. Distributions in education expenditures for state schools for tuition support and full day kindergarten increased $149.9 million. Welfare expenditures increased $188.2 million which is attributed to increased state support required for the Department of Child Services' Family and Children program. The state was required to increase their support for this program because we exhausted Title IV-E resources.

General Fund transfers in increased $97.9 million or 7.6% from FY 2016. Transfers out were $3.7 billion in FY 2017 as compared to $3.1 billion in FY 2016. More detail on these transfers can be found in the Notes to the Financial Statements IV(B).

Overall, the net position of the General Fund decreased $271.9 million.

Public Welfare-Medicaid Assistance Fund

Medicaid is an insurance program for low-income individuals. It is jointly funded by the Federal government and the state. The Medicaid Assistance Fund received $8.3 billion in Federal revenue as compared to $7.8 billion in FY 2016. State funding comes through transfers from the General Fund. Transfers in were $2.6 billion in FY 2017 as compared to $2.3 billion in FY 2016. Transfers out were $428.2 million compared with $356.6 million in FY 2016. The Fund distributed $11.3 billion in Medicaid assistance during the year, which is an increase of $0.7 billion over FY 2016. The change in fund balance increased $101.4 million from FY 2016 to FY 2017.

General Fund Budgetary Highlights

Actual state General Fund forecasted revenue collections increased by $454.3 million, or 3.1%, in FY 2017. Actual expenditure growth was 2.0% from FY 2016 to FY 2017 compared to a .63% growth from FY 2015 to FY 2016. As noted above, at year-end, the state had $1.8 billion in reserves, with $302.7 million residing in the general fund, $577.6 million in the Medicaid Reserve Fund, $348.3 million in the Tuition Reserve Fund, and $548.5 million residing in the Rainy Day Fund. These changing funding balances are the result FY 2017 transactions. In FY 2017, a one-time transfer of $427.9 million from excess reserves in the General Fund was made to the Indiana Department of Transportation and local governments for road and bridge maintenance and construction.

Capital Asset and Debt Administration

Capital Assets

Capital assets were $16.3 billion, which was 58.0% of total assets for the primary government. Related debt was $0.8 billion. Net investment in capital assets for the primary government was $15.5 billion. Related debt was 4.9% of capital assets. Total capital assets increased $367.2 million or 2.3% and is attributable to increases in the Indiana Department of Transportation's land and infrastructure. The net increase in capital assets is comprised of increases for INDOT's capital assets of $313.7 million and $95.8 million in computer software, which was offset by a decrease of $44.6 million in buildings and improvements of the primary government INDOT's $313.7 million increase is comprised of increases in land, $37.2 million, and infrastructure consisting of interstate roads, non-interstate roads, and bridges, $548.0 million, and a decrease in CIP consisting of right of way and work in progress, $271.5 million. More detailed information about the state's capital assets is presented in Note IV(D) to the Financial Statements.

The following table shows the percentage change from fiscal year 2016 to fiscal year 2017.

State of Indiana
Capital Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2017	2016	2017	2016	2017	2016	
Land	$ 2,166.9	$ 2,134.9	$ -	$ -	$ 2,166.9	$ 2,134.9	1.5%
Infrastructure	12,304.2	11,756.2	-	-	12,304.2	11,756.2	4.7%
Construction in Progress	589.6	833.2	-	-	589.6	833.2	-29.2%
Property, plant and equipment	2,914.8	2,936.8	0.7	0.6	2,915.5	2,937.4	-0.7%
Computer software	225.5	129.7	-	-	225.5	129.7	73.9%
Less accumulated depreciation	(1,902.8)	(1,859.8)	(0.5)	(0.4)	(1,903.3)	(1,860.2)	2.3%
Total	**$ 16,298.2**	**$ 15,931.0**	**$ 0.2**	**$ 0.2**	**$16,298.4**	**$15,931.2**	**2.3%**

Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100% of total long-term liabilities and 81.8% of total liabilities.

The following table shows the percentage change from fiscal year 2016 to fiscal year 2017.

State of Indiana
Long-term Liabilities
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	
Accrued liability for compensated absences	$ 149.5	$ 145.7	$ 0.7	$ 0.7	$ 150.2	$ 146.4	2.6%
Capital lease payable	822.4	1,000.3	-	-	822.4	1,000.3	-17.8%
Claims payable	-	-	25.0	25.4	25.0	25.4	-1.6%
Net pension liability	13,490.8	13,122.7	-	-	13,490.8	13,122.7	2.8%
Other postemployment benefits	133.3	130.3	-	-	133.3	130.3	2.3%
Pollution remediation	38.4	35.6	-	-	38.4	35.6	7.9%
Total	**$14,634.4**	**$14,434.6**	**$ 25.7**	**$ 26.1**	**$14,660.1**	**$14,460.7**	**1.4%**

Total long-term liabilities increased by 1.4% or $199.4 million. The largest increase was in net pension liability of $368.1 million. Other long-term liabilities to increase were accrued liability for compensated absences by $3.8 million, other post employment benefits by $3.0 million and pollution remediation by $2.8 million. These increases are offset by a decrease to capital leases of $177.9 million.

The increase in NPL is primarily attributable to investment earnings that were lower than the assumed rate of return.

The decrease in capital lease payable is due to the repayment of principal by the State Highway Fund for the highway revenue bonds held by the Indiana Finance Authority.

Claims payable for business activities decreased by $0.4 million. This was the amount of decrease in claims payable for the Indiana Residual Malpractice Insurance Authority.

More detailed information about the state's long term obligations is presented in Note IV(F) to the Financial Statements.

Infrastructure

As required by GASB Statement No. 34, the state has capitalized its infrastructure. This amounts to $12.3 billion in roads and bridges using the modified approach, $1.9 billion in right of way classified as land, and $35.0 million in property (septic, sewer, and water systems; and streets/sidewalks/curbs) and dams being depreciated. In order to utilize the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the state.

- Document that the assets are being preserved approximately at or above the established condition level.

Under the modified approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 11,000 centerline road miles of pavement along 214 routes and approximately 5,700 bridges that the state is responsible to maintain.

The state has consistently maintained the assessed conditions of roads over the past three years. It is the state's policy to maintain a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 for Interstate Roads, NHS Non-Interstate and Non-NHS Roads (a good rating is in the range of 80–114). The most recent condition assessment, completed for FY 2017, indicated that the average IRI RWP for roads was in an acceptable range.

The state has maintained the assessed conditions of bridges at levels which are above the established benchmarks. It is the state's policy to maintain Interstate bridges at an average sufficiency rating of 87%, NHS Non-Interstate bridges at an average sufficiency rating of 85%, and Non-NHS bridges at an average sufficiency rating of 83% (a good rating is 80% - 90%). The most recent condition assessment, completed in FY 2017, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

Total actual maintenance and preservation costs for roads were lower than planned during fiscal 2017 in all road classes. Various factors contributed to these costs being less than planned including bids that come in under the original estimates, work volumes, lower fuel costs, and redefining the repairs needed and the methods used. The average IRI RWP for Interstate roads was in the excellent condition rating range and the two other road categories, NHS roads - Non-Interstate and Non-NHS roads, were in the good condition rating range. The state’s standard of having less than 12.5% of all roads rated in poor condition was met.

Total actual maintenance and preservation costs were more than planned for bridges on the Interstate and Non-NHS Bridges road classes and less than planned on the NHS - Non-Interstate road class. In total, the maintenance and preservation costs for bridges on all three road classes were greater than planned by approximately $41.3 million. This was due to the Indiana Department of Transportation’s continued emphasis on making improvements to bridges in 2017. Bridge sufficiency ratings were within the state’s policy for the maintenance of bridges in all road classes.

Economic Factors

The economic and revenue forecasts upon which the FY 2016 – FY 2017 state budget was based were presented to the State Budget Committee on April 16, 2015. At that time, the U.S. real Gross Domestic Product (real GDP) was forecast to increase by 4.7% in FY 2017. Indiana’s personal income was forecast to increase by 4.4% in FY 2017.

With a 2016 Gross Domestic Product of $347.2 billion, Indiana’s economy ranked 16th largest in the U.S. in terms of the value of goods and services Indiana’s largest contributor to real GDP growth was the professional and business services sector, which accounted for 33% of Indiana’s GDP growth in 2016. The second largest contributor of Indiana’s real GDP growth was educational services, health care, and social assistance, which accounted for 25% of the total growth.

As of June 2017, the manufacturing sector accounted for nearly 16.9% of the jobs in Indiana compared to 16.7% in 2016. The share of employment accounted for by the health care and social services sector remained steady at 12.9% as of June 2016 and 2017. Per capita personal income was $43,097 in 2016, and the state’s unemployment rate was 3.0% at the end of FY 2017.

Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the state's finances and to demonstrate the state's accountability for the money it receives. If you have questions about this report or need additional financial information, contact accounting@auditor.in.gov or 317-232-3300.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

State of Indiana
Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash, cash equivalents and investments - unrestricted	$ 5,760,763	$ 77,083	**$ 5,837,846**	$ 5,569,797
Cash, cash equivalents and investments - restricted	548,533	320,512	**869,045**	8,053,374
Securities lending collateral	1,346,816	-	**1,346,816**	100,094
Receivables (net)	2,913,713	205,128	**3,118,841**	2,063,831
Due from primary government	-	-	**-**	34,314
Due from component unit	24,068	-	**24,068**	-
Inventory	3,628	729	**4,357**	14,096
Prepaid expenses	77,710	116	**77,826**	24,973
Loans	477,815	-	**477,815**	2,246,391
Investment in direct financing lease	-	-	**-**	1,958,033
OPEB assets	37,130	-	**37,130**	58,612
Other assets	1,558	70	**1,628**	261,843
Capital assets:				
Capital assets not being depreciated/amortized	15,060,717	-	**15,060,717**	2,646,706
Capital assets being depreciated/amortized	3,140,310	714	**3,141,024**	13,920,880
less accumulated depreciation/amortization	(1,902,800)	(511)	**(1,903,311)**	(6,352,205)
Total capital assets, net of depreciation/amortization	16,298,227	203	**16,298,430**	10,215,381
Total assets	**27,489,961**	**603,841**	**28,093,802**	**30,600,739**
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	-	**-**	111,584
Debt refunding loss	-	-	**-**	107,278
Outflows of resources related to pensions	1,660,221	-	**1,660,221**	165,272
Swap termination	-	-	**-**	71,030
Total deferred outflows of resources	**1,660,221**	**-**	**1,660,221**	**455,164**
LIABILITIES				
Accounts payable	1,583,273	48,338	**1,631,611**	517,058
Interest payable	-	-	**-**	114,302
Tax refunds payable	55,416	-	**55,416**	-
Payables to other governments	177,195	-	**177,195**	-
Due to component unit	34,314	-	**34,314**	-
Due to primary government	-	-	**-**	24,068
Unearned revenue	16	4,465	**4,481**	346,548
Advances from federal government	-	-	**-**	28,386
Securities lending collateral	1,346,816	-	**1,346,816**	100,094
Derivative instrument liability	-	-	**-**	111,583
Other liabilities	1,565	281	**1,846**	230,125
Long-term liabilities:				
Due within 1 year	143,279	2,304	**145,583**	961,750
Due in more than 1 year	14,491,210	23,409	**14,514,619**	9,695,001
Total liabilities	**17,833,084**	**78,797**	**17,911,881**	**12,128,915**
DEFERRED INFLOWS OF RESOURCES				
Advanced payment for service concession agreement	-	-	**-**	3,161,315
Service concession arrangement receipts	-	-	**-**	283,302
Related to pensions	31,035	-	**31,035**	66,428
Total deferred inflows of resources	**31,035**	**-**	**31,035**	**3,511,045**
NET POSITION				
Net investment in capital assets	15,475,782	203	**15,475,985**	5,906,374
Restricted - nonexpendable:				
Permanent funds	501,125	-	**501,125**	104,542
Instruction and research	-	-	**-**	989,719
Student aid	-	-	**-**	999,312
Other purposes	77,710	-	**77,710**	412,141
Restricted - expendable:				
Grants/constitutional restrictions	550,852	-	**550,852**	1,516,118
Future debt service	-	-	**-**	289,451
Instruction and research	-	-	**-**	744,458
Student aid	-	-	**-**	867,187
Endowments	-	-	**-**	520,633
Capital projects	-	-	**-**	358,612
Unemployment compensation	-	477,659	**477,659**	-
Other purposes	-	-	**-**	598,599
Unrestricted	(5,319,406)	47,182	**(5,272,224)**	2,108,797
Total net position	**$ 11,286,063**	**$ 525,044**	**$ 11,811,107**	**$ 15,415,943**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Activities
For the Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Primary government:								
Governmental activities:								
General government	$ 1,388,593	$ 617,780	$ 71,341	$ 1,494	$ (697,978)	$ -	**$ (697,978)**	$ -
Public safety	1,738,657	514,401	140,234	391	(1,083,631)	-	**(1,083,631)**	-
Health	379,164	199,355	273,323	-	93,514	-	**93,514**	-
Welfare	15,046,853	902,829	10,700,490	-	(3,443,534)	-	**(3,443,534)**	-
Conservation, culture and development	572,922	159,714	210,103	-	(203,105)	-	**(203,105)**	-
Education	11,035,840	2,312	1,052,205	-	(9,981,323)	-	**(9,981,323)**	-
Transportation	1,991,560	81,397	30,388	977,109	(902,666)	-	**(902,666)**	-
Interest expense	43,672	-	-	-	(43,672)	-	**(43,672)**	-
Total governmental activities	32,197,261	2,477,788	12,478,084	978,994	(16,262,395)	-	**(16,262,395)**	-
Business-type activities								
Unemployment Compensation Fund	305,407	548,336	-	-	-	242,929	**242,929**	-
Malpractice Insurance Authority	2,314	876	-	-	-	(1,438)	**(1,438)**	-
Inns and Concessions	23,097	26,567	-	-	-	3,470	**3,470**	-
Total business-type activities	330,818	575,779	-	-	-	244,961	**244,961**	-
Total primary government	$ 32,528,079	$ 3,053,567	$ 12,478,084	$ 978,994	(16,262,395)	244,961	**(16,017,434)**	-
Component units:								
Governmental	128,511	251	9,072	-	-	-	**-**	(119,188)
Proprietary	2,029,756	1,728,725	444,018	19,702	-	-	**-**	162,689
Colleges and universities	6,967,945	3,346,457	1,736,578	120,055	-	-	**-**	(1,764,855)
Total component units	$ 9,126,212	$ 5,075,433	$ 2,189,668	$ 139,757	-	-	**-**	(1,721,354)
General Revenues:								
Income tax					6,454,721	-	**6,454,721**	-
Sales tax					7,577,276	-	**7,577,276**	-
Fuels tax					824,805	-	**824,805**	-
Gaming tax					623,460	-	**623,460**	1,699
Alcohol & Tobacco tax					441,935	-	**441,935**	-
Insurance tax					235,022	-	**235,022**	-
Financial Institutions tax					101,619	-	**101,619**	-
Other tax					326,418	-	**326,418**	-
Total taxes					16,585,256	-	**16,585,256**	1,699
Revenue not restricted to specific programs:								
Investment earnings					46,641	1,709	**48,350**	671,039
Payments from State of Indiana					-	-	**-**	1,605,345
Other					27,814	-	**27,814**	356,088
Transfers within primary government					2,242	(2,242)	**-**	-
Total general revenues and transfers					16,661,953	(533)	**16,661,420**	2,634,171
Changes in net position					399,558	244,428	**643,986**	912,817
Net position - beginning, as restated					10,886,505	280,616	**11,167,121**	14,503,126
Net position - ending					**$ 11,286,063**	**$ 525,044**	**$ 11,811,107**	**$ 15,415,943**

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

State of Indiana
Balance Sheet
Governmental Funds
June 30, 2017
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Non-Major Governmental Funds	Total
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 1,383,988	$ 258,722	$ 3,976,462	**$ 5,619,172**
Cash, cash equivalents and investments-restricted	548,533	-	-	**548,533**
Securities lending collateral	1,346,816	-	-	**1,346,816**
Receivables:				
Taxes (net of allowance for uncollectible	1,479,190	-	120,232	**1,599,422**
Accounts	4,109	182,172	48,335	**234,616**
Grants	-	397,535	379,735	**777,270**
Interest	10,277	-	662	**10,939**
Interfund loans	652,949	-	9,110	**662,059**
Due from component unit	-	-	24,068	**24,068**
Prepaid expenditures	77,546	-	163	**77,709**
Loans	1,650	-	476,165	**477,815**
Other	1,221	-	337	**1,558**
Total assets	5,506,279	838,429	5,035,269	**11,379,977**
Total assets and deferred outflow of resources	**$ 5,506,279**	**$ 838,429**	**$ 5,035,269**	**$ 11,379,977**
LIABILITIES				
Accounts payable	$ 160,280	$ 270,608	$ 462,375	**$ 893,263**
Salaries and benefits payable	47,322	-	32,610	**79,932**
Interfund loans	-	-	662,059	**662,059**
Interfunds services used	5,501	13	4,345	**9,859**
Intergovernmental payable	38,943	-	138,252	**177,195**
Due to component unit	1,570	-	2,744	**4,314**
Tax refunds payable	50,845	-	4,571	**55,416**
Unearned revenue	-	-	10	**10**
Accrued liability for compensated absences-current	2,796	-	2,424	**5,220**
Other payables	1,221	-	339	**1,560**
Securities lending collateral	1,346,816	-	-	**1,346,816**
Total liabilities	1,655,294	270,621	1,309,729	**3,235,644**
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	289,141	-	19,632	**308,773**
Total deferred inflow of resources	289,141	-	19,632	**308,773**
FUND BALANCE				
Nonspendable	77,546	-	501,288	**578,834**
Restricted	550,460	-	-	**550,460**
Committed	3,539	-	876,470	**880,009**
Assigned	2,633,888	567,808	2,945,105	**6,146,801**
Unassigned	296,411	-	(616,955)	**(320,544)**
Total fund balance	3,561,844	567,808	3,705,908	**7,835,560**
Total liabilities, deferred inflow of resources, and fund balance	**$ 5,506,279**	**$ 838,429**	**$ 5,035,269**	**$ 11,379,977**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

Total fund balances-governmental funds		**$ 7,835,560**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 2,191,979	
Infrastructure assets	12,339,267	
Construction in progress	589,638	
Property, plant, and equipment	2,747,657	
Computer software	225,530	
Accumulated depreciation	(1,835,938)	
Total capital assets, net of depreciation		16,258,133
Some of the state's receivables will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Taxes receivable	308,773	
Accounts receivable	245,174	
Total receivables		553,947
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Accounts payable	(494,125)	
Litigation liabilities	(59,376)	
Pollution remediation	(20,406)	
Total liabilities		(573,907)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		143,216
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued liability for compensated absences	(138,903)	
Other postemployment benefits	(96,194)	
Loan from the Indiana Board for Depositories	(30,000)	
Capital lease payable	(822,444)	
Net pension liability and related deferrals	(11,843,345)	
Total long-term liabilities		(12,930,886)
Net position of governmental activities		**$ 11,286,063**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Non-Major Governmental Funds	Total
Revenues:				
Taxes:				
Income	$ 6,442,695	$ -	$ 144	**$ 6,442,839**
Sales	7,511,874	-	66,618	**7,578,492**
Fuels	1,776	-	822,845	**824,621**
Gaming	50,447	-	573,022	**623,469**
Alcohol and tobacco	267,837	-	171,406	**439,243**
Insurance	230,412	-	4,610	**235,022**
Financial Institutions	-	-	101,388	**101,388**
Other	310,655	-	15,834	**326,489**
Total taxes	14,815,696	-	1,755,867	**16,571,563**
Current service charges	163,594	871,140	1,445,364	**2,480,098**
Investment income	46,640	-	23,475	**70,115**
Sales/rents	260	-	22,650	**22,910**
Grants	1,669	8,346,433	4,954,306	**13,302,408**
Other	27,555	-	101,629	**129,184**
Total revenues	15,055,414	9,217,573	8,303,291	**32,576,278**
Expenditures:				
Current:				
General government	940,349	-	408,722	**1,349,071**
Public safety	1,102,174	-	527,310	**1,629,484**
Health	48,160	-	329,650	**377,810**
Welfare	990,317	11,307,420	2,805,546	**15,103,283**
Conservation, culture and development	97,337	-	451,188	**548,525**
Education	9,683,413	-	1,363,587	**11,047,000**
Transportation	143,511	-	2,805,977	**2,949,488**
Debt service:				
Capital lease principal	5,548	-	57,658	**63,206**
Capital lease interest	391	-	43,281	**43,672**
Capital outlay	-	-	20,599	**20,599**
Total expenditures	13,011,200	11,307,420	8,813,518	**33,132,138**
Excess (deficiency) of revenues over (under) expenditures	2,044,214	(2,089,847)	(510,227)	**(555,860)**
Other financing sources (uses):				
Transfers in	1,384,306	2,619,489	2,806,642	**6,810,437**
Transfers (out)	(3,701,163)	(428,200)	(2,680,132)	**(6,809,495)**
Proceeds from capital lease	754	-	475,751	**476,505**
Total other financing sources (uses)	(2,316,103)	2,191,289	602,261	**477,447**
Net change in fund balances	(271,889)	101,442	92,034	**(78,413)**
Fund Balance July 1, as restated	3,833,733	466,366	3,613,874	**7,913,973**
Fund Balance June 30	**$ 3,561,844**	**$ 567,808**	**$ 3,705,908**	**$ 7,835,560**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	**$**	**(78,413)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report net capital outlays for infrastructure as expenditures. However in the statement of activities these outlays are capitalized and under the modified approach not depreciated. This is the amount of the net capital outlays for infrastructure under the modified approach in the current period.		313,701
Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays ($333,232) exceeds depreciation ($100,211) in the current period.		233,021
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tax revenue		13,312
Non-tax revenue		(86,373)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		
Operating expenses		60,894
The change in net pension liability does not provide or require the use of current financial resources:		
Increase in net pension liabilities		(71,696)
The change in other postemployment benefits do not provide or require the use of current financial resources.		(404)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, data processing, telecommunications, fleet management, and printing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.		15,517
Change in net position of governmental activities.	**$**	**399,558**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Fund Net Position
Proprietary Funds
June 30, 2017
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ -	$ 77,083	**$ 77,083**	$ 141,593
Cash, cash equivalents and investments - restricted	320,512	-	**320,512**	-
Receivables:				
Accounts	49,691	361	**50,052**	28,316
Interest	-	289	**289**	-
Interfund services provided	-	-	**-**	9,859
Inventory	-	729	**729**	3,628
Prepaid expenses	-	116	**116**	-
Other assets	-	70	**70**	-
Total current assets	370,203	78,648	**448,851**	183,396
Noncurrent assets:				
Accounts receivable	154,787	-	**154,787**	-
Capital assets:				
Capital assets being depreciated/amortized	-	714	**714**	106,958
less accumulated depreciation/amortization	-	(511)	**(511)**	(66,864)
Total capital assets, net of depreciation/amortizati	-	203	**203**	40,094
Total noncurrent assets	154,787	203	**154,990**	40,094
Total assets	**524,990**	**78,851**	**603,841**	**223,490**
Deferred Outflows of Resources				
Related to pensions	-	-	**-**	10,772
Total deferred outflows of resources	**-**	**-**	**-**	**10,772**
Liabilities				
Current liabilities:				
Accounts payable	47,331	614	**47,945**	54,653
Claims payable	-	2,097	**2,097**	-
Salaries and benefits payable	-	393	**393**	1,927
Accrued liability for compensated absences	-	207	**207**	3,000
Unearned revenue	-	4,465	**4,465**	6
Other liabilities	-	281	**281**	5
Total current liabilities	47,331	8,057	**55,388**	59,591
Noncurrent liabilities:				
Accrued liability for compensated absences	-	506	**506**	2,406
Claims payable	-	22,903	**22,903**	-
Net pension liability	-	-	**-**	28,634
Total noncurrent liabilites	-	23,409	**23,409**	31,040
Total liabilities	**47,331**	**31,466**	**78,797**	**90,631**
Deferred Inflows of Resources				
Related to pensions	-	-	**-**	415
Total deferred inflows of resources	**-**	**-**	**-**	**415**
Net position				
Net investment in capital assets	-	203	**203**	40,094
Restricted-expendable:				
Unemployment compensation	477,659	-	**477,659**	-
Unrestricted (deficit)	-	47,182	**47,182**	103,122
Total net position	**$ 477,659**	**$ 47,385**	**$ 525,044**	**$ 143,216**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Sales/rents/premiums	$ -	$ 27,269	**$ 27,269**	$ 590,408
Employer contributions	548,336	-	**548,336**	-
Charges for services	-	-	**-**	10,046
Other	-	174	**174**	1,070
Total operating revenues	548,336	27,443	**575,779**	601,524
Cost of sales	-	5,258	**5,258**	19,514
Gross margin	548,336	22,185	**570,521**	582,010
Operating expenses:				
General and administrative expense	-	18,319	**18,319**	167,687
Claims expense	-	635	**635**	-
Health / disability benefit payments	-	-	**-**	377,601
Unemployment compensation benefits	305,407	-	**305,407**	-
Depreciation and amortization	-	42	**42**	14,499
Other	-	26	**26**	-
Total operating expenses	305,407	19,022	**324,429**	559,787
Operating income (loss)	242,929	3,163	**246,092**	22,223
Nonoperating revenues (expenses):				
Interest and other investment income	1,684	25	**1,709**	1
Interest and other investment expense	-	(1,131)	**(1,131)**	-
Gain (Loss) on disposition of assets	-	-	**-**	(1,369)
Contributions to other postemployment benefits	-	-	**-**	(17,848)
Other	-	-	**-**	9
Total nonoperating revenues (expenses)	1,684	(1,106)	**578**	(19,207)
Income before contributions and transfers	244,613	2,057	**246,670**	3,016
Capital contributions	-	-	**-**	11,201
Transfers in	-	-	**-**	1,300
Transfers (out)	-	(2,242)	**(2,242)**	-
Change in net position	244,613	(185)	**244,428**	15,517
Net position, July 1, as restated	233,046	47,570	**280,616**	127,699
Net position, June 30	**$ 477,659**	**$ 47,385**	**$ 525,044**	**$ 143,216**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 569,522	$ 27,698	**$ 597,220**	$ 597,781
Cash paid for general and administrative	-	(18,472)	**(18,472)**	(165,239)
Cash paid for salary/health/disability benefit payments	-	-	**-**	(378,587)
Cash paid to suppliers	-	(5,321)	**(5,321)**	(20,085)
Cash paid for claims expense	(297,534)	(1,074)	**(298,608)**	-
Net cash provided (used) by operating activities	271,988	2,831	**274,819**	33,870
Cash flows from noncapital financing activities:				
Transfers in	-	-	**-**	1,300
Transfers out	-	(2,242)	**(2,242)**	-
Interest on loan from federal government	1,180	-	**1,180**	-
Contributions to other postemployment benefits	-	-	**-**	(17,848)
Other	-	-	**-**	9
Net cash provided (used) by noncapital financing activities	1,180	(2,242)	**(1,062)**	(16,539)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(7)	**(7)**	(23,014)
Proceeds from sale of assets	-	-	**-**	1,005
Capital contributions	-	-	**-**	11,201
Net cash provided (used) by capital and related financing activities	-	(7)	**(7)**	(10,808)
Cash flows from investing activities:				
Proceeds from sales of investments	-	21,015	**21,015**	-
Purchase of investments	-	(23,339)	**(23,339)**	-
Interest income (expense) on investments	-	1,312	**1,312**	1
Net cash provided (used) by investing activities	-	(1,012)	**(1,012)**	1
Net increase (decrease) in cash and cash equivalents	273,168	(430)	**272,738**	6,524
Cash and cash equivalents, July 1	47,344	15,393	**62,737**	135,069
Cash and cash equivalents, June 30	**$ 320,512**	**$ 14,963**	**$ 335,475**	**$ 141,593**
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	$ -	$ 14,963	**$ 14,963**	$ 141,593
Cash and cash equivalents restricted at end of year	320,512	-	**320,512**	-
Investments unrestricted	-	62,120	**62,120**	-
Cash, cash equivalents and investments per balance sheet	**$ 320,512**	**$ 77,083**	**$ 397,595**	**$ 141,593**
Noncash investing, capital and financing activities:				
Increase (Decrease) in fair value of investments	$ -	$ (2,324)	**$ (2,324)**	$ -

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 242,929	$ 3,163	**$ 246,092**	$ 22,223
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	42	**42**	14,499
(Increase) decrease in receivables	21,185	233	**21,418**	(4,603)
(Increase) decrease in interfund services provided	-	-	**-**	860
(Increase) decrease in inventory	-	(63)	**(63)**	972
(Increase) decrease in prepaid expenses	-	(27)	**(27)**	-
(Increase) decrease in deferred outflows	-	-	**-**	298
Increase (decrease) in claims payable	-	(439)	**(439)**	-
Increase (decrease) in accounts payable	7,874	(51)	**7,823**	(3,201)
Increase (decrease) in unearned revenue	-	101	**101**	1
Increase (decrease) in salaries payable	-	(116)	**(116)**	367
Increase (decrease) in compensated absences	-	24	**24**	375
Increase (decrease) in net pension liabilities	-	-	**-**	4,314
Increase (decrease) in deferred inflows	-	-	**-**	(2,236)
Increase (decrease) in other payables	-	(36)	**(36)**	1
Net cash provided (used) by operating activities	**$ 271,988**	**$ 2,831**	**$ 274,819**	**$ 33,870**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund	Agency Funds
Assets				
Cash, cash equivalents and non-pension investments	$ 73,507	$ 66,797	$ 754,328	$ 734,170
Securities lending collateral	288,073	-	-	-
Receivables:				
Taxes	-	-	-	17,490
Contributions	26,935	-	-	-
Interest	83,623	30	43	-
Securities lending	64	4	-	-
Member loans	85	-	-	-
Accounts	-	1,875	-	73
From investment sales	7,605,147	-	-	-
Total receivables	7,715,854	1,909	43	17,563
Pension and other employee benefit investments at fair value:				
Short term investments	1,547,579	-	-	-
Equity Securities	8,493,662	-	-	-
Debt Securities	12,273,820	-	-	-
Other	10,678,702	-	-	-
Total investments at fair value	32,993,763	-	-	-
Other assets	102	-	-	-
Property, plant and equipment net of accumulated depreciation	6,124	-	-	-
Total assets	**41,077,423**	**68,706**	**754,371**	**$ 751,733**
Liabilities				
Accounts/escrows payable	7,537	101	56	$ 751,733
Salaries and benefits payable	-	91	-	-
Securities lending payable	64	4	-	-
Benefits payable	37,829	-	-	-
Investment purchases payable	7,677,137	-	-	-
Securities purchased payable	276,792	-	-	-
Securities lending collateral	288,073	-	-	-
Other	33,916	-	36	-
Total liabilities	**8,321,348**	**196**	**92**	**$ 751,733**
Net Position				
Restricted for:				
Employees' pension benefits	32,258,569	-	-	
OPEB benefits	482,408	-	-	
Future death benefits	15,098	-	-	
Trust beneficiaries	-	68,510	-	
Investment pool participants	-	-	754,279	
Total net position	**$ 32,756,075**	**$ 68,510**	**$ 754,279**	

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund
Additions:			
Member contributions	$ 363,950	$ 70	$ 1,052,947
Employer contributions	1,070,396	-	-
Contributions from the State of Indiana	871,564	-	-
Net investment income (loss)	2,596,802	161	3,329
Less investment expense	(205,490)	-	-
Current service charges	-	22,543	-
Federal reimbursements	537	-	-
Donations/escheats	-	108,566	-
Transfers from other retirement funds	16,669	-	-
Reinvestment of distributions	-	-	2,796
Other	402	-	-
Total additions	4,714,830	131,340	1,059,072
Deductions:			
Pension and disability benefits	2,517,962	-	-
Retiree health benefits	45,938	-	-
Death benefits	909	-	-
Payments to participants/beneficiaries	-	110,502	2,804
Refunds of contributions and interest	70,357	-	549,645
Administrative	41,249	-	421
Transfers to other retirement funds	16,669	-	-
Other	782	-	165
Total deductions	2,693,866	110,502	553,035
Net increase (decrease) in net position	2,020,964	20,838	506,037
Net position restricted, July 1, as restated	30,735,111	47,672	248,242
Net position restricted, June 30	**$ 32,756,075**	**$ 68,510**	**$ 754,279**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2017
(amounts expressed in thousands)

	Governmental	Proprietary	Colleges and Universities	Total
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 1,099	$ 477,748	$ 820,995	**$ 1,299,842**
Cash, cash equivalents and investments - restricted	169,046	1,275,485	658,257	**2,102,788**
Securities lending collateral	-	2,035	98,059	**100,094**
Receivables (net)	442	363,950	546,281	**910,673**
Due from primary government	-	5,224	4,090	**9,314**
Inventory	-	141	13,955	**14,096**
Prepaid expenses	-	19,052	5,921	**24,973**
Loans	-	156,953	-	**156,953**
Investment in direct financing lease	-	81,398	293	**81,691**
Other assets	-	3,378	107,891	**111,269**
Total current assets	170,587	2,385,364	2,255,742	**4,811,693**
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	-	468,641	3,801,314	**4,269,955**
Cash, cash equivalents and investments - restricted	-	841,631	5,108,955	**5,950,586**
Receivables (net)	-	681,384	471,774	**1,153,158**
Due from primary government	-	25,000	-	**25,000**
Loans	56,606	2,032,832	-	**2,089,438**
Investment in direct financing lease	-	1,870,753	5,589	**1,876,342**
OPEB assets	-	-	58,612	**58,612**
Other assets	-	103,230	47,344	**150,574**
Capital assets:				
Capital assets not being depreciated/amortized	-	1,695,933	950,773	**2,646,706**
Capital assets being depreciated/amortized	270	977,979	12,942,631	**13,920,880**
less accumulated depreciation/amortization	(157)	(429,062)	(5,922,986)	**(6,352,205)**
Total capital assets, net of depreciation/amortization	113	2,244,850	7,970,418	**10,215,381**
Total noncurrent assets	56,719	8,268,321	17,464,006	**25,789,046**
Total assets	**227,306**	**10,653,685**	**19,719,748**	**30,600,739**
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	-	110,184	1,400	**111,584**
Debt refunding loss	-	62,642	44,636	**107,278**
Related to pensions	1,829	9,209	154,234	**165,272**
Swap termination	-	71,030	-	**71,030**
Total deferred outflows of resources	**1,829**	**253,065**	**200,270**	**455,164**
Liabilities				
Current liabilities:				
Accounts payable	6,729	57,793	452,536	**517,058**
Interest payable	-	71,436	42,866	**114,302**
Due to primary government	-	24,068	-	**24,068**
Unearned revenue	9,691	153,583	145,469	**308,743**
Securities lending collateral	-	2,035	98,059	**100,094**
Accrued liability for compensated absences	-	115	93,020	**93,135**
Other liabilities	306	33,044	49,907	**83,257**
Current portion of long-term liabilities	300	570,380	297,935	**868,615**
Total current liabilities	17,026	912,454	1,179,792	**2,109,272**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2017
(amounts expressed in thousands)

	Governmental	Proprietary	Colleges and Universities	Total
Noncurrent liabilities:				
Accrued liability for compensated absences	-	133	78,323	**78,456**
Accrued prize liabilities	-	98,555	-	**98,555**
Net pension and OPEB liabilities	3,999	21,637	389,653	**415,289**
Unearned revenue	-	14,038	23,767	**37,805**
Funds held in trust for others	-	-	295,163	**295,163**
Advances from federal government	-	885	27,501	**28,386**
Revenue bonds/notes payable	-	5,746,797	3,060,741	**8,807,538**
Derivative instrument liability	-	110,183	1,400	**111,583**
Other noncurrent liabilities	-	56,089	90,779	**146,868**
Total noncurrent liabilities	3,999	6,048,317	3,967,327	**10,019,643**
Total liabilities	**21,025**	**6,960,771**	**5,147,119**	**12,128,915**
Deferred Inflows of Resources				
Advanced payment for service concession agreement	-	3,161,315	-	**3,161,315**
Service concession arrangement receipts	-	282,332	970	**283,302**
Related to pensions	172	511	65,745	**66,428**
Total deferred inflows of resources	**172**	**3,444,158**	**66,715**	**3,511,045**
Net Position				
Net investment in capital assets	113	979,139	4,927,122	**5,906,374**
Restricted - nonexpendable:				
Permanent funds	-	782	103,760	**104,542**
Instruction and research	-	-	989,719	**989,719**
Student aid	-	-	999,312	**999,312**
Other purposes	-	-	412,141	**412,141**
Restricted - expendable:				
Grants/constitutional restrictions	-	1,492,621	23,497	**1,516,118**
Future debt service	-	272,390	17,061	**289,451**
Instruction and research	-	-	744,458	**744,458**
Student aid	-	3	867,184	**867,187**
Endowments	-	795	519,838	**520,633**
Capital projects	-	6,669	351,943	**358,612**
Other purposes	394	153	598,052	**598,599**
Unrestricted	207,431	(2,250,731)	4,152,097	**2,108,797**
	-			
Total net position	**$ 207,938**	**$ 501,821**	**$ 14,706,184**	**$ 15,415,943**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Proprietary	Colleges and Universities	Net (Expense) Revenue
Governmental	$ 128,511	$ 251	$ 9,072	$ -	$ (119,188)	$ -	$ -	$ (119,188)
Proprietary	2,029,756	1,728,725	444,018	19,702	-	162,689	-	162,689
Colleges and universities	6,967,945	3,346,457	1,736,578	120,055	-	-	(1,764,855)	(1,764,855)
Total component units	$ 9,126,212	$ 5,075,433	$ 2,189,668	$ 139,757	(119,188)	162,689	(1,764,855)	(1,721,354)
		General Revenues:						
		Gaming tax			1,699	-	-	1,699
		Total taxes			1,699	-	-	1,699
		Revenue not restricted to specific programs:						
		Investment earnings			1,254	26,060	643,725	671,039
		Payments from State of Indiana			42,477	22,788	1,540,080	1,605,345
		Other			-	1,742	354,346	356,088
		Total general revenues			45,430	50,590	2,538,151	2,634,171
		Change in net position			(73,758)	213,279	773,296	912,817
		Net position - beginning, as restated			281,696	288,542	13,932,888	14,503,126
		Net position - ending			**$ 207,938**	**$ 501,821**	**$ 14,706,184**	**$ 15,415,943**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Proprietary Funds
June 30, 2017
(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA/IMC Elimination	Total Component Units
Assets					
Current assets:					
Cash, cash equivalents and investments - unrestricted	$ 101,657	$ 36,457	$ 339,634	$ -	**$ 477,748**
Cash, cash equivalents and investments - restricted	1,010,274	-	265,211	-	**1,275,485**
Securities lending collateral	-	-	2,035	-	**2,035**
Receivables (net)	70,482	119,652	189,920	(16,104)	**363,950**
Due from primary government	-	-	5,224	-	**5,224**
Inventory	-	-	141	-	**141**
Prepaid expenses	1,902	15,574	1,576	-	**19,052**
Loans	139,086	-	24,302	(6,435)	**156,953**
Investment in direct financing lease	74,963	-	10,140	(3,705)	**81,398**
Other assets	-	-	3,378	-	**3,378**
Total current assets	1,398,364	171,683	841,561	(26,244)	**2,385,364**
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	109,663	358,978	-	**468,641**
Cash, cash equivalents and investments - restricted	362,251	7,965	471,415	-	**841,631**
Receivables (net)	-	-	681,384	-	**681,384**
Due from primary government	-	-	25,000	-	**25,000**
Loans	2,833,345	-	170,413	(970,926)	**2,032,832**
Investment in direct financing lease	924,978	-	1,031,465	(85,690)	**1,870,753**
Other assets	103,098	-	132	-	**103,230**
Capital assets:					
Capital assets not being depreciated/amortized	1,581,642	-	114,291	-	**1,695,933**
Capital assets being depreciated/amortized	607,750	3,146	367,083	-	**977,979**
less accumulated depreciation/amortization	(247,771)	(2,084)	(179,207)	-	**(429,062)**
Total capital assets, net of depreciation/amortization	1,941,621	1,062	302,167	-	**2,244,850**
Total noncurrent assets	6,165,293	118,690	3,040,954	(1,056,616)	**8,268,321**
Total assets	**7,563,657**	**290,373**	**3,882,515**	**(1,082,860)**	**10,653,685**
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	101,731	-	110,184	(101,731)	**110,184**
Debt refunding loss	47,210	-	15,432	-	**62,642**
Related to pensions	984	1,392	6,833	-	**9,209**
Swap termination	71,030	-	-	-	**71,030**
Total deferred outflows of resources	**220,955**	**1,392**	**132,449**	**(101,731)**	**253,065**
Liabilities					
Current liabilities:					
Accounts payable	34,494	7,377	15,922	-	**57,793**
Interest payable	57,148	-	30,392	(16,104)	**71,436**
Due to primary government	-	24,068	-	-	**24,068**
Unearned revenue	102,688	2,416	48,479	-	**153,583**
Securities lending collateral	-	-	2,035	-	**2,035**
Accrued liability for compensated absences	-	-	115	-	**115**
Other liabilities	392	859	31,793	-	**33,044**
Current portion of long-term liabilities	222,535	126,768	231,217	(10,140)	**570,380**
Total current liabilities	417,257	161,488	359,953	(26,244)	**912,454**
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	133	-	**133**
Accrued prize liabilities	-	98,555	-	-	**98,555**
Net pension and OPEB liabilities	2,144	2,763	16,730	-	**21,637**
Unearned revenue	-	14,038	-	-	**14,038**
Advances from federal government	885	-	-	-	**885**
Revenue bonds/notes payable	4,551,715	-	2,251,698	(1,056,616)	**5,746,797**
Derivative instrument liability	101,731	-	110,183	(101,731)	**110,183**
Other noncurrent liabilities	-	-	56,089	-	**56,089**
Total noncurrent liabilities	4,656,475	115,356	2,434,833	(1,158,347)	**6,048,317**
Total liabilities	**5,073,732**	**276,844**	**2,794,786**	**(1,184,591)**	**6,960,771**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Proprietary Funds
June 30, 2017
(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA/IMC Elimination	Total Component Units
Deferred Inflows of Resources					
Advanced payment for service concession agreement	3,161,315	-	-	-	**3,161,315**
Service concession arrangement receipts	282,332	-	-	-	**282,332**
Related to pensions	29	210	272	-	**511**
Total deferred inflows of resources	**3,443,676**	**210**	**272**	**-**	**3,444,158**
NET POSITION					
Net investment in capital assets	720,839	13,649	244,651	-	**979,139**
Restricted - nonexpendable:					
Permanent funds	-	-	782	-	**782**
Restricted - expendable:					
Grants/constitutional restrictions	1,331,825	-	160,796	-	**1,492,621**
Future debt service	198,149	-	74,241	-	**272,390**
Student aid	-	-	3	-	**3**
Endowments	-	-	795	-	**795**
Capital projects	-	-	6,669	-	**6,669**
Other purposes	-	-	153	-	**153**
Unrestricted	(2,983,609)	1,062	731,816	-	**(2,250,731)**
Total net position	**$ (732,796)**	**$ 14,711**	**$ 1,219,906**	**$ -**	**$ 501,821**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Interfund Eliminations	Net (Expense) Revenue
Indiana Finance Authority (IFA)	$ 274,310	$ 449,638	$ -	$ 17,100	$ 192,428	$ -	$ -	$ -	$ 192,428
State Lottery Commission	1,224,546	1,213,076	-	-	-	(11,470)	-	-	(11,470)
Non-Major Proprietary	585,955	116,948	448,136	2,602	-	-	(18,269)	-	(18,269)
IFA & ISCBA/IMC Interfund Eliminations	(55,055)	(50,937)	(4,118)	-	-	-	-	-	-
Total component units	$ 2,029,756	$ 1,728,725	$ 444,018	$ 19,702	192,428	(11,470)	(18,269)	-	162,689
General revenues:									
Investment earnings					4,876	120	21,064	-	26,060
Payments from State of Indiana					-	-	22,788	-	22,788
Other					-	1,742	-	-	1,742
Total general revenues					4,876	1,862	43,852	-	50,590
Change in net position					197,304	(9,608)	25,583	-	213,279
Net position - beginning, as restated					(930,100)	24,319	1,194,323	-	288,542
Net position - ending					**$ (732,796)**	**$ 14,711**	**$ 1,219,906**	**$ -**	**$ 501,821**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2017
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 147,543	$ 260,936	$ 412,516	**$ 820,995**
Cash, cash equivalents and investments - restricted	283,854	259,191	115,212	**658,257**
Securities lending collateral	98,059	-	-	**98,059**
Receivables (net)	247,501	170,679	128,101	**546,281**
Due from primary government	3,359	60	671	**4,090**
Inventory	9,675	-	4,280	**13,955**
Prepaid expenses	-	3	5,918	**5,921**
Investment in direct financing lease	-	-	293	**293**
Other assets	46,975	28,446	32,470	**107,891**
Total current assets	836,966	719,315	699,461	**2,255,742**
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	1,632,612	1,466,906	701,796	**3,801,314**
Cash, cash equivalents and investments - restricted	2,200,360	2,346,383	562,212	**5,108,955**
Receivables (net)	230,554	211,300	29,920	**471,774**
Investment in direct financing lease	-	-	5,589	**5,589**
OPEB assets	-	-	58,612	**58,612**
Other assets	-	37,346	9,998	**47,344**
Capital assets:				
Capital assets not being depreciated/amortized	402,665	311,498	236,610	**950,773**
Capital assets being depreciated/amortized	5,169,838	4,382,612	3,390,181	**12,942,631**
less accumulated depreciation/amortization	(2,367,412)	(2,173,302)	(1,382,272)	**(5,922,986)**
Total capital assets, net of depreciation/amortization	3,205,091	2,520,808	2,244,519	**7,970,418**
Total noncurrent assets	7,268,617	6,582,743	3,612,646	**17,464,006**
Total assets	**8,105,583**	**7,302,058**	**4,312,107**	**19,719,748**
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	-	-	1,400	**1,400**
Debt refunding loss	22,048	21,632	956	**44,636**
Related to pensions	64,297	49,881	40,056	**154,234**
Total deferred outflows of resources	**86,345**	**71,513**	**42,412**	**200,270**
Liabilities				
Current liabilities:				
Accounts payable	260,214	122,483	69,839	**452,536**
Interest payable	12,095	20,601	10,170	**42,866**
Unearned revenue	82,009	40,298	23,162	**145,469**
Securities lending collateral	98,059	-	-	**98,059**
Accrued liability for compensated absences	46,826	26,654	19,540	**93,020**
Other liabilities	-	20,103	29,804	**49,907**
Current portion of long-term liabilities	82,619	143,433	71,883	**297,935**
Total current liabilities	581,822	373,572	224,398	**1,179,792**
Noncurrent liabilities:				
Accrued liability for compensated absences	28,780	36,736	12,807	**78,323**
Net pension and OPEB liabilities	132,993	114,852	141,808	**389,653**
Unearned revenue	23,767	-	-	**23,767**
Funds held in trust for others	118,744	118,528	57,891	**295,163**
Advances from federal government	-	19,028	8,473	**27,501**
Revenue bonds/notes payable	1,000,843	1,079,675	980,223	**3,060,741**
Derivative instrument liability	-	-	1,400	**1,400**
Other noncurrent liabilities	38,375	6,870	45,534	**90,779**
Total noncurrent liabilities	1,343,502	1,375,689	1,248,136	**3,967,327**
Total liabilities	**1,925,324**	**1,749,261**	**1,472,534**	**5,147,119**
Deferred Inflows of Resources				
Service concession arrangement receipts	-	-	970	**970**
Related to pensions	38,220	21,939	5,586	**65,745**
Total deferred inflows of resources	**38,220**	**21,939**	**6,556**	**66,715**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2017
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Net Position				
Net investment in capital assets	2,200,168	1,454,962	1,271,992	**4,927,122**
Restricted - nonexpendable:				
Permanent funds	59,075	-	44,685	**103,760**
Instruction and research	559,472	395,785	34,462	**989,719**
Student aid	514,643	366,273	118,396	**999,312**
Other purposes	332,380	50,106	29,655	**412,141**
Restricted - expendable:				
Grants/constitutional restrictions	-	-	23,497	**23,497**
Future debt service	16,941	-	120	**17,061**
Instruction and research	300,360	357,787	86,311	**744,458**
Student aid	186,795	577,261	103,128	**867,184**
Endowments	-	506,245	13,593	**519,838**
Capital projects	149,902	72,257	129,784	**351,943**
Other purposes	408,311	146,486	43,255	**598,052**
Unrestricted	1,500,337	1,675,209	976,551	**4,152,097**
Total net position	**$ 6,228,384**	**$ 5,602,371**	**$ 2,875,429**	**$ 14,706,184**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units - Colleges and Universities
For the Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Indiana University**	**Purdue University**	**Non-Major Colleges and Universities**	**Net (Expense) Revenue**
Indiana University	$ 3,174,628	$ 1,580,305	$ 772,746	$ 54,256	$ (767,321)	$ -	$ -	$ (767,321)
Purdue University	2,197,948	1,153,775	555,516	38,759	-	(449,898)	-	(449,898)
Non-Major Colleges and Universities	1,595,369	612,377	408,316	27,040	-	-	(547,636)	(547,636)
Total component units	$ 6,967,945	$ 3,346,457	$ 1,736,578	$ 120,055	(767,321)	(449,898)	(547,636)	(1,764,855)
General revenues:								
Investment earnings					308,318	272,680	62,727	643,725
Payments from State of Indiana					558,111	397,705	584,264	1,540,080
Other					292,743	45,338	16,265	354,346
Total general revenues					1,159,172	715,723	663,256	2,538,151
Change in net position					391,851	265,825	115,620	773,296
Net position - beginning					5,836,533	5,336,546	2,759,809	13,932,888
Net position - ending					**$ 6,228,384**	**$ 5,602,371**	**$ 2,875,429**	**$ 14,706,184**

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

STATE OF INDIANA

Notes to the Financial Statements
June 30, 2017

STATE OF INDIANA
Notes to the Financial Statements
June 30, 2017
(schedule amounts are expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types, and colleges and universities. This is to emphasize that, as well as being legally separate from the government; they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, and the Indiana Political Subdivision Risk Management Commission have a December 31, 2016, fiscal year-end.

Blended Component Units

The following component units are reported under the blended method as the primary government appoints a voting majority of the board and is able to impose its will. These units, although legally separate from the State, are reported as part of the State because they provide services entirely or almost entirely to the State. These component units are audited by the State Board of Accounts.

The Bureau of Motor Vehicle Commission (BMVC) was established per Indiana Code 9-14-9 to develop and update Bureau of Motor Vehicles (BMV) policy, establish standards for the operation and maintenance of license branches, and submit budget proposals for the BMVC, BMV, and license branches. The BMVC has significant interrelated operations with the BMV and license branches. The BMV is responsible for the accurate and timely distribution of the fees and taxes (excise and wheel) collected at the license branches for driver licenses, auto and watercraft registrations, and license plates.

The BMVC consists of four individuals appointed by the governor and the chairperson who is the commissioner of the BMV. No more than three of the members may be of the same political party. The BMVC is reported as a non-major governmental fund

The Indiana Homeland Security Foundation was established per Indiana Code 10-15-2-1 to assist the Indiana Department of Homeland Security (IDHS) in developing projects that benefit public safety in local communities. The foundation administers the Indiana Homeland Security fund which funds these IDHS projects. The foundation has significant interrelated operations with the IDHS. Foundation funds are aligned with the Indiana Strategy for Homeland Security of the IDHS. The Indiana Homeland Security Foundation is reported as a non-major governmental fund

Discretely Presented Component Units

The following are discretely presented component units of the State of Indiana. The component units that are included in the State’s reporting entity because the primary government appoints a voting majority of their governing bodies and is able to impose its will on each organization are: Indiana Economic Development Corporation, Indiana Finance Authority, State Lottery Commission of Indiana, Indiana Stadium Convention and Building Authority, Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana Secondary Market for Education Loans, Inc., White River State Park Development Commission, Ports of Indiana, Indiana Comprehensive Health Insurance Association, Indiana Political Subdivision Risk Management Commission, Indiana State Museum and Historic Sites Corporation, Indiana Motorsports Commission, and each of the seven colleges and universities. The following component units are included in the State’s reporting entity because the primary government appoints a voting majority of their governing bodies and is financially accountable for each organization: Indiana Board for Depositories, Indiana State Fair Commission, and the Indiana Public Retirement System.

All governmental, proprietary, and fiduciary in nature component units are audited by outside auditors. The State Board of Accounts audits the colleges and universities. College and university foundations are audited by outside auditors.

The Indiana Economic Development Corporation (IEDC) was created per Indiana Code 5-28-3 to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy and the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry, and the promotion of Indiana. The IEDC leads the state of Indiana's economic development efforts, helping businesses launch, grow, and locate in the state. The IEDC manages many initiatives, including performance-based tax credits, workforce training grants, innovation and entrepreneurship resources, public infrastructure assistance, and talent attraction and retention efforts. The IEDC Board of Directors is composed of 12 members, consisting of the Governor and 11 individuals appointed by the Governor. At least five members of the board must belong to the same political party as the Governor, and at least three members must belong to another major political party, but none may be members of the general assembly. The IEDC is reported as a non-major discretely presented governmental component unit. The separately issued audited financial statements may be obtained by writing the Indiana Economic Development Corporation, One North Capital Avenue, Suite 700, Indianapolis, IN 46204.

The Indiana Finance Authority (IFA) was created per Indiana Code 4-4-11-4 as a body both corporate and politic, and though separate from the State of Indiana (State); the exercise by the IFA of its powers constitutes an essential governmental function. Indiana's constitution restricts State incurrence of debt. As a result, the General Assembly created the IFA and authorized it to issue revenue bonds and other obligations to finance projects for lease to the State

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The authority is composed of five members, consisting of the budget director or their designee, who serves as chairman, the Treasurer of State or their designee, and three members appointed by the governor of which no more than two may be from the same political party. The Authority is reported as a major discretely presented proprietary component unit. IFA's separately issued audited financial statements may be obtained by writing the Indiana Finance Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204

The State Lottery Commission of Indiana, created per Indiana Code 4-30-3, is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, local police and firefighters' pensions, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the State Lottery Commission of Indiana, 1302 North Meridian Street, Indianapolis, IN 46202

The Indiana Stadium and Convention Building Authority was established per Indiana Code 5-1-17, as an entity of the State to finance, design, construct, and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Stadium and Convention Building Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The Indiana Bond Bank, created per Indiana Code 5-1.5-2 , is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments. The Bond Bank is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Bond Bank, 10 West Market Street, Suite 2410, Indianapolis, IN 46204

The Indiana Housing and Community Development Authority was created per Indiana Code 5-20-1-3 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Housing and Community Development Authority, 30 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established per Indiana Code 5-13-12 to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The Board is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Board for Depositories, One North Capitol Avenue, Suite 900, Indianapolis, IN 46204 or at www.in.gov/tos/deposit/2374.htm.

The Indiana Secondary Market for Education Loans, Inc. (ISM), d/b/a INvestEd, was created per Indiana Code 21-16-5 to purchase education loans in the secondary market, lend money for the origination of education loans, and originate loans to consolidate education debt. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. ISM is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Secondary Market for Education Loans, Inc., d/b/a INvestEd, 11595 North Meridian Street, Suite 200, Carmel, IN 46032

The White River State Park Development Commission created per Indiana Code 14-13-1-5 has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county, and is authorized to acquire additional land and property. The Commission has 10 voting members which consist of the director or their designee, the executive of the city of Indianapolis or their designee, the president of Indiana University or their designee, and seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana White River State Park Development Commission, 801 West Washington Street, Indianapolis, IN 46204

The Ports of Indiana is a body both corporate and politic created per Indiana Code 8-10-1-3 to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Ports of Indiana Commission consists of seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Ports of Indiana, 150 West Market Street, Suite 100, Indianapolis, IN 46204.

The State Fair Commission was established per Indiana Code 15-13-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is responsible for holding the annual Indiana State Fair in August, as well as providing accessible, cost-effective, secure, and modern facilities for the variety of events held at the Fairgrounds and other properties it owns. The Commission consists of eight members; five of which are appointed by the governor, and three are ex officio members. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Fair Commission, 1202 East 38th Street, Indianapolis, IN 46205.

The Indiana Comprehensive Health Insurance Association was created per Indiana Code 27-8-10-2.1 to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Comprehensive Health Insurance Association, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240

The Indiana Political Subdivision Risk Management Commission was created per Indiana Code 27-1-29 to administer the Political Subdivision Risk Management Fund (Basic fund) and the Political Subdivision Catastrophic Liability Fund (Catastrophic fund). These funds aid political subdivisions in protecting themselves against liabilities. The Commission consists of eleven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Political Subdivision Risk Management Commission, c/o Indiana Department of Insurance, 311 West Washington Street, Suite 300, Indianapolis, IN 46204.

The Indiana State Museum and Historic Sites Corporation was created per Indiana Code 4-37 and is responsible for operating and administering the Indiana State Museum and eleven Historic Sites across the State. The eleven Historic Sites include Angel Mounds, Corydon Capitol, Culbertson Mansion, J.F.D. Lanier Mansion, Levi Coffin, Limberlost, New Harmony, T.C. Steele, Gene Stratton-Porter, Vincennes, and the Whitewater Canal. The Corporation is governed by a thirty member board of trustees of which twenty-five are voting members and five are non-voting members. Of the twenty-five voting members, thirteen persons are appointed by the governor and twelve are appointed by the board. The five non-voting members include the chief executive officer, the governor or governor's designee, one member of the House of Representatives, one member of the Senate, and the director of the Department of Natural Resources or the director's designee. The Corporation is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Museum and Historic Sites Corporation, 650 West Washington Street, Indianapolis, IN 46204.

The Indiana Motorsports Commission was established per Indiana Code 5-1-17.5-15 as a separate body corporate and politic, as an instrumentality of the state, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The commission is governed by a board of directors composed of five directors of which one is the budget director, or the budget director's designee, and four directors appointed by the governor. The commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Motorsports Commission, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; and Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana University and Purdue University are reported as a major discretely presented component unit. The separately issued audited financial statements for the colleges and universities may be obtained by writing to: Indiana University, Poplars Room 500, 400 E. 7th St., Bloomington, IN 47405-3001; Purdue University, Kurz Purdue Technology Center, 1281 Win Hentschel Blvd., Ste. 1100, West Lafayette, IN 47906-4182; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 200 N. 7th Street, Terre Haute, IN 47809; Ivy Tech Community

College, Attn: Chief Accounting Operations Officer, 50 West Fall Creek Parkway, North Drive, Indianapolis, IN 46208-5752; University of Southern Indiana, 8600 University Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1st Street, Vincennes, IN 47591.

Fiduciary in Nature Component Unit

The Indiana Public Retirement System (INPRS) was established per Indiana Code 5-10.5-2-1 as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Retirement Fund, Teachers' Retirement Fund, Judges' Retirement System, State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Legislators' Retirement System Defined Benefit Plan, the Legislators' Retirement System Defined Contribution Plan, the Prosecuting Attorneys' Retirement Fund, the Pension Relief Fund, and two death benefit funds. For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements. INPRS is included as a component unit because the primary government appoints a voting majority of its governing body and has financial accountability. The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units. The separately issued audited financial statements may be obtained by writing the Indiana Public Retirement System, One North Capitol Avenue, Suite 001, Indianapolis, IN 46204.

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the overall government. They exclude information about fiduciary activities, including component units, which are fiduciary in nature, such as the public employee retirement systems. They distinguish between the primary government and its discretely presented component units as disclosed in Note I.A. They also distinguish between governmental activities and business-type activities of the State. Governmental activities rely on taxes and intergovernmental revenues for their support. Business-type activities, on the other hand, rely on fees and charges for services provided for their support.

The statement of activities matches the State's direct functional expense with the functional program revenue to identify the relative financial burden of each of the State's functions. This format identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing through fees and intergovernmental aid. Certain indirect costs are included in the program expense reported for individual functions of government. Program revenues derive directly from the program itself or from parties outside the State's taxpayers, as a whole. They reduce the net cost of the function to be financed from the general revenues. Program revenues include charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Revenues that do not meet the criteria of program revenues are general revenues. These include all taxes; even those levied for a specific purpose and are reported by type of tax. Investment income is considered general revenue in the general fund.

Separate financial statements are presented for the State's governmental, proprietary and fiduciary funds. Governmental fund financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances. Major governmental funds are presented in separate columns and non-major funds are aggregated in a separate column. Proprietary and fiduciary funds are reported using the statement of net position and the statement of changes in net position. In addition proprietary funds include a statement of cash flows.

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

Measurement Focus and Basis of Accounting

The government-wide statements and the proprietary and fiduciary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferrals resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues, including federal government mandates on the State, certain grants and entitlements, and most donations, are recognized in the period when all applicable eligibility requirements have been met.

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the State of Indiana, "available" means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and related liabilities, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Individual and corporate income tax, sales tax, cigarette tax, alcoholic beverage tax, motor fuel tax, fines, and penalties are accrued using one month's revenues.

Gaming taxes are accrued based on the gaming day. Vehicle licenses are received daily via electronic funds transfer with a one to three working day delay, so revenues for the first several working days in July are reviewed for materiality and accrued accordingly.

Financial Statement Presentation

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental funds are used to account for the government's general government activities. Governmental funds include the general fund, special revenue funds, capital projects funds, debt service funds and permanent funds.

The *General Fund* is the State's primary operating fund. It is maintained to account for resources obtained and used for those services traditionally provided by State government, which are not required to be accounted for in another fund. The General Fund is a major fund.

The *special revenue* funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes except for major capital projects.

The following special revenue fund is presented as major.

- The *Public Welfare-Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program. Federal grant revenues, hospital assessment fees, quality assessment fees, Intermediate Care Facility for Individuals with Disabilities fees, and other resources disclosed under interfund transfers in Note IV (B) are reported in this fund.

The *capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds. There are no major capital project funds.

The *permanent funds* are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the benefit of the government or its citizens. There are no major permanent funds.

Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows. Operating revenues and expenses are the revenues and expenses that pertain to the fund's principal operations. Nonoperating revenues and expenses are those revenues and expenses resulting from secondary or auxiliary activities of the fund. Nonoperating items include investment revenue and expense. Proprietary funds include both enterprise funds and internal service funds.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where it has been decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The State reports the following major enterprise fund:

- The *Unemployment Compensation Fund* collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals.

Internal service funds account for operations that provide goods and services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The goods and services provided include fleet management, information technology and communication, aviation, printing, products of correctional industries, self-insurance, and centralized accounting. Major fund reporting requirements do not apply to internal service funds. Combined totals for all internal service funds are reported as a separate column on the face of the proprietary fund financial statements.

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others. They cannot be used to support the State's own programs. Fiduciary funds include pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and agency funds.

Pension (and other employee benefit) trust funds are used to report resources held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other postemployment benefit plans. Pension and other employee benefits trust funds include the Indiana Public Retirement System, State Police Pension Fund, State Employee Retiree Health Benefit Trust Fund – DB, and the State Employee Retiree Health Benefit Trust Fund – DC.

Private-purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments. Private Purpose funds include the Abandoned Property Fund and the Private Purpose Trust Fund.

Investment trust funds are used to report the external portion of investment pools operated by a sponsoring government. The Treasurer of State, local units of government, and quasi-governmental units in Indiana have the opportunity to invest in a common pool of investments that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment of public funds. The State's investment trust fund is TrustINdiana operated by the state treasurer. The amounts reported represent the external portion of the pool.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. Agency Funds include Employee Payroll Withholding and Benefits, Local Distributions, Child Support and Department of Insurance.

D. Eliminating Internal Activity

Interfund activity including those from cash overdrafts in funds, interfund services provided or used, interfund loans and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet has been eliminated in the government-wide statement of net position.

Eliminations were made in the statement of activities to remove the "doubling-up" effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function have also been eliminated, so that the allocated expenses are reported only by the function to which they were allocated. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

E. Assets, Liabilities and Equity

1. Deposits, Investments and Securities Lending

For purposes of reporting cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity (generally three months or less from the date of acquisition).

Cash balances of most State funds are commingled in general checking accounts and several special purpose banking accounts. The available cash balance not necessary beyond immediate need is pooled and invested. Interest earned from investments purchased with pooled cash is deposited in the general fund, except as otherwise provided by statute.

Investments and secured lending transactions are stated at fair value. Money market investments and participating interest-earning investment contracts that mature within one year of purchase are reported at cost, which approximates fair value. Fair value is determined by quoted market prices which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

Indiana Code 5-13-9 and 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; securities issued by any U.S. government agency; AAA money market mutual funds with a portfolio limited to direct obligations of the U.S., obligations of any federal agency, and/or repurchase agreements fully collateralized with U.S. government obligations or U.S. agency obligations; highest rated commercial paper, highest rated supranational issues, and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest-bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

The Treasurer of State is authorized by statute to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least $10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

The Indiana Public Retirement System (INRPS) Board of Trustees administers nine pension trust funds including eight Defined Benefit retirement plans and one Defined Contribution retirement plan, two other employment benefit funds, and one agency fund. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2017, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a). See Note IV(A)(3) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage pool investments, and repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2. See Note IV(A)(2) for more information.

2. Receivables and Payables

In the government-wide and proprietary fund financial statements, revenues are recognized on the flow of economic resources measurement focus. Material receivables are recognized as follows. Uncollected taxes due in the following periods are subject to accrual.

> Individual income tax – Individual withholding tax is due from employers by the 20th day after the end of the month collected. Estimated payments are due from individuals by the 15th of the month immediately following each quarter or the calendar year.
>
> Corporate income tax - Due quarterly on the 20th day of April, June, September, and December with the last payment due on April 15th for a calendar year taxpayer.
>
> Sales tax – Due by the 20th day after the end of the month collected.
>
> Fuel tax – Gasoline tax is due the 20th day after the end of the month collected. Special

fuel tax, depending on the status of the taxpayer, is due by the 15th day after the end of the month collected or the 15th day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.

Financial institutions tax – same laws as corporate income taxes (see above) for making payments.

Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20th day after the end of the month collected.

In the governmental fund financial statements, revenue is recognized on the flow of current financial resources. Material receivables are subject to accrual for receipts collected in the month of July. The State of Indiana does not collect property tax, which is collected by local units of government.

Unavailable revenue is the liability for the full accrual income taxes receivable net of the allowance for doubtful accounts and is reported under deferred inflows of resources.

3. Interfund Transactions and Balances

The State has the following types of interfund transactions in the governmental fund and proprietary financial statements:

Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund.

Interfund Transfers (non-reciprocal interfund activity) – Legally authorized transfers whereby the two parties do not receive equivalent cash, goods or services are reported as transfers.

The types of assets and liabilities resulting from these transactions are:

Interfund loans – These are balances arising from the short-term and long-term portion of interfund transactions.

Interfund services provided/used – These are balances arising in connection with reciprocal interfund activity or reimbursements. Balances relating to discretely presented component units are presented as ‘Due from/to component units’.

Interfund services provided and interfund loans are eliminated in the government-wide statements because they are provided by one governmental activity on behalf of another or by one business-type activity on behalf of another.

4. Inventories and Prepaid Items

Inventories for the Inns & Concessions, Institutional Industries and Administrative Services Revolving funds are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The first in/first out (FIFO) method is used for valuation of inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption rather than the purchases method is used for prepaids as expenditures or expenses are recorded for the cost of prepaid items when consumed rather than when purchased.

5. Restricted Net Position

Certain net positions are classified as restricted net position because their use is completely restricted by bond indentures, contracts, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. Net position restricted by enabling legislation for governmental activities totals $1.1 billion, of which $0.5 billion is permanent funds principal, $0.5 billion is for the Economic Stabilization Fund as discussed in Note V (D), and $0.1 billion is prepaid expenses.

6. Capital Assets

Capital outlays are reported as expenditures in the governmental funds and as assets in the government-wide statements to the extent the State’s $20,000 capitalization threshold for external financial reporting is met.

The Indiana Department of Transportation (INDOT) uses the modified approach for reporting its infrastructure. The Department of Natural Resources (DNR) uses the depreciation approach for reporting its infrastructure.

Under the modified approach, the State has determined that the condition level for INDOT infrastructure assets to be maintained is:

- a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 and no more than 12.5% of all pavements in the unacceptable range for Interstates, National Highway System (NHS) Non-Interstate roads, and Non-NHS roads,
- an average sufficiency rating of 87% for interstate bridges,
- an average sufficiency rating of 85% for NHS Non-Interstate bridges, and
- an average sufficiency rating of 83% for Non-NHS bridges.

The Bridge Division, Program Engineering, and Road Inventory Division of INDOT are responsible for determining the appropriate condition level of the infrastructure assets.

No amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential.

INDOT projects are capitalized based on capitalization and preservation percentages assigned to three hundred eight-six (386) work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Road pavement condition assessments are performed annually on all INDOT state routes, including interstates. Condition assessments of all bridges are determined on a bi-annual basis. Sufficiency ratings of all bridges are determined on an annual basis by the Federal Highway Administration based on annual submittal of bridge condition data.

The State makes annual estimates of the amounts that must be expended to preserve and maintain these infrastructure assets at the predetermined condition levels.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.
Capital assets are depreciated in the proprietary and similar trust funds using the straight-line method on both the fund basis and the government-wide basis. Both the government-wide statements and proprietary and similar trust funds use the following estimated useful lives:

Assets	Months
Buildings and other structures including improvements to buildings and other structures	240-480
Computer software	36
Infrastructure (not using modified approach)	240-720
Furniture, machinery and equipment	12-168
Motor pool vehicles	96-168

The State of Indiana maintains several collections of works of art, historical treasures, and similar assets that are not capitalized. While the collections are maintained by different agencies, each collection is:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that either prohibits sale or requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State's major collections are:

- The Commission on Public Records, State Archives Collection consists of historical and legal documents that are generated on: paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics.
- The State Library has two collections, the Manuscript Collection and the Indiana History Collection. These collections include historical documents and works of art, most of it of Indiana origin.

Other collections include the Historical Bureau's Indiana Governors' Portrait Collection, the Department of Administration's Statehouse Collection, and the Indiana Arts Commission's Collection. These collections consist primarily of art objects.

7. Compensated Absences

Full-time employees of the State of Indiana are permitted to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates at the rate of one day per month and sick leave at the rate of one day every two months plus an extra day every four months. Bonus vacation days are awarded upon completion of five, ten and twenty years of employment.

Personal leave days are earned at the rate of one day every four months; any personal leave accumulated in excess of three days automatically becomes part of the sick leave balance. Upon separation of service, in good standing, employees will be paid for a maximum of thirty (30) unused vacation leave days. In addition, qualifying retiring employees are paid an additional payment up to a maximum of $5,000, which is made up of unused vacation leave over 30 days, unused personal leave, and unused sick leave.

The legislative and judicial branches may elect to participate in a leave conversion program which allows their employees to convert a portion of accrued but unused vacation and sick leave into the deferred compensation plan. An employee must have at least 300 hours of vacation or sick leave accrued in order to participate in this plan. There is a sliding scale which determines how many hours are converted from those hours the employee has accrued. The hours converted are deposited into the deferred compensation program's 401(a) plan at 60% of the employee's hourly rate. The legislative and judicial branches participated in this program in FY 2017 for their employees and the legislative branch has elected to participate in this program for FY 2018 for their employees.

Matured vacation and personal leave and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as long term liabilities in the government-wide, proprietary, and fiduciary fund financial statements.

8. Long-Term Obligations

Long-term debt and other obligations are reported in the government-wide statements and the proprietary funds statements as liabilities in the applicable governmental activities, business-type activities, or proprietary fund.

9. Fund Balance

In the fund financial statements, fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. A brief description of each category is as follows:

Nonspendable – represents amounts that are either not in spendable form, such as prepaid expenditures, and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

Restricted – represents amounts restricted to specific purposes because of constraints placed on their use that are either externally imposed such as by grantors or imposed by law through constitutional provisions or enabling legislation.

Committed – represents amounts that can only be used for a specific purpose pursuant to constraints imposed by the government's highest level of decision making authority. The State of Indiana's highest level of decision making authority is the General Assembly. The formal action necessary would be the enactment of a State law that specifically establishes, modifies, or rescinds a fund balance commitment.

Assigned – represents amounts that are constrained by the government's intent to be used for specific purposes as expressed by the governing body itself or the official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The State Budget Agency has the authority per the biennial budget bill to make assignments of fund balances for specific purposes except for those restricted by law. The State Board of Finance comprised of the Governor, Auditor of State and Treasurer of State is empowered to make assignments of funds except for trust funds per I.C. 4-9.1-1-7.

Unassigned – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Only the general fund may report a positive unassigned fund balance; whereas, other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Funds on the State's accounting system are assigned one of the five fund balance classifications. If a fund has resources that are both restricted and unrestricted, then expenditures are applied first to restricted fund balance and then unrestricted amounts. A fund's unrestricted fund balance would have committed amounts reduced first, assigned amounts second, and unassigned amounts third when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

F. 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, 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.

The allowance for doubtful accounts for taxes receivable, the estimate of claims payable for the Medicaid fund, the estimate of additions for the Local Distributions fund, and the estimated useful lives of capital assets are among the most sensitive accounting estimates affecting the financial statements.

The additions for the Local Distributions fund, an agency fund, are estimated using the most recent actual known local option income tax collections which are for the calendar year two years prior to the current fiscal year. Adjustments to the estimate are made for units of local government that have changed their local income tax rates during the following two calendar years, for actual collections during the six months prior to the end of the current fiscal year, and for interest earned. The economy, any rate changes that are made in the current calendar year after preparation of the financial statements, and any unknown errors can impact the estimation process and cause actual results to differ.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

As described in Note I, Summary of Significant Accounting Policies, differences exist between the government-wide and the governmental fund financial statements. These differences are summarized in the reconciliations that follow the governmental fund financial statements.

A. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

In the government-wide financial statements, capital assets are considered economic resources and are capitalized at cost or estimated historical cost at time of acquisition. Where applicable these costs are offset by accumulated depreciation or amortization.

The government-wide statements use the flow of economic resources and accrue receivables that are not available soon enough in the subsequent period to pay for the current period's expenditures. Also under the flow of economic resources, expenses reported in the statement of activities do not require the use of current financial resources. Both these receivables and payables are accrued in the government-wide statements, but not in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the assets and liabilities of internal service funds are included in governmental activities in the statement of net position. In the proprietary fund financial statements, internal service fund balances are segregated and reported as their own fund type.

B. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

In the government-wide financial statements, the cost for capital outlays, except for governmental infrastructure, is allocated over the assets' useful lives and is reported as depreciation or amortization expense.

The government-wide statements use the flow of economic resources and therefore do not report revenues and expenses dependent on the availability of financial resources, as is reported in the fund financial statements. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. Net pension liabilities and other postemployment benefits do not require the use of current financial resources and are not reported as expenditures in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the expenses of internal service funds are included in governmental activities in the statement of activities. In the proprietary fund financial statements, internal service fund balances are segregated and reported as their own fund type.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

At June 30, 2017, various funds had a deficit fund balance caused by overdrafts from pooled cash and investments and the posting of accruals to the balance sheet. Temporary cash overdrafts are reported as interfund loans from the general fund.

Fund	Overdraft from pooled cash	Accrual deficits
Governmental Funds		
US Department of Health & Human Services	$ (563,372)	$ -
US Department of Agriculture	-	(7,158)
US Department of Education	(4,369)	(42,056)

B. Fund Balance

The State of Indiana reports its fund balances for governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The detail of the fund balance classifications at June 30, 2017 is as follows:

	General Fund	Public Welfare - Medicaid Assistance Fund	Non-Major Funds
Fund Balances:			
Nonspendable:			
Permanent fund principal	-	-	501,125
Prepaid expense	77,546	-	163
Restricted:			
Administration	550,460	-	-
Committed:			
Administration	-	-	9,296
Public Health	-	-	188,728
Economic Development	3,539	-	6,464
Environmental	-	-	1,412
Natural Resources	-	-	16,759
Higher Education	-	-	5
Secondary Education	-	-	580,199
Roads & Bridges	-	-	59,176
Other Purposes	-	-	14,431
Assigned:			
Administration	210,696	-	160,421
Corrections	730,327	-	21,762
Police & Protection	19,138	-	321,085
Mental Health	38,485	-	50,493
Public Health	18,732	567,808	299,931
Child Services	877,534	-	85,919
Disability & Aging	15,839	-	8,751
Economic Development	4,028	-	15,196
Environmental	12,260	-	121,565
Natural Resources	1,151	-	139,624
Higher Education	3,516	-	208,830
Secondary Education	412,918	-	21,507
Roads & Bridges	54,355	-	1,331,272
Capital Outlay	144,880	-	84,245
Other Purposes	90,029	-	74,504
Unassigned:	296,411	-	(616,955)
Total	**$ 3,561,844**	**$ 567,808**	**$ 3,705,908**

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

1. Primary Government – Other than Major Moves Construction Fund and Next Generation Trust Fund, Investment Trust Funds, and Pension and Other Employee Benefit Trust Funds.

Investment Policy

Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the PERF policy in note IV(A)3. There are no formal deposit investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Indiana Code 5-13-9 and Indiana Code 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; municipal securities issued by an Indiana local governmental entity if the issuer has not defaulted on any obligation within the twenty years preceding the date of the purchase; AAA rated money market mutual funds with a portfolio made up of direct obligations of the United States, obligations issued by any federal agency, instrumentality, or federal government sponsored enterprise or repurchase agreements fully collateralized by the same obligations allowed to be owned within the money market mutual fund; commercial paper rated in the highest rating category by one nationally recognized rating service with a stated final maturity of 270 days; securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; obligations issued by United States agencies and instrumentalities, or federal government sponsored enterprises; supranational issuers having the highest investment credit rating by at least two nationally recognized credit rating agencies; repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency; and the State's local government investment pool.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statute does not establish any parameters or guidelines related to interest rate risk.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2017:

Investment Type	Fair Value Totals	Investment Maturities (in Years) Less than 1	1 - 5
U.S. Treasuries	$ 1,722,473	$ 1,677,605	$ 44,868
U.S. Agencies	1,357,727	929,142	428,585
Supranationals	727,899	727,899	-
Municipal Bonds	16,404	5,671	10,733
Local Govt Investment Pool	330,000	330,000	-
Non-U.S. Fixed Income	65,000	15,000	50,000
Certificate of Deposits	192,268	192,268	-
Money Market Mutual Funds	700,000	700,000	-
Total	**$ 5,111,771**	**$ 4,577,585**	**$ 534,186**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. The Treasurer of State is authorized by statute (IC 5-13-10.5-5) to accept safekeeping receipts or other reporting for securities from: (1) a duly designated depository as prescribed in this article; or (2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Indiana Code 5-13-9, IC 5-13-10, and IC 5-13-10.5 authorizes the State Treasurer to invest or reinvest in securities fully guaranteed and issued by (1) the United States Treasury, (2) a federal agency, (3) a federal instrumentality, or (4) a federal government sponsored enterprise, as well as, other securities that are AAA rated or insured through the Public Deposit Insurance Fund or the FDIC. The allowable investments are noted above under the Investment Policy Statement section in more detail. The State Treasurer recognizes credit (quality) risk as a market and strategic risk factor in all investments.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, and money market funds, as of June 30, 2017. The following table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment

Investment Type	Greatest Risk Rating		Fair Value
U.S. Treasuries	AA	$	1,722,473
U.S. Agencies	AA		1,357,727
Supranationals	AAA		103,087
	AA		24,998
	NR		599,814
Certificate of Deposits	NR		192,268
Municipal Bonds	NR		16,404
Non-US Fixed Income Bonds	A		65,000
Local Govt Investment Pool	NR		330,000
Money Market Mutual Funds	AAA		700,000
Total		**$**	**5,111,771**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Indiana Code 5-13-10-3 states that the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the State Board for Depositories.

At June 30, 2017, investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments (in thousands) were:

FHLB	11.33%	$693,589
IFC	8.15%	$498,860
FHLMC	5.8%	$355,022

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2017, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities, to broker-dealers and other entities (borrowers), for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Securities may be lent under this section only if the agreement under which the securities are lent is collateralized by: (1) cash; or (2) non-cash collateral; in excess of the total market value of the loaned securities.

The State's custodial banks manage the securities lending programs and receive cash or securities as collateral. The types of securities lent during the year may include U.S. Treasury and agency obligations, corporate bonds/notes, and foreign bonds. Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. Cash received as collateral is reported as an asset and a liability on the balance sheet. Securities received as non-cash collateral are not reported on the balance sheet, because the State does not have the ability to pledge or sell them without a borrower default. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Public Employees' Retirement Fund and the State Teachers' Retirement Fund (discretely presented component units), which allow no more than 40% to be lent at one time.

Cash collateral received is invested by the custodian banks. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2017, was 27 days.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State. The contracts with the State's custodian requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

As of June 30, 2017, the fair values of the underlying securities on loan were

Security Type	Fair Value
U.S. Governments	$1,158,643
U.S. Agencies	194,124
Total	**$1,352,767**

The fair values of the collateral received for each investment type were:

Security Type	Fair Value
U.S. Governments	$1,182,394
U.S. Agencies	198,084
Total	**$1,380,478**

The percentage of collateral received for underlying securities on loan was 102.05%.

The fair values of the cash and non-cash collateral received were:

Collateral Type	Fair Value
Non-cash collateral	$ 33,662
Cash collateral (liability to borrowers)	1,346,816
Total	**$1,380,478**

Events of the market crisis of late 2008 negatively impacted the value of the State's securities lending cash collateral reinvestment pool. Since that time, the State, with the agreement of its' custodial bank, has been injecting capital into the pool using securities lending revenues to restore the value of the cash collateral reinvestment pool. As of June 30, 2017, the fair value of the cash collateral reinvestment pool was 96.24% of the fair value of the cash collateral received from the borrowers.

Fair Value of reinvested cash collateral by type:

Collateral Type	Fair Value
Time Deposits	$ 10,740
Commercial Paper	14,998
Repurchase agreements	135,362
Asset backed securities	232,068
Floating rate notes	882,171
MMMF's	21,779
Receivable	1,002
Total	**$1,298,120**

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2017, is as follows:

S&P Rating	Fair Value of Cash Collateral	% of Portfolio
AAA	$ 154,030	11.9
AA	376,701	29.0
A	568,766	43.8
CCC	8,103	0.6
NR	190,520	14.7
Total	**$1,298,120**	**100.0**

Fair Value Measurement

The Primary Government categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. Agencies' securities, Supranationals' securities, and municipal bonds classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The certificate of deposits are valued at cost-based measures and are classified as Level 2. The Non-US Government Bonds and municipal bonds classified in Level 3 have no observable inputs and there is no market activity regarding those investments, so they have been valued using cost-based measures. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. The money market mutual funds are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using		
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Treasuries	$ 1,722,473	$ 1,722,473	$ -	$ -
U.S. Agencies	1,357,727	-	1,357,727	-
Supranationals	727,899	-	727,899	-
Municipal Bonds	16,404	-	1,133	15,271
Non-US Govt Bonds	65,000	-	-	65,000
Local Govt Investment Pool	330,000	-	330,000	-
Certificate of Deposits	192,268	-	192,268	-
Money Market Mutual Funds	700,000	700,000	-	-
Total investments by fair value level	**$ 5,111,771**	**$ 2,422,473**	**$ 2,609,027**	**$ 80,271**

Major Moves Construction Fund/Next Generation Trust Funds

Investment Policy

Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5, except the funds may not be invested in equity securities. Investment Policy Statements for the investment of these two funds has been adopted by the Treasurer of State. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investor standards. There is no formal deposit policy other than compliance to State Statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statements establish asset allocations and investment structures for both Funds. These asset allocations and investment structures were established with consideration given to each Fund's objectives, time horizons, risk tolerances, performance expectations, and liquidity requirements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. The MMCF manager's long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective of 5.25%.

The following table provides the interest rate risk disclosure for the Major Moves/Next Generation Trust Fund as of June 30, 2017:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6- 10**	**More than 10**
U.S Treasuries	$ 201,775	$ 18,380	$ 121,989	$ 45,203	$ 16,203
U.S. Agencies	8,364	3,192	5,172	-	-
Government Asset and Mortgage Backed	44,201	521	1,189	3,371	39,120
Collateralized Mortgage Obligations					
Government CMOs	28,532	5,491	16,705	2,887	3,449
Corp CMOs	17,003	11,020	95	-	5,888
Corporate Bonds	361,508	114,035	197,690	32,032	17,751
Corporate Asset Backed	71,596	20,641	16,759	1,214	32,982
Private Placements	91,956	21,824	46,129	14,109	9,894
Municipal Bonds	21,430	7,225	12,644	1,296	265
TrustINdiana	20,000	20,000	-	-	-
Non US Government/Corp Bonds	31,480	857	17,447	7,729	5,447
Mutual Funds	108,244	108,244	-	-	-
Total	**$ 1,006,089**	**$ 331,430**	**$ 435,819**	**$ 107,841**	**$ 130,999**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

All investment managers must adhere to the following guideline related to the specific limitation on holdings:

The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, or corporate security shall be limited to an initial cost of 2.5% of the market value of an Investment Manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-back securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the market value of the total holdings of such Investment Manager's portfolio.

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2017. The following table below reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment.

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA	$ 201,775
U.S. Agencies	AA	8,364
Government Asset And Mortgage Backed	AA	19,127
	NR	25,074
Collateralized Mortgage Obligations		
Government CMO's	AA	28,532
Corporate CMO's	AAA	631
	AA	47
	A	533
	BBB	2,339
	BB	732
	B	292
	CCC&Below	12,429
Non US Govt/Corp Bonds	A	4,128
	BBB	20,254
	B	2,041
	CCC&Below	441
	NR	4,616
Corporate Bonds	AAA	2,418
	AA	22,263
	A	128,268
	BBB	158,864
	BB	16,694
	B	26,004
	CCC&Below	5,117
	NR	1,880
Corporate Asset and Mortgage Backed	AAA	47,554
	AA	3,847
	A	1,732
	BBB	809
	BB	866
	B	1,208
	CCC&Below	15,164
	NR	416
Private Placements	AAA	15,389
	AA	9,983
	A	21,819
	BBB	15,171
	BB	5,480
	B	13,828
	CCC&Below	8,045
	NR	2,241
TrustINdiana	NR	20,000
Municipal Bonds	AAA	1,298
	AA	11,210
	A	7,271
	BBB	1,142
	CCC&Below	506
	NR	3
Money Market Mutual Funds	NR	108,244
Total		$ 1,006,089

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. For Intermediate and Core Fixed Income Managers, securities in any one issuer should be limited to not more than 5% of the investment manager's portion of the Fund portfolio measured at market value. For Core Plus Fixed Income Managers, the exposure of each manager's portfolio should be limited to not more than 10% of the manager's portion of the Fund portfolio measured at market value.

As of June 30, 2017, there were no investments in any one issuer that represent 5% or more of the total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Major Moves/Next Generation Trust Fund's foreign currency exposure is focused primarily in fixed income securities. The exposure to foreign currency fluctuation is as follows:

Currency	Fair Value	% of Total Fair Value
Argentina	$ 907	0.1%
Australia	25	0.0%
Brazil	5,493	0.5%
Canada	1,047	0.1%
Chinese Yuan	(2,134)	-0.2%
Columbian Peso	896	0.1%
Euro	411	0.0%
Ghana	677	0.1%
India	2,967	0.3%
Indonesia	4,680	0.5%
Japan	(1,990)	-0.2%
Malaysia	1,499	0.1%
Mexico New Peso	4,544	0.4%
New Taiwan Dollar	(1,898)	-0.2%
Nigerian Naira	391	0.0%
Peruvian Sol	(7)	0.0%
Philippines Peso	205	0.0%
Polish Zloty	1,763	0.2%
Pound Sterling	777	0.1%
Russian Ruble	3,102	0.3%
Singapore Dollar	(879)	-0.1%
South African Rand	1,480	0.1%
South Korean Won	(283)	0.0%
Turkish Lira	1,602	0.2%
Uruguayan Peso	192	0.0%
Total	$ 25,467	2.49%

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

The Major Moves Construction Fund and Next Generation Trust Fund categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. agencies' securities, supranationals' securities, and municipal bonds, corporate bonds, and other debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. Those money market mutual funds that are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy. The international commingled mutual fund was not priced in an active market and had no observable inputs thus was classified in Level 3.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using		
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Treasuries	$ 201,775	$ 201,775	$ -	$ -
U.S. Agencies	8,364	-	8,364	-
Govt Asset and Mortgage Backed	44,201	-	44,201	-
Collateralized Mortgage Obligations				
Govt CMO's	28,532	-	28,532	-
Corporate CMO's	17,003	-	17,003	-
Corporate Bonds	361,508	-	358,946	2,562
Corporate Asset Backed	71,596	-	71,596	-
Private Placements	91,956	-	91,956	-
Local Government Investment Pool	20,000	-	20,000	-
Non US Govt/Corp Bonds	31,480	-	31,480	-
Municipal Bonds	21,430	-	21,430	-
Mutual/Commingled Funds	108,244	17,786	175	90,283
Total Fixed Income Securities	**$ 1,006,089**	**$ 219,561**	**$ 693,683**	**$ 92,845**

TrustINdiana, Local Government Investment Pool (Investment Trust Funds)

Investment Policy

Indiana Code, Title 5, Article13, Chapter 9, Section 11 established the local government investment pool (TrustINdiana) within the office and custody of the Treasurer of State. The Treasurer of State shall invest the funds in TrustINdiana in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the Treasurer of State under Indiana Code 5-13-10.5. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. However, pursuant to IC 5-13-9-11(g)(7), no less than fifty percent of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities. Investment criteria have been established to create the principles and procedures by which the funds of TrustINdiana shall be invested and to comply with state statute relating to the investment and deposit of public funds.

Valuation of Investments

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The underlying investments of the Pool are marked-to-market on a daily basis.

Security transactions are recorded on a settlement-date basis. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of premium or accretion of discount, is recorded on the accrual basis.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2017:

Investment Type		**Fair Value**		**Investment Maturities (in Years) Less than 1**
U.S Treasuries	$	6,722	$	6,722
U.S. Agencies		3,360		3,360
Commercial Paper		330,917		330,917
Money Market Mutual Funds		7,092		7,092
Total	**$**	**348,091**	**$**	**348,091**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TrustINdiana limits its investments in any one issuer to the highest rating category issued by one nationally recognized statistical rating organization.

The following table provides information on the credit quality ratings for investments in TrustINdiana:

Investment Type	Greatest Risk Ratings	Fair Value
U.S Treasuries	AA+	$ 6,722
U.S. Agencies	AA+	3,360
Commercial Paper	A1	307,391
	NR	23,526
Money Market Mutual Funds	AAA	7,092
Total		**$ 348,091**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustINdiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition, TrustINdiana limits its investments in any one issuer of commercial paper to a maximum of 5% of assets per commercial paper issuer and 10% of assets per ultimate commercial paper issuer. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

At June 30, 2017, there were no investments in any one issuer, not exempt from disclosure that represents 5% or more of the total investments.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current market value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2017, there were no securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

TrustINdiana categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. 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. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities and the money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. Agencies' securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The bank deposits are valued on the rates directly negotiated with each financial institution and are quoted in an active market, thus classified as Level 1. The commercial paper classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market.

The following table summarizes the valuation of the TrustINdiana's investments by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using	
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
U.S Treasuries	$ 6,722	$ 6,722	$ -
U.S. Agencies	3,360	-	3,360
Commercial Paper	330,917	-	330,917
Bank Deposits	406,237	406,237	-
Money Market Mutual Funds	7,092	7,092	-
Total	**$ 754,328**	**$ 420,051**	**$ 334,277**

2. Pension and Other Employee Benefit Trust Funds – Primary Government

State Police Pension Fund

Investment Policy

The Indiana State Police Pension Trust was established in 1937 to provide pension, death, survivor, and other benefits to present and former employees of the department and their beneficiaries who meet the statutory requirement for such benefits.

Indiana Code 10-1-2-2(c), established the prudent investor standard as the primary statutory provision governing the investment of the Trust's assets. IC 10-1-2-2 (c) reads as follows:

The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. The following was the SPPT's adopted asset allocation policy as of June 30, 2017:

Asset Class	**Target Allocation (%)**
Broad domestic equity	29.0
Global ex U.S. equity	13.0
Short duration fixed income	4.0
Domestic fixed income	17.0
High yield fixed income	5.0
Hedge funds - alternatives	25.0
Real estate	5.0
Cash and equivalents	2.0
Total	**100.0**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in debt securities, short term money market funds, bond mutual/commingled funds, municipal securities, asset-backed, and mortgage backed securities for the State Police Pension Trust. The table reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each investment type.

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA	$ 8,668
U.S. Agencies	AA	6,161
Collateralized Mortgage Obligations		
Corporate CMO's	AAA	1,860
	NR	400
Corporate Bonds	AA	1,016
	A	5,323
	BBB	2,430
	BB	10,662
	B	1,512
Corporate Asset Backed	AAA	3,784
	BBB	597
	B	93
Municipal Bonds	AAA	212
	AA	1,990
	A	1,118
	BBB	363
Mutual/Commingled Funds	NR	86,531
Total		**$ 132,720**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the customer. None of the Indiana State Police Pension Trust's investments are exposed to custodial credit risk because they are held in the name of the Indiana State Police Pension Trust. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted market prices by independent pricing services. Investments that do not have an established market are reported at estimated fair value, these include commingled funds, private equity funds and hedge funds. The alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of judgement.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Indiana State Police Trust has eighteen different investments managers. Each investment manager is retained by the Trust to implement a specific investment style and strategy and shall adhere to the specific limitations on holdings outlined in each investment manager's securities guidelines. The securities guidelines for each investment manager is negotiated and agreed upon in writing on a case-by-case basis and referenced in Appendix D of the Investment Policy Statement.

At June 30, 2017, there were no investments in any one issuer that represents 5% or more of the total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. A long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective to exceed the actuarial assumed interest rate of 6.75%.

The following table provides the interest rate risk disclosure for the Indiana State Police Pension Fund:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6- 10	More than 10
U.S. Treasuries	$ 8,668	$ -	$ 2,646	$ 4,079	$ 1,943
U.S. Agencies	$ 6,161	-	73	1,062	5,026
Collateralized Mortgage Obligations	2,260	-	-	-	2,260
Corporate Bonds	20,943	1,092	8,645	8,825	2,381
Corporate Asset Backed	4,474	531	3,675	260	8
Municipal Bonds	3,683	371	1,505	1,180	627
Mutual/Commingled Funds	86,531	86,531	-	-	-
Total Fixed Income Securities	$ 132,720	$ 88,525	$ 16,544	$ 15,406	$ 12,245

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.85%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Police Pension Trust's foreign currency exposure is focused primarily in international and global equity holdings. The exposure to foreign currency fluctuation is as follows:

Currency	Fair Value	% of Total Fair Value
Australia	$ 1,204	0.26
Canada	742	0.16
Denmark	421	0.09
Euro	6,008	1.32
Hong Kong	2,091	0.46
Japan	1,850	0.40
Sweden	923	0.20
Switzerland	594	0.13
Sterling Pound	1,796	0.39
Total	**$ 15,629**	**3.41**

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities. The market value of the required collateral must be in an amount at least equal to 102% of the current market value of the loaned securities.

As of June 30, 2017, the State Police Pension Trust did not have any securities on loan and therefore, no credit risk exposure.

Fair Value Measurement

The Trust categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Trust's assessment of significance of a particular input to the fair value measurement in its entirety required judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments, to the extent these securities are traded.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Fixed income investments classified in Level 3 include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume.

The following table summarizes the valuation of the investments in the Trust by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using	
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Fixed Income Investments			
U.S. Treasuries	$ 8,668	$ 8,668	$ -
U.S. Agencies	6,161	-	6,161
Collateralized Mortgage Obligations	2,260	-	2,260
Corporate Bonds	20,943	-	20,943
Corporate Asset Backed	4,474	-	4,474
Municipal Bonds	3,683	-	3,683
Total Fixed Income Securities	**46,189**	**8,668**	**37,521**
Equity Investments			
Domestic Equity	26,374	26,374	-
International Equity	15,642	15,642	-
Commingled Equity Funds	69,966	69,966	-
Totat Equity Funds	**111,982**	**111,982**	**-**
Total Investments by Fair Value	**158,171**	**120,650**	**37,521**
Investment measured at the Net Asset Value (NAV)			
Commingled Fixed Income Funds	86,531		
Commingled Equity Funds	28,214		
Hedged Equity/Long/Short Funds	393		
Multi-strategy Hedge Funds	88,092		
Private Equity	32,291		
Total Investments measured at NAV	**235,521**		
Total Investments measured by Fair Value	**$ 393,692**		

The valuation methods for investments measured at the NAV per share (or its equivalent) are described below:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds	$ 86,531	$ -	Daily	1 day
Commingled Equity Funds	28,214	-	Daily	1 day
Hedged Equity/Long/Short Funds	393	-	Monthly	90 days
Multi-strategy Hedge Funds	88,092	-	Semi-Annually	95 days
Private Equity	32,291	3,017	N/A	N/A
Total investments measured at the NAV	**$235,521**			

Commingled Fixed Income and Equity Funds – There are 2 fixed income funds and 3 equity funds considered to be commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon fair value of the underlying securities.

Private Equity - Consisting of 6 private equity funds, this strategy invests across a range of strategies, geographies, and industries. These underlying portfolio company investments cannot be redeemed with the funds, but rather the funds will make distributions of capital to the Trust as the funds sell the underlying portfolio company investments.

Hedged Equity/Long/Short Equity – This type invests in 2 hedge funds which managers employ bottom-up stock picking, seeking returns in excess of public markets. Some of these managers have the ability to employ dedicated exposure to a particular sector in which they exhibit expertise.

Multi-Strategy Hedge Funds – This type invest in 1 hedge fund that are comprised of investments across hedge fund strategies. Four broad categories are, equity hedge, event driven, macro, and relative value. “Multi” references the multiple underlying sub-strategies within each category.

State Employee Retiree Health Benefit Trust Fund-DB

Investment Policy

The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund (ISPP), the State Personnel Plan Trust Fund (SPP), the Conservation and Excise Police Trust Fund (CEPP).

The ISPP consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established for the purpose of paying benefits for sickness, accident, hospitalization, and medical expenses. The assets in this account may be commingled for investment purposes only with the other accounts of the Indiana State Police Pension Fund. The investment authority for these funds, is established under Indiana Code IC 5-10-8-6(d)(2).and 10-12-2-2(c).. There is no formal deposit policy other than compliance to State statute. In compliance to State statute, the asset allocation is 100% in fixed income investments.

IC 10-12-2-2(c) reads as follows:

The trust fund shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards.

IC 5-10-8-6(d)(2) reads as follows:

The treasurer of state shall invest the money in these trust funds not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested.

Indiana Code, Title 5, Article 13, Chapters 9, 10, 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments.

The SPP and CEPP were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. The investment authority for the CEPP is established under IC 5-10-8-6(d)(2). The investment authority for the SPP is established under IC 5-10-8-7(i)(2). Both of these codes sites state: The Treasurer of State shall invest monies in these trust funds not currently needed to meet the obligations of the trust funds in the same manner as other public money may be invested. Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. In compliance to State statute, the asset allocation is 100% in fixed income investments. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Effective July 1, 2017, the statutory investment authority changed for all of the State Retiree Health Benefit Trust Fund – DB funds. The new investment authority, under IC 5-10-8-6(d)(2), for the ISPP and the CEPP, and the new investment authority, under IC 5-10-8-7(i)(2), for the SPP, both state, notwithstanding IC 5-13, the treasurer of state shall invest the money in these trust funds in the same manner as money may be invested by the public employees' retirement fund under IC 5-10-35-5. However, the trustee may not invest the money in the trust in equity securities. The trustee shall also comply with the prudent investor rule set forth in IC 30-4-3.5.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in the State Retiree Health Benefit Trust Fund - DB:

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA+	$ 65,321
U.S. Agencies	AA+	71,215
Supranationals	AAA	11,308
	NR	2,996
Total		**$150,840**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

FHLB	19.05%	$30,140
FFCB	8.97%	14,190
FAMC	13.83%	21,890
IADB	7.15%	11,308

Rate of Return For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, for the three OPEB plans administered through trusts was:

SPP	ISPP	CEPP
0.7%	0.6%	0.6%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities..

At year end, there were no securities on loan and therefore, no credit risk exposure.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2017:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**
U.S. Treasuries	$ 65,321	$ 65,321	$ -
U.S. Agencies	71,215	69,226	1,989
Supranationals	14,304	14,304	-
Total Fixed Income Securities	**$ 150,840**	**$ 148,851**	**$ 1,989**

Fair Value Measurement

The State Retiree Health Benefit Trust – DB funds categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using	
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
U.S. Treasuries	$ 65,321	$ 65,321	$ -
U.S. Agencies	71,215	-	71,215
Supranationals	14,304	-	14,304
Total Fixed Income Securities	**$ 150,840**	**$ 65,321**	**$ 85,519**

State Employee Retiree Health Benefit Trust Fund-DC

Investment Policy

Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Retiree Health Benefit Trust Fund has separate investment authority as established under Indiana Code 5-10-8-8.5 (c). The Treasurer of State shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in State Retiree Health Benefit Trust Fund:

	Greatest Risk	
Investment Type	**Ratings**	**Fair Value**
U.S. Treasuries	AA	$ 34,738
U.S. Agencies	AA	219,272
Supranationals	AAA	14,897
Local Government Investment Pool	NR	10,000
Total		**$ 278,907**

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2017, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

Federal Home Loan Banks	24.80%	$ 79,881
Federal Home Loan Mortgage Corporation	20.10%	64,744
Federal Farm Credit Bank	16.98%	54,694

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2017:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**
U.S. Treasuries	$ 34,738	$ 34,738	$ -
U.S. Agencies	219,272	124,464	94,808
Supranationals	14,897	9,900	4,997
Local Governmnet Investment Pool	10,000	10,000	-
Total Fixed Income Securities	**$ 278,907**	**$ 179,102**	**$ 99,805**

Fair Value Measurement

The State Retiree Health Benefit Trust – DC fund categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. US Agency Debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2017:

		Fair Value Measurements Using	
Investment Type	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
U.S. Treasuries	$ 34,738	$ 34,738	$ -
U.S. Agencies	219,272	-	219,272
Supranationals	14,897	-	14,897
Local Government Investment Pool	10,000	-	10,000
Total Fixed Income Securities	**$ 278,907**	**$ 34,738**	**$ 244,169**

3. Pension Trust Funds – Fiduciary in Nature Component Unit

Indiana Public Retirement System

Investment Guidelines and Limitations

The Indiana General Assembly enacted the prudent investor standard to apply to the INPRS Board of Trustees and govern all its investments. Under statutes (IC 5-10.3-5-3(a)) and (IC 5-10.4-3-10(a)), the Board of Trustees must "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." The Board of Trustees is also required to diversify such investments in accordance with the prudent investor standard.

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the funds. The INPRS Board of Trustees contracts with external investment managers, to collectively achieve the investment objectives of the fiduciary funds. Depending on the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted every five years.

The INPRS Board of Trustees adopted a revised Investment Policy Statement (IPS), effective December 16, 2016. The Board approved a revision to the asset allocation incorporating changes to the asset allocation targets. A new asset class, private markets, includes the existing private equity target allocation of 10.0 percent and the private credit target allocation of 4.0 percent previously included in fixed income – ex inflation-linked asset class.

The new strategic asset allocation for the consolidated defined benefit asset unit trust is as follows:

Global Asset Classes	Target Allocation - %	Target Range - %
Public Equity	22	19.5-24.5
Private Markets	14	10-18
Fixed Income - Ex Inflation - Linked	20	17-23
Fixed Income - Inflation - Linked	7	4-10
Commodities	8	6-10
Real Estate	7	3.5-10.5
Absolute Return	10	6-14
Risk Parity	12	7-17

The asset allocations shown above will differ for the ASA investments for PERF, TRF Pre-'96, TRF '96 and LE DC, as these plan allocations are self-directed by the members.

The Pension Relief Fund (PR Fund) is invested in high-quality, short-term money market instruments, including, but not limited to, high-quality commercial paper and securities issued or guaranteed by the U.S. government.

The State Employees' Death Benefit Fund and Public Safety Officers' Special Death Benefit Fund are invested in short-term and fixed income investments in a commingled fund.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses is as follows:

Pension Trust Funds (1)	2017 Annual Money Weighted Rate of Return
Public Employees' Retirement Fund	7.60%
Teachers' Retirement Fund Pre-1996 Account (2)	8.14%
Teachers' Retirement Fund 1996 Account (2)	8.14%
1977 Police Officers' and Firefighters' Pension and Disability Fund	7.97%
Judges' Retirement System	7.96%
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan	7.97%
Prosecuting Attorneys' Retirement Fund	7.94%
Legislators' Defined Benefit Plan	7.91%
Total (3)	**7.85%**

(1) Excludes the Legislators' Defined Contribution Plan.
(2) The Teachers' Retirement Fund Accounts are combined for investment purposes.
(3) Rate of return also includes Legislators' Defined Contribution Plan, State Employees' Death Benefit Fund, Public Safety Officers' Special Death Benefit Fund and Pension Relief Fund.

Cash in Bank and Deposits

Cash balances represent both operational demand deposit accounts held at the bank and, investment related cash and short-term investments, both pooled and non-pooled, on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested in a short-term investment account, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Position.

The table below presents the INPRS total cash deposits, which includes short-term investment funds as of June 30, 2017.

Cash Deposits	Total
Demand Deposit Account – Bank Balances (Insured by FDIC up to $250 thousand per financial institution)	$ 7,312
Held with Treasurer of State (Fully insured)	843
Demand Deposit - Outstanding Check Float	(31,899)
Held with Custodian Bank (Uncollateralized)	261,585
Short-term Investment Funds held at Bank (Collateralized)	1,139,697
Total	**$ 1,377,538**

Custodial Credit Risk

Deposits, investment securities, and collateral securities are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, INPRS will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to risk if the securities are uninsured and held by either the counterparty or the counterparty trust department's agent, and are not registered in the name of INPRS.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2017, there was $268.9 million of cash on deposit which was uninsured and uncollateralized and therefore exposed to credit risk as disclosed in the Cash and Bank Deposits section above.

Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5, IC 5-10.4-3-14(a) and IC 5-10.4-3-13, securities are required to be held for the fund under custodial agreements. INPRS' custody agreement with the custodian requires the custodian to segregate the securities on the custodian's books and records from the custodian's own property. In addition, investment managers are not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

Method Used to Value Investments

Investments are generally reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are generally reported using cost-based measures, which approximates fair value.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and security pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private market, absolute return, real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public fair values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private market or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ significantly from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Fully benefit-responsive synthetic guaranteed investment contracts are reported at contract value.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer a fixed-income investment is to maturity, the more susceptible the value of the fixed-income investment is to market interest rate changes. INPRS does not have a formal stated policy regarding interest rate risk. The Investment Policy Statement recognizes interest rate risk as a market risk factor. INPRS reviews and monitors market risk factors within investment mandates regularly as part of achieving the actuarial long-term rate of return.

As of June 30, 2017 debt security duration is as follows:

Debt Security Type	Fair Vale	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
Short Term Investments			
Short Term Investments	$ 1,050,848	9.9	0.01
Certificate of Deposits	3,806	0.0	0.24
U.S. Treasury Obligations	193,486	1.8	0.22
Non-U.S. Government	7,880	0.1	0.21
Duration Not Available	289,678	2.7	N/A
Subtotal	1,545,698	14.5	
Fixed Income Investments			
U.S. Governments	3,746,994	35.2	12.35
Non-U.S. Government	2,729,545	25.7	7.93
U.S. Agencies	239,279	2.3	6.90
Corporate Bonds	1,172,924	11.0	9.57
Asset-Backed Securities	199,301	1.9	1.74
Duration Not Available	998,184	9.4	N/A
Subtotal	9,086,227	85.5	
Total	**$10,631,925**	**100.0**	

The $1.29 billion, for which no duration was available, is primarily made up of cash and commingled debt funds.

Credit Risk

The credit risk of investments is the risk the issuer will default and will no longer meet their obligations. INPRS does not have a formal stated policy regarding credit (quality) risk. The Investment Policy Statement recognizes credit (quality) risk as a market risk factor. INPRS reviews and monitors market risk factors within investment mandates regularly as part of achieving the actuarial long-term rate of return.

Three rating investment services are used in priority order, Standard and Poor's, Moody's, and Fitch.

Credit Rating	Short-Term Investments	Fixed Income Securities	Total	Percentage of All Debt Securities
AAA	$ -	$ 657,009	$ 657,009	6.4
U.S. Government Guaranteed	-	3,994,764	3,994,764	38.5
AA	139,039	1,169,325	1,308,364	12.6
A	-	819,727	819,727	7.9
BBB	-	902,996	902,996	8.7
BB	-	248,999	248,999	2.4
B	-	219,112	219,112	2.1
Below B	-	176,815	176,815	1.7
Unrated	1,147,577	897,480	2,045,057	19.7
Total	**$ 1,286,616**	**$ 9,086,227**	**$ 10,372,843**	**100.0**

The above table does not include cash with brokers of $259.1 million.

The $2.05 billion unrated primarily consists of the following security types: money market sweep vehicles, private placement, term loans and asset-backed securities, commercial mortgages, CMO/REMIC's and commingled debt funds.

Concentration of credit risk is the risk of loss which may arise in the event of default by a single issuer. The INPRS Investment Policy Statement recognizes issuer risk as a strategic risk factor that is monitored on an absolute and relative basis. At June 30, 2017, single issuer exposure in the portfolio did not exceed 5 percent of the Fiduciary Net Position.

INPRS Investment Policy Statement has placed a limit on the concentration of assets placed with an investment manager.

No investment manager will manage more than 10 percent of the INPRS assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage in excess of 15 percent of the system's assets in actively managed portfolios without Board approval.

No investment manager will manage more than 15 percent of the INPRS assets in passively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage in excess of 20 percent of the system's assets in passively managed portfolios without Board approval

No investment manager will manage more than 25 percent of the INPRS assets in a combination of actively and passively managed portfolios.

.Foreign Currency Risk

Foreign currency risk is the risk changes in exchange rates may adversely affect the fair value of an investment or a deposit. INPRS' foreign currency exposure is focused primarily in international fixed income and equity holdings.

At June 30, 2017, INPRS did not have a currency hedging program at the total fund level. However, at the manager level, hedging currency risk is allowed and certain managers actively manage currency exposure. INPRS monitors currency risk at the total fund level, portfolio level, and asset class level.

The foreign currency exposure consists of unhedged assets within the investment portfolio. The short term investment, debt securities and equity securities include accruals. Other investments include foreign holdings of other investments, derivatives and receivables/payables.

INPRS exposure to foreign currency risk at June 30, 2017, is as follows:

	Foreign Currency Held at June 30, 2017					
Currency	Short Term	Fixed Income	Equity	Other Investments	Grand Total	% of Total [1]
Argentina Peso	$ 395	$ 7,016	$ -	$ (754)	$ 6,657	0.0%
Australian Dollar	509	96,666	111,205	(102,076)	106,304	0.3
Brazilian Real	25	33,561	25,054	11,773	70,413	0.2
Canadian Dollar	1,583	136,366	170,577	(135,185)	173,341	0.5
Chilean Peso	-	5,488	837	1,219	7,544	-
Chinese R Yuan HK	-	-	-	(3,034)	(3,034)	-
China Yuan Renminbi	-	(358)	-	910	552	-
Colombian Peso	588	26,199	-	1,877	28,664	0.1
Czech Koruna	(110)	5,350	728	22,834	28,802	0.1
Danish Krone	833	18,397	58,584	(16,140)	61,674	0.2
Dominican Rep Peso	-	742	-	-	742	-
Egyptian Pound	3,744	2,188	689	1,262	7,883	-
Euro Currency Unit	9,102	1,095,906	726,732	(1,045,145)	786,595	2.5
Hong Kong Dollar	718	(341)	161,629	(25,725)	136,281	0.4
Hungarian Forint	388	12,656	5,633	(1,725)	16,952	0.1
Indian Rupee	766	(34)	17,404	19,449	37,585	0.1
Indonesian Rupiah	185	33,878	2,058	2,439	38,560	0.1
Israeli Shekel	20	(112)	3,611	-	3,519	-
Japanese Yen	12,429	361,365	576,328	(374,476)	575,646	1.8
Malaysian Ringgit	265	21,011	-	(1,269)	20,007	0.1
Mexican Peso	(370)	51,106	795	(7,140)	44,391	0.1
Taiwan New Dollar	-	-	82,285	(20,580)	61,705	0.2
Turkish Lira	2	25,461	13,357	7,427	46,247	0.2
New Zealand Dollar	102	24,818	4,917	(29,227)	610	-
Norwegian Krone	210	3,729	9,277	12,806	26,022	0.1
Peruvian Nuevo Sol	-	9,801	-	(3,148)	6,653	-
Philipines Peso	15	-	-	4,733	4,748	-
Polish Zloty	469	42,575	6,869	10,416	60,329	0.2
British Pound Sterling	2,876	508,535	374,954	(514,443)	371,922	1.2
Romania Leu	-	-	-	5,180	5,180	-
Russian Ruble	29	29,467	-	(4,039)	25,457	0.1
South African Rand	314	41,992	31,508	(15,525)	58,289	0.2
Singapore Dollar	446	4,932	23,425	(9,710)	19,093	0.1
South Korean Won	576	(58)	118,098	4,724	123,340	0.4
Swedish Krona	401	77,310	87,499	(49,667)	115,543	0.4
Swiss Franc	3,547	2,937	187,130	(3,355)	190,259	0.6
Thai Baht	16	14,519	14,526	3,083	32,144	0.1
UAE Dirham	-	-	2,939	-	2,939	-
Uruguayan Peso	-	619	-	1,164	1,783	-
Total	**$ 40,073**	**$ 2,693,687**	**$ 2,818,648**	**$ (2,251,067)**	**$ 3,301,341**	**10.4%**

(1) Total of foreign currency risk, as a percentage of all pooled investments.

Securities Lending

Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees' may authorize its custodian bank to enter into a securities lending program agreement under which certain securities held by the custodian on behalf of INPRS may be loaned. The statute requires collateral pledged to be in excess of the total fair value of the loaned securities at all times.

The purpose of such a program is to provide additional revenue for the consolidated defined benefits assets. The INPRS Investment Policy Statement requires that collateral securities and/or cash be initially pledged at 102 percent of the fair value of the securities lent for domestic securities and 105 percent for international securities. No more than 40 percent of the consolidated defined benefit assets may be lent in aggregate. The custodian bank and/or its securities lending sub-agents provide 100 percent indemnification of the consolidated defined benefit assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral by INPRS cannot be pledged or sold unless the borrower defaults.

At June 30, 2017, INPRS had no security lending credit risk exposure as the collateral pledged of $959 million exceeded the fair value of securities on loan, as shown below.

Security Type	Fair Value of Securities on Loan
U.S. Governments	$ 597,687
Corporate Bonds	12,185
International Bonds	5,888
Domestic Equities	289,566
International Equities	32,529
Total	**$ 937,855**

Cash collateral can be reinvested and is subject to the investment guidelines specified by the Investment Policy Statement. All collateral investments will have a maturity of the next business day. INPRS retains the fair value risk with respect to the investment of the cash collateral. However, the custodian bank provides 100.0 percent indemnification of all collateral invested in repurchase agreements against borrower default and overnight market risk.

All reinvested cash collateral investments consist of repurchase agreements which are not rated by any of the rating agencies.

Repurchase Agreements

A repurchase agreement is an agreement in which INPRS transfers cash to a broker-dealer or financial institution. The broker-dealer or financial institution transfers securities to INPRS and promises to repay the cash plus interest in exchange for the same securities. Repurchase agreements are assets with the security collateral held at INPRS' custodian bank.

An obligation under reverse repurchase agreement is the same as a repurchase agreement, but from the perspective of the buyer rather than the seller. Obligations under reverse repurchase agreements are liabilities of INPRS' whereby security collateral is held at the broker dealer or financial institution's custodian bank.

Cash received and reinvested in securities is not required to match the maturities of the securities posted as collateral.

Repurchase agreements and obligations and reverse repurchase agreements are considered allowable investments. Moreover, investment managers that possess recognized expertise in managing these types of investments will be permitted to utilize these investment tools as part of the overall investment mandate for the benefit of INPRS.

The amounts held at June 30, 2017, exclusive of securities lending reinvested cash collateral, are as follows:

Repurchase Agreements by Collateral Type	Cash Collateral Received	Market Value
U.S. Treasury	$ 1,881	$ 1,881

Obligations Under Reverse Repurchase Agreements by Collateral Type	Cash Collateral Posted	Fair Value
U.S. Treasury	$ 276,792	$ 279,962

At June 30, 2017, INPRS had no reverse repurchase agreement credit risk exposure since the cash collateral value posted was less than the fair value of the liability held.

Fair Value Measurement

In accordance with GASB Statement No. 72, INPRS' investments are measured and generally reported at fair value and are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets for identical assets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly in an active market, and inputs in markets that are not considered to be active for identical or similar assets.

Level 3 – Investments reflect prices based upon unobservable inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Short term investment funds (STIF's) are classified at amortized cost.

Equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Corporate bonds classified in Level 3 are valued using discounted cash flow techniques. International equities classified in Level 3 are not traded in an active market and are valued using internally generated unobservable inputs.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Derivative instruments classified as Level 2 are valued using a market approach that considers benchmarks.

At June 30, 2017, the fair value of investments categorized by Level 1, 2 and 3 is as follows:

		Fair Value Measurements Using		
Investment Type (1)	**June 30, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments Measured at Amortized Cost				
Short Term Investments (2)	$ 62,758			
Cash at Brokers	257,779			
Repurchase Agreements	1,881			
Pooled Short Term Investments (2)	989,056			
Total Investments Measured at Amortized Cost	1,311,474			
Investments by Fair Value Level				
Pooled Short Term Investments (2)				
BNY - Mellon Cash Reserves	22,343	$ -	$ 22,343	$ -
Certificate of Deposit	3,806	-	3,806	-
Corporate Bonds (Short Term)	3,744	-	3,744	-
U.S. Treasury Obligations	193,486	193,486	-	-
Non-U.S. Governments	4,136	-	4,136	-
Total Pooled Short Term Investments	227,515	193,486	34,029	-
Fixed Income Investments				
U.S. Governments	3,747,283	3,746,994	289	-
Non-U.S. Governments	3,043,740	-	3,043,740	-
U.S. Agencies	228,832	-	228,832	-
Corporate Bonds	1,129,583	-	1,128,623	960
Asset-Backed Securities	226,709	-	226,709	-
Total Fixed Income Investments	8,376,147	3,746,994	4,628,193	960
Equity Investments				
Domestic Equities	3,473,186	3,472,155	1,031	-
International Equities	3,420,144	3,419,343	794	7
Total Equity Investments	6,893,330	6,891,498	1,825	7
Total Investments by Fair Value Level	15,496,992	$ 10,831,978	$ 4,664,047	$ 967
Investments Measured at the Net Asset Value (NAV)				
Commingled Short Term Funds	8,590			
Commingled Fixed Income Funds	710,080			
Commingled Equity Funds	1,460,136			
Private Markets	3,450,039			
Absolute Return	2,597,143			
Real Estate	1,599,209			
Risk Parity	2,914,620			
Total Investments Measured at the Net Asset Value (NAV)	12,739,817			
Investment Derivatives				
Total Futures	(6,023)	(6,023)	-	-
Total Options	13	-	13	-
Total Swaps	2,925	-	2,925	-
Total Investment Derivatives	(3,085)	$ (6,023)	$ 2,938	$ -
Total Investments (less Securities Lending Collateral)	$ 29,545,198			

(1) The amounts disclosed above will differ from the Asset Allocation Summary. The investment type combines assets according to the security type assigned to each investment by the Custodian. The Asset Allocation Summary groups assets according to the investment objective of each investment manager.
(2) Short Term Investments include highly liquid assets, both pooled and non-pooled that are an integral part of the pension investments.

The valuation method for investments measured at the net asset value (NAV) per share or equivalent, at June 30, 2017, is presented as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Short Term Funds (1)	$ 8,590	$ -	Daily	1 day
Commingled Fixed Income Funds (1)	710,080	-	Daily	1 day
Commingled Equity Funds (1)	1,460,136	-	Daily	1 day
Private Markets (2)	3,450,039	1,720,159	Not Eligible	N/A
Real Estate Funds (3)	1,599,209	549,401	Quarterly	30-90 days
Absolute Return (4)	2,597,143	-	Monthly, Quarterly, Semi-Annually	30-120 days
Risk Parity (5)	2,914,620	-	Daily, Weekly, Monthly	3-5 days
Total	**$ 12,739,817**	**$ 2,269,560**		

*(1) Commingled Short Term, Fixed Income and Equity Fund*s - There are three short term funds, sixteen fixed income funds and three equity funds, which are considered to be commingled in nature. Comingled fund strategies include short term, fixed income, and equity fund investments. These investments are valued at the net asset value of the units held at June 30, 2017, based upon fair value of the underlying securities.

(2) *Private Markets*- Consisting of 265 private market funds that invests across a range of strategies, geographies, and industries. Portfolio strategies include venture capital, buyout, special situations, real assets, and growth capital fund investments. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the average ten year life of the fund.

(3) *Real Estate Funds* - Consisting 32 real estate funds that invest primarily in U.S. commercial real estate. There are 26 real estate funds classified as illiquid as these investments cannot be redeemed directly with those real estate funds. Distributions of capital from illiquid real estate funds will be received as the underlying real estate assets are liquidated over the average 10 year life of the fund. There are six real estate funds that have been classified as liquid real estate funds due to the open-end structure of the fund. Open-end funds generally offer periodic distributions of net cash flow which can be reinvested, as well as quarterly redemption windows. Illiquid real estate funds represent approximately 48.0 percent of the value of the real estate fund investments.

(4) *Absolute Return* - The absolute return strategy portfolio attempts to generate returns in excess of the plan's target actuarial rate of return over a full market cycle with minimal beta to the plan's primary long-only market exposures (equities, credit, rates, and commodities). The portfolio tends to rely less heavily on traditional long/short equity and event-driven strategies, but instead focuses on relative value/arbitrage and tactical trading strategies. The portfolio consists of 35 fund holdings that cover a broad spectrum of investment strategies and investment horizons, which results in distinct fund redemption terms to prevent asset-liability mismatches. Fund redemption periods range from weeks (alternative beta) to years (drawdown vehicles), but as a whole, on a weighted-average basis, the portfolio maintains a liquidity profile of less than one year. Most of the funds' investments are classified as fair value level 1 and 2 assets, which allow for independent verification of NAV's/fair values by the funds' administrators. Funds with a drawdown strategy represent 7.8 percent of the absolute return portfolio and the majority of the fund's investments consists of level 3 assets. The valuation process for the funds are comparable to private market valuations, with quarterly valuations.

(5) *Risk Parity* **-** Consisting of three fund investments, this portfolio is constructed to accrue various asset class risk premiums, including equity, without long-term dominance from any single asset class. The structure of these investments provides a reasonable level of liquidity and investments may be redeemed in accordance to the terms set forth by each investment management agreement. The risk parity fund investments are considered to be liquid, market-priced instruments, and 100 percent of the NAV is independently calculated by the fund administrators. Fair values are reported as NAV per share.

As of June 30, 2017, it is probable $3.5 billion and $1.6 billion of the investments in the private market and real estate funds type, respectively, will be sold at an amount different from the NAV of the INPRS' ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been estimated using recent observable transaction information for similar investments and non-binding bids received from potential buyers of the investments (one quarter in arrears plus current quarter cash flows). As of June 30, 2017, a buyer (or buyers) for these investments has not yet been identified. Once a buyer has been identified, the investee fund's management must approve the buyer before the sale of the investments can be completed.

Synthetic GIC's

PERF, TRF Pre-"96, TRF "96 and LE DC members are able to participate in a stable value fund investment option that consists of fully benefit-responsive synthetic guaranteed investment contracts (GIC's). The stable value fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. As of June 30, 2017, the stable value fund portfolio of well diversified high quality investment grade fixed income securities had a fair value of $2.6 billion that was $12.8 million in excess of the fair value protected by the wrap contract.

Derivative Financial Instruments

Overview of Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as investment income. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty. This would typically be referred to as an "OTC contract" (Over the Counter) such as swaps and forward contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as "exchange traded." Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements. Investments in limited partnerships may include derivatives that are not shown in the derivative total.

The derivative instruments are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

All investment derivatives discussed below are included within the investment risk schedules, which precede this section. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio. INPRS holds investments in limited partnership and commingled investment funds, which may utilize derivatives from time to time for hedging purposes, and any derivatives held by these types of investment vehicles are not included in the information describing the derivatives.

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.

As the fair value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

Options

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.

The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of a

call option receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. An interest rate swaption is the option to enter into an interest rate swap based off a set of predetermined conditions.
Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange-traded options is determined based upon quoted market prices.

The fair value of over the counter options is determined by external pricing services, using various proprietary methods, based upon the type of option.

Swaps
Interest rate swaps are derivative instruments in which one party exchanges a stream of fixed interest rate cash flows for floating interest rate cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at the inception of the contract.

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value is determined by external pricing services using various proprietary methods.

An inflation swap is a derivative used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI) or an inflation bond.

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk. The fair value is determined by external pricing services using various proprietary methods.

Forwards
A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

Foreign currency forwards are used to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

Derivative Contracts

The table below summarizes INPRS' derivative contracts for the fiscal year ended June 30, 2017:

Investment Derivatives	Change in Fair Value	Fair Value	Notional
Futures			
Index Futures - Long	$ 1,404	$ 1,404	$ 761,901
Commodity Futures - Long	(8,757)	(8,757)	1,432,867
Fixed Income Futures - Long	(267)	(267)	450,047
Fixed Income Futures - Short	1,596	1,596	(614,485)
Total Futures	(6,024)	(6,024)	2,030,330
Options			
Currency Spot Options Bought	(15)	22	5,785
Currency Spot Options Written	9	(9)	4,545
Interest Rate Options Bought	(1,476)	3,335	709,400
Interest Rate Options Written	821	(3,280)	546,940
Fixed Income Options Bought	(60)	14	14
Fixed Income Options Written	35	(13)	(13)
Total Options	(686)	69	1,266,671
Swaps			
Interest Rate Swaps - Pay Fixed Receive Variable	3,580	5,699	487,349
Interest Rate Swaps - Pay Variable Receive Fixed	(31)	(654)	492,341
Overnight Index Interest Rate Swaps - Pay Fixed Receive Variable	(888)	(888)	66,774
Overnight Index Interest Rate Swaps - Pay Variable Receive Fixed	798	798	50,535
Inflation Swaps - Pay Fixed Receive Variable	40	(61)	2,428
Inflation Swaps - Pay Variable Receive Fixed	38	35	6,775
Currency Swaps	(1,688)	(1,680)	43,237
Total Return Swaps	2,489	2,489	4,162
Credit Default Swaps Single Name - Buy Protection	(1,147)	(810)	59,200
Credit Default Swaps Single Name - Sell Protection	166	(29)	8,069
Credit Default Swaps Index - Buy Protection	(203)	(369)	27,679
Credit Default Swaps Index - Sell Protection	(598)	(1,660)	47,235
Total Swaps	2,556	2,870	1,295,784
Total Derivatives	**$ (4,154)**	**$ (3,085)**	**$ 4,592,785**

The table below summarizes the swap maturity profile as of June 30, 2017.

	Swap Maturity Profile at June 30, 2017					
Swap Type	**< 1 yr**	**1 - 5 yrs**	**5 -1 0 yrs**	**10 - 20 yrs**	**20 + yrs**	**Total**
Interest Rate Swaps - Pay Fixed Receive Variable	$ (203)	$ (331)	$ 5,973	$ (52)	$ 312	$ 5,699
Interest Rate Swaps - Pay Variable Receive Fixed	105	2	527	71	(1,359)	(654)
Overnight Index Interest Rate Swaps - Pay Fixed Receive Variable	(110)	(778)	-	-	-	(888)
Overnight Index Interest Rate Swaps - Pay Variable Receive Fixed	4	828	(34)	-	-	798
Inflation Swaps - Pay Fixed Receive Variable	-	-	(3)	(51)	(7)	(61)
Inflation Swaps - Pay Variable Receive Fixed	1	(5)	13	(48)	74	35
Currency Swaps	(1,529)	(54)	(97)	-	-	(1,680)
Total Return Swaps	2,489	-	-	-	-	2,489
Credit Default Swaps Single Name - Buy Protection	-	(810)	-	-	-	(810)
Credit Default Swaps Single Name - Sell Protection	1	(8)	(22)	-	-	(29)
Credit Default Swaps Index - Buy Protection	-	(369)	-	-	-	(369)
Credit Default Swaps Index - Sell Protection	-	(1,605)	-	-	(55)	(1,660)
Total Swap Fair Value	**$ 758**	**$ (3,130)**	**$ 6,357**	**$ (80)**	**$ (1,035)**	**$ 2,870**

Credit Risk

Counterparty credit risk exists on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract.

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and certain event of default and mutual termination provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the agency would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in an unrealized gain position at June 30, 2017, was $18.1 million, of which $16.4 million was uncollateralized.

The table below summarizes the counterparty positions as of June 30, 2017:

		Fair Value			Collateral	
Swaps Counterparty	**S&P Rating**	**Receivable/ Unrealized Gain**	**Payable/ (Unrealized Loss)**	**Fair Value**	**Posted**	**Received**
Bank of America	BBB+	$ 423	$ (257)	$ 215	$ 640	$ (540)
Banque Nationale De Paris	A	3	-	-	710	-
Barclays	BBB	63	(155)	(145)	-	-
Citigroup, Inc.	BBB+	2,730	(705)	1,914	707	(1,070)
CME Group	AA-	5,012	(2,853)	2,394	-	-
Credit Suisse	BBB+	-	(91)	(90)	2,324	(51)
Deutsche Bank	A-	2,546	(3,333)	(644)	750	(110)
Goldman Sachs	BBB+	85	(77)	(77)	730	(570)
HSBC Securities Inc	A	60	(54)	(54)	1,520	(10)
Intercontinental Exchange, Inc.	A	2,079	(2,851)	(2,038)	1,135	-
JPMorgan Chase Bank	A-	127	(2,303)	(2,007)	1,829	-
London Clearing House	A-	4,619	(2,201)	3,690	376	-
Morgan Stanley	BBB+	349	(660)	(288)	50	-
Total		**$ 18,096**	**$ (15,540)**	**$ 2,870**	**$ 10,771**	**$ (2,351)**

Interest Rate Risk

INPRS has exposure to interest rate risk due to investments in interest rate and inflation swaps and forward mortgage-backed securities (TBAs). The required risk disclosures are included in the Interest Rate Risk schedule.

The table below summarizes INPRS' investments that are highly sensitive to interest rate changes:

Reference Currency	Pays	Receives	Fair Value	Notional
Interest Rate Swap - Pay Fixed Receive Variable:				
U.S. Dollar	1.25% to 2.79%	3M USD LIBOR	$ 7,131	$ 329,560
Pound Sterling	0.74% to 2.00%	6M GBP LIBOR BBA	(204)	32,558
Euro Currency Unit	0.00% to 1.50%	6M EURIBOR REUTERS	191	25,286
Israeli Shekel	0.65%	3M ILS TELBOR REFERENCE BANKS	(112)	14,385
Hong Kong Dollar	2.25%	3M HIBOR BLOOMBERG	(336)	12,930
Brazilian Real	8.77% to 13.93%	1D BRL CDI	(855)	10,850
Japanese Yen	0.30% to 0.75%	6M JPY LIBOR BBA	(75)	10,780
Mexican Peso	7.25%	1M MXN TIIE BANXICO	(5)	10,338
Australian Dollar	1.80%	3M AUD BBR BBSW	34	9,404
Czech Koruna	0.37% to 1.04%	6M CZK PRIBOR PRBO	189	8,067
Hungarian Forint	1.38% to 2.42%	6M BUBOR REUTERS	(294)	7,289
Brazilian Real	8.77% to 9.97%	1M BRL CDI	(15)	6,643
Indian Rupee	6.20% to 6.50%	INR MIBOR OIS COMPOUND	(34)	6,204
Mexican Peso	5.18% to 5.86%	28D MXN TIIE BANXICO	75	1,811
Colombian Peso	5.11%	90 DAYS DTF RATE	(1)	406
Polish Zloty	1.77%	6M PLN WIBOR WIBO	8	402
Australian Dollar	1.80%	6M AUD BBR BBSW	3	222
Colombian Peso	5.19%	1D COP COOVIBR	(1)	214
Total			**$ 5,699**	**$ 487,349**
Interest Rate Swap - Pay Variable Receive Fixed:				
U.S. Dollar	3M USD LIBOR BBA	1.50% to 2.68%	$ (781)	$ 99,140
Pound Sterling	3M GBP LIBOR BBA	0.59%	2	70,676
Euro Currency Unit	6M EURIBOR REUTERS	0.01% to 1.33%	(95)	67,224
Canadian Dollar	3M CAD BA CDOR	1.25% to 1.50%	(169)	66,216
Mexican Peso	28D MXN TIIE BANXICO	5.43% to 7.74%	582	34,663
South Korean Won	3M KRW CD KSDA	1.23% to 1.50%	(36)	24,021
Brazilian Real	1D BRL CDI	11.45% to 14.56%	385	21,281
Thailand Baht	6M THB THBFIX REUTERS	1.52% to 1.90%	1	18,899
South Korean Won	3M KRW KWCDC COD	1.21% to 2.06%	(22)	17,897
Swedish Krona	3M SEK STIBOR SIDE	0.05% to 0.33%	(73)	17,037
Chinese Yuan Renminbi	7D CHINA FIXING REPO RATES	2.80% to 4.00%	(358)	15,686
Swiss Franc	6M SWISS LIBOR BBA	0.55%	(7)	15,329
Brazilian Real	1M BRL CDI	9.12% to 11.15%	(81)	9,009
Pound Sterling	6M GBP LIBOR BBA	1.40% to 1.60%	(52)	8,515
Mexican Peso	1M MXN TIIE BANXICO	5.50% to 7.73%	64	4,583
Norwegian Krone	6M NOK NIBOR BBG CM	1.00%	(6)	1,763
Polish Zloty	6M WIBOR WIBO	1.77%	(8)	402
Total			**$ (654)**	**$ 492,341**

Foreign Currency Risk

INPRS is exposed to foreign currency risk on its foreign currency forward contracts and futures contracts. The required risk disclosures are included in the Foreign Currency Risk schedule.

At June 30, 2017, INPRS' investments included a foreign currency contract receivable balance of $7.4 billion and an off-setting foreign currency contract payable of $7.4 billion

The net gain recognized for the fiscal year ended June 30, 2017 due to foreign currency transactions was $380 thousand.

B. Interfund Transactions

Interfund Loans

As explained in Note III(A), temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2017, the following funds had temporary cash overdrafts covered by loans from the General Fund: U.S. Department of Education, $4.4 million and U.S. Department of Health and Human Services Fund, $648.6 million. There is also reported an $8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund, which is not expected to be repaid within the next fiscal year. Also, reported is an interfund loan of $1.1 million from the Fish and Wildlife Fund to the Fund 6000 Programs Fund for $0.9 million and to the Deer Research and Management Fund for $0.2 million for game and deer licenses.

The following is a summary of the Interfund Loans as of June 30, 2017:

	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	$ 652,949	$ -
Nonmajor Governmental Funds	9,110	662,059
Total	**$ 662,059**	**$ 662,059**

Interfund Services Provided/Used

Interfund Services Provided of $9.9 million represents amounts owed by various governmental funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2017:

	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	$ -	$ 5,501
Public Welfare - Medicaid Assistance	-	13
Nonmajor Governmental Funds	-	4,345
Total Governmental Funds	-	9,859
Proprietary Funds		
Internal Service Funds	9,859	-
Total Proprietary Funds	9,859	-
Total	**$ 9,859**	**$ 9,859**

Due From/Due To

The $30.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. Per Public Law 93-2013, Section 4, repayments to the Indiana Board for Depositories are to be made in annual increments of $5.0 million each July beginning July 2013. The interfund balance of $24.1 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. The amounts due to Indiana University of $3.4 million, Purdue University for $60.0 thousand, the nonmajor universities of $671.0 thousand, and the Indiana State Fair Commission for $224 thousand are from FY 2017 state appropriations. $2.5 million of the $3.4 million due to Indiana University is due from nonmajor governmental funds.

The following is the schedule of Due From/Due To of component units, as of June 30, 2017:

	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	$ -	$ 31,794	$ -	$ -
Nonmajor Governmental Funds	-	2,520	24,068	-
Total Governmental Funds	-	34,314	24,068	-
Component Units				
Indiana University	3,359	-	-	-
Purdue University	60	-	-	-
Nonmajor Universities	671	-	-	-
Board for Depositories	30,000	-	-	-
State Lottery Commission	-	-	-	24,068
Indiana State Fair Commission	224	-	-	-
Total Component Units	34,314	-	-	24,068
Total	**$ 34,314**	**$ 34,314**	**$ 24,068**	**$ 24,068**

Interfund Transfers

Major Governmental Funds

Transfers constitute the movement of money from the fund that receives the resources to the fund that utilizes them. These numerous transfers generally result from legislation passed by the Indiana General Assembly that directs how the transfers are made. In the case of the General Fund, many appropriations are made in the General Fund and then transferred during the year to the funds where these appropriations are used. Also in the case of the General Fund, various taxes and other revenues are collected in other funds and transferred to the General Fund. Following are the principal purposes of the State's interfund transfers:

General Fund – $431.6 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. $428.2 million was transferred in from the Medicaid Assistance Fund of which $218.6 million was unused State match appropriations from prior fiscal years, $160.0 million was the State's share of hospital assessment fees, and $49.4 million was quality assessment fees. The hospital assessment fees and qualifying assessment fees can only be used for the State's share of Medicaid services under Title XIX of the Social Security Act. The Build Indiana Fund transferred in $236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. The Build Indiana Fund transferred in additional $4.5 million to the General Fund which was for various projects from the budget bill including for I-Light Network Operations, the Southern Indiana Education Alliance, workforce centers, the GigaPoP project, and Degree Link. $83.6 million was received from the Fund 6000 Programs Fund of which $54.2 million was distribution of financial institutions tax per IC 6-5.5; $19.0 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's and IVH Medicaid Reimbursement

Fund's receipts of resident fees and Medicaid reimbursements; $3.8 million was transferred in from permit fees collected from business that sell alcoholic beverages per IC 7.1-4-9-4; $3.4 million was transferred to the Office of Medicaid Policy and Planning's State Medicaid General Fund which was appropriation transfers from Indiana Veterans' Home Medicaid reimbursements; and $3.2 million was transferred in from consumer and non-consumer settlements, unclaimed property litigation, and real estate appraiser licensing for the Office of the Indiana Attorney General. $45.8 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including developmental disabilities services provided by the FSSA's Division of Disability and Rehabilitative Services, the Children's with Special Health Care Needs program administered by the Indiana State Department of Health, and substance abuse prevention and treatment services through the FSSA's Division of Mental Health and Addiction. $44.9 million was transferred in from the Indiana Department of Child Services' Welfare Child Service Fund of which $29.2 million was Supplemental Security Income revenues from Wards and $15.7 million was unused appropriations from prior fiscal years to be used to aide in the delivery of services to children. $44.3 million was transferred in from the Indiana Department of Child Services' Local Office Administrative Fund which was unused appropriations from prior fiscal years to be used to aide in the delivery of services to children.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received $2.4 billion in transfers for Medicaid current obligations and for Medicaid administration to enable the Office of Medicaid Policy and Planning to carry out all services under IC 12-8-6. These services include, but may not be limited to the provision of care and treatment for individuals with mental illness, developmental disability, long term care needs, and family and child services needs. $335.3 million was transferred to the State Highway Department (IC 8-23-9-54) for operation of the department and construction and maintenance of the state's highways, roads, and bridges. $320.8 million was transferred to the Indiana Commission for Higher Education's Division of Student Financial Aid mostly for the awarding of the State's grants and scholarships for Hoosier students to attend colleges. $291.7 million was transferred to the U.S. Department of Health and Human Services Fund in support of: $111.9 million for Department of Child Services programs including child welfare services training and state grants, case management services, special needs adoption, Social Security Title IV-D services to needy families with children, adoption services, family and children services, and healthy families Indiana; $63.1 million for the Family and Social Services' Division of Family Resources for local offices, state administration, information systems, and the temporary assistance for needy families program; $51.1 million for the State Medicaid program; $40.8 million for FSSA's central office and child care services; $15.6 million to the FSSA divisions of Aging and Disability and Rehabilitative Services for developmental disabled client and aging services, $7.9 million for county prosecutors' and local judges' salaries; $1.1 million for the FSSA's Division of Mental Health and Addiction for child psychiatric services, quality assurance and research, and child assessment needs survey; and $0.2 million for the Department of Health's cancer registry. $83.9 million was transferred to the U.S. Department of Agriculture Fund as the State's match of which $74.3 million was for the FSSA Division of Family Resources' local offices, state administration, information systems, TANF, Electronic Benefits Transfer administration, and IMPACT, $4.9 million was for the National School Lunch program administered by the Indiana Department of Education's Division of School and Community Nutrition Programs, $3.0 million was for the FSSA central office fund, $1.4 million was for the meat and poultry inspection program and the public health data communication infrastructure system of the Board of Animal Health, $0.2 million was for DNR capital projects, and $0.1 million was for food assistance and the Women, Infants, and Children (WIC) supplement program of the Indiana State Department of Health. $42.7 million was received by the Indiana Department of Transportation for the Public Mass Transportation Fund, which is used for the promotion and development of public transportation.

Medicaid Assistance Fund – The Medicaid Assistance Fund received a transfer of $2.4 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. $112.7 million was transferred in from the Healthy Indiana Plan trust fund and $50.1 million was transferred in from the Incremental Hospital Assessment Fee fund both to support the Healthy Indiana Plan (or HIP 2.0). $44.0 million was transferred in from the Medicaid Indigent Care Trust Fund which is part of the U.S. Department of Health and Human Services Fund, for reimbursement of hospital care for the indigent supplement payments made from the Medicaid Assistance Fund.

Transfers out included $428.2 million to the General Fund of which $218.6 million was the return of unused State match appropriations for Medicaid from prior fiscal years, $160.0 million was hospital assessment fees, and $49.4 million was quality assessment fees. The hospital assessment fees and quality assessment fees can only be used for the State's share of Medicaid services under Title XIX of the federal Social Security Act. $0.2 million was transferred to the General Fund for Medicaid's share of state fiscal year 2016 indirect costs in accordance with FSSA's approved public assistance cost allocation plan.

Proprietary Funds

Non-Major Enterprise Funds

The Inns and Concessions Fund – This fund had transfers out of $2.2 million, representing cash contributions to the Department of Natural Resources (DNR) which are to be used for repayments of bonds made by the Indiana Finance Authority.

Internal Service Funds

$1.3 million was transferred to the Administrative Services Revolving Fund, Information Technology Services, from the General Fund for the transition of the Department of Workforce Development's Indiana Network of Knowledge (INK) to the Management and Performance Hub.

A summary of interfund transfers for the year ended June 30, 2017 is as follows:

	Operating transfers in	Operating transfers (out)	Net transfers
Governmental Funds			
General Fund	$ 1,384,306	$ (3,701,163)	**$ (2,316,857)**
Public Welfare-Medicaid Assistance Fund	2,619,489	(428,200)	**2,191,289**
Nonmajor Governmental Fund	2,806,642	(2,680,132)	**126,510**
Proprietary Funds			
Nonmajor Enterprise Funds	-	(2,242)	**(2,242)**
Internal Service Funds	1,300	-	**1,300**
Total	**$ 6,811,737**	**$ (6,811,737)**	**-**

C. Receivables

Primary Government – Governmental Activities

Taxes Receivable/Tax Refunds Payable as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
	General Fund	Special Revenue Funds	Capital Projects Funds	Total Primary Government
Income taxes	$ 905,783	$ -	-	**$ 905,783**
Sales taxes	771,157	6,131	-	**777,288**
Fuel taxes	80	77,120	-	**77,200**
Gaming taxes	1,950	9,419	-	**11,369**
Alcohol and tobacco taxes	48,717	30,192	2,138	**81,047**
Insurance	5,479	-	-	**5,479**
Financial institutions taxes	-	3,653	-	**3,653**
Other taxes	4,647	920	-	**5,567**
Total taxes receivable	1,737,813	127,436	2,138	**1,867,387**
Less allowance for uncollectible accounts	(258,623)	(9,339)	(3)	**(267,965)**
Net taxes receivable	**$ 1,479,190**	**$ 118,097**	**$ 2,135**	**$ 1,599,422**
Tax refunds payable	**$ 50,845**	**$ 4,571**	**$ -**	**$ 55,416**

Primary Government – Business-Type Activities

The accounts receivable amount reported on the financial statements of the Unemployment Compensation fund is comprised of funds due from Indiana employers (employer receivables) and from overpayments made to Unemployment Insurance recipients (claimant receivables). Accounts receivable as of June 30, 2017 is as follows:

	Business - Type Activities
	Unemployment Compensation
Employer	$ 62,224
Claimant	142,254
Total receivable	**$ 204,478**

A major portion of the accounts receivable, $49.1 million of employer receivables and $105.7 million of claimant receivables for a total of $154.8 million, will not be collected within one year.

D. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

Primary Government – Governmental Activities

Governmental Activities:	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Capital assets, not being depreciated/amortized:				
Land	$ 2,134,850	$ 44,135	$ (12,123)	$ 2,166,862
Infrastructure	11,756,250	552,963	(4,996)	12,304,217
Construction in progress	833,193	487,281	(730,836)	589,638
Total capital assets, not being depreciated/amortized	14,724,293	1,084,379	(747,955)	15,060,717
Capital assets, being depreciated/amortized:				
Land and water use rights	26,028	-	(912)	25,116
Buildings and improvements	2,266,397	15,107	(59,688)	2,221,816
Furniture, machinery, and equipment	609,586	70,975	(47,762)	632,799
Computer software	129,687	97,989	(2,146)	225,530
Infrastructure	34,849	600	(400)	35,049
Total capital assets, being depreciated/amortized	3,066,547	184,671	(110,908)	3,140,310
Less accumulated depreciation/amortization for:				
Land and water use rights	(10,953)	(1,256)	242	(11,967)
Buildings and improvements	(1,286,713)	(47,823)	25,923	(1,308,613)
Furniture, machinery, and equipment	(426,876)	(48,878)	43,489	(432,265)
Computer software	(107,772)	(15,950)	1,725	(121,997)
Infrastructure	(27,481)	(802)	325	(27,958)
Total accumulated depreciation/amortization	(1,859,795)	(114,709)	71,704	(1,902,800)
Total capital assets being depreciated/amortized, net	1,206,752	69,962	(39,204)	1,237,510
Governmental activities capital assets, net	**$ 15,931,045**	**$ 1,154,341**	**$ (787,159)**	**$ 16,298,227**

Primary Government – Business-Type Activities

Business-Type Activities:	Balance July 1, restated	Increases	Decreases	Balance, June 30
Capital assets, not being depreciated:				
Construction in progress	$ 63	$ 7	$ (70)	$ -
Total capital assets, not being depreciated	63	7	(70)	-
Capital assets, being depreciated:				
Buildings and improvements	283	70	-	353
Furniture, machinery, and equipment	361	-	-	361
Total capital assets, being depreciated	644	70	-	714
Less accumulated depreciation for:				
Buildings and improvements	(193)	(16)	-	(209)
Furniture, machinery, and equipment	(276)	(26)	-	(302)
Total accumulated depreciation	(469)	(42)	-	(511)
Total capital assets being depreciated, net	175	28	-	203
Business-type activities capital assets, net	**$ 238**	**$ 35**	**$ (70)**	**$ 203**

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	22,627
Public safety		35,910
Health		938
Welfare		13,475
Conservation, culture and development		14,997
Education		1,781
Transportation		24,981
Total depreciation/amortization expense - governmental activities	**$**	**114,709**
Business-type activities:		
Inns and Concessions	$	42
Total depreciation expense - business-type activities	**$**	**42**

E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2017 and the assets acquired through capital leases are as follows:

		Capital leases		
		Governmental Activities		
Year ending June 30,	Operating leases	Principal	Interest	Future Minimum Lease Payments
2018	$ 33,542	$ 54,578	$ 39,349	$ 93,927
2019	23,990	65,671	39,242	104,913
2020	16,505	62,698	36,958	99,656
2021	13,173	60,558	33,787	94,345
2022	9,934	63,082	30,721	93,803
2023-2027	20,923	353,660	88,455	442,115
2028-2032	49	163,298	12,362	175,660
Total minimum lease payments (excluding executory costs)	118,116	823,545	280,874	1,104,419
Less:				
Remaining premium(discount)	-	(1,101)	-	(1,101)
Total minimum lease payments	**$ 118,116**	**$ 822,444**	**$ 280,874**	**$ 1,103,318**

Assets acquired through capital lease	
Building	$ 5,364
Machinery and equipment	30,127
Infrastructure	791,519
less accumulated depreciation	(5,288)
	$ 821,722

Operating Leases

The State leases building and office facilities and other equipment under operating leases. Total payments for such leases with aggregate payments of $20,000 or more were $33.5 million for the year ended June 30, 2017. A table of future minimum lease payments (excluding executory costs) is presented above.

Capital Leases Liabilities

The State has entered into various lease agreements with aggregate payments of $20,000 or more to finance the acquisition of buildings, land and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the government-wide statements.

F. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2017 were as follows:

Changes in Long-Term Obligations	Balance, July 1, as Restated	Increases	Decreases	Balance, June 30	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Compensated absences	$ 145,771	$ 80,196	$ (76,438)	$ 149,529	$ 83,814	$ 65,715
Net pension liability	13,122,718	2,814,941	(2,446,851)	13,490,808	-	13,490,808
Other postemployment benefits	130,261	42,172	(39,108)	133,325	-	133,325
Pollution remediation	35,609	3,239	(465)	38,383	4,887	33,496
Capital leases	1,000,258	476,505	(654,319)	822,444	54,578	767,866
	$ 14,434,617	**$ 3,417,053**	**$(3,217,181)**	**$ 14,634,489**	**$ 143,279**	**$ 14,491,210**
Business-type activities:						
Compensated absences	$ 689	$ 238	$ (214)	$ 713	$ 207	$ 506
Claims liability	25,440	635	(1,075)	25,000	2,097	22,903
	$ 26,129	**$ 873**	**$ (1,289)**	**$ 25,713**	**$ 2,304**	**$ 23,409**

Long term obligations of governmental activities include capital lease obligations of governmental funds as presented in Note IV(E), net pension liabilities as presented in Note V(E) (employee retirement systems and plan), other postemployment benefits, pollution remediation, intergovernmental payables, and compensated absence obligations. The General Fund typically has been used to liquidate any other long-term liabilities.

Long-term obligations of the business-type activities consist of claims liability of the Indiana Residual Malpractice Insurance Authority and compensated absences of the Inns and Concessions Fund.

G. Prior Period Adjustments and Reclassifications

For the fiscal year ended June 30, 2017, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net position in the government-wide statement of activities.

In the fund financial statements for the General Fund there was an increase in fund balance of $1.5 million and a corresponding decrease in fund balance in Special Revenue Funds due to the reclassification of a fund and a required transfer that was not made in the prior year.

In the fund statements for the Special Revenue funds, and the government-wide statements, net position decreased by $0.4 million due to the duplicate recording of a deposit in the prior year.

In the fund statements for the Special Revenue funds, and the government-wide statements, net position decreased by $7.5 million for the correction of liability balances.

For the Internal Service fund and the government-wide statements, there is an increase of $5.1 million in net position due to the omission of vehicle inventory in the prior year for the Administration Services Revolving fund.

For the government-wide statements, there is an increase of $29.0 million in net position for capital assets. This was the result of not capitalizing capital assets by June 30, 2016 that were acquired prior to this date and for corrections to acquisition cost by state agencies. There is a net increase of $0.2 million in net position for infrastructure assets and software projects that were incorrectly recorded to construction in progress in the prior year. Net position decreased $13.2 million due to an error in the net pension liability.

For the discrete proprietary component units, net position increased by $14.1 million due to not capitalizing assets by June 30, 2016 that were acquired prior to this date and decreased $0.4 million for corrections to liability balances.

The following schedule reconciles June 30, 2016 net position as previously reported, to beginning net position, as restated:

	Governmental Activities	Discretely Presented Component Units (Non Fiduciary)
June 30, 2016, fund balance/retained earnings/net position as reported	$ 10,873,292	$ 14,489,407
Correction of errors	13,213	13,719
Balance July 1, 2016 as restated	**$ 10,886,505**	**$ 14,503,126**

V. OTHER INFORMATION

A. Risk Management

The State of Indiana is exposed to various risks of loss. This includes damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employee, errors, omissions and theft by employees, certain employee health benefits, employee death benefits, and unemployment and worker's compensation costs for State employees.

The State records an expenditure for any loss as the liability is incurred or replacement items are purchased. The State purchases commercial insurance coverage for certain DNR Inns properties. The State also purchases immaterial amounts of commercial insurance related to errors, omissions, and theft by employees. Settlements related to commercial insurance have not exceeded coverage in the past three fiscal years.

The State does have risk financing activity for the State employees' disability, certain State employees' health benefits, Conservation and Excise Officers' health benefits, and certain health, disability and death benefits for State Police officers. These are reported in four individual Internal Service Funds.

The State employees' disability program is financed partially by State employees through payroll withholdings and by the funds from which employees are paid. The employees' health benefits, the Conservation and Excise health benefits, and the State Police traditional health plan are funded by the employees who have selected certain health care benefit packages and the funds from which those employees are paid. (An insurance carrier does provide claims administration services for the health insurance programs.)

Located below is the table of claim liabilities. The liabilities are not maintained in the accounting records of the State. The claim liabilities for the health insurance programs and the State Disability fund were estimated based on the historical experience rate of claims paid that were for service dates incurred during a prior fiscal year. The surplus retained earnings in these funds are reserved for future catastrophic losses.

	State Police Health Insurance Fund		State Employee Disability Fund		State Employees' Health Insurance Fund		Conservation and Excise Officers Health Insurance Fund		Total	
2017										
Unpaid Claims, July 1	$	3,009	$	4,510	$	38,419	$	391	**$**	**46,329**
Incurred Claims and Changes in Estimate		24,885		18,043		329,607		3,982		**376,517**
Claims Paid		(25,313)		(18,250)		(330,171)		(3,770)		**(377,504)**
Unpaid Claims, June 30	**$**	**2,581**	**$**	**4,303**	**$**	**37,855**	**$**	**603**	**$**	**45,342**
2016										
Unpaid Claims, July 1	$	2,442	$	4,805	$	35,699	$	374	**$**	**43,320**
Incurred Claims and Changes in Estimate		24,926		18,936		319,574		2,607		**366,043**
Claims Paid		(24,359)		(19,231)		(316,854)		(2,590)		**(363,034)**
Unpaid Claims, June 30	**$**	**3,009**	**$**	**4,510**	**$**	**38,419**	**$**	**391**	**$**	**46,329**

B. Contingencies and Commitments

Litigation

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

With respect to tort claims only, the State's liability is limited to: (A) $300,000 for a cause of action that accrues before January 2006; (B) $500,000 for a cause of action that accrues between 2006 and 2008; or (C) $700,000 for a cause of action that accrues on or after January 2008, for injury to or death of one person in any one occurrence and $5 million for injury to or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of $18.0 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2017, the State paid $32.5 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

The following is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding $5 million individually or in the aggregate. This summary is not exhaustive, either as to the description of the specific litigation or claims described, or as to all of the litigation or claims currently pending or threatened against the State.

The Indiana Attorney General's office is currently handling the following cases that could result in significant liabilities to the State:

In 2015, Plaintiff filed a complaint against a State Trooper, the Indiana State Police, and The City of Bloomington alleging negligence and negligent design of the roadway. On September 8, 2015, outside counsel appeared for the Indiana State Police. On the same day, outside counsel filed a motion for enlargement of time to respond to the complaint. On September 10, 2015, outside counsel filed an appearance to represent the State Trooper. On September 21, 2015, an answer was filed on behalf of the State defendant. On the same day, a Motion to Dismiss the State Trooper was filed. Plaintiff objected to this dismissal on October 15, and on October 16 a hearing on the Motion to Dismiss was set. After a motion to continue hearing was filed by Plaintiff's counsel, a hearing occurred on December 11, 2015. The court granted the

Motion to Dismiss the State Trooper. On September 30, 2016, Plaintiff obtained new counsel. After the change of counsel, Plaintiff filed a motion for leave to amend complaint for damages to rejoin necessary defendant and restate allegations on December 5, 2016. Outside counsel filed a motion for enlargement of time to respond. On January 1, 2017, an Objection to Plaintiff's Motion for Leave to Amend Complaint for Damages was filed. The court set a hearing for March 21, 2017, to hear arguments on all pending motions, and on March 23, 2017, the court granted Plaintiff's Motion For Leave to Amend. On March 23, 2017, Plaintiff filed an amended complaint naming the State Trooper and The City of Bloomington as defendants. On May 11, 2017, outside counsel filed an appearance and answered this complaint on behalf of the State Trooper. A joint case management plan was established on August 22, 2017. This plan sets the projected trial date for July 30, 2018. State Defendant's Witness and Exhibit list was filed on September 21, 2017. Written discovery has occurred. Numerous depositions have occurred. On November 1, 2017, the State's Motion for Summary Judgment was filed. The hearing is scheduled for January 8, 2018.

In 2014, Plaintiff, a man convicted of murder twice, overturned twice on appeal, and then found not guilty, sued government actors including city police officers, State Police troopers, prosecutors, and Floyd County alleging various civil rights violations and state law tort claims. Plaintiff demanded $30,000,000 from the defendants. Defendant Floyd County settled with the plaintiff for $450,000 in August, 2016. State Defendants' Motions for Summary judgment were filed on May 23, 2017. The State's position is that the claims against the prosecutors are absolutely barred by prosecutorial immunity and the claims against the Indiana State Police defendants fail based on defendants' qualified immunity and the existence of probable cause that plaintiff committed the underlying crimes. If said motions are granted, it will extinguish all claims against the state defendants. Trial is set to commence on February 12, 2018.

Other Litigation

The State on behalf of the following state agencies is currently involved in the following cases that could result in significant liability to the State:

<u>Indiana Family and Social Services Agency (FSSA)</u>

In May 2010, the State of Indiana, on behalf of the FSSA, and counterclaim Plaintiff sued each other regarding counterclaim Plaintiff's state welfare system contract entered into in 2006. In October 2009, the State announced its intention to terminate the 10-year contract early effective December 2009 due to counterclaim Plaintiff's deficient performance. The trial court issued rulings in July and August of 2012 awarding the counterclaim Plaintiff $62.7 million. This amount included $9.5 million for equipment retained by the state, $2.5 million in early termination close-out payments, $40.0 million in subcontractor assignment fees (previously granted to the counterclaim Plaintiff on summary judgment), and $10.7 million in prejudgment interest. The trial court also ruled that the counterclaim Plaintiff was not entitled to recover $43.0 million claimed for deferred fees. The trial court further ruled that there was no material breach of the contract, so the State could not recover damages from the counterclaim Plaintiff for breach of contract.

The State appealed. In February 2013, the Court of Appeals affirmed the trial court's award of $40.0 million in assignment fees and $9.5 million in equipment fees to counterclaim Plaintiff; it affirmed the trial court's denial of deferred fees to counterclaim Plaintiff; it reversed the trial court's award of $2.5 million in early termination close-out payments and $10.7 million in prejudgment interest to counterclaim Plaintiff; and found counterclaim Plaintiff materially breached the contract. The Court of Appeals remanded the case to the trial court to determine the amount of fees counterclaim Plaintiff is entitled to for change orders and to determine the state's damages and offset damages awarded to counterclaim Plaintiff as a result of counterclaim Plaintiff's material breach of contract. Both parties sought review from the Indiana Supreme Court.

The Indiana Supreme Court heard oral arguments in the case on October 30, 2014, and rendered its decision on March 22, 2016. Like the Indiana Court of Appeals, the Indiana Supreme Court: affirmed the trial court's award of $40.0 million in assignment fees and $9.5 million in equipment fees to counterclaim Plaintiff; it affirmed the trial court's denial of deferred fees to counterclaim Plaintiff; it reversed the trial court's award of $2.5 million in early termination close-out payments and $10.7 million in prejudgment interest to counterclaim Plaintiff; and found counterclaim Plaintiff materially breached the contract. The court remanded the case to the trial court for a determination of State's multi-million dollar damages claim, and calculation of change order fees due to counterclaim Plaintiff (approximately $500,000).

The trial court issued its order on August 4, 2017, granting damages to the State in the amount of $128 million. The trial court offset this judgment by the approximately $50 million previously awarded to IBM and affirmed by the Indiana Supreme Court, resulting in a net award to the State of $78 million. IBM announced on August 7, 2017 that it would appeal the trial court decision to the Indiana Court of Appeals, and filed its Notice of Appeal on September 5, 2017.

Indiana Bureau of Motor Vehicles (BMV)

In June of 2017, plaintiffs and the State of Indiana entered into a settlement agreement for the March and October 2013 class action lawsuits brought against the Bureau of Motor Vehicles (BMV), which alleged amounts were charged to persons for drivers' licenses that were not authorized by law and overcharges. The court approved this settlement agreement in August 2017. $4.1 million was payable to claimants under the March 2013 case as of June 30, 2017. In October 2017, the BMV transferred remaining balance of $3.9 million to the Attorney General's Unclaimed Property Fund for persons due a refund from the March 2013 suit. Under the October 2013 lawsuit, $14 million was payable to claimants as of June 30, 2017 related to summer of 2016 claims and another $2 million to $15 million is estimated to be payable for additional claims from 2002 through 2006. Any summer of 2016 related claims and claims that are not paid by June 30, 2019 will be transferred to the Attorney General's Unclaimed Property Fund. Claims from 2002 through 2006 will be closed out at June 30, 2019 at which time no additional claims will be processed or transferred. $20.1 million has been accrued as an expense and payable in the government-wide financial statements for remaining refunds to be paid.

Other Loss Contingencies

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid Assistance Program. The State has worked with the Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2017 there was $39.3 million in findings in which FSSA believes to be probable for having to be repaid and therefore, has been accrued as an expense and payable in the government-wide financial statements. FSSA management is continuing to work with CMS on a settlement of these findings.

Construction Commitments

As of June 30, 2017, the Indiana Department of Transportation had outstanding construction commitments totaling $1.2 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 28% State funds, 5% local funds, 54% traditional Federal funds, 3% from the Major Moves Construction Fund and 10% Major Moves 20/20 Construction Funds. These amounts do not include the LSIORBP project described below.

The State of Indiana and the Commonwealth of Kentucky have entered into a legal agreement known as the "Bi-State Development Agreement" which governs "The Louisville- Southern Indiana Ohio River Bridges Project (LSIORBP)." The project consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchanges on both sides of the Ohio River. Kentucky is responsible for the financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and, Indiana is responsible for financing and constructing the East End Crossing.

The Ohio River Bridge Project structures will be ultimately owned 50% by Indiana and 50% by Kentucky and is expected to cost $2.6 billion. Kentucky's portion of the total project cost is estimated to be $1.3 billion and Indiana's portion is estimated to be $1.3 billion.

The State of Indiana has spent approximately $495 million to date. This total includes $296.3 million paid to the Indiana Finance Authority for Admin/Financial/Legal Fees, Milestone Payments, Annual Relief Event Reserve Account payments, and Annual Availability Payments. Indiana entered into a 35-year Public-Private Partnership with a Developer to design, build, finance, operate, and maintain the East End Crossing. Indiana's Annual Availability Payment to the Developer covers the financing costs of the East End Crossing as well as ongoing operation, maintenance, and preservation of the facility. The Commonwealth of Kentucky has spent approximately $1.2 billion to date.

The new I-65 bridge (Lincoln Bridge) opened to foot traffic on December 5, 2015 and vehicular traffic on December 6, 2015. Tolling for the bridges commenced on December 30, 2016.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling $18.2 million for building and improvement projects of the State's agencies as of June 30, 2017. These projects are to be funded through State appropriations, the State Highway

Department Fund, capital projects funds, and federal funds.

The State had $54.0 million in total commitments for software in development as of June 30, 2017. These commitments are to be funded through the General Fund, federal funds and state dedicated funds.

Encumbrances

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2017 were as follows:

Governmental Funds	Encumbrances	
General Fund	$	1,204,016
Public Welfare - Medicaid Assistance		6,778
Non-Major Governmental Funds		2,791,178
Total	**$**	**4,001,972**

C. Other Revenue

Other revenue represents revenue received which cannot accurately be included with any of the other revenue sources. In most cases, the amount of “other revenue" received by a fund is insignificant in comparison with total revenues received.

D. Economic Stabilization Fund

In 1982 the Indiana General Assembly adopted Indiana Code 4-10-18, which established the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund").

This fund was established to assist in stabilizing revenue during periods of economic recession and is accounted for within the State general fund.

Each year, the State Budget Director determines calendar year Adjusted Personal Income (API) for the State and its growth rate over the previous year, using a formula determined by the legislature. In general per IC 4-10-18-5, monies are transferred in from the State General Fund, also known as the state surplus, into the Rainy Day Fund if the growth rate in API exceeds 2%; monies are transferred out from the Rainy Day Fund if API declines by more than 2%. Because the API increased by more than 2%, $77.5 million was transferred from the General Fund to the Rainy Day Fund at the start of fiscal year 2018.

Per IC 4-10-18-8, if the balance in the fund at the end of the fiscal year exceeds 7% of total General Fund revenues for the same period, the excess is transferred from the Rainy Day Fund to the State General Fund. The Rainy Day Fund did not exceed 7% of the total General Fund revenues for fiscal year 2017, so there was no transfer from the Rainy Day Fund to the state surplus.

During fiscal year 2018, $125.5 million was transferred from the Rainy Day Fund to the General Fund per IC 4-10-18-9 because General Fund revenues for fiscal year 2017 were less than the level estimated in the budget report from April 2015 and the shortfall was not attributable to legislative changes.

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2017 was $549.4 million. Total outstanding loans were $1.5 million, resulting in total assets of $550.9 million.

E. Employee Retirement Systems and Plans

The State of Indiana sponsors ten public employee retirement systems (PERS) that are included in the State's financial statements. They are reported and administered as described in Note I (A).

Summary of Significant Accounting Policies (Pensions)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to or deductions from fiduciary net position have been determined on the same basis as they are reported for all of the plans by their respective trustees. The Indiana Public Retirement System is the trustee for all of the plans except for the State Police Retirement Fund and the State Police Supplemental Trust Fund which is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The State sponsors the following defined benefit single-employer plans:

State Police Retirement Fund (Presented as a pension trust fund)

Plan description. The State Police Retirement Fund (SPRF) is a defined benefit, single-employer PERS, and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 grants authority to the Department to establish and operate an actuarially sound pension plan governed by a pension trust. It also authorizes the Department to make annual contributions as necessary to prevent any deterioration in the actuarial status of the trust. The State Police Retirement Fund issues a publicly available financial report that can be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

The SPRF includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement. Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987, and to those employee beneficiaries who were first employed before July 1, 1987, provided they elected to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement.

Retirement benefits provided.

Pre-1987 Plan The Pre-1987 Plan provides that the basic monthly pension amount may not exceed by more than $20 an amount equal to one-half of the member's average monthly wages (not including overtime) received during the highest paid consecutive 12 months prior to retirement. However, this amount may not exceed the monthly salary of a sixth year trooper.

In addition to the basic retirement benefit described above, a plan member with over 20 years of service will receive the following incremental increases:

2% of the basic amount for each of the next 2 years over 20 years;
3% of the basic amount for each of the next 2 years over 22 years;
4% of the basic amount for each of the next 2 years over 24 years;
5% of the basic amount for each of the next 2 years over 26 years;
6% of the basic amount for each of the next 2 years over 28 years;
7% of the basic amount for each of the next 2 years over 30 years;
8% of the basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-3-7 (c).

1987 Plan The 1987 Plan provides that the basic monthly pension amount may not exceed one-half of the member's average monthly salary received during the member's highest-paid three years before retirement. Members retiring from July 1, 1987, through June 30, 1988, may not receive a basic monthly benefit greater than 50% of the maximum salary of a first sergeant. Members retiring from July 1, 1988, through June 30, 1989, may not receive a basic monthly benefit greater than 50% of the maximum salary of a captain.

In addition to the basic retirement benefit described above, a Plan member with over 25 years of service will receive the following incremental increases:

5% of basic amount for each of the next 3 years over 25 years;
6% of basic amount for each of the next 2 years over 28 years;
7% of basic amount for each of the next 2 years over 30 years;
8% of basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-4-7(e).

Disability and survivor benefits provided. The regular disability benefit for a disabled member may not exceed the maximum basic pension amount. If the member's disability was incurred in the line of duty, the member is entitled to an additional $40 per month for each dependent parent and dependent child under age 18.

If a member is permanently and totally disabled by a catastrophic personal injury that: (1) is sustained in the line of duty after January 1, 2001; and (2) permanently prevents the member from performing any gainful work; the member is entitled to a disability benefit equal to the member's salary at the commencement of the disability in lieu of the regular disability benefit. The member is also entitled to increases in the disability benefit equal to the salary increases that the member would have received had the member remained in active service.

A member who meets the conditions listed in IC 5-10-13 has a presumption that a total or partial disability or death resulting from a health condition caused by AIDS, anthrax, hepatitis, HIV, meningococcal meningitis, smallpox, or tuberculosis is a disability or death incurred in the line of duty. In addition, a member who meets the conditions listed in IC 5-10-15 has a presumption that a total or partial disability resulting from an exposure-related cancer, or heart or lung disease is a disability incurred in the line of duty. These presumptions may be rebutted by competent evidence. A meeting or hearing held to rebut a presumption may be held as an executive session under IC 5-14-1.5-6.1(b)(1). A presumption affects only the determination as to whether a disability or death was incurred in the line of duty and does not change the requirements for determining eligibility for disability benefits.

A member's survivor is entitled to a supplemental death benefit of not more than $14,500 for employee beneficiaries who die before July 1, 2013. For employee beneficiaries who die after June 30, 2013, the amount of supplemental death benefits may not exceed $20,000. The maximum monthly pension payable to surviving spouses or a dependent mother and father of a member killed in the line of duty may not exceed the current basic monthly pension amount paid to retirees or, upon a retiree's death, one-half of the deceased officer's monthly benefit.

A dependent child entitled to survivor benefits may receive a maximum of 30% of the basic monthly pension currently being paid to retirees. Total benefits paid to all of a member's surviving dependent children may not exceed the basic monthly pension currently being paid to retirees.

Employees covered by benefit terms. As of June 30, 2017, the following employees were covered by the benefit terms of the SPRF:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	824	765
Inactive employees entitled to but not yet receiving benefits	7	160
Active employees	34	1,183
Total	**865**	**2,108**

Contributions. Members of the Pre-1987 Plan contribute 5% of the member's wages (not including overtime and limited to sixth-year trooper pay). Members of the 1987 Plan contribute 6% of the member's wages (not including overtime). A member who receives a disability pension does not make contributions to the member's fund.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost actuarial method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is being funded over a thirty-year closed period which commenced July 1, 2010. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level dollar of payroll method. The funding policy for normal cost and unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis. For the year ended June 30, 2017, the State's contribution rate was 23.5 percent of covered payroll.

<u>Deferred Retirement Option Program</u> The Deferred Retirement Option (DROP) for the State Police Retirement Fund was established in 2001 pursuant to the Pension Trust Agreement and is governed by the Department of the State Police and the Treasurer of the State of Indiana (Trustee). Members of the Pre-1987 and 1987 plans that are eligible to retire may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remain in active service, but the member does not contribute to the fund during the DROP period. For the Pre-87 Plan, when an employee has completed 20 years of service or more, he/she may irrevocably elect to enter the DROP for a period ending the earlier of (1) 60 consecutive months, (2) completion of 34 years of service, or (3) attainment of age 65. An employee on disability cannot enter the DROP. From the date the employee enters the DROP, he/she will not be credited with any additional years of service. The employees DROP accrual will be equal to the basic monthly retirement benefit. At the end of the DROP period, the employee must separate from employment and retire. Upon separation, the employee will receive their accumulated DROP benefit in the form of a lump sum payment, a rollover to another retirement program, or a combination of both. For the 1987 Plan, all DROP requirements are the same as the Pre-87 plan, except that the employee must have completed 25 years of service or more. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2017, the amount held by the plan pursuant to the DROP is $867.3 thousand.

Net Pension Liability

The SPRF's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the SPRF at June 30, 2016 were as follows:

Total pension liability	$ 588,603
Plan fiduciary net position	(426,851)
SPRF's net pension liability	**$ 161,752**
Plan fiduciary net position as a percentage of the total pension liability	72.5%

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	6.75%	6.75%
Interest on member balances	3.00%	3.00%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older

Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted from 2006 with MP-2016 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Disabled Mortality Tables adjusted from 2006 with MP-2016 Mortality Improvement Scale.

The most recent comprehensive experience study was completed in February 2011 and was based on member experience between June 30, 2005 and June 30, 2010.

The SPRF is a pre-funded plan and utilizes a long-term expected rate of return on pension plan investments of 6.75 percent, which was determined using a building-block method in which best estimates of expected future rates of return (expected returns, net of pension plan investment expense) were developed for each major asset class. These estimated returns were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Development of the long-term investment return is shown below:

Asset Class	**Target Allocation (%)**	**Long-Term Expected Real Rate of Return (%)**
Broad domestic equity	29.0	7.4
Global ex U.S. equity	13.0	7.6
Short duration fixed income	4.0	2.6
Domestic fixed income	17.0	3.0
High yield fixed income	5.0	5.0
Hedge funds - alternatives	30.0	5.3
Cash and equivalents	2.0	2.3
Total	**100.0**	

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	$ 570,380	$ 449,172	$ 121,208
Changes for the year:			
Service cost	14,537	-	14,537
Interest	37,930	-	37,930
Differences between expected and actual experience	(562)	-	(562)
Changes of assumptions or other inputs	(5)	-	(5)
Contributions - employer	-	18,073	(18,073)
Contributions - employee	-	4,043	(4,043)
Net investment income	-	(10,454)	10,454
Benefit payments, including refunds of employee contributions	(33,677)	(33,677)	-
Administrative expense	-	(307)	307
Other changes	-	1	(1)
Net changes	18,223	(22,321)	40,544
Balances at 6/30/16	**$ 588,603**	**$ 426,851**	**$ 161,752**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the SPRF, calculated using the discount rate of 6.75%, as well as what the SPRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	235,571	161,752	100,223

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the State Police Retirement Fund. This report may be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

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

For the year ended June 30, 2017, the State recognized pension expense of $32.6 million for the SPRF. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	3,569	$	469
Changes of assumptions or other inputs		6,550		4
Net difference between projected and actual earnings on pension plan investments		45,089		-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability		20,556		-
Total	**$**	**75,764**	**$**	**473**

Deferred outflows of resources in the amount of $20.6 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	13,775
2019	13,775
2020	16,922
2021	10,295
2022	(29)
Thereafter	(3)

State Police Supplemental Trust Fund (Presented as a pension trust fund)

Plan description. The State Police Supplemental Trust (SPST) is a defined benefit, single-employer pension plan and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 and 10-12-2-5 grant authority to the Department of the State Police to establish and operate a fund for death and disability benefits. The SPST is funded using annual appropriations on a pay-as-you-go basis. There are no assets accumulated in a trust for these benefits. The amount paid for pensions as the benefits came due during fiscal year 2017 was $4.1 million.

The SPST includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and benefits provided employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with provision of Section 31 of the State Police Retirement Fund (SPRF). Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987 and to those employee beneficiaries who were first employed before July 1, 1987, provided they elect to be covered by the 1987 Benefit System in accordance with the provision of Section 31 of the SPRF Trust Agreement.

In relation to the SPRF, the membership of the SPST is generally made up of active members and disabled members of the SPRF with the following exceptions:

- The SPST does not include active SPRF members who elected a DROP
- The SPST does not include inactive SPRF members who are currently receiving SPRF retirement benefits.

Retirement benefits provided.

Line of Duty Death Benefits. For the Pre-1987 plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper rate), plus $20. Benefits are assumed to increase with the sixth year trooper rate. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time. For the 1987 plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of salary. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time.

Line of Duty Disability Benefits. For the Pre-1987 Plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper pay), plus $20. Benefits are assumed to increase with the sixth year trooper rate and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child under 18. For the 1987 Plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child under 18.

Non-Line of Duty Disability Benefits. For the Pre-1987 Plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper pay), plus $20. Benefits are assumed to increase with the sixth year trooper rate and are payable until the participant has earned 34 years of service, but not for a period longer than the accrued service at date of disability. For the 1987 Plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service.

Catastrophic Injury Disability Benefits. For the Pre-1987 Plan, the benefit value is 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by $40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time. For the 1987 Plan, the benefit value is 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 25 years of service. The Plan also pays medical expenses. Benefits are increased by $40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time.

Employees covered by benefit terms. As of June 30, 2017, the following employees were covered by the benefit terms of the SPST:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	17	43
Active employees	33	1,168
Total	**50**	**1,211**

Total Pension Liability

The SPST Plan's total pension liability was measured as of June 30, 2016.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	2.71%	2.71%
Interest on member balances	3.00%	3.00%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older
Inflation	2.25%	2.25%

Mortality rates were based on the RP-2014 Blue Collar mortality table adjusted to 2006 with MP-2015 Mortality.

The most recent comprehensive experience study was completed in 2011 and was based on member experience between June 30, 2005 and June 30, 2010. The demographic assumptions were updated as needed for the June 30, 2011 actuarial valuation based on the results of the study.

Discount rate. Total pension liability was calculated using the discount rate of 2.71 percent. This rate was chosen in accordance with GASB #73, which requires that the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The 2.71% is the June 30, 2016 value of the S&P Municipal Bond 20 Year High Grade Rate Index.

Changes in the Total Pension Liability

	Increase (Decrease) Total Pension Liability (a)
Balances at 6/30/15	$ 13,152
Changes for the year:	
Service cost	3,776
Interest	1,143
Differences between expected and actual experience	(476)
Changes of assumptions or other inputs	4,125
Benefit payments, including refunds of employee contributions	(4,677)
Net changes	3,891
Balances at 6/30/16	**$ 17,043**

Sensitivity of the total pension liability to changes in the discount rate. The following presents the total pension liability of the SPST, calculated using the discount rate of 2.71%, as well as what the SPST's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.71%) or 1-percentage-point higher (3.71%) than the current rate:

	1% Decrease (1.71%)	Current Rate (2.71%)	1% Increase (3.71%)
Total pension liability	18,713	17,043	15,705

Change in assumptions. For the July 1, 2016 actuarial valuation, the inflation assumption was reduced from 3.5% to 2.25%. Due to the adoption of GASB #73, the basis for the determination of the discount rate changed, resulting in a decrease in the discount rate from 6.75% to 2.71%

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

For the year ended June 30, 2017, the State recognized pension expense of $5.2 million for the SPST. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 436
Changes of assumptions or other inputs	3,777	-
Total	**$ 3,777**	**$ 436**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	308
2019	308
2020	308
2021	308
2022	308
Thereafter	1,801

State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to certain employees of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana State excise police officer, Indiana State conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement duties. The EG&C Plan was established in 1972 and is governed by the INPRS Board of Trustees in accordance with IC 5-10-5.5.

Retirement benefits provided. Generally, pension benefits vest after 15 years of creditable service. Officers becoming participants after age 50 are vested after completion of 10 years of service. A participant is entitled to an annual pension benefit, paid in equal monthly installments beginning on the participant's normal retirement date, equal to 25 percent of the participant's average annual salary. A participant who completes more than 10 years of creditable service is entitled to receive an additional amount equal to 1.67 percent of the participant's average annual salary for each completed year of creditable service over 10 years. However, a participant's annual pension benefit may not exceed 75 percent of the participant's average annual salary.

Each participant is required to retire on or before the first day of the month following the participant's 65th birthday. However, a participant who is hired after age 50 must retire upon the earlier of: (1) the first day of the month following the participant's 65th birthday; or (2) the first day of the month following the date the participant completes 15 years of creditable service. A participant, who is at least 55 years of age and the sum of the participant's years of creditable service and age in years, equals at least 85, may retire and become eligible for full retirement benefits. In addition, a participant may elect full retirement benefits at age 50 with 25 years of service. A reduced benefit is provided for early retirements that are elected upon attainment of age 45 with at least 15 years of creditable service. The monthly benefit is reduced by 0.25 percent for each full month by which the participant's early retirement date precedes the participant's 60th birthday.

Any participant who terminates service before accumulating 15 years of creditable service may become a member of the Public Employees' Retirement Fund (PERF). Upon payment of contributions and interest required by the INPRS

Board of Trustees, the withdrawing participant shall be entitled to transfer creditable service to PERF.

The monthly pension benefits for members in pay status may be increased periodically as COLA. Such increases are not guaranteed by statute and have historically been provided on an “ad hoc” basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2017; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2016. The amount of the one-time check ranged from $125 to $400, depending upon a member’s years of service, and was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016.

Disability and survivor benefits provided. A participant who becomes permanently or temporarily disabled from performing all suitable and available work “on the force” for which the participant is or may be capable of becoming qualified, considering reasonable accommodation to the extent required by the Americans and Disability Act, is entitled to receive a disability benefit. The amount of the disability benefit paid to a participant depends on whether the disability arose in the line of duty, the degree of impairment as determined by INPRS Board of Trustees’ medical authority, and the participant’s monthly salary. A participant is entitled to receive creditable service for the time the participant receives disability benefits under a State disability plan established under IC 5-10-8-7.

If a participant has more than 15 years of creditable service at the time of death, survivor benefits are payable to the surviving spouse, parents, or dependent children, as nominated by the participant’s written direction, acknowledged, and filed with the INPRS Board of Trustees. The surviving spouse or the parent(s) is entitled to an annual survivor’s allowance for life equal to 50 percent of the amount the participant would have been entitled to if he/she had retired on the date of death. If nominated and eligible, surviving unmarried minor child(ren) are entitled to an annual survivor’s allowance equal to 50 percent of the amount the participant would have been entitled to if he/she had retired, divided equally between or among all nominated and eligible children. This benefit will continue until the child reaches 18 years of age or marries, whichever occurs first.

Deferred Retirement Option Plan. The DROP for the EG&C Plan was established by the Indiana Legislature in 2008 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10-5.5-22. Members of the EG&C Plan that are eligible to retire at an unreduced annual retirement allowance, may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remains in active service contributing to the plan until that date. The DROP retirement date must be not less than twelve months and not more than thirty-six months after their DROP entry date, and not after the date they reach any mandatory retirement age that may apply. The member may make an election to enter the DROP only once in their lifetime. The DROP and future retirement monthly benefit is calculated as of the member’s DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2017, the amount held by the plan pursuant to the DROP is $1.8 million.

Employees covered by benefit terms. As of June 30, 2017, the EG&C plan membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	223
Inactive vested members entitled to but not yet receiving benefits	6
Inactive non-vested members entitled to a distribution of contributions	120
Active members: vested and non-vested	440
Total	**789**

Contributions. The funding policy for the EG&C Plan is in accordance with statute IC 5-10-5.5-8.5. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During the year ended June 30, 2017, the State of Indiana was required to contribute 20.75 percent of covered payroll.

The member contribution rate is established by statute IC 5-10-5.5-8 at four percent of a participant’s salary to be contributed to the participant’s savings account. The employer may pay all or a part of the contribution for the participant. Member contributions are used to fund a portion of the defined benefit payment. Any participant who terminates employment before accumulating 15 years of creditable service and before attaining the age of 45 shall be entitled to a lump sum refund of all contributions in the participant's savings account plus accumulated interest as determined by the INPRS Board of Trustees in accordance with IC 5-10-5.5-17.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The EG&C Plan's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	2.50%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 Blue Collar mortality table with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2016 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the EG&C defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	$ 132,796	$ 110,038	$ 22,758
Changes for the year:			
Service cost	3,011	-	3,011
Interest	8,955	-	8,955
Differences between expected and actual experience	470	-	470
Contributions - employer	-	5,367	(5,367)
Contributions - employee	-	1,016	(1,016)
Net investment income	-	1,313	(1,313)
Benefit payments, including refunds of employee contributions	(6,267)	(6,245)	(22)
Administrative expense	-	(139)	139
Other changes	-	(21)	21
Net changes	6,169	1,291	4,878
Balances at 6/30/16	**$ 138,965**	**$ 111,329**	**$ 27,636**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the EG&C Plan, calculated using the discount rate of 6.75%, as well as what the EG&C Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	46,676	27,636	12,008

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2017, the State recognized pension expense of $5.9 million for the EG&C Plan. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the EG&C Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 992	$ 281
Changes of assumptions or other inputs	1,885	-
Net difference between projected and actual earnings on pension plan investments	7,503	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	5,691	-
Total	**$ 16,071**	**$ 281**

Deferred outflows of resources in the amount of $5.7 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	(2,236)
2019	(2,236)
2020	(3,433)
2021	(1,765)
2022	(444)
Thereafter	15

Prosecuting Attorneys' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Prosecuting Attorneys' Retirement Fund (PARF) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to prosecuting attorneys. PARF was established in 1989 and is governed through the INPRS Board of Trustees by IC 33-39-7. Coverage is for individuals who: (1) serve as a prosecuting attorney or a chief deputy prosecuting attorney; or (2) serve as the executive director or assistant executive director of the Indiana Prosecuting Attorneys Council or as a State-paid deputy prosecuting attorney. These individuals' salaries are paid from the General Fund of the State of Indiana.

Retirement benefits provided. A participant is entitled to a retirement benefit if the participant: (1) is at least age 62 and has at least eight years of service credit; (2) is at least age 55 and whose years of service as a member of PARF plus years of age equal at least 85; and (3) is not receiving salary for services currently performed. A member whose service ended before July 1, 2006 must have at least 10 years of service. The retirement benefit of a participant who is at least age 65 (or are at least 55 years of age and the participant's age in years plus the participant's years of service total 85 or more) is calculated by multiplying: (1) the highest annual salary paid to the participant before the participant's separation from service; by (2) a percentage based on the participant's years of service. The percentages range from 24 percent for eight years of service to 60 percent for 22 or more years of service. If a participant is at least 62 years of age with at least eight years of creditable service, a participant is entitled to receive a reduced annual retirement benefit that equals the benefit, as calculated above, reduced by 0.25 percent per month for each month the participant retires before age 65.

In addition, a PARF participant is a member of PERF. A PARF participant's retirement benefit is reduced by the amount of the employer-financed pension benefit that would be payable to the participant had the participant retired from PERF on the date of the participant's retirement from the fund. However, the benefits payable to a participant from the fund are not reduced by any payments made to the participant from the participant's PERF annuity savings account. The employer may elect to make the contributions on behalf of the member.

Disability and survivor benefits provided. PARF also provides disability and survivor benefits. A participant who has at least five years of creditable service and becomes disabled while in active service may retire for the duration of the disability if the participant has qualified for social security disability benefits and has furnished proof of the qualification. The amount of the annual benefit payable to a participant for disability benefits is equal to the product of the annual salary that was paid to the participant at the time of separation from service multiplied by a percentage based on the participant's years of service. The percentages range from 40 percent for 5 to 10 years of service to 50 percent for 20 or more years of service. These benefits are reduced by any benefits payable to the participant from PERF.

The surviving spouse or designated beneficiary of a participant is entitled to a benefit if, on the date of the participant's death, the participant: (1) was receiving benefits; (2) has completed at least eight years of service and was in service as a prosecuting attorney or chief deputy prosecuting attorney, executive director or assistant executive director of the Indiana Prosecuting Attorneys Council, or as a State-paid deputy prosecuting attorney; or (3) had met the requirements for a disability benefit.

Regardless of the participant's age at death, the surviving spouse's benefit is equal to the greater of: (1) $7,000 annually; or (2) 50 percent of the amount of retirement benefit the participant was drawing at the time of death, or to which the participant would have been entitled had the participant retired and begun receiving retirement benefits on the date of death. Survivor benefits are not subject to reduction for early retirement. If there is not a surviving spouse, there are provisions for dependents to receive benefits

Employees covered by benefit terms. As of June 30, 2017, the PARF membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	138
Inactive employees entitled to but not yet receiving benefits	87
Inactive employees entitled to refunds of contributions	138
Active employees	209
Total	**572**

Contributions. The funding policy for PARF is in accordance with statute IC 33-39-7-23 that requires an appropriation, determined by the INPRS Board of Trustees from the State of Indiana General Fund, for each biennium to PARF computed on an actuarially funded basis and the recommendation of the actuary. For the year ended June 30, 2017, the State of Indiana appropriated $1.5 million for employer contributions. The Actuarially Determined Contribution (ADC) for PARF was $2.2 million.

The member contribution rate is established by statute IC 33-39-7-12 at six percent of salary for their first 22 years of service. The employer may elect to pay the contributions for a member. Members receive interest earnings at a rate specified by the INPRS Board of Trustees in accordance with IC 33-39-7-14. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the member completes eight years of creditable service. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest as determined by the INPRS Board of Trustees in accordance with IC 33-39-7-13.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The PARF's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	2.50%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 White Collar mortality table, with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2016 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the PARF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/15	$ 77,861	$ 53,424	$ 24,437
Changes for the year:			
Service cost	1,626	-	1,626
Interest	5,239	-	5,239
Experience (gains)/losses	4,058	-	4,058
Contributions - employer	-	1,440	(1,440)
Contributions - employee	-	1,279	(1,279)
Net investment income	-	589	(589)
Benefit payments, including refunds of employee contributions	(3,747)	(3,747)	-
Administrative expense	-	(193)	193
Other changes	(3)	-	(3)
Net changes	7,173	(632)	7,805
Balances at 6/30/16	**$ 85,034**	**$ 52,792**	**$ 32,242**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the PARF, calculated using the discount rate of 6.75%, as well as what the PARF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	**Current Rate (6.75%)**	**1% Increase (7.75%)**
Net pension liability	42,865	32,242	23,483

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2017, the State recognized pension expense of $9.8 million for the PARF. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the PARF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,136	$ -
Changes of assumptions or other inputs	77	-
Net difference between projected and actual earnings on pension plan investments	3,655	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	1,486	-
Total	**$ 7,354**	**$ -**

Deferred outflows of resources in the amount of $1.5 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	(2,956)
2019	(902)
2020	(1,413)
2021	(597)

Legislators' Retirement System – Legislators' Defined Benefit Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Legislators' Retirement System was established in 1989 by IC 2-3.5 and accordingly is governed by the INPRS Board of Trustees. The retirement system is for certain members of the General Assembly of the State of Indiana as specified by the provisions of the statute.

The Legislators' Retirement System is comprised of two separate and distinct plans. The Legislators' Defined Benefit Plan (LE DB) (IC 2-3.5-4), a single-employer (the State of Indiana) defined benefit plan, applies to members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Contribution Plan (LE DC) (IC 2-3.5-5) applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly.

Retirement benefits provided. A participant is entitled to an unreduced monthly retirement benefit if the participant is: (1) at least age 65 and has at least 10 years of service as a member of the General Assembly; (2) at least age 55 and whose years of service as a member of the General Assembly plus years of age equal at least 85; or (3) at least age 60 and has at least 15 years of service as a member of the General Assembly. To qualify for a monthly retirement benefit, the member: (1) must have terminated service as a member of the General Assembly; (2) has at least 10 years of service as a member of the General Assembly; and (3) is not receiving and is not entitled to receive a salary from the State.

The monthly retirement benefit is equal to the lesser of: (1) $40 multiplied by the number of years of service in the General Assembly completed before November 8, 1989, or (2) the highest consecutive three-year average annual salary of the participant under IC 2-3-1-1 at the date the participant's service as a member of the General Assembly is terminated, divided by 12.

A participant who has reached at least age 55, has terminated service as a member of the General Assembly, has at least 10 years of service as a member of the General Assembly, and is not receiving, nor is entitled to receive, a salary from the State of Indiana, is eligible for early retirement with a reduced benefit. The reduction in the benefit is equal to: (1) 0.1 percent per month between ages 60 and 65; and (2) 5/12 percent per month between ages 55 and 60.

The monthly pension benefits for members in pay status are increased periodically as a COLA. COLA increases for LE DB are equal to the increase for the PERF Plan in accordance with IC 2-3.5-4-13 on an "ad hoc" basis and are generally based on the date of retirement, and other eligibility factors. There was no COLA for the year ended June 30, 2017.

Disability and survivor benefits provided. The LEDB Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service may retire for the duration of the disability if the member has qualified for social security disability and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. If a participant dies while receiving retirement benefits, or had completed at least 10 years of service as a member of the General Assembly, or was permanently disabled and receiving disability benefits from the system, the surviving spouse is entitled to receive survivor benefits. The benefits are for life and are equal to 50 percent of the amount of retirement benefits that the participant was receiving at the time of death or that the participant would have been entitled to receive at 55 years of age, or at the date of death, whichever is later. If there is not a surviving spouse, there are provisions for dependents to receive benefits.

Employees covered by benefit terms. As of June 30, 2017, the LEDB Plan membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	72
Inactive vested members entitled to but not yet receiving benefits	12
Inactive non-vested members entitled to a distribution of contributions	-
Active members: vested and non-vested	11
Total	**95**

Contributions. For the LEDB Plan, the funding policy is in accordance with statute IC 2-3.5-4-9 and IC 2-3.5-4-10. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the State of Indiana General Fund for each biennium. For the year ended June 30, 2017, the State of Indiana appropriated $0.1 million for employer contributions. The Actuarially Determined Contribution (ADC) for LEDB was $0.2 million.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The LEDB Plan's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	N/A
Future salary increases	2.25%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 White Collar mortality table, with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2016 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by

State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the LEDB pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	$ 4,325	$ 3,174	$ 1,151
Changes for the year:			
Service cost	2	-	2
Interest	280	-	280
Differences between expected and actual experience	(233)	-	(233)
Contributions - employer	-	138	(138)
Net investment income	-	27	(27)
Benefit payments, including refunds of employee contributions	(359)	(359)	-
Administrative expense	-	(61)	61
Net changes	(310)	(255)	(55)
Balances at 6/30/16	**$ 4,015**	**$ 2,919**	**$ 1,096**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the LEDB Plan, calculated using the discount rate of 6.75%, as well as what the LEDB Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	1,398	1,096	832

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

For the year ended June 30, 2017, the LEDB Plan recognized pension expense of negative $50.7 thousand. At June 30, 2017, the LEDB Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 218	$ -
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	135	-
Total	**$ 353**	**$ -**

Deferred outflows of resources in the amount of $135.0 thousand related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	(48)
2019	(48)
2020	(87)
2021	(35)

Judges' Retirement System (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Judges' Retirement System (JRS) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to judges and magistrates. JRS was established in 1985, and is governed through the INPRS Board of Trustees by IC 33-38-6, IC 33-38-7 (judges beginning service before September 1, 1985) and IC 33-38-8 (judges beginning service after August 31, 1985). Coverage is for any person who has served, is serving, or shall serve, as a regular judge, magistrate or justice of the (1) Supreme Court of the State of Indiana, (2) Court of Appeals, (3) Indiana Tax Court, (4) Circuit Court of a Judicial Circuit, or (5) county courts including: Superior, Criminal, Probate, Juvenile, Municipal and County.

Retirement benefits provided. A member vests after eight years of creditable service. Judges who retire at or after age 65 with eight years of creditable service (or are at least 55 years of age and the participant's age in years plus the participant's years of service total 85 or more) are entitled to an annual retirement benefit, payable monthly for life, in an amount calculated in accordance with the statute.

The annual retirement benefit for a participant equals the product of the salary that was paid to the participant at the time of separation from service, multiplied by a percentage for years of service as defined in the statute. The salary for participants in the Judges' 1985 Fund is defined in IC 33-38-8-14(e). The pension benefit for participants of the Judges' 1977 Fund is based on the salary being paid for the office that the participant held at the time of separation from service [IC 33-38-7-11(d)]. The statute provides for the percentage to be prorated for partial years of service. If the annual retirement benefit of a participant who began service as a judge before July 1, 1977, as computed per IC 33-38-7-11, is less than the benefit the participant would have received under IC 33-38-6 as in effect on June 30, 1977, the participant is entitled to receive the greater amount as the participant's annual retirement benefit.

A member may retire at age 62 with the requisite years of service, however the participant's benefit is reduced by 0.1 percent for each month the member's age on the date the participant begins receiving a retirement benefit precedes the participant's 65th birthday.

The monthly pension benefits of the retired judges that were former participants in the 1977 Fund receive benefit increases whenever the salary of the position the retiree held at separation from service increases. Before fiscal year 2011, benefits of judges who are members of the 1985 Fund were tied to the salary of the position at the time the participant separated from service and did not increase if the salary of the position increased after the participant separated from service. Before fiscal year 2011, the General Assembly provided COLA increases to participants in the 1985 Fund on an "ad hoc" basis. Beginning after June 30, 2010, a participant in the 1985 Fund receives an increase in the monthly benefit of the same percentage by which the salary of the office of the participant held at separation from service increases. The percentage increase to the monthly benefit takes effect at the same time the salary increase takes effect (IC 33-38-8-25). There was a COLA increase of 3.1 percent effective July 1, 2016, for eligible participants in the 1977 Fund and 1985 Fund.

Disability and survivor benefits provided. There is no vesting requirement for permanent disability benefits. For both the 1977 Fund and the 1985 Fund, a participant is considered permanently disabled if the INPRS Board of Trustees receives a written certification by at least two licensed and practicing physicians appointed by the INPRS Board of Trustees. A participant receiving disability benefits must be reexamined at least once a year by at least two physicians appointed by the INPRS Board of Trustees.

Surviving spouses or dependent child(ren) are entitled to benefits if the participant had qualified to receive a retirement or disability benefit, or had completed at least eight years of service and was in service as a judge. The minimum survivor benefit is $12,000.

Employees covered by benefit terms. The Judges' Retirement System consists of two classes of members (the 1977 Fund and the 1985 Fund). The 1977 Fund includes all individuals who began service as a judge before September 1, 1985, unless the individual, within twenty days after becoming a judge, filed an irrevocable election not to participate in the 1977 Fund. The 1985 Fund covers all individuals who: (1) began service as a judge after August 31, 1985; and (2) are not participants in the 1977 Fund. Beginning January 1, 2011, full-time magistrates who were serving on July 1, 2010, may elect to be members of the 1985 Fund. The 1985 Fund is for all new judges, and beginning January 1, 2011, all new full-time magistrates (IC 33-38-8-10).

As of June 30, 2017, the Judges' Retirement System membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	350
Inactive vested members entitled to but not yet receiving benefits	67
Inactive non-vested members entitled to a distribution of contributions	39
Active members: vested and non-vested	402
Total	**858**

Contributions. The funding policy for the Judges' Retirement System is in accordance with statute IC 33-38-6-17 that requires an appropriation by the Indiana General Assembly, determined by the INPRS Board of Trustees from the State of Indiana General Fund, for each biennium to the Judges' Retirement System computed on an actuarially funded basis and the recommendation of the actuary. The statute also provides for remittance of docket fees and court fees which are considered employer contributions. For the year ended June 30, 2017, the State of Indiana paid $16.8 million in employer contributions. The Actuarially Determined Contribution (ADC) for JRS was $13.3 million.

The member contribution rate is established by statute IC 33-38-7-10 (1977 System) and IC 33-38-8-11 (1985 Fund) at six (6) percent of salary. Each fund member shall contribute during the period of the fund member's employment, or for 22 years, whichever is shorter. The employer may pay all or a part of the contributions for the member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before being eligible for a retirement benefit. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest at a rate specified by the INPRS Board of Trustees in accordance with IC 33-38-7-13 (1977 Fund) and IC 33-38-8-12 (1985 Fund).

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Net Pension Liability

The JRS' net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	2.50%
Inflation	2.25%
Cost of living increases	2.50%

Mortality rates for healthy and disabled members were based on the RP-2014 White Collar mortality table with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the JRS defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/15	$ 468,945	$ 437,352	$ 31,593
Changes for the year:			
Service cost	13,870	-	13,870
Interest	31,889	-	31,889
Experience (gains)/losses	7,182	-	7,182
Contributions - employer	-	16,946	(16,946)
Contributions - employee	-	3,239	(3,239)
Net investment income	-	5,323	(5,323)
Benefit payments, including refunds of employee contributions	(20,922)	(20,922)	-
Administrative expense	-	(148)	148
Other changes	162	-	162
Net changes	32,181	4,438	27,743
Balances at 6/30/16	**$ 501,126**	**$ 441,790**	**$ 59,336**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the JRS, calculated using the discount rate of 6.75%, as well as what the JRS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	117,520	59,336	10,549

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

For the year ended June 30, 2017, the JRS recognized pension expense of $10.1 million. At June 30, 2017, the JRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,593	$ -
Changes of assumptions or other inputs	-	13,035
Net difference between projected and actual earnings on pension plan investments	29,592	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	16,824	-
Total	**$ 55,009**	**$ 13,035**

Deferred outflows of resources in the amount of $16.8 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	(1,764)
2019	(6,077)
2020	(12,475)
2021	(4,834)

The State sponsors the following cost-sharing multiple-employer plans:

Public Employees' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two tiers to PERF. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid) and the second is the My Choice: Retirement Savings Plan for Public Employees (My Choice), formerly known as the Public Employees' Annuity Savings Account Only Plan. Details of PERF Hybrid and My Choice are described below.

PERF Hybrid Plan

Plan description. The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two aspects to PERF Hybrid defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of PERF Hybrid benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Retirement benefits – Defined Benefit Pension provided. The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit to withdraw the annuity savings account. A non-vested member who terminates employment before retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

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

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2017; however, eligible members received a one-time check (a.k.a. 13th check) in September 2016. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016.

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

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Retirement benefits – Annuity Savings Account. Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at three percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and investment earnings belong to the member and do not belong to the State or political subdivision.

Investments in the members' annuity savings accounts are self-directed, as participants direct the investment of their account balances among the following eight investment options, with varying degrees of risk and return potential:

- Stable Value Fund -- This fund's objective is to provide a market rate of return consistent with the preservation of principal through a shorter maturity, high quality portfolio. Effective January 1, 2017, the Guaranteed Fund was replaced by the Stable Value Fund (IC 5-10.2-2-3).

- Large Cap Equity Index Fund – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.

- Small/Mid Cap Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.

- International Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.

- Fixed Income Fund – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.

- Inflation-Linked Fixed Income Fund – This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.

- Target Date Funds – The funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.

- Money Market Fund – This fund's objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member.

Members may direct changes to their investment fund allocations daily and investments are reported at fair value.

<u>My Choice</u>

Plan description. Retirement Savings Plan for Public Employees (My Choice) was formerly known as the PERF ASA Only Plan. My Choice was established by the Indiana Legislature in 2011 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. My Choice members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), or a political subdivision who elected to participate in My Choice, and are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of My Choice. Any government agency that pays employees through the Auditor of the State is a mandatory participant in My Choice and must offer eligible employees the My Choice option. Quasi-government agencies (created by statute and are separate from the State in their corporate and sovereign capacity) and State educational institutions may choose to offer My Choice as an option to their employees.

Retirement account. My Choice maintains an annuity savings account for each member. Each member's account consists of a member and an employer contribution subaccount within the annuity savings account structure.

The member's contribution subaccount consists of the member's contributions, set by statute at three percent of covered payroll as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member's contribution subaccount. The State pays the member's contributions on behalf of their employees. Political subdivisions may elect to match 50% of a member's voluntary contributions, and these matching contributions are subject to the vesting schedule later in the note. The employer contribution subaccount consists of the employer's contributions and the earnings on the employer's contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11.

My Choice allows members to actively participate in managing their retirement benefits through self-directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. The members can direct their investments among the following aforementioned eight investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds. A description of each of these Funds is earlier in this note in the PERF Hybrid Retirement Benefits – Annuity Savings Account section.

A member is immediately vested in the member contribution subaccount except for the voluntary match contributions. To receive contributions and earnings from the employer contribution subaccount or the voluntary contribution match, a member must meet vesting requirements (full years of participation) to qualify for a distribution. The vesting schedule is as follows:

One (1) year of participation	20%
Two (2) years of participation	40%
Three (3) years of participation	60%
Four (4) years of participation	80%
Five (5) years of participation	100%

A member who terminates service with their employer is entitled to withdraw the total amount in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity provided through INPRS.

If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw the total amount in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity provided through INPRS if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees.

If a member dies while in active service or after terminating service in a position covered by the Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to the have member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition, if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

Employees covered by benefit terms. As of June 30, 2017, there were 1,182 participating political subdivisions in addition to the State. As of June 30, 2017, PERF membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	85,130
Inactive vested members entitled to but not yet receiving benefits	30,816
Inactive non-vested members entitled to a distribution of contributions	50,312
Active members: vested and non-vested	134,909
Total	**301,167**

Contributions. The State of Indiana is obligated by statute to make contributions to PERF Hybrid or My Choice. Any political subdivision that elects to participate in PERF Hybrid is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the year ended June 30, 2017, participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State and Political Subdivisions.

For My Choice, the State was also required to contribute 11.2 percent of covered payroll. In accordance with IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than three percent and not be greater than the normal cost of the fund which was 3.3 percent for the State for the year ended June 30, 2017 and any amount not credited to the member's account shall be applied to the pooled assets of PERF Hybrid. The political subdivisions were required to contribute a supplemental cost of 5.4 percent of covered payroll as of July 1, 2016, which increased to 7.2 percent as of January 1, 2017. In addition, for political subdivisions, the amount credited to the member's account for the normal cost ranged up to 5.8 percent as of July 1, 2016, and up to 4 percent as of January 1, 2017

PERF Hybrid and My Choice members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for PERF Hybrid. For PERF Hybrid, the employer may elect to make the contributions on behalf of the member. The State pays the member's contributions on behalf of the member employed by the State that participate in My Choice. Political subdivisions may choose to pay part or all of the member's contributions on behalf of the member for My Choice. In addition, members of PERF Hybrid and My Choice may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. Political subdivisions that participate in My Choice may elect to match voluntary contributions at a rate of 50 percent.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.50% - 4.25%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 Total Data Set mortality table, with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
State's proportionate share of the net pension liability	1,631,986	1,136,293	724,297

Pension plan fiduciary net position. Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At June 30, 2017, the State reported a liability of $1.1 billion for its proportionate share of the net pension liability. The PERF net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the State's proportion was 25.04 percent, which was an increase of 0.77 percentage points from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the State recognized pension expense of $219,7 million. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,457	$ 2,097
Changes of assumptions or other inputs	50,134	-
Net difference between projected and actual earnings on pension plan investments	185,988	-
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	25,246	14,405
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	140,631	-
Total	**$ 427,456**	**$ 16,502**

Deferred outflows of resources in the amount of $140.6 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	99,321
2019	66,894
2020	73,866
2021	30,242

State Teachers' Retirement Fund 1996 Account (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Indiana State Teachers' Retirement 1996 Account (TRF 1996) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995, were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement and was described in the PERF Hybrid Plan Retirement Benefits – Annuity Savings Account section. Investment options are similar to the PERF Hybrid Plan.

Retirement benefits. The TRF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account as described earlier in this note above. Pension benefits (non ASA) vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity provided through INPRS, or leave the contributions invested with INPRS. Vested TRF members terminating service with an employer, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a future retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit to withdraw the annuity savings account. A non-vested member who terminates employment before retirement may withdraw his/her annuity savings account after 30 days, but by doing so forfeit his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. Generally, the average annual compensation in this calculation is the average of the highest five years of annual compensation in a covered position. For TRF members who take a leave of absence to serve as an elected official, the highest one year of salary is used. For a salary year to be included as one of the five years, the member must have received at least one-half year of service credit for that year as stated in IC 5-10.4-4-2. The five years do not have to be continuous. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's salary.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

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

Monthly pension benefits for members in pay status may be increased as COLA. Such increases are not guaranteed by statute, have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2017; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2016. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016.

Disability and survivor benefits provided. TRF also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits, may retire for the duration of the disability if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement.

Members are eligible for a classroom disability benefit once they have earned five years of service, have a temporary or permanent disability that continues for six months or more, and applies for classroom disability benefits within one year of the disability. Classroom disability refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition that is not necessarily of sufficient severity to meet social security disability guidelines. The eligible members may receive $125 per month plus $5 for each additional year of service credit over five years.

Upon the death in service of a member with 15 or more years of creditable service, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after March 31, 1990, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service

Employees covered by benefit terms. Membership in TRF 1996 is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or the alternate University Plan not administered by INPRS. Membership in TRF 1996 is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers prior to their employment with the Board, and teachers employed by special management teams as defined under IC 20-31.

As of June 30, 2017, the number of participating employers was 367 in addition to the State. As of June 30, 2017, TRF 1996 Account membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	5,796
Inactive vested members entitled to but not yet receiving benefits	4,252
Inactive non-vested members entitled to a distribution of contributions	12,494
Active members: vested and non-vested	58,097
Total	**80,639**

Contributions. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During the year ended June 30, 2017, all participating employers in the TRF 1996 Account were required to contribute 7.5 percent of covered payroll.

TRF 1996 Account members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.5% - 12.5%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 White Collar mortality table, with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience covering the period July 1, 2011 to June 30, 2014. The demographic assumptions were updated for the June 30, 2016 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the TRF 1996 defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
State's proportionate share of the net pension liability	6,098	2,739	54

Pension plan fiduciary net position. Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At June 30, 2017, the State reported a liability of $2.7 million for its proportionate share of the net pension liability. The TRF 1996 Account net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the State's proportion was 0.35 percent, which was a decrease of 0.03 percentage points from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the State recognized pension expense of $969.0 thousand. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99	$ 123
Changes of assumptions or other inputs	794	-
Net difference between projected and actual earnings on pension plan investments	859	-
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2	185
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	879	-
Total	**$ 2,633**	**$ 308**

Deferred outflows of resources in the amount of $879.2 thousand related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	221
2019	221
2020	401
2021	206
2022	48
Thereafter	349

The State is a non-employer contributing entity in a special funding situation for the following pension plan:

State Teachers' Retirement Fund Pre-1996 Account (Presented as part of INPRS – a fiduciary in nature component unit)

Plan description. The Indiana State Teachers' Retirement Fund Pre-1996 Account (TRF Pre-1996) is a pay-as-you-go cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits. Membership consists of public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date to June 30, 2005. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement and was described in the PERF Hybrid Plan Retirement Benefits – Annuity Savings Account section. Investment options are similar to the PERF Hybrid Plan.

Retirement benefits – Defined Benefit Pension provided. The TRF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account as described earlier in this note above. Pension benefits (non ASA) vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity provided through INPRS, or leave the contributions invested with INPRS. Vested TRF members terminating service with an employer, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a future retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit to withdraw the annuity savings account. A non-vested member who terminates employment before retirement may withdraw his/her annuity savings account after 30 days, but by doing so forfeit his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. Generally, the average annual compensation in this calculation is the average of the highest five years of annual compensation in a covered position. For TRF members who take a leave of absence to serve as an elected official, the highest one year of salary is used. For a salary year to be included as one of the five years, the member must have received at least one-half year of service credit for that year as stated in IC 5-10.4-4-2. The five years do not have to be continuous. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's salary.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

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

Monthly pension benefits for members in pay status may be increased as COLA. Such increases are not guaranteed by statute, have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2017; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2016. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016.

Disability and survivor benefits provided. TRF also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits, may retire for the duration of the disability if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement.

Members are eligible for a classroom disability benefit once they have earned five years of service, have a temporary or permanent disability that continues for six months or more, and applies for classroom disability benefits within one year of the disability. Classroom disability refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition that is not necessarily of sufficient severity to meet social security disability guidelines. The eligible members may receive $125 per month plus $5 for each additional year of service credit over five years.

Upon the death in service of a member with 15 or more years of creditable service, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after March 31, 1990, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Employees covered by benefit terms. Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 Account (IC 5-10.2-2-2; IC 5-10.4-4-1; IC 5-10.4-7-1; 35 IAC 14-4-16(a)).

As of June 30, 2017, the number of participating employers was 340 in addition to the State. The State of Indiana makes contributions as the sole nonemployer contributing entity. As of June 30, 2017, TRF Pre-1996 Account membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	53,240
Inactive vested members entitled to but not yet receiving benefits	2,504
Inactive non-vested members entitled to a distribution of contributions	400
Active members: vested and non-vested	13,128
Total	**69,272**

Contributions. State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three (3) percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as part of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5. As a nonemployer contributing entity, the State of Indiana contributed $871.0 million in fiscal year 2017 to TRF Pre-1996. The Actuarially Determined Contribution (ADC) for TRF Pre-1996 was $2,728 million. In fiscal year 2016, the State pre-funded one-time checks (a.k.a.13th check) in accordance with 2016 HEA 1161 for $20.7 million (which went into the Pension Stabilization Fund). Employers contributed $4.5

million in fiscal year 2017.

TRF Pre-1996 Account members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Financial report. INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At June 30, 2017, the State reported a liability of $12,052.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the State's proportion was 100.00 percent, which was the same as its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the State recognized pension expense of $860.1 million. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	200,663	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	871,141	-
Total	**$ 1,071,804**	**$ -**

$871.1 million reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2018	34,813
2019	34,813
2020	90,614
2021	40,423

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.5% - 12.5%
Inflation	2.25%
Cost of living increases	1.00%

Mortality rates for healthy and disabled members were based on the RP-2014 White Collar mortality table, with Social Security Administration generational improvement scale from 2006.

The most recent comprehensive experience study was completed in April 2015 and was based on member experience covering the period July 1, 2011 to June 30, 2014. The demographic assumptions were updated for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.9
Private equity	14.0	5.7
Fixed income - ex inflation - linked	20.0	2.3
Fixed income - inflation - linked	7.0	0.6
Commodities	8.0	2.2
Real estate	7.0	3.7
Absolute return	10.0	3.9
Risk parity	12.0	5.1
Total	**100.0**	

Discount rate. Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the TRF Pre-1996 defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
State's proportionate share of the net pension liability	13,630,767	12,052,671	10,707,809

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Amounts Summary – Defined Benefit Plans

A summary of the pension amounts disclosed in the notes for the defined benefit plans is provided in the following table.

Plan	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
SPRF	$ 588,603	$ 426,851	$ 161,752	$ 75,764	$ 473	$ 32,620
SPST	17,043	-	17,043	3,777	436	5,227
EG&C	138,965	111,329	27,636	16,071	281	5,893
PARF	85,034	52,792	32,242	7,354	-	9,826
LE DB	4,015	2,919	1,096	353	-	(51)
JRS	501,126	441,790	59,336	55,009	13,035	10,048
PERF	4,609,059	3,472,766	1,136,293	427,456	16,502	219,655
TRF 1996	22,430	19,691	2,739	2,633	308	969
TRF Pre-1996	16,840,200	4,787,529	12,052,671	1,071,804	-	860,081
Total	**$ 22,806,475**	**$ 9,315,667**	**$ 13,490,808**	**$ 1,660,221**	**$ 31,035**	**$ 1,144,268**

The State sponsors the following defined contribution plan:

<u>Legislators' Retirement System – Legislators' Defined Contribution Plan (Presented as part of INPRS – a fiduciary in nature component unit)</u>

The Legislators' Retirement System was established in 1989 by IC 2-3.5 and accordingly is governed by the INPRS Board of Trustees. The retirement system is for certain members of the General Assembly of the State of Indiana as specified by the provisions of the statute.

The Legislators' Retirement System is comprised of two (2) separate and distinct plans. The Legislators' Defined Benefit Plan (LEDB Plan) (IC 2-3.5-4), a single-employer (the State of Indiana) defined benefit plan, applies to members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Contribution Plan (LEDC Plan) (IC 2-3.5-5) applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly.

For the LEDC Plan, each participant is required to contribute five percent of annual salary in accordance with statute IC 2-3.5-5-4. In addition, the State of Indiana is required by statute IC 2-3.5-5-5.5 to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. This rate, by statute, cannot exceed the total contribution rate paid that year by the State to PERF for State employees. The State contribution rate is the sum of: (1) the State's employer contribution rate for State employees, and (2) the rate the State pays on behalf of State employees to their annuity savings accounts (3.0 percent). The contribution rate for the calendar year 2016 was 14.2 percent and the rate for the calendar year 2017 is 14.2 percent.

Investments in the members' accounts are self-directed as participants direct the investment of their account balances among several investment options of varying degrees of risk and return potential. There are nine investment options available to LE DC members: Consolidated Defined Benefit Assets, Stable Value Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Small/Mid Cap Equity Fund, Large Cap Equity Index Fund, International Equity Fund and Target Date Funds. Members may make changes to their investment directions daily, and investments of the plan are reported at fair value.

A participant of LE DC who terminates service as a member of the General Assembly is entitled to withdraw both the employee and employer contributions to LE DC. The amount available for withdrawal is the fair value of the participant's account on the processing date. Account balances are fully vested to the participants. The withdrawn amount can be paid in a lump sum, a partial lump sum, a monthly annuity, or a series of monthly installment payments over 60, 120, or 180 months as elected by the participant.

If a participant dies while a member of the General Assembly or after terminating service as a member, but prior to withdrawing from LE DC, the participant's account is to be paid to the beneficiary(ies) or the survivor(s) if there is no properly designated beneficiary, or if no beneficiary survives the participant. The amount to be paid is the fair value of the participant's account (employer and employee contributions) on the processing date.

F. Other Postemployment Benefits

Defined Benefit Plans

<u>Plan Descriptions</u> The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administer the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. The SPP, ISPP, and CEPP are administered through trusts that meet the criteria in GASB 74. The LP is not administered through a trust that meets the requirements of GASB 74 and is not accumulating assets.

<u>Benefits Provided</u> All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit options

afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 *et seq*. Separate financial reports are not issued for these plans.

Contributions Actuarially determined contributions (ADC) are determined for these plans by the actuary. The state determines the contributions to make for these plans after considering its other needs and the OPEB participants' needs.

For the SPP, the state contributes at least the ADC annually.

The ISPP has established a 401(h) and section 115 trust for the purpose of funding retiree OPEB since the fiscal year end June 30, 2011. Contributions to the 401(h) and section 115 trust are made from the following sources: 1) Medicare Part D retiree drug subsidy reimbursement; 2) excess long-term disability fund; 3) a percentage of retiree premiums according to the following schedule: a) Starting January 1, 2012 through June 30, 2014, 0%; b) July 1, 2014 through June 30, 2016, 25%; c) July 1, 2016 through June 30, 2018, 50%, and d) July 1, 2018 onwards, 100%; 4) state contributions for ISP active employees in accordance with the OPEB DC plan (501 plan); and 5) discretionary contributions from the ISP healthcare fund up to $1 million. Additionally, active ISP employees contribute $20 per paycheck towards the 401(h) trust account. This ISP funding policy is expected to continue for the foreseeable future.

The annual cost of the CEPP is financed on a pay-as-you-go basis from state subsidies, active/retiree contributions, and a discretionary contribution from the CEPP reserve fund.

Retiree participants pay the full premium rate as determined by the administrators of these plans.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DB, summarized financial statements are as follows:

State of Indiana
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2017

	SPP	ISPP	CEPP	Total
Assets				
Cash, cash equivalents and non-pension investments	$ 579	$ 6,022	$ 797	**$ 7,398**
Receivables:				
Contributions	515	-	64	**579**
Interest	87	215	44	**346**
Total receivables	602	215	108	**925**
Pension and other employee benefit investments at fair value:				
Debt Securities	43,948	92,448	14,446	**150,842**
Total investments at fair value	43,948	92,448	14,446	**150,842**
Total assets	**45,129**	**98,685**	**15,351**	**159,165**
Liabilities:				
Benefits payable	131	1,362	175	**1,668**
Total liabilities	**131**	**1,362**	**175**	**1,668**
Net Position				
Restricted for:				
OPEB benefits	44,998	97,323	15,176	**157,497**
Total net position	**$ 44,998**	**$ 97,323**	**$ 15,176**	**$ 157,497**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2017

	SPP	ISPP	CEPP	Total
Additions:				
Member contributions	$ 6,624	$ 4,931	$ 776	**$ 12,331**
Employer contributions	4,802	26,135	3,718	**34,655**
Net investment income (loss)	291	507	79	**877**
Less investment expense	-	(1)	-	**(1)**
Federal reimbursements	-	537	-	**537**
Other	-	201	-	**201**
Total additions	11,717	32,310	4,573	**48,600**
Deductions:				
Retiree health benefits	11,029	13,115	2,081	**26,225**
Administrative	417	588	83	**1,088**
Total deductions	11,446	13,703	2,164	**27,313**
Net increase (decrease) in net position	271	18,607	2,409	**21,287**
Net position restricted for pension and other employee benefits, July 1, as restated: OPEB benefits	44,727	78,716	12,767	**136,210**
Net position restricted for pension and other employee benefits, June 30, as restated	**$ 44,998**	**$ 97,323**	**$ 15,176**	**$ 157,497**

Funding Policy and Annual OPEB Cost The contribution funding policy for each of the four plans is on a pay-as-you-go cash basis. However, trust funds as authorized by the Indiana General Assembly were created to start pre-funding the SPP, ISPP, and CEPP plans. The State of Indiana's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The State of Indiana's annual OPEB cost for the current year and the related information for each plan are as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Contribution rates:				
State of Indiana	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go
Plan members (monthly premium)	See next chart	See next chart	See next chart	See next chart
Annual required contribution	$ 1,577	$ 748	$ 32,614	$ 2,948
Interest on net OPEB obligation	(1,551)	95	5,319	448
Amortization adjustment to ARC	2,117	(130)	(7,256)	(611)
Annual OPEB Cost	2,143	713	30,677	2,785
Contributions made	(4,802)	(522)	(26,871)	(3,718)
Change in net OPEB obligation	(2,659)	191	3,806	(933)
Net OPEB obligation - beginning of year	(34,471)	2,121	118,193	9,947
Net OPEB obligation - end of year	$ (37,130)	$ 2,312	$ 121,999	$ 9,014

The plan administrators (see plan descriptions above) establish the contribution requirements of plan members. Plan members (retirees and eligible dependents) who participate in these healthcare plans must pay the full 2018 monthly premiums (except for grandfathered LP current retirees) as shown in the following chart.

	Monthly Premium
State Personnel Healthcare Plan (SP) and Legislature's Healthcare Plan (LP)	
Consumer Driven Health Plan #1	
Single (Non-Tobacco)	$ 534.04
Family (Non-Tobacco)	1,598.74
Consumer Driven Health Plan #2	
Single (Non-Tobacco)	759.85
Family (Non-Tobacco)	2,207.53
Consumer Driven Health Plan Wellness	
Single (Non-Tobacco)	484.34
Family (Non-Tobacco)	1,469.78
Traditional PPO	
Single (Non-Tobacco)	1,301.30
Family (Non-Tobacco)	3,691.61
Indiana State Police Healthcare Plan (ISPP)	
Basic Plan - Medical Only	
Retiree Only (Without Medicare)	439.95
Retiree Plus One Dependent (Without Medicare)	587.54
Retiree Only (With Medicare)	161.53
Retiree Plus One Dependent (With Medicare)	201.95
Optional Plan - Medical, Dental, & Vision	
Retiree Only (Withou Medicare)	514.45
Retiree Plus One Dependent (Without Medicare)	729.80
Retiree Only (With Medicare)	188.24
Retiree Plus One Dependent (With Medicare)	257.67
Conservation and Excise Police Health Care Plan (CEPP) - Medical, Dental, & Vision	
Retiree Only - (Pre-Medicare)	369.03
Retiree plus One Dependent - (Pre-Medicare)	701.16
Retiree Only (Post-Medicare)	147.39
Retiree plus One Dependent - (Post-Medicare)	235.82

The State of Indiana's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for June 30, 2015 through June 30, 2017 for each of the plans were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	6/30/2017	$ 2,142	224.2%	$ (37,130)
State Personnel Healthcare Plan	6/30/2016	2,088	142.6%	(34,471)
	6/30/2015	2,369	150.5%	(33,582)
	6/30/2017	$ 713	73.2%	$ 2,312
Legislature's Healthcare Plan	6/30/2016	648	71.2%	2,121
	6/30/2015	814	68.0%	1,935
	6/30/2017	$ 30,677	87.6%	$ 121,999
Indiana State Police Healthcare Plan	6/30/2016	28,590	121.9%	118,193
	6/30/2015	27,601	91.7%	124,466
Conservation and Excise Police	6/30/2017	$ 2,785	133.5%	$ 9,014
Health Care Plan	6/30/2016	3,143	113.8%	9,947
	6/30/2015	2,962	82.3%	10,379

Funded Status and Funding Progress The funded status of the plans as of June 30, 2017, was as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Actuarial accrued liability (a)	$ 41,078	$ 10,734	$ 430,337	$ 42,009
Actuarial value of plan assets (b)	44,998	-	97,323	15,176
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ (3,920)	$ 10,734	$ 333,014	$ 26,833
Funded ratio (b)/(a)	109.5%	0.0%	22.6%	36.1%
Covered payroll (c)	$ 1,245,383	$ 5,540	$ 98,693	$ 15,602
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a)-(b)]/(c))	-0.3%	193.8%	337.4%	172.0%

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2016 for the period ending June 30, 2017. The actuarial results for the period ending June 30, 2016 is based on a June 30, 2017 actuarial valuation which is actuarially rolled back on a no gain/loss basis.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Actuarial valuation date	6/30/2017	6/30/2017	6/30/2017	6/30/2017
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	Market Value of Assets	N/A	Market Value of Assets	Market Value of Assets
Actuarial assumptions:				
Inflation rate	2.25%	2.25%	2.25%	2.25%
Investment rate of return	4.50%	4.50%	4.50%	4.50%
Projected salary increases	N/A; benefits are not payroll related	N/A; benefits are not payroll related	N/A; benefits are not payroll related	N/A; benefits are not payroll related
Healthcare inflation rate	9.0%	9.0%	9.0%	9.0%

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2016 with changes made as follows:

1. For ISPP:
   a. Employees hired on/after July 1, 2016 are only eligible for retiree health benefits until Medicare eligibility. This change caused a decrease in the liability.
   b. ISP is expected to increase the maximum out-of-pocket for the retiree health plan from $2,750 (single) /$5,500 (family) currently to $4,000 (single) /$8,000 (family) on January 1, 2018. This change caused a decrease in the liability.

2. For CEPP:
   a. CEPP is expected to increase, effective January 1, 2018, the deductible from $500 (single) / $1,000 (family) to $750 (single) / $1,500 (family) and the maximum out-of-pocket from $2,050 (single) / $4,100 (family) to $2,550 (single) / $5,100 (family). In addition the prescription deductible is expected to increase from $300 to $300 (single) $900 (family). These changes caused a decrease in the liability.

3. For all plans, trend rates for medical and prescription drug benefits have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 4.50%. Dental trend rates have been modified from an initial rate of 4.50% decreasing by 0.25% to 3.50% to a flat 3.00%. This change caused an increase in liabilities.

Plan Membership At June 30, 2017 membership for the three OPEB plans administered through trusts was:

	SPP	ISPP	CEPP
Inactive plan members currently receiving benefit payments	725	1,120	191
Active plan members	23,617	1,665	262
Total	**24,342**	**2,785**	**453**

Net OPEB Liability The components of the net OPEB liability for the three OPEB plans administered through trusts at June 30, 2017 was:

	SPP	ISPP	CEPP
Total OPEB liability	$53,040	$539,736	$56,024
Plan fiduciary net position	44,998	97,323	15,176
Net OPEB liability	$ 8,042	$442,413	$40,848
Plan fiduciary net position as a percentage of the total OPEB liability	84.8%	18.0%	27.1%

Actuarial Assumptions The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Description	SPP	ISPP	CEPP
Valuation Date	6/30/2017	6/30/2017	6/30/2017
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Actuarial amortization method for unfunded liability	Level Dollar	Level Dollar	Level Dollar
Actuarial amortization period for unfunded liability	30 years, closed	30 years, closed	30 years, closed
Remaining amortization period for unfunded liability	30	30	30
Asset valuation method	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.25%	2.25%	2.25%
Salary increases	2.25% for general wage inflation plus merit and productivity increases as follows: Ages 20 and 30, 2.0%; age 40, 1.5%, and age 50, 1.0%	2.25% for general wage inflation plus 0.25% for merit and productivity increases	2.25% for general wage inflation plus 0.25% for merit and productivity increases
Investment rate of return	3.25%	3.25%	3.25%
Healthcare cost trend rates	9.0% for 2018 decreasing0.5% per year to an ultimate rate of 4.5% for 2027 and later years	9.0% for 2018 decreasing0.5% per year to an ultimate rate of 4.5% for 2027 and later years	9.0% for 2018 decreasing0.5% per year to an ultimate rate of 4.5% for 2027 and later years
Mortality	SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale
Experience study	Based on the results of an actuarial experience study for the period from June 30, 2010 to June 30, 2014	Based on the results of an actuarial experience study for the period from July 1, 2005 through June 30, 2010	Based on the results of an actuarial experience study for the period from June 30, 2010 to June 30, 2014

Discount Rate The asset allocation for the three plans administered through trusts is 100% to fixed income securities. The long-term expected rate of return for these plans' investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. The long-term expected rate of return on OPEB plan investments for the three plans administered through trusts is 3.25%. Since this rate of return is lower than the yield for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), the discount rate used to measure the total OPEB liability was based on a range of indices for 20 year tax exempt general obligation municipal bonds. The discount rate used to measure the total OPEB liability for these was 3.56 percent as of June 30, 2017 and applied to all periods of projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the discount rate assumed that the State's contributions to these plans will be made at rates equal to the actuarially determined rates. The discount rate of 4.5% was used in calculating the actuarially determined contribution for these plans.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using a discount rate that is 1 percentage point lower (2.6%) or 1 percentage point higher (4.6%) than the current discount rate:

	1% Decrease (2.6%)	Discount Rate (3.6%)	1% Increase (4.6%)
SPP	$ 12,394	$ 8,042	$ 4,074
ISPP	548,081	442,413	359,433
CEPP	52,130	40,848	32,105

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (8.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (9.0% decreasing to 4.5%)	1% Increase (10.0% decreasing to 5.5%)
SPP	$ 3,194	$ 8,042	$ 13,704
ISPP	354,219	442,413	557,098
CEPP	31,235	40,848	53,635

Defined Contribution Plan

Plan Description The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The plan is a benefit to employees who retire and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DC, summarized financial statements are as follows:

State of Indiana
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2017

	State Employee Retiree Health Benefit Trust Fund - DC
Assets	
Cash, cash equivalents and non-pension investments	$ 43,179
Receivables:	
Contributions	3,098
Interest	298
Securities lending	64
Total receivables	3,460
Pension and other employee benefit investments at fair value:	
Debt Securities	278,907
Total investments at fair value	278,907
Total assets	**325,546**
Liabilities:	
Accounts/escrows payable	28
Securities lending payable	64
Benefits payable	543
Total liabilities	**635**
Net Position	
Restricted for:	
OPEB benefits	324,911
Total net position	**$ 324,911**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2017

	State Employee Retiree Health Benefit Trust Fund - DC
Additions:	
Employer contributions	$ 43,915
Net investment income (loss)	2,111
Other	15
Total additions	46,041
Deductions:	
Retiree health benefits	19,713
Administrative	1,301
Other	15
Total deductions	21,029
Net increase (decrease) in net position	25,012
Net position restricted for pension and other employee benefits, July 1, as restated:	
OPEB benefits	299,899
Net position restricted for pension and other employee benefits, June 30	**$ 324,911**

Plan Provisions Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of state government to pay for participants' medical insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

The trust meets the requirements of a qualified OPEB trust. The trust is qualified under section 115 of the Internal Revenue Code.

Regular Contributions The State makes regular annual contributions to the account based on the following schedule:

Attained Age	**Annual State Contributions**
Less than 30	$500
At least 30, but less than 40	$800
At least 40, but less than 50	$1,100
At least 50	$1,400

Attained age is determined as of the last day of the calendar year falling within the plan year for which the contribution is made. To receive the regular contribution, an employee must be an eligible employee on the preceding December 31 and must be continuously employed through the date on which the contribution is made.

Employees who meet the eligibility requirements for bonus contributions by June 30, 2017 received their last regular contribution on June 30, 2017.

Bonus Contributions

Employees receive the bonus contributions if by June 30, 2017 they are (1) eligible for an unreduced pension benefit from PERF and (2) have completed at least 15 years of service or 10 years of service as an elected or appointed officer. The bonus contribution is equal to the employee's total years of service (rounded down to the nearest whole year) calculated as of the last day of employment or June 30, 2017 (whichever is earlier) multiplied by one thousand dollars ($1,000).

At June 30, 2017, the plan participants consisted of:

Active participants with accounts, not yet retired	27,603
Retired participants with accounts	6,987
Total	**34,590**

At June 30, 2017, plan participants' retirement medical plan account balances totaled $342.3 million which consisted of $191.0 million in unretired active participants' accounts and $151.3 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 45 and 74 purposes. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in the Retiree Health Benefit Trust Fund created by the State as a dedicated trust fund.

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2017 was $44.9 million. For the fiscal year ending June 30, 2017, the State contributed $17.1 million in cigarette tax revenues to this fund. Another $26.8 million was contributed by state agencies that are funded by federal or dedicated funds for their portion of funding. The retiree contribution includes the bonus contributions of $1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

G. Pollution Remediation Obligations

Nature and source of pollution remediation obligations:

Five state agencies have identified themselves as responsible or potentially responsible parties to remediate forty-six pollution sites pursuant to the State's implementation of GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations effective July 1, 2008. Obligating events for the cleanup of these sites include being compelled to take action because the pollution creates an imminent danger to public health or welfare or the environment, being named by a regulator to remediate hazardous wastes and contamination, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:

The State's total estimated liability is $38.4 million of which $4.9 million is estimated to be payable within one year and $33.5 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

Estimated recoveries reducing the liability:

The estimated recoveries total $18.4 million. Of this total, $0.4 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), credits received for work performed on Superfund sites, and federal funds. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized $6.2 million of program revenue for seven sites whose realized recoveries exceeded the pollution remediation liability.

Note H. Tax Abatements

The State provides tax abatements through four programs which are the (1) Economic Development for a Growing Economy (EDGE) Credit, (2) Hoosier Business Investment Credit, (3) Research Expense Credit, and (4) Venture Capital Investment Credit. The Indiana Economic Development Corporation (IEDC) approves the tax credits for these programs. The following is a summary of these programs where the taxes abated exceeded $1 million individually or in the aggregate.

Economic Development for a Growing Economy (EDGE) Credit
The Economic Development for a Growing Economy Credit is created by IC 6-3.1-13. This program was created to foster job creation in Indiana, job retention in Indiana, and to foster employment in Indiana of students who participate in a course of study that includes a cooperative arrangement between an educational institution and an employer for the training of students in high wage, high demand jobs that require an industry certification. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC). The amount and duration of this tax credit shall be determined by the IEDC. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which the excess may, at the discretion of the IEDC, be refunded to the taxpayer.

EDGE for Job Creation:
In order to award a credit for job creation, the IEDC must determine the following conditions exist, the applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana; the applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana; receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana; awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data; the credit is not prohibited by the relocation of jobs from one location in Indiana to another location in Indiana; if the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-13. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

EDGE for Job Retention:
In order to award a credit for job retention, the IEDC must determine the following conditions exist, the applicant's project will retain existing jobs performed by the employees of the applicant in Indiana; the applicant is engaged in research and development, manufacturing, or business services, according to the NAICS Manual of the United States Office of Management and Budget; the average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds the greater of 105% of the average wage paid during that same period to all employees working in that NAICS industry sector in that county, if there is more than one business in the same NAICS industry sector as the applicant's business in Indiana, 105% of the average compensation paid during that same period to all employees working in that NAICS industry sector throughout Indiana, 200% of the federal minimum wage during that same time period. For taxable years beginning before January 1, 2010, the applicant must employ at least 35 employees in Indiana. The applicant has prepared a plan for the use of the credits for investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits, or other direct business related investments, including, but not limited to, training. Receiving a tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana; awarding the tax credit will result in an overall positive fiscal impact to the state, as

certified by the budget agency using the best available data; the applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana; the communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have committed local incentives with respect to the retention of jobs in an amount determined by the corporation; the credit is not prohibited by the relocation of jobs from one location in Indiana to another location in Indiana; if the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-13. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

EDGE for Cooperative Arrangements for Training Students:
In order to award a credit for cooperative arrangements for training students, the IEDC must determine the applicant participates in at least one cooperative arrangement with an educational institution for the training of students in high wage, high demand jobs that require an industry certification and meets any additional eligibility conditions established by the IEDC. The IEDC may consult with the Indiana career council to develop eligibility and performance conditions that an applicant must meet to qualify for a credit award to which this section applies. The aggregate amount of tax credits awarded under this section for a state fiscal year may not exceed $2,500,000. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-13.

Hoosier Business Investment Credit
The Hoosier Business Investment Credit is created by IC 6-3.1-26. This program was created to foster job creation and create higher wages in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and may not exceed 10% of the taxpayer's qualified investment in a taxable year for qualified investment that is not a logistics investment and 25% of the qualified investment made in a taxable year if the qualified investment is a logistics investment. Qualified investment is defined as the amount of the taxpayer's expenditures in Indiana for the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution equipment; the purchase of new computers and related equipment; costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; onsite infrastructure improvements; the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; costs associated with retooling existing machinery and equipment; costs associated with the construction of special purpose building and foundations for use in the computer, software, biological sciences, or telecommunications industry; costs associated with the purchase of machinery, equipment or special purpose buildings used to make motion pictures or audio productions; and a logistics investment as further described in IC 6-3.1-26-8.5 that are certified by the IEDC under this chapter as being eligible for the credit. The term does not include property that can be readily moved outside Indiana. In order to award a tax credit under this program, the IEDC must determine the following conditions exist, the applicant's project will raise the total earnings of employees of the applicant in Indiana or substantially enhance the logistics industry by creating new jobs, preserving existing jobs that otherwise would be lost, increasing wages in Indiana, or improving the overall Indiana economy, in the case of a logistics investment being claimed by the applicant; the applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana; receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of the applicant's employees in Indiana, or other employees in Indiana in the case of a logistics

investment being claimed by the applicant; awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data; the credit is not prohibited by the relocation of jobs from one location in Indiana to another location in Indiana; in the case of a qualified investment that is not being claimed as a logistics investment by the applicant, the average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-26. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation or retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

Research Expense Credit

The Research Expense Credit is created by IC 6-3.1-4. The program was created to incentivize research investment in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The program is administered by the Indiana Economic Development Corporation (IEDC), and the credit may be calculated one of two ways, listed below, as elected by the taxpayer. For Indiana qualified research expense incurred after December 31, 2007, the credit is equal to 15% of the Indiana qualified research expense less the taxpayer's base amount of Indiana qualified research expense, up to $1,000,000. For qualified research expense in excess of $1,000,000, the credit amount is equal to 10%. For Indiana qualified research expense incurred after December 31, 2009, the taxpayer's research expense tax credit is equal to 10% of the part of the taxpayer's Indiana qualified research expense for the taxable year that exceeds 50% of the taxpayer's average Indiana qualified research expense for the 3 taxable years preceding the taxable year for which the credit is being determined. If the taxpayer did not have Indiana qualified research expense in any 1 of the 3 taxable years preceding the taxable year for which the credit is being determined, the amount of the research expense tax credit is equal to 5% of the taxpayer's Indiana qualified research expense for the taxable year. Indiana qualified research expense is defined as qualified research expense that is incurred for research conducted in Indiana. Qualified research expense means qualified research expense as defined in Section 41(b) of the Internal Revenue Code. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-4. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

Venture Capital Investment Credit

The Venture Capital Investment Credit is created by IC 6-3.1-24. This credit was created to improve access to capital for fast growing Indiana companies by providing individual and corporate investors an incentive to invest in early stage firms. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, insurance premiums tax, or state gross retail and use tax liability. The credit must be claimed on the taxpayer's state income tax return or returns filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and is equal to 20% of the taxpayer's qualified investment capital provided to the qualified Indiana business or $1,000,000, whichever is less. Qualified Indiana business is defined as an independently owned and operated business that is certified as a qualified Indiana business by the IEDC. Qualified investment capital is defined as debt or equity capital that is provided to a qualified Indiana business. However, the term does not include debt that is provided by a financial institution (as defined in IC 5-13-4-10) after May 15, 2005 and is secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all collateral or security interests of other taxpayers that provide debt or equity capital to the qualified Indiana business. In order to award a tax credit under this program, the IEDC must certify the taxpayer's proposed investment plan. The proposed investment plan must include the name and address of the taxpayer, the name and address of each proposed recipient of the taxpayer's proposed investment; the amount of the proposed investment; a copy of the certification issued by the IEDC stating the business being invested in is a qualified Indiana business, and any other information required by the IEDC. The IEDC must determine that the proposed investment would qualify for the taxpayer credit under this program, and the amount of proposed investment would not result in the total amount of tax credits certified for the calendar year exceeding $12,500,000. The total amount of credits that may be approved by the IEDC for a calendar year may not exceed $12,500,000. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-24. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

Tax Abatement Program	Amount of Taxes Abated
Economic Development for a Growing Economy (EDGE) Credit	
Individual Income Tax	$ 5,721
Corporate Income Tax	58,901
Hoosier Business Investment Credit	
Individual Income Tax	830
Corporate Income Tax	5,072
Research Expense Credit	
Individual Income Tax	20,906
Corporate Income Tax	41,893
Venture Capital Investment Credit	
Individual Income Tax	5,366
Corporate Income Tax	188

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress
Other Postemployment Benefits
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
State Personnel Healthcare Plan						
6/30/2017	$ 44,998	$ 41,078	(3,920)	109.5%	$ 1,245,383	-0.3%
6/30/2016	44,321	40,884	(3,437)	108.4%	1,148,771	-0.3%
6/30/2015	44,133	44,263	130	99.7%	1,180,296	0.0%
Legislature's Healthcare Plan						
6/30/2017	-	10,734	10,734	0.0%	5,540	193.8%
6/30/2016	-	9,541	9,541	0.0%	3,559	268.1%
6/30/2015	-	11,964	11,964	0.0%	3,504	341.4%
Indiana State Police Healthcare Plan						
6/30/2017	97,323	430,337	333,014	22.6%	98,693	337.4%
6/30/2016	79,799	380,529	300,730	21.0%	91,753	327.8%
6/30/2015	53,909	341,219	287,310	15.8%	92,130	311.9%
Conservation and Excise Police Healthcare Plan						
6/30/2017	15,176	42,009	26,833	36.1%	15,602	172.0%
6/30/2016	12,888	45,401	32,513	28.4%	14,497	224.3%
6/30/2015	10,464	41,831	31,367	25.0%	15,106	207.6%

Schedule of Contributions
Employee Retirement Systems and Plans
State Police Retirement Fund
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarially determined contribution	$ 20,556	$ 19,455	$ 17,119	$ 17,271	$ 18,058	$ 18,210	$ 16,046	$ 18,110	$ 14,318	$ 13,162
Contributions in relation to the actuarially determined contribution	20,556	18,073	13,451	14,005	47,588	16,059	13,240	13,352	13,429	13,400
Contribution deficiency (excess)	-	1,382	3,668	3,266	(29,530)	2,151	2,806	4,758	889	(238)
Covered-employee payroll	75,731	68,786	68,219	68,490	63,347	66,083	64,948	66,603	68,283	65,421
Contributions as a percentage of covered-employee payroll	27.1%	26.3%	19.7%	20.4%	75.1%	24.3%	20.4%	20.0%	19.7%	20.5%

Notes to Schedule:
Valuation date
June 30, 2017
Actuarial cost method
Entry age normal cost
Amortization method
Level percentage of payroll, closed
Remaining amortization period
24 years
Asset valuation method
4 year smoothed value
Inflation
2.25%
Salary increases
3.5% for the pre-1987 plan; For the 1987 plan, 9% at ages 26 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older. New salary matrix effective July 1, 2017 is reflected.
Investment rate of return
6.75%, net of pension plan investment expense, including inflation
Retirement age
Pre-1987 Plan - Retirement rates are based on age with 10% assumed to retire at ages 42-45, 7.5% at ages 46-54, 10% at 55, 12.5% at 56, 15% at 57, 20% at 58, 40% at ages 59 and older, except 100% at 65 (with at least 20 years of service). Based on experience study through June 30, 2010.

1987 Plan - Retirement rates are based on years of service with 15% assumed to retire at 25 years of service, 12.5% at 26 years, 10% at 27 years, 7.5% at years 28 and 29, 10% at 30 years, 12.5% at 31 years, 15% at 32 years, 40% at 33 years, and 27.5% at 34 or more years, except 100% at age 65 (with at least 25 years of service). Based on experience study through June 30, 2010.
Mortality
RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2016 Mortality Improvement Scale.
Other information
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported. Actuarially determined contribution includes the statutory pension contribution and the statutory supplemental contribution.

Schedule of Contributions
Employee Retirement Systems and Plans
State Police Supplemental Trust
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarially determined contribution	$ 5,308	$ 4,904	$ 5,195	$ 4,029	$ 4,525	$ 4,167	$ 4,343	$ 4,451	$ 4,193	$ 3,750
Contributions in relation to the actuarially determined contribution	4,259	4,677	4,342	4,545	3,746	4,199	3,573	3,555	3,591	3,383
Contribution deficiency (excess)	1,049	227	853	(516)	779	(32)	770	896	602	367
Covered-employee payroll	75,731	68,786	68,219	68,490	63,347	66,083	64,948	66,603	68,283	65,421
Contributions as a percentage of covered-employee payroll	5.6%	6.8%	6.4%	6.6%	5.9%	6.4%	5.5%	5.3%	5.3%	5.2%

Notes to Schedule:
Valuation date
June 30, 2017
Actuarial cost method
Entry age normal cost
Amortization method
Level percentage of payroll, closed
Remaining amortization period
30 years
Asset valuation method
Not applicable
Inflation
2.25%
Salary increases
3.5% for the pre-1987 plan; For the 1987 plan, 9% at ages 26 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older. New salary matrix effective July 1, 2017 is reflected.
Investment rate of return
3.13% net of pensoin plan investment expense, including inflation. 2.71% as of June 30, 2016. Rate is S&P Municipal Bond 20 year high grade rate index.
Retirement age
Pre-1987 Plan - Retirement rates are based on age with 10% assumed to retire at ages 42-45, 7.5% at ages 46-54, 10% at 55, 12.5% at 56, 15% at 57, 20% at 58, 40% at ages 59 and older, except 100% at 65 (with at least 20 years of service). Based on experience study through June 30, 2010.
1987 Plan - Retirement rates are based on years of service with 15% assumed to retire at 25 years of service, 12.5% at 26 years, 10% at 27 years, 7.5% at years 28 and 29, 10% at 30 years, 12.5% at 31 years, 15% at 32 years, 40% at 33 years, and 27.5% at 34 or more years, except 100% at age 65 (with at least 25 years of service). Based on experience study through June 30, 2010.
Mortality
RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2016 Mortality Improvement Scale.
Other information
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Schedule of Contributions
Employee Retirement Systems and Plans
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan)
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 4,033	$ 4,078	$ 4,820	$ 5,341	$ 4,794
Contributions in relation to the actuarially determined contribution	5,691	5,367	5,215	5,359	19,740
Contribution deficiency (excess)	(1,658)	(1,289)	(395)	(18)	(14,946)
Covered payroll	27,428	25,526	25,133	25,825	24,675
Contributions as a percentage of covered payroll	20.7%	21.0%	20.7%	20.8%	80.0%

Notes to Schedule:

Valuation date

Actuarially determined contribution rates are calculated as of June 30, with an effective date of January 1.

Actuarial cost method

Entry age normal (Level Percent of Payroll)

Amortization method

Level dollar

Remaining amortization period

24 years, closed

Asset valuation method

4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

Inflation

2.25%

Salary increases

2.5%

Investment rate of return

6.75%

Mortality

RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006

Other information

The actuarially determined contribution amounts are based on the average of the actuarially determined contribution rates developed in the actuarial valuations completed one year and two years prior to the beginning of the fiscal year, multiplied by actual payroll during the fiscal year. The approved contribution rate was 20.75% for calendar year 2017. Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Prosecuting Attorneys' Retirement Fund
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 2,148	$ 1,381	$ 1,419	$ 2,345	$ 2,542
Contributions in relation to the actuarially determined contribution	1,486	1,440	1,063	1,174	19,443
Contribution deficiency (excess)	662	(59)	356	1,171	(16,901)
Covered payroll	22,635	21,372	21,145	20,608	18,805
Contributions as a percentage of covered payroll	6.6%	6.7%	5.0%	5.7%	103.4%

Notes to Schedule:

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method

Entry age normal (Level Percent of Payroll)

Amortization method

Level dollar

Remaining amortization period

27 years, closed

Asset valuation method

4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

Inflation

2.25%

Salary increases

4.0%

Investment rate of return

6.75%

Mortality

RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006

Other information

The actuarially determined contribution amounts are based on the average of the actuarially determined contribution rates developed in the actuarial valuations completed one year and two years prior to the beginning of the fiscal year, multiplied by anticipated payroll during the fiscal year. Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Legislators' Defined Benefit Plan
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 170	$ 138	$ 119	$ 138	$ 140
Contributions in relation to the actuarially determined contribution	135	138	131	138	150
Contribution deficiency (excess)	35	-	(12)	-	(10)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:
Valuation date
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method
Entry age normal (Level Percent of Payroll) for accounting and Traditional Unit Credit for funding
Amortization method
Level dollar
Remaining amortization period
18 years, closed
Asset valuation method
4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.
Inflation
2.25%
Salary increases
2.25%
Investment rate of return
6.75%
Retirement age
Mortality
RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006
Other information
Based on the actuarial assumptions and methods, an actuarially determined contribution amount is computed. The INPRS Board of Trustees considers this information when requesting appropriations from the State. Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project liabilities computed as of June 30, 2016 to June 30, 2017. N/A is not applicable as this is a closed plan with no payroll.

The effort and cots to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Judges' Retirement System
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 14,335	$ 17,485	$ 18,865	$ 27,648	$ 25,458
Contributions in relation to the actuarially determined contribution	16,824	16,946	21,020	20,895	111,419
Contribution deficiency (excess)	(2,489)	539	(2,155)	6,753	(85,961)
Covered payroll	54,755	51,382	48,582	46,041	47,595
Contributions as a percentage of covered payroll	30.7%	33.0%	43.3%	45.4%	234.1%

Notes to Schedule:
Valuation date
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Remaining amortization period
12 years, closed
Asset valuation method
4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.
Inflation
2.25%
Salary increases
2.5%
Investment rate of return
6.75%
Mortality
RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006
Other information
The actuarially determined contribution amounts are based on the average of the actuarially determined contribution rates developed in the actuarial valuations completed one year and two years prior to the beginning of the fiscal year, multiplied by anticipated payroll during the fiscal year. Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Public Employees' Retirement Fund
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 140,631	$ 143,499	$ 133,755	$ 134,976	$ 114,353
Contributions in relation to the actuarially determined contribution	140,631	143,499	133,755	134,976	114,353
Contribution deficiency (excess)	-	-	-	-	-
State's covered payroll	1,276,857	1,199,921	1,162,622	1,213,031	1,173,716
Contributions as a percentage of covered payroll	11.0%	12.0%	11.5%	11.1%	9.7%

Notes to Schedule:
Valuation date
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Remaining amortization period
20 years, closed
Asset valuation method
4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.
Inflation
2.25%
Salary increases
2.50% - 4.25%
Investment rate of return
6.75%
Mortality
RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

Other information
The INPRS Board sets, at its discretion, the State’s employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/14 was 11.17%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actual dollar amount of the State’s contributions depends on the actual payroll for the fiscal year.

Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Teachers' Retirement Fund Pre-1996 Account
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Statutorily determined contribution	$ 871,141	$ 887,643	$ 845,774	$ 825,617	$ 1,003,847
Contributions in relation to the statutorily required contribution	871,141	887,643	845,774	825,617	1,003,847
Contribution deficiency (excess)	-	-	-	-	-

Notes to Schedule:
Valuation date
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Remaining amortization period
25 years, closed
Asset valuation method
4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.
Inflation
2.25%
Salary increases
2.5% - 12.5%
Investment rate of return
6.75%
Mortality
RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006
Other information
Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Contributions
Employee Retirement Systems and Plans
Teachers' Retirement Fund 1996 Account
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	$ 879	$ 758	$ 772	$ 735	$ 761
Contributions in relation to the actuarially determined contribution	879	758	772	735	761
Contribution deficiency (excess)	-	-	-	-	-
State's covered payroll	11,722	10,108	10,288	10,380	10,150
Contributions as a percentage of covered payroll	7.5%	7.5%	7.5%	7.1%	7.5%

Notes to Schedule:

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method

Entry age normal (Level Percent of Payroll)

Amortization method

Level dollar

Remaining amortization period

26 years, closed

Asset valuation method

4 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

Inflation

2.25%

Salary increases

2.5% - 12.5%

Investment rate of return

6.75%

Mortality

RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006

Other information

Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2016 to June 30, 2017.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Employer Contributions
Other Postemployment Benefits
(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan - DB Plan: Annual Required Contribution	State Personnel Healthcare Plan - DB Plan: Percentage Contributed	Legislature's Healthcare Plan - DB Plan: Annual Required Contribution	Legislature's Healthcare Plan - DB Plan: Percentage Contributed	Indiana State Police Healthcare Plan - DB Plan: Annual Required Contribution	Indiana State Police Healthcare Plan - DB Plan: Percentage Contributed	Conservation and Excise Police Healthcare Plan - DB Plan: Annual Required Contribution	Conservation and Excise Police Healthcare Plan - DB Plan: Percentage Contributed	Retiree Health Benefit Trust Fund - DC Plan: Annual Required Contribution	Retiree Health Benefit Trust Fund - DC Plan: Percentage Contributed
2017	$ 1,577	304.5%	$ 748	69.8%	$ 32,614	82.4%	$ 2,948	126.1%	$ 44,900	100.0%
2016	1,538	193.6%	680	67.9%	30,630	113.8%	3,313	107.9%	44,700	100.0%
2015	1,839	194.0%	842	65.8%	29,604	85.5%	3,124	78.0%	43,300	100.0%

Schedule of Contributions
Other Postemployment Benefit Plans
State Personnel Healthcare Plan
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarially determined contribution	$ 3,060	$ 1,538	$ 1,839	$ 1,010	$ 941	$ 2,964	$ 4,664	$ 6,292	$ 7,716	$ 7,231
Contributions in relation to the actuarially determined contribution	4,802	2,977	3,567	3,200	4,203	33,850	16,922	1,913	1,796	1,636
Contribution deficiency (excess)	(1,742)	(1,439)	(1,728)	(2,190)	(3,262)	(30,886)	(12,258)	4,379	5,920	5,595
Covered-employee payroll	1,245,383	1,148,771	1,180,296	1,219,424	1,178,197	1,170,773	1,184,288	1,251,207	1,293,479	1,130,900
Contributions as a percentage of covered-employee payroll	0.4%	0.3%	0.3%	0.3%	0.4%	2.9%	1.4%	0.2%	0.1%	0.1%

Notes to Schedule:
Valuation date
June 30 of the year indicated
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Amortization period
30 years, closed
Asset valuation method
Market value of assets
Inflation
2.25%
Healthcare cost trend rates
9.0% initial, decreasing 0.5% per year to an ultimate rate of 4.5%
Salary increases
2.25% for general wage inflation plus merit and productivity increases of 2.0% ages 20 and 30; 1.5% age 40; and 1.0% age 50 (sample rates at select ages only).
Investment rate of return
2.92% as of June 30, 2016 and 3.56% as of June 30, 2017.
Retirement age
Annual retirement rates follow the PERF, PARF, and Judges' retirement system rates.
Mortality
Pre and post retirement mortality rates are based on SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale.
Other information
Census data as of June 30, 2017 was used in the valuation.

Schedule of Contributions
Other Postemployment Benefit Plans
Indiana State Police Healthcare Plan
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarially determined contribution	$ 34,980	$ 30,630	$ 29,064	$ 26,030	$ 27,419	$ 27,794	$ 30,155	$ 42,106	$ 35,271	$ 34,275
Contributions in relation to the actuarially determined contribution	26,871	34,862	25,320	24,835	11,684	18,627	13,787	9,009	7,910	7,408
Contribution deficiency (excess)	8,109	(4,232)	3,744	1,195	15,735	9,167	16,368	33,097	27,361	26,867
Covered-employee payroll	98,693	91,753	92,130	93,630	93,680	92,494	92,845	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	27.2%	38.0%	27.5%	26.5%	12.5%	20.1%	14.8%	N/A	N/A	N/A

Notes to Schedule:
Valuation date
June 30 of the year indicated
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Amortization period
30 years, closed
Asset valuation method
Market value of assets
Inflation
2.25%
Healthcare cost trend rates
9.0% initial, decreasing 0.5% per year to an ultimate rate of 4.5%
Salary increases
2.25% for general wage inflation plus 0.25% for merit and productivity increases for all ages
Investment rate of return
2.92% as of June 30, 2016 and 3.56% as of June 30, 2017
Retirement age
Annual retirement rates are based on ISP's 2011 experience study
Mortality
SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale
Other information
Census data as of June 30, 2017 was used in the valuation.
N/A is not available.

Schedule of Contributions
Other Postemployment Benefit Plans
Conservation and Excise Police Healthcare Plan
(amounts expressed in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008
Actuarially determined contribution	$ 3,349	$ 3,313	$ 3,124	$ 2,822	$ 3,053	$ 3,675	$ 4,423	$ 5,373	$ 4,178	$ 3,965
Contributions in relation to the actuarially determined contribution	3,718	3,575	2,437	2,482	2,893	6,889	1,336	1,303	982	898
Contribution deficiency (excess)	(369)	(262)	687	340	160	(3,214)	3,087	4,070	3,196	3,067
Covered-employee payroll	15,602	14,497	15,106	15,969	16,038	15,541	16,283	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	23.8%	24.7%	16.1%	15.5%	18.0%	44.3%	8.2%	N/A	N/A	N/A

Notes to Schedule:
Valuation date
June 30 of the year indicated
Actuarial cost method
Entry age normal (Level Percent of Payroll)
Amortization method
Level dollar
Amortization period
30 years, closed
Asset valuation method
Market value of assets
Inflation
2.25%
Healthcare cost trend rates
9.0% initial, decreasing 0.5% per year to an ultimate rate of 4.5%
Salary increases
2.25% for general wage inflation plus 0.25% for merit and productivity increases
Investment rate of return
2.92% as of June 30, 2016 and 3.56% as of June 30, 2017
Retirement age
Age 45 = 3%; ages 46-49 = 2%; age 50 = 3%; ages 51-59 = 15%; ages 60-64 = 40%; and age 65+ = 100%
Mortality
SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale
Other information
Census data as of June 30, 2017 was used in the valuation.
N/A is not available.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
State Police Retirement Fund
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Total pension liability				
Service cost	$ 14,537	$ 14,356	$ 13,747	$ 13,576
Interest	37,930	35,912	34,935	33,758
Changes of benefit terms	-	275	269	147
Differences between expected and actual experience	(562)	4,765	778	1,112
Changes of assumptions	(5)	9,230	775	533
Benefit payments, including refunds of employee contributions	(33,677)	(34,955)	(32,923)	(30,724)
Net change in total pension liability	18,223	29,583	17,581	18,402
Total pension liability, beginning	570,380	540,797	523,216	504,814
Total pension liability, ending	$ 588,603	$ 570,380	$ 540,797	$ 523,216
Plan fiduciary net position				
Contributions, employer	$ 18,073	$ 13,451	$ 14,005	$ 47,588
Contributions, employee	4,043	3,967	3,763	3,786
Net investment income	(10,454)	(990)	44,883	29,787
Benefit payments, including refunds of employee contributions	(33,677)	(34,955)	(32,923)	(30,724)
Administrative expense	(306)	(300)	(307)	(261)
Other	1	-	(11)	2
Net change in plan fiduciary net position	(22,320)	(18,827)	29,410	50,178
Plan fiduciary net position, beginning	449,171	467,998	438,588	388,410
Plan fiduciary net position, ending	$ 426,851	$ 449,171	$ 467,998	$ 438,588
Net pension liability	$ 161,752	$ 121,209	$ 72,799	$ 84,628
Plan fiduciary net position as a percentage of the total pension liability	72.5%	78.7%	86.5%	83.8%
Covered employee payroll	68,786	68,219	68,490	63,347
Net pension liability as a percentage of covered employee payroll	235.2%	177.7%	106.3%	133.6%

Notes to Schedule:

Benefit changes. Changes of benefit terms reflect one-time 13th checks paid to eligible retirees.

Measurement date: Actuarial valuation reports from the prior fiscal year.

Changes of assumptions. 6/30/2016 Mortality Assumption: Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2015 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted to 2006 with MP-2015 Mortality Improvement Scale. 6/30/2015 Mortality Assumption: Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2015 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted to 2006 with MP-2015 Mortality Improvement Scale. 6/30/2014 Mortality Assumption: Mortality rates for healthy members were based on the 2014 separate non-annuitant and annuitant mortality tables (separate male and female tables) as published by the IRS. Mortality rates for disabled members were based on the same tables increased by 115% for disabled retirements and disabled terminations with deferred benefits. 6/30/2013 Mortality Assumption: Mortality rates for healthy members were based on the 2013 separate non-annuitant and annuitant mortality tables (separate male and female tables) as published by the IRS. Mortality rates for disabled members were based on the same tables increased by 115% for disabled retirements and disabled terminations with deferred benefits.

Other. The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
State Police Supplemental Trust
(amounts expressed in thousands)

	6/30/2016
Total pension liability	
Service cost	$ 3,776
Interest	1,143
Differences between expected and actual experience	(476)
Changes of assumptions	4,125
Benefit payments, including refunds of employee contributions, and administrative and other expenses	(4,677)
Net change in total pension liability	3,891
Total pension liability, beginning	13,152
Total pension liability, ending	$ 17,043
Plan fiduciary net position	
Contributions, employer	$ 4,677
Benefit payments, including refunds of employee contributions	(3,800)
Administrative expense	(69)
Other	(808)
Net change in plan fiduciary net position	-
Plan fiduciary net position, beginning	-
Plan fiduciary net position, ending	$ -
Net pension liability	$ 17,043
Plan fiduciary net position as a percentage of the total pension liability	0.0%
Covered employee payroll	68,786
Net pension liability as a percentage of covered employee payroll	24.8%

Notes to Schedule:

Measurement date: Actuarial valuation report from the prior fiscal year.

Changes of assumptions. Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted from 2006 using MP-2016 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted from 2006 using MP-2016 Mortality Improvement Scale.

3.13% discount rate, net of pension plan investment expense, including inflation at June 30, 2017. Discount rate of 2.71% at June 30, 2016. Rate is S&P Municipal Bond 20 year high grade rate index. Rate prior to June 30, 2016 was 6.75%.

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported. For the July 1, 2016 actuarial valuation, the inflation assumption was reduced from 3.50% to 2.25%.

Other. The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2016 for GASB-S73 purposes.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Total pension liability				
Service cost	$ 3,011	$ 3,905	$ 3,841	$ 3,811
Interest	8,955	8,384	8,031	7,740
Differences between expected and actual experience	470	845	(430)	(1,845)
Changes of assumptions	-	2,669	-	(40)
Benefit payments, including refunds of employee contributions	(6,267)	(6,608)	(5,938)	(4,836)
Member reassignments	-	-	-	(15)
Net change in total pension liability	6,169	9,195	5,504	4,815
Total pension liability, beginning	132,796	123,601	118,097	113,282
Total pension liability, ending	$ 138,965	$ 132,796	$ 123,601	$ 118,097
Plan fiduciary net position				
Contributions, employer	$ 5,367	$ 5,215	$ 5,359	$ 19,740
Contributions, employee	1,016	1,004	1,019	1,006
Net investment income	1,313	(71)	13,339	4,702
Benefit payments, including refunds of employee contributions	(6,245)	(6,609)	(5,938)	(4,836)
Administrative expense	(139)	(158)	(141)	(121)
Member reassignments	(21)	-	-	(15)
Net change in plan fiduciary net position	1,291	(619)	13,638	20,476
Plan fiduciary net position, beginning	110,038	110,657	97,019	76,543
Plan fiduciary net position, ending	$ 111,329	$ 110,038	$ 110,657	$ 97,019
Net pension liability	$ 27,636	$ 22,758	$ 12,944	$ 21,078
Plan fiduciary net position as a percentage of the total pension liability	80.1%	82.9%	89.5%	82.2%
Covered payroll	25,526	25,133	25,825	24,675
Net pension liability as a percentage of covered payroll	108.3%	90.6%	50.1%	85.4%

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; 2) the future salary increases assumption changed from 3.25% to 2.5% per year; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; 4) the retirement assumption changed to reflect higher likelihood of retirement at certain ages; 5) the termination assumption changed from an age-based table to a service-based table; and 6) the dependent assumption was adjusted to reflect recent experience.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
Prosecuting Attorneys' Retirement Fund
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Total pension liability				
Service cost	$ 1,626	$ 1,603	$ 1,587	$ 1,568
Interest	5,239	4,409	4,207	3,816
Changes of benefit terms	-	-	-	1,346
Differences between expected and actual experience	4,058	4,551	-	1,474
Changes of assumptions	-	5,216	-	(109)
Benefit payments, including refunds of employee contributions	(3,747)	(3,254)	(2,398)	(2,235)
Other	(3)			
Net change in total pension liability	7,173	12,525	3,396	5,860
Total pension liability, beginning	77,861	65,336	61,940	56,080
Total pension liability, ending	$ 85,034	$ 77,861	$ 65,336	$ 61,940
Plan fiduciary net position				
Contributions, employer	$ 1,440	$ 1,063	$ 1,174	$ 19,443
Contributions, employee	1,279	1,269	1,334	1,271
Net investment income	589	(34)	6,581	1,897
Benefit payments, including refunds of employee contributions	(3,747)	(3,254)	(2,398)	(2,235)
Administrative expense	(193)	(127)	(108)	(145)
Other	-	-	4	-
Net change in plan fiduciary net position	(632)	(1,083)	6,587	20,231
Plan fiduciary net position, beginning	53,424	54,507	47,920	27,689
Plan fiduciary net position, ending	$ 52,792	$ 53,424	$ 54,507	$ 47,920
Net pension liability	$ 32,242	$ 24,437	$ 10,829	$ 14,020
Plan fiduciary net position as a percentage of the total pension liability	62.1%	68.6%	83.4%	77.4%
Covered payroll	21,372	21,145	20,608	18,805
Net pension liability as a percentage of covered payroll	150.9%	115.6%	52.5%	74.6%

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year. In 2013, HB 1057 changed the benefits in the Prosecuting Attorneys' Retirement Fund to be comparable to the Judges' Retirement Fund.
Changes of assumptions. In 2013, the interest crediting rate on member contributions was changed to 3.5% from from 5.5%. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; 2) The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; and 3) the retirement assumption changed from an age and points-based table to an age and service-based table, reflecting higher rates of retirement after 22 years of service.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
Legislators' Defined Benefit Plan
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Total pension liability				
Service cost	$ 2	$ 3	$ 3	$ 2
Interest	280	269	277	291
Differences between expected and actual experience	(233)	(68)	(36)	(140)
Changes of assumptions	-	325	-	-
Benefit payments, including refunds of employee contributions	(359)	(370)	(363)	(365)
Net change in total pension liability	(310)	159	(119)	(212)
Total pension liability, beginning	4,325	4,166	4,285	4,497
Total pension liability, ending	$ 4,015	$ 4,325	$ 4,166	$ 4,285
Plan fiduciary net position				
Contributions, employer	$ 138	$ 131	$ 138	$ 150
Net investment income	27	(5)	439	201
Benefit payments, including refunds of employee contributions	(359)	(370)	(363)	(365)
Administrative expense	(61)	(71)	(62)	(34)
Net change in plan fiduciary net position	(255)	(315)	152	(48)
Plan fiduciary net position, beginning	3,174	3,489	3,337	3,385
Plan fiduciary net position, ending	$ 2,919	$ 3,174	$ 3,489	$ 3,337
Net pension liability	$ 1,096	$ 1,151	$ 677	$ 948
Plan fiduciary net position as a percentage of the total pension liability	72.7%	73.4%	83.7%	77.9%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; and 2) The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

N/A is not applicable as this is a closed plan with no payroll.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Changes in Net Pension Liability and Related Ratios
Employee Retirement Systems and Plans
Judges' Retirement System
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Total pension liability				
Service cost	$ 13,870	$ 15,283	$ 15,302	$ 16,084
Interest	31,889	31,753	30,992	30,047
Differences between expected and actual experience	7,182	8,411	(16,026)	(13,603)
Changes of assumptions	-	(31,926)	-	186
Benefit payments, including refunds of employee contributions	(20,922)	(19,432)	(18,527)	(17,579)
Member reassignments	-	-	4	121
Other	162	-	-	-
Net change in total pension liability	32,181	4,089	11,745	15,256
Total pension liability, beginning	468,945	464,855	453,110	437,854
Total pension liability, ending	$ 501,126	$ 468,944	$ 464,855	$ 453,110
Plan fiduciary net position				
Contributions, employer	$ 16,946	$ 21,020	$ 20,895	$ 111,419
Contributions, employee	3,239	3,292	2,856	2,631
Net investment income	5,323	(102)	51,890	16,955
Benefit payments, including refunds of employee contributions	(20,922)	(19,432)	(18,527)	(17,579)
Administrative expense	(148)	(165)	(146)	(126)
Member reassignments	-	-	4	121
Other	-	9	6	5
Net change in plan fiduciary net position	4,438	4,622	56,978	113,426
Plan fiduciary net position, beginning	437,352	432,730	375,752	262,326
Plan fiduciary net position, ending	$ 441,790	$ 437,352	$ 432,730	$ 375,752
Net pension liability	$ 59,336	$ 31,592	$ 32,125	$ 77,358
Plan fiduciary net position as a percentage of the total pension liability	88.2%	93.3%	93.1%	82.9%
Covered payroll	51,382	48,582	46,041	47,595
Net pension liability as a percentage of covered payroll	115.5%	65.0%	69.8%	162.5%

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; 2) the future salary increases assumption changed from 4.0% to 2.5% per year; 3) the cost-of-living assumption decreased from 4.0% to 2.5% per year; 4) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; 5) the retirement assumption changed from an age-based table to an age and service based table, reflecting higher rates of retirement after 22 years of service; 6) the termination assumption changed from an age-based table to 3% for all members; and 7) the dependent assumption was adjusted to reflect recent experience.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of the State's Proportionate Share of the Net Pension Liability
Employee Retirement Systems and Plans
Public Employees' Retirement Fund
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
State's proportion of the net pension liability (asset)	25.04%	24.27%	24.85%	24.45%
State's proportionate share of the net pension liability (asset)	$ 1,136,293	$ 988,605	$ 652,920	$ 837,311
State's covered payroll	1,199,921	1,162,622	1,213,031	1,173,716
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	94.7%	85.0%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.3%	84.3%	78.8%

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted pension benefits during the fiscal year.
Plan amendments. In 2016, there were no changes to the plan that impacted the pension benefits during the year.
In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: '1) the inflation assumption changed from 3.00% to 2.25% per year; 2) the future salary increase assumption changed from an age-based table ranging from 3.25% 'to 4.5% to an age-based table ranging from 2.50% to 4.25%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table projected on a fully generationally basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee report; 4) the retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediate and 67% are assumed to commence benefits at unreduced retirement eligibility. If eligible for an unreduced retirement benefit upon termination from employment, 100% commence immediately; 5) the termination assumption was updated based on recent experience. For members earning less than $20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than $20,000, the table were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule; 6) the disability assumption was updated based on recent experience; and 7) the ASA annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2018.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of the State's Proportionate Share of the Net Pension Liability
Employee Retirement Systems and Plans
Teachers' Retirement Fund Pre-1996 Account
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
State's proportion of the net pension liability (asset)	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability (asset)	$ 12,052,671	$ 11,917,837	$ 10,853,349	$ 11,248,396
Plan fiduciary net position as a percentage of the total pension liability	28.4%	30.0%	33.6%	31.7%

Notes to Schedule:
Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year.
Plan amendments. In 2016, there were no changes to the plan that impacted the pension benefits during the year. In 2014, HB 1075 impacted the TRF Pre-1996 Account by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) the inflation assumption changed from 3.00% to 2.25% per year; 2) the future salary increase assumption changed from a table ranging from 3.00% to 12.50% to a table ranging from 2.50% to 12.50%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 White Collar Mortality Table with Social Security Administration generational projection scale from 2006; 4) the retirement assumption was updated based on recent experience; and 5) the termination assumption was updated based on recent experience.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Information needed, but will not be part of schedule:				
Plan total pension liability	16,840,200	17,017,746	16,355,216	16,463,598
Plan fiduciary net position	4,787,529	5,099,909	5,501,867	5,215,202
Plan net pension liability	12,052,671	11,917,837	10,853,349	11,248,396
Plan covered-employee payroll	-	-	-	-
Plan covered-employee payroll-State	-	-	-	-
Plan covered-employee payroll-all other employers	-	-	-	-

Schedule of the State's Proportionate Share of the Net Pension Liability
Employee Retirement Systems and Plans
Teachers' Retirement Fund 1996 Account
(amounts expressed in thousands)

	6/30/2016	6/30/2015	6/30/2014	6/30/2013
State's proportion of the net pension liability (asset)	0.35%	0.38%	0.40%	0.42%
State's proportionate share of the net pension liability (asset)	$ 2,739	$ 1,977	$ 191	$ 1,310
State's covered payroll	10,108	10,288	10,380	10,150
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.1%	19.2%	1.8%	12.9%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	91.1%	99.1%	93.4%

Notes to Schedule:

Measurement date: Actuarial valuation reports from the prior fiscal year.
Benefit changes. There were no changes to the plan that impacted the pension benefits during the fiscal year.
Plan amendments. In 2016, there were no changes to the plan that impacted the pension benefits during the fiscal year. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.
Changes of assumptions. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.00% to 2.25% per year; 2) the future salary increases assumption changed from a table ranging from 3.00% to 12.50% to a table ranging from 2.50% to 12.50%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 White Collar Mortality Table with Social Security Administration generational projection scale from 2006; 4) the retirement assumption was updated based on recent experience; and 5) the termination assumption was updated based on recent experience.

The effort and cost to recreate financial statement information for 10 years was not practical.
Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Changes in the Net OPEB Liability and Related Ratios
Other Postemployment Benefit Plans
State Personnel Healthcare Plan
(amounts expressed in thousands)

	6/30/2017
Total OPEB liability	
Service cost	$ 2,334
Interest	1,536
Differences between expected and actual experience	(121)
Changes of assumptions	(1,081)
Benefit payments	(4,404)
Net change in total OPEB liability	(1,736)
Total OPEB liability, beginning	54,776
Total OPEB liability, ending	$ 53,040
Plan fiduciary net position	
Contributions, employer	$ 4,802
Net investment income	292
Benefit payments	(4,404)
Administrative expense	(418)
Net change in plan fiduciary net position	272
Plan fiduciary net position, beginning	44,726
Plan fiduciary net position, ending	$ 44,998
Net OPEB liability	$ 8,042
Plan fiduciary net position as a percentage of the total OPEB liability	84.8%
Covered-employee payroll	1,245,383
Net OPEB liability as a percentage of covered-employee payroll	0.6%

Notes to Schedule:

Changes of assumptions:

1. Trend rates for medical and prescription drug benefits have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 4.5%. Dental trend rates have been modified from an initial rate of 4.50% decreasing by 0.25% to 3.50% to a flat 3.00%. This change caused an increase in the total OPEB liability.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

Schedule of Changes in the Net OPEB Liability and Related Ratios
Other Postemployment Benefit Plans
Indiana State Police Healthcare Plan
(amounts expressed in thousands)

	6/30/2017
Total OPEB liability	
Service cost	$ 24,701
Interest	16,987
Changes of benefit terms	(34,808)
Differences between expected and actual experience	3,921
Changes of assumptions	(48,451)
Benefit payments	(8,656)
Net change in total OPEB liability	(46,306)
Total OPEB liability, beginning	586,042
Total OPEB liability, ending	$ 539,736
Plan fiduciary net position	
Contributions, employer	$ 26,871
Contributions, employee	473
Net investment income	508
Benefit payments	(8,656)
Administrative expense	(589)
Net change in plan fiduciary net position	18,607
Plan fiduciary net position, beginning	78,716
Plan fiduciary net position, ending	$ 97,323
Net OPEB liability	$ 442,413
Plan fiduciary net position as a percentage of the total OPEB liability	18.0%
Covered-employee payroll	98,693
Net OPEB liability as a percentage of covered-employee payroll	448.3%

Notes to Schedule:

Benefit changes:

1. Employees hired on/after July 1, 2016 are only eligible for retiree health benefits until Medicare eligibility. This change does not generate an immediate reduction to the total OPEB liabilities, but is expected to have a significant impacts as more active employees are affected by this change.
2. ISP is expected to increase the maximum out-of-pocket for the retiree health plan from $2,750 (single)/$5,500 (family) currently to $4,000 (single) / $8,000 (family) on January 1, 2018. This change caused a decrease in the total OPEB liability.

Changes of assumptions:

1. Trend rates for medical and prescription drug benefits have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 4.5%. Dental trend rates have been modified from an initial rate of 4.50% decreasing by 0.25% to 3.50% to a flat 3.00%. This change caused an increase in the total OPEB liability.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

Schedule of Changes in the Net OPEB Liability and Related Ratios
Other Postemployment Benefit Plans
Conservation and Excise Police Healthcare Plan
(amounts expressed in thousands)

		6/30/2017
Total OPEB liability		
Service cost	$	2,327
Interest		1,956
Changes of benefit terms		(7,023)
Differences between expected and actual experience		(1,654)
Changes of assumptions		(5,925)
Benefit payments		(1,305)
Net change in total OPEB liability		(11,624)
Total OPEB liability, beginning		67,648
Total OPEB liability, ending	$	56,024
Plan fiduciary net position		
Contributions, employer	$	3,718
Net investment income		79
Benefit payments		(1,305)
Administrative expense		(82)
Net change in plan fiduciary net position		2,410
Plan fiduciary net position, beginning		12,766
Plan fiduciary net position, ending	$	15,176
Net OPEB liability	$	40,848
Plan fiduciary net position as a percentage of the total OPEB liability		27.1%
Covered-employee payroll		15,602
Net OPEB liability as a percentage of covered-employee payroll		261.8%

Notes to Schedule:

Benefit changes:

1. CEPP is expected to modify the provisions of the retiree health plan effective on January 1, 2018 as follows:
    a. Deductible: increased from $500 (single)/$1,000 (family) to $750 (single)/$1,500 (family).
    b. Maximum out-of-pocket: increased from $2,500 (single)/$4,100 (family) to $2,550 (single)/$5,100 (family).
    c. Prescription drug: modified the deductible from $300 to $300 (single)/$900 (family).

    These changes caused a decrease in the total OPEB liability.
2. Incremental spouse cost for Medicare retirees who are covering their spouses is set at 1.6 of the single cost in 2018. This multiplier is set to increase annually until it reaches 2 times the single cost in 2022. This change caused a decrease in the total OPEB liability.

Changes of assumptions:

1. Trend rates for medical and prescription drug benefits have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 4.5%. Dental trend rates have been modified from an initial rate of 4.50% decreasing by 0.25% to 3.50% to a flat 3.00%. This change caused an increase in the total OPEB liability.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

Schedule of Investment Returns
Annual Money-Weighted Rate of Return, Net of Investment Expense
Other Postemployment Benefit Plans

	6/30/2017
Single-employer defined benefit other postemployment benefit plan:	
State Personnel Healthcare Plan (SPP)	0.7%
Indiana State Police Healthcare Plan (ISPP)	0.6%
Conservation and Excise Police Healthcare Plan (CEPP)	0.6%

Note:
The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) and the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (such as tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 6,277,508	$ 6,277,508	$ 6,359,825	$ 82,317
Sales	7,839,640	7,839,640	7,492,374	(347,266)
Fuels	-	-	1,843	1,843
Gaming	438,815	438,815	48,837	(389,978)
Alcohol and tobacco	266,300	266,300	268,362	2,062
Insurance	232,300	232,300	230,561	(1,739)
Other	287,929	287,929	311,461	23,532
Total taxes	15,342,492	15,342,492	14,713,263	(629,229)
Current service charges	275,855	275,855	168,535	(107,320)
Investment income	18,867	18,867	33,654	14,787
Sales/rents	729	729	260	(469)
Grants	-	-	1,669	1,669
Other	8,073	8,073	27,555	19,482
Total revenues	15,646,016	15,646,016	14,944,936	(701,080)
Expenditures:				
Current:				
General government	1,361,571	2,376,139	1,000,075	1,376,064
Public safety	1,825,811	1,102,519	1,093,949	8,570
Health	50,512	46,731	48,174	(1,443)
Welfare	3,787,100	1,311,957	970,060	341,897
Conservation, culture and development	163,065	98,633	95,223	3,410
Education	10,086,106	9,797,477	9,701,110	96,367
Transportation	144,874	194,219	143,469	50,750
Debt service:				
Capital lease principal	-	-	5,548	(5,548)
Capital lease interest	-	-	391	(391)
Total expenditures	17,419,039	14,927,675	13,057,999	1,869,676
Excess of revenues over (under) expenditures	(1,773,023)	718,341	1,886,937	(1,168,596)
Other financing sources (uses):				
Total other financing sources (uses)	(2,316,858)	(2,316,858)	(2,316,858)	-
Net change in fund balances	$ (4,089,881)	$ (1,598,517)	(429,921)	$ 1,168,596
Fund balances July 1, as restated			2,889,410	
Fund balances June 30			**$ 2,459,489**	

Public Welfare-Medicaid Assistance			
Budget		Actual	Variance to Final Budget
Original	Final		
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
689,219	689,219	863,230	174,011
-	-	-	-
-	-	-	-
7,621,062	7,621,062	8,492,676	871,614
1	1	-	(1)
8,310,282	8,310,282	9,355,906	1,045,624
-	-	-	-
-	-	-	-
-	-	-	-
6,778	17,822,927	11,461,746	6,361,181
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,778	17,822,927	11,461,746	6,361,181
8,303,504	(9,512,645)	(2,105,840)	(7,406,805)
2,191,289	2,191,289	2,191,289	-
$ 10,494,793	$ (7,321,356)	85,449	$ 7,406,805
		433,385	
		$ 518,834	

Budget/GAAP Reconciliation
Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	GENERAL FUND	PUBLIC WELFARE-MEDICAID ASSIS	Total
Net change in fund balances (budgetary basis)	$ (429,921)	$ 85,449	**$ (344,472)**
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:			
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	110,479	(138,332)	**(27,854)**
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	47,553	154,326	**201,879**
Net change in fund balances (GAAP basis)	**$ (271,889)**	**$ 101,442**	**$ (170,447)**

Infrastructure - Modified Reporting
Condition Rating of the State's Highways and Bridges

Roads	Average International Roughness Index (IRI), Right Wheal Path (RWP)		
	2017	2016	2015
Interstate Roads (excluding Rest Areas and Weigh Stations)	77.6	80.0	78.6
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	95.1	95.6	90.9
Non-NHS Roads	105.4	105.4	100.9

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (170 and above). It is the State's policy to maintain a network average of no more than 101 IRI (RWP). Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

Bridges	Average Sufficiency Rating		
	2017	2016	2015
Interstate Bridges	90.9%	90.8%	90.1%
NHS Bridges - Non-Interstate	91.7%	91.5%	90.2%
Non-NHS Bridges	90.5%	90.5%	90.2%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

Infrastructure - Modified Reporting
Comparison of Planned-to-Actual Maintenance/Preservation
(amounts expressed in thousands)

	2017	2016	2015	2014	2013
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Planned	$ 246,165	$ 126,191	$ 89,148	$ 161,222	$ 189,542
Actual	171,413	125,283	104,327	160,064	123,699
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Planned	393,319	277,605	146,134	260,501	282,843
Actual	344,826	220,215	167,298	245,864	298,356
Roads at State Institutions and Properties					
Planned	-	260	-	868	1,030
Actual	453	241	-	322	3,132
Total					
Planned	639,484	404,056	235,282	422,591	473,415
Actual	516,692	345,739	271,625	406,250	425,187
Bridges					
Interstate Bridges					
Planned	$ 106,125	$ 57,794	$ 59,637	$ 40,755	$ 46,568
Actual	141,487	82,044	44,736	28,728	36,820
NHS Bridges - Non-Interstate					
Planned	46,003	31,892	46,121	37,982	51,418
Actual	42,633	33,116	38,240	32,121	28,553
Non-NHS Bridges					
Planned	93,649	82,601	79,775	63,939	76,918
Actual	102,920	77,573	67,345	49,030	80,470
Bridges at State Institutions and Properties					
Planned	-	-	-	-	-
Actual	-	-	-	-	752
Total					
Planned	245,777	172,287	185,533	142,676	174,904
Actual	287,040	192,733	150,321	109,879	146,595

Source: Indiana Department of Transportation

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Special Revenue Funds."

The following funds are used to account for transportation and motor vehicle related programs:

Major Moves Construction Fund
Motor Vehicle Highway
Motor Vehicle Commission
Road & Street, Primary Highway
State Highway Fund

The following funds are used to account for health and environmental programs:

Indiana Check-Up Plan
Patients Compensation Fund
Tobacco Settlement Fund

The following funds are used to receive and distribute certain revenues to the proper sources:

State Gaming Fund
Build Indiana Fund

The following fund is used to account for federal and non-federal programs:

Fund 6000 Programs

The following fund is used to provide low interest construction and technology loans for qualifying schools:

Common School Fund

The following funds are used to account for federal grant programs:

U.S. Department of Agriculture
U.S. Department of Transportation
U.S. Department of Education
U.S. Department of Health and Human Services

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Capital Projects Funds."

State Police Building Commission Fund – This fund accounts for new construction, rehabilitation and preventative maintenance for this state commission.

Post War Construction Fund – This fund accounts for new construction, rehabilitation and preventative maintenance of penal, benevolent and charitable institutions of the state.

PERMANENT FUNDS

Permanent Funds account for resources of the State that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support State programs. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Permanent Funds."

Next Generation Trust Fund - This fund is used to hold title to proceeds transferred to the trust under IC 8-15.5-11. The interest is appropriated every five years beginning March 15, 2011 and is to be used exclusively for the provision of highways, roads, and bridges for the benefit of the people of Indiana and the users of those facilities.

State of Indiana
Balance Sheet
Non-Major Governmental Funds
June 30, 2017
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 3,382,787	$ 54,582	$ 539,093	**$ 3,976,462**
Receivables:				
Taxes (net of allowance for uncollectible accounts)	118,097	2,135	-	**120,232**
Accounts	48,241	94	-	**48,335**
Grants	379,735	-	-	**379,735**
Interest	661	-	1	**662**
Interfund loans	9,110	-	-	**9,110**
Due from component unit	24,068	-	-	**24,068**
Prepaid expenditures	120	43	-	**163**
Loans	476,165	-	-	**476,165**
Other	296	-	41	**337**
Total assets	4,439,280	56,854	539,135	**5,035,269**
Total assets and deferred outflow of resources	**$ 4,439,280**	**$ 56,854**	**$ 539,135**	**$ 5,035,269**
LIABILITIES				
Accounts payable	$ 461,391	$ 984	$ -	**$ 462,375**
Salaries and benefits payable	32,610	-	-	**32,610**
Interfund loans	662,059	-	-	**662,059**
Interfunds services used	4,345	-	-	**4,345**
Intergovernmental payable	138,252	-	-	**138,252**
Due to component unit	2,744	-	-	**2,744**
Tax refunds payable	4,571	-	-	**4,571**
Unearned revenue	10	-	-	**10**
Accrued liability for compensated absences-current	2,424	-	-	**2,424**
Other payables	298	-	41	**339**
Total liabilities	1,308,704	984	41	**1,309,729**
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	19,630	2	-	**19,632**
Total deferred inflow of resources	19,630	2	-	**19,632**
FUND BALANCE				
Nonspendable	120	43	501,125	**501,288**
Committed	838,501	-	37,969	**876,470**
Assigned	2,889,280	55,825	-	**2,945,105**
Unassigned	(616,955)	-	-	**(616,955)**
Total fund balance	3,110,946	55,868	539,094	**3,705,908**
Total liabilities, deferred inflow of resources, and fund balance	**$ 4,439,280**	**$ 56,854**	**$ 539,135**	**$ 5,035,269**

State of Indiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Revenues:				
Taxes:				
Income	$ 144	$ -	$ -	**$ 144**
Sales	66,618	-	-	**66,618**
Fuels	822,845	-	-	**822,845**
Gaming	573,022	-	-	**573,022**
Alcohol and tobacco	151,661	19,745	-	**171,406**
Insurance	4,610	-	-	**4,610**
Financial Institutions	101,388	-	-	**101,388**
Other	15,834	-	-	**15,834**
Total taxes	1,736,122	19,745	-	**1,755,867**
Current service charges	1,443,432	1,932	-	**1,445,364**
Investment income	6,876	-	16,599	**23,475**
Sales/rents	22,650	-	-	**22,650**
Grants	4,952,812	1,494	-	**4,954,306**
Other	101,629	-	-	**101,629**
Total revenues	8,263,521	23,171	16,599	**8,303,291**
Expenditures:				
Current:				
General government	408,717	-	5	**408,722**
Public safety	527,310	-	-	**527,310**
Health	329,650	-	-	**329,650**
Welfare	2,805,546	-	-	**2,805,546**
Conservation, culture and development	451,188	-	-	**451,188**
Education	1,363,587	-	-	**1,363,587**
Transportation	2,805,336	-	641	**2,805,977**
Debt service:				
Capital lease principal	57,658	-	-	**57,658**
Capital lease interest	43,281	-	-	**43,281**
Capital outlay	-	20,599	-	**20,599**
Total expenditures	8,792,273	20,599	646	**8,813,518**
Excess (deficiency) of revenues over (under) expenditures	(528,752)	2,572	15,953	**(510,227)**
Other financing sources (uses):				
Transfers in	2,806,167	475	-	**2,806,642**
Transfers (out)	(2,680,132)	-	-	**(2,680,132)**
Proceeds from capital lease	475,751	-	-	**475,751**
Total other financing sources (uses)	601,786	475	-	**602,261**
Net change in fund balances	73,034	3,047	15,953	**92,034**
Fund Balance July 1, as restated	3,037,912	52,821	523,141	**3,613,874**
Fund Balance June 30	**$ 3,110,946**	**$ 55,868**	**$ 539,094**	**$ 3,705,908**

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2017
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 10,864	$ 75,216	$ 49,466	$ 6,962
Receivables:				
Taxes (net of allowance for uncollectible accounts)	7,707	18,847	-	-
Accounts	-	2,605	6,301	-
Grants	-	-	-	-
Interest	-	6	-	-
Interfund loans	-	8,000	-	-
Due from component unit	-	-	-	24,068
Prepaid expenditures	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Total assets	18,571	104,674	55,767	31,030
Total assets and deferred outflow of resources	**$ 18,571**	**$ 104,674**	**$ 55,767**	**$ 31,030**
LIABILITIES				
Accounts payable	$ 23	$ 42	$ 2,293	$ 95
Salaries and benefits payable	103	-	2,794	8
Interfund loans	-	-	-	-
Interfunds services used	27	37	44	-
Intergovernmental payable	8,347	37,822	-	-
Due to component unit	-	-	-	-
Tax refunds payable	-	1,126	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	6	-	196	-
Other payables	-	-	-	-
Total liabilities	8,506	39,027	5,327	103
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	1,643	-	-
Total deferred inflow of resources	-	1,643	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Committed	6,464	-	-	-
Assigned	3,601	64,004	50,440	30,927
Unassigned	-	-	-	-
Total fund balance	10,065	64,004	50,440	30,927
Total liabilities, deferred inflow of resources, and fund balance	**$ 18,571**	**$ 104,674**	**$ 55,767**	**$ 31,030**

STATE HIGHWAY FUND	MAJOR MOVES CONSTRUCTION FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND
$ 520,021	$ 486,486	$ 186,818	$ 358,574	$ 169,249
32	-	19,909	3,012	-
15,925	-	-	3,061	6,779
31	-	-	44	-
50	21	-	57	342
-	-	-	882	-
-	-	-	-	-
-	-	-	-	-
11,392	-	-	164	-
-	230	-	5	33
547,451	486,737	206,727	365,799	176,403
$ 547,451	**$ 486,737**	**$ 206,727**	**$ 365,799**	**$ 176,403**
$ 34,943	$ 41	$ 7,452	$ 93,058	$ 31,199
8,529	-	-	927	24
8,000	-	-	-	-
672	-	-	304	9
-	-	-	-	-
-	-	-	224	-
-	-	-	48	-
10	-	-	-	-
683	-	-	60	3
-	230	-	5	33
52,837	271	7,452	94,626	31,268
355	-	10,547	1,710	-
355	-	10,547	1,710	-
-	-	-	-	-
-	-	188,728	12,114	-
494,259	486,466	-	257,349	145,135
-	-	-	-	-
494,259	486,466	188,728	269,463	145,135
$ 547,451	**$ 486,737**	**$ 206,727**	**$ 365,799**	**$ 176,403**

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State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2017
(amounts expressed in thousands)

	ROAD & STREET, PRIMARY HIGHWAY	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 18,725	$ 108,534	$ 114,764	$ 4,693
Receivables:				
Taxes (net of allowance for uncollectible accounts)	6,496	-	-	-
Accounts	507	-	-	-
Grants	-	-	-	7,158
Interest	-	-	-	-
Interfund loans	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expenditures	-	-	-	-
Loans	-	-	463,732	-
Other	-	-	20	-
Total assets	25,728	108,534	578,516	11,851
Total assets and deferred outflow of resources	**$ 25,728**	**$ 108,534**	**$ 578,516**	**$ 11,851**
LIABILITIES				
Accounts payable	$ -	$ 546	$ -	$ 6,727
Salaries and benefits payable	-	17	-	229
Interfund loans	-	-	-	-
Interfunds services used	-	2	-	26
Intergovernmental payable	7,506	-	-	12,003
Due to component unit	-	2,520	-	-
Tax refunds payable	9	-	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	-	1	-	24
Other payables	-	-	20	-
Total liabilities	7,515	3,086	20	19,009
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	573	-	-	-
Total deferred inflow of resources	573	-	-	-
FUND BALANCE				
Nonspendable:	-	-	-	-
Committed:	-	-	578,496	-
Assigned:	17,640	105,448	-	-
Unassigned:	-	-	-	(7,158)
Total fund balance	17,640	105,448	578,496	(7,158)
Total liabilities, deferred inflow of resources, and fund balance	**$ 25,728**	**$ 108,534**	**$ 578,516**	**$ 11,851**

US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	US DEPARTMENT OF HEALTH & HUMAN SERVICES	OTHER NON-MAJOR SPECIAL REVENUE FUNDS	TOTAL
$ 360,534	$ -	$ -	$ 911,881	**$ 3,382,787**
-	-	-	62,094	**118,097**
-	-	343	12,720	**48,241**
85,863	47,260	169,673	69,706	**379,735**
-	-	-	185	**661**
-	-	-	228	**9,110**
-	-	-	-	**24,068**
120	-	-	-	**120**
-	-	-	877	**476,165**
-	-	-	8	**296**
446,517	47,260	170,016	1,057,699	**4,439,280**
$ 446,517	**$ 47,260**	**$ 170,016**	**$ 1,057,699**	**$ 4,439,280**
$ 138,791	$ 17,422	$ 74,125	$ 54,634	**$ 461,391**
85	1,023	8,315	10,556	**32,610**
-	4,369	648,580	1,110	**662,059**
34	94	1,777	1,319	**4,345**
-	70,712	-	1,862	**138,252**
-	-	-	-	**2,744**
-	-	-	3,388	**4,571**
-	-	-	-	**10**
2	65	591	793	**2,424**
-	-	-	10	**298**
138,912	93,685	733,388	73,672	**1,308,704**
-	-	-	4,802	**19,630**
-	-	-	4,802	**19,630**
120	-	-	-	**120**
-	-	-	52,699	**838,501**
307,485	-	-	926,526	**2,889,280**
-	(46,425)	(563,372)	-	**(616,955)**
307,605	(46,425)	(563,372)	979,225	**3,110,946**
$ 446,517	**$ 47,260**	**$ 170,016**	**$ 1,057,699**	**$ 4,439,280**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	54,952	-	-
Fuels	-	429,478	-	-
Gaming	546,729	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	546,729	484,430	-	-
Current service charges	1,747	274,248	98,973	228,628
Investment income	-	22	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	548,476	758,700	98,973	228,628
Expenditures:				
Current:				
General government	117,602	-	-	365
Public safety	-	1	90,398	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	395
Education	-	-	-	2,739
Transportation	-	381,284	-	1,789
Debt service:				
Capital lease principal	-	-	8	-
Capital lease interest	-	-	-	-
Total expenditures	117,602	381,285	90,406	5,288
Excess (deficiency) of revenues over (under) expenditures	430,874	377,415	8,567	223,340
Other financing sources (uses):				
Transfers in	600	35,083	8,500	31,337
Transfers (out)	(431,689)	(405,337)	-	(245,606)
Proceeds from capital lease	-	-	34	-
Total other financing sources (uses)	(431,089)	(370,254)	8,534	(214,269)
Net change in fund balances	(215)	7,161	17,101	9,071
Fund Balance July 1, as restated	10,280	56,843	33,339	21,856
Fund Balance June 30	**$ 10,065**	**$ 64,004**	**$ 50,440**	**$ 30,927**

STATE HIGHWAY FUND	MAJOR MOVES CONSTRUCTION FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND
$ -	$ -	$ -	$ -	$ -
-	-	-	2,232	-
28,897	-	-	1	-
-	-	-	619	-
-	-	114,849	-	-
-	-	-	-	-
-	-	-	101,388	-
-	-	-	14,702	-
28,897	-	114,849	118,942	-
25,042	-	50,140	140,808	137,273
209	4,717	-	221	933
2,351	-	-	5,011	-
1,271	-	-	16,726	-
84,723	-	-	13,037	-
142,493	4,717	164,989	294,745	138,206
-	-	-	133,540	-
-	-	-	44,032	116,115
-	-	10,867	2,135	-
-	-	-	2,195	-
-	-	-	13,968	-
-	-	-	12,864	-
995,719	2,348	-	1,895	-
57,567	-	-	32	-
43,278	-	-	1	-
1,096,564	2,348	10,867	210,662	116,115
(954,071)	2,369	154,122	84,083	22,091
1,124,821	-	-	49,001	-
(549,114)	(178,802)	(162,794)	(97,095)	(14)
475,401	-	-	250	-
1,051,108	(178,802)	(162,794)	(47,844)	(14)
97,037	(176,433)	(8,672)	36,239	22,077
397,222	662,899	197,400	233,224	123,058
$ 494,259	**$ 486,466**	**$ 188,728**	**$ 269,463**	**$ 145,135**

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State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	ROAD & STREET, PRIMARY HIGHWAY	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	199,594	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	199,594	-	-	-
Current service charges	17,931	139,109	2,863	-
Investment income	-	9	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	1,618,000
Other	-	1	564	15
Total revenues	217,525	139,119	3,427	1,618,015
Expenditures:				
Current:				
General government	-	-	352	6,293
Public safety	-	-	-	4,715
Health	-	47,150	-	136,679
Welfare	-	-	-	1,124,188
Conservation, culture and development	-	-	-	2,552
Education	-	11,572	-	422,956
Transportation	76,023	-	-	-
Debt service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
Total expenditures	76,023	58,722	352	1,697,383
Excess (deficiency) of revenues over expenditures	141,502	80,397	3,075	(79,368)
Other financing sources (uses):				
Transfers in	-	370	-	84,971
Transfers (out)	(139,423)	(61,918)	-	(593)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(139,423)	(61,548)	-	84,378
Net change in fund balances	2,079	18,849	3,075	5,010
Fund Balance July 1, as restated	15,561	86,599	575,421	(12,168)
Fund Balance June 30	**$ 17,640**	**$ 105,448**	**$ 578,496**	**$ (7,158)**

US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	US DEPARTMENT OF HEALTH & HUMAN SERVICES	OTHER NON-MAJOR SPECIAL REVENUE FUNDS	Total
$ -	$ -	$ -	$ 144	**$ 144**
-	-	-	9,434	**66,618**
-	-	-	164,875	**822,845**
-	-	-	25,674	**573,022**
-	-	-	36,812	**151,661**
-	-	-	4,610	**4,610**
-	-	-	-	**101,388**
-	-	-	1,132	**15,834**
-	-	-	242,681	**1,736,122**
-	-	1,191	325,479	**1,443,432**
-	-	-	765	**6,876**
-	-	-	15,288	**22,650**
896,027	705,726	1,314,769	400,293	**4,952,812**
-	4	1,918	1,367	**101,629**
896,027	705,730	1,317,878	985,873	**8,263,521**
2,043	660	22,536	125,326	**408,717**
18,522	1,981	10,216	241,330	**527,310**
195	-	123,504	9,120	**329,650**
-	88,536	1,507,789	82,838	**2,805,546**
1,672	31,777	5,591	395,233	**451,188**
-	601,078	175,948	136,430	**1,363,587**
1,167,496	-	-	178,782	**2,805,336**
-	-	51	-	**57,658**
-	-	2	-	**43,281**
1,189,928	724,032	1,845,637	1,169,059	**8,792,273**
(293,901)	(18,302)	(527,759)	(183,186)	**(528,752)**
544,421	37,373	323,366	566,324	**2,806,167**
(40,250)	(1,197)	(54,585)	(311,715)	**(2,680,132)**
-	-	66	-	**475,751**
504,171	36,176	268,847	254,609	**601,786**
210,270	17,874	(258,912)	71,423	**73,034**
97,335	(64,299)	(304,460)	907,802	**3,037,912**
$ 307,605	**$ (46,425)**	**$ (563,372)**	**$ 979,225**	**$ 3,110,946**

State of Indiana
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2017
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 1,828	$ 43,260	$ 9,494	**$ 54,582**
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	2,135	-	**2,135**
Accounts	94	-	-	**94**
Prepaid expenditures	-	43	-	**43**
Total assets	1,922	45,438	9,494	**56,854**
Total assets and deferred outflow of resources	**$ 1,922**	**$ 45,438**	**$ 9,494**	**$ 56,854**
LIABILITIES				
Accounts payable	$ 71	$ 541	$ 372	**$ 984**
Total liabilities	71	541	372	**984**
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	2	-	**2**
Total deferred inflow of resources	-	2	-	**2**
FUND BALANCE				
Nonspendable	-	43	-	**43**
Assigned	1,851	44,852	9,122	**55,825**
Total fund balance	1,851	44,895	9,122	**55,868**
Total liabilities, deferred inflow of resources, and fund balance	**$ 1,922**	**$ 45,438**	**$ 9,494**	**$ 56,854**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
Revenues:				
Taxes:				
Alcohol and tobacco	$ -	$ 19,745	$ -	**$ 19,745**
Total taxes	-	19,745	-	**19,745**
Current service charges	1,932	-	-	**1,932**
Grants	-	-	1,494	**1,494**
Total revenues	1,932	19,745	1,494	**23,171**
Expenditures:				
Capital outlay	710	16,468	3,421	**20,599**
Total expenditures	710	16,468	3,421	**20,599**
Excess (deficiency) of revenues over (under) expenditures	1,222	3,277	(1,927)	**2,572**
Other financing sources (uses):				
Transfers in	-	-	475	**475**
Total other financing sources (uses)	-	-	475	**475**
Net change in fund balances	1,222	3,277	(1,452)	**3,047**
Fund Balance July 1, as restated	629	41,618	10,574	**52,821**
Fund Balance June 30	**$ 1,851**	**$ 44,895**	**$ 9,122**	**$ 55,868**

State of Indiana
Combining Balance Sheet
Non-Major Permanent Funds
June 30, 2017
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
ASSETS			
Cash, cash equivalents and investments-unrestricted	$ 537,963	$ 1,130	**$ 539,093**
Interest	1	-	**1**
Other	41	-	**41**
Total assets	538,005	1,130	**539,135**
Total assets and deferred outflow of resources	**$ 538,005**	**$ 1,130**	**$ 539,135**
LIABILITIES			
Other payables	$ 41	$ -	**$ 41**
Total liabilities	41	-	**41**
FUND BALANCE			
Nonspendable	500,000	1,125	**501,125**
Committed	37,964	5	**37,969**
Total fund balance	537,964	1,130	**539,094**
Total liabilities, deferred inflow of resources, and fund balance	**$ 538,005**	**$ 1,130**	**$ 539,135**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Revenues:			
Investment income	$ 16,594	$ 5	**$ 16,599**
Total revenues	16,594	5	**16,599**
Expenditures:			
Current:			
General government	-	5	**5**
Transportation	641	-	**641**
Total expenditures	641	5	**646**
Excess (deficiency) of revenues over (under) expenditures	15,953	-	**15,953**
Net change in fund balances	15,953	-	**15,953**
Fund Balance July 1, as restated	522,011	1,130	**523,141**
Fund Balance June 30	**$ 537,964**	**$ 1,130**	**$ 539,094**

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	State Gaming Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	557,161	557,161	543,778	(13,383)
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	557,161	557,161	543,778	(13,383)
Current service charges	1,831	1,831	1,747	(84)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	558,992	558,992	545,525	(13,467)
Expenditures:				
Current:				
General government	4,298	585,224	109,403	475,821
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
Total expenditures	4,298	585,224	109,403	475,821
Excess of revenues over (under) expenditures	554,694	(26,232)	436,122	(462,354)
Other financing sources (uses):				
Total other financing sources (uses)	(431,089)	(431,089)	(431,089)	-
Net change in fund balances	$ 123,605	$ (457,321)	5,033	$ 462,354
Fund balances July 1, as restated			5,809	
Fund balances June 30			**$ 10,842**	

Motor Vehicle Highway Fund				Motor Vehicle Commission			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
72,634	72,634	55,181	(17,453)	-	-	-	-
415,102	415,102	422,514	7,412	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
487,736	487,736	477,695	(10,041)	-	-	-	-
282,729	282,729	274,443	(8,286)	97,185	97,185	98,286	1,101
-	-	16	16	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
770,465	770,465	752,154	(18,311)	97,185	97,185	98,286	1,101
-	-	-	-	-	-	-	-
-	-	-	-	130,969	84,534	89,288	(4,754)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
373,857	786,499	380,546	405,953	-	-	-	-
-	-	-	-	-	-	8	(8)
-	-	-	-	-	-	-	-
373,857	786,499	380,546	405,953	130,969	84,534	89,296	(4,762)
396,608	(16,034)	371,608	(387,642)	(33,784)	12,651	8,990	3,661
(370,254)	(370,254)	(370,254)	-	8,500	8,500	8,500	-
$ 26,354	$ (386,288)	1,354	$ 387,642	$ (25,284)	$ 21,151	17,490	$ (3,661)
		81,860				30,841	
		$ 83,214				**$ 48,331**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Build Indiana Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	251,161	251,161	220,045	(31,116)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	251,161	251,161	220,045	(31,116)
Expenditures:				
Current:				
General government	6,165	250,374	365	250,009
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	395	395	-
Education	6,770	1,306	2,750	(1,444)
Transportation	2,086	1,013	2,116	(1,103)
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	15,021	253,088	5,626	247,462
Excess of revenues over (under) expenditures	236,140	(1,927)	214,419	(216,346)
Other financing sources (uses):				
Total other financing sources (uses)	(214,269)	(214,269)	(214,269)	-
Net change in fund balances	$ 21,871	$ (216,196)	150	$ 216,346
Fund balances July 1, as restated			6,786	
Fund balances June 30			**$ 6,936**	

State Highway Fund				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
31,133	31,133	31,573	440	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
31,133	31,133	31,573	440	-	-	-	-
25,010	25,010	25,133	123	-	-	-	-
200	200	159	(41)	10,280	10,280	6,919	(3,361)
1,489	1,489	2,543	1,054	-	-	-	-
188	188	1,282	1,094	-	-	-	-
53,001	53,001	84,728	31,727	-	-	-	-
111,021	111,021	145,418	34,397	10,280	10,280	6,919	(3,361)
10,440	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
902,024	641,646	515,603	126,043	-	165	165	-
-	-	57,567	(57,567)	-	-	-	-
-	-	43,278	(43,278)	-	-	-	-
912,464	641,646	616,448	25,198	-	165	165	-
(801,443)	(530,625)	(471,030)	(59,595)	10,280	10,115	6,754	3,361
575,707	575,707	575,707	-	(178,802)	(178,802)	(178,802)	-
$ (225,736)	$ 45,082	104,677	$ 59,595	$ (168,522)	$ (168,687)	(172,048)	$ (3,361)
		410,241				663,250	
		$ 514,918				**$ 491,202**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Indiana Check-Up Plan			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	117,613	117,613	115,167	(2,446)
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	117,613	117,613	115,167	(2,446)
Current service charges	-	-	50,140	50,140
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	117,613	117,613	165,307	47,694
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health	132,922	1,555	9,217	(7,662)
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	132,922	1,555	9,217	(7,662)
Excess of revenues over (under) expenditures	(15,309)	116,058	156,090	(40,032)
Other financing sources (uses):				
Total other financing sources (uses)	(162,794)	(162,794)	(162,794)	-
Net change in fund balances	$ (178,103)	$ (46,736)	(6,704)	$ 40,032
Fund balances July 1, as restated			193,336	
Fund balances June 30			**$ 186,632**	

Fund 6000 Programs				Patients Compensation Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2,115	2,115	2,219	104	-	-	-	-
-	-	-	-	-	-	-	-
756	756	747	(9)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
120,198	120,198	100,966	(19,232)	-	-	-	-
13,891	13,891	15,146	1,255	-	-	-	-
136,960	136,960	119,078	(17,882)	-	-	-	-
119,479	119,479	138,840	19,361	130,179	130,179	135,718	5,539
175	175	348	173	118	118	351	233
5,480	5,480	4,867	(613)	-	-	-	-
14,846	14,846	18,324	3,478	-	-	-	-
9,145	9,145	12,915	3,770	-	-	-	-
286,085	286,085	294,372	8,287	130,297	130,297	136,069	5,772
23,534	350,326	132,621	217,705	-	-	-	-
11,396	90,864	43,115	47,749	2,635	283,509	113,536	169,973
2,785	3,681	1,931	1,750	-	-	-	-
943	18,443	2,403	16,040	-	-	-	-
8,639	29,945	13,577	16,368	-	-	-	-
462	22,990	12,718	10,272	-	-	-	-
3,041	1,937	2,184	(247)	-	-	-	-
-	-	32	(32)	-	-	-	-
-	-	1	(1)	-	-	-	-
50,800	518,186	208,582	309,604	2,635	283,509	113,536	169,973
235,285	(232,101)	85,790	(317,891)	127,662	(153,212)	22,533	(175,745)
(48,094)	(48,094)	(48,094)	-	(14)	(14)	(14)	-
$ 187,191	$ (280,195)	37,696	$ 317,891	$ 127,648	$ (153,226)	22,519	$ 175,745
		234,440				146,746	
		$ 272,136				**$ 169,265**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Road and Street, Primary Highway			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	199,408	199,408	198,268	(1,140)
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	199,408	199,408	198,268	(1,140)
Current service charges	18,391	18,391	17,793	(598)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	217,799	217,799	216,061	(1,738)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	309,331	75,591	233,740
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	-	309,331	75,591	233,740
Excess of revenues over (under) expenditures	217,799	(91,532)	140,470	(232,002)
Other financing sources (uses):				
Total other financing sources (uses)	(139,423)	(139,423)	(139,423)	-
Net change in fund balances	$ 78,376	$ (230,955)	1,047	$ 232,002
Fund balances July 1, as restated			17,679	
Fund balances June 30			**$ 18,726**	

Tobacco Settlement Fund				Common School Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
136,938	136,938	139,109	2,171	4,140	4,140	2,863	(1,277)
8	8	9	1	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1	1	4	4	572	568
136,946	136,946	139,119	2,173	4,144	4,144	3,435	(709)
12,299	-	-	-	-	22,661	-	22,661
-	-	-	-	-	-	-	-
121,374	57,127	47,733	9,394	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,423	29,729	11,571	18,158	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
138,096	86,856	59,304	27,552	-	22,661	-	22,661
(1,150)	50,090	79,815	(29,725)	4,144	(18,517)	3,435	(21,952)
(61,548)	(61,548)	(61,548)	-	-	-	-	-
$ (62,698)	$ (11,458)	18,267	$ 29,725	$ 4,144	$ (18,517)	3,435	$ 21,952
		88,914				575,145	
		$ 107,181				**$ 578,580**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	U.S. Department of Agriculture			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,760,919	1,760,919	1,621,672	(139,247)
Other	2	2	15	13
Total revenues	1,760,921	1,760,921	1,621,687	(139,234)
Expenditures:				
Current:				
General government	637	10,912	6,319	4,593
Public safety	19	8,092	4,678	3,414
Health	17,978	213,277	136,536	76,741
Welfare	8,638	2,039,302	1,124,716	914,586
Conservation, culture and development	1,143	9,549	2,487	7,062
Education	6,033	494,428	422,424	72,004
Transportation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	34,448	2,775,560	1,697,160	1,078,400
Excess of revenues over (under) expenditures	1,726,473	(1,014,639)	(75,473)	(939,166)
Other financing sources (uses):				
Total other financing sources (uses)	84,378	84,378	84,378	-
Net change in fund balances	$ 1,810,851	$ (930,261)	8,905	$ 939,166
Fund balances July 1, as restated			(3,996)	
Fund balances June 30			**$ 4,909**	

U.S. Department of Transportation				U.S. Department of Education			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,056,957	1,056,957	1,003,306	(53,651)	687,270	687,270	700,192	12,922
24	24	-	(24)	-	-	4	4
1,056,981	1,056,981	1,003,306	(53,675)	687,270	687,270	700,196	12,926
225	6,189	2,043	4,146	-	925	661	264
4,856	51,078	17,799	33,279	265	2,331	2,016	315
-	493	195	298	-	-	-	-
-	13	-	13	30,439	233,226	86,457	146,769
3,260	3,464	1,702	1,762	9,356	36,730	29,580	7,150
-	-	-	-	46,911	816,962	606,495	210,467
1,398,966	2,384,510	1,214,850	1,169,660	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,407,307	2,445,747	1,236,589	1,209,158	86,971	1,090,174	725,209	364,965
(350,326)	(1,388,766)	(233,283)	(1,155,483)	600,299	(402,904)	(25,013)	(377,891)
504,171	504,171	504,171	-	36,176	36,176	36,176	-
$ 153,845	$ (884,595)	270,888	$ 1,155,483	$ 636,475	$ (366,728)	11,163	$ 377,891
		64,023				(19,629)	
		$ 334,911				**$ (8,466)**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	U.S. Department of Health and Human Services			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	1,024	1,024	1,191	167
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,288,470	1,288,470	1,346,294	57,824
Other	-	-	1,918	1,918
Total revenues	1,289,494	1,289,494	1,349,403	59,909
Expenditures:				
Current:				
General government	2,861	31,205	22,554	8,651
Public safety	4,749	18,072	10,065	8,007
Health	65,262	274,632	123,037	151,595
Welfare	442,236	2,376,599	1,530,741	845,858
Conservation, culture and development	2,023	6,478	5,581	897
Education	18	175,966	175,405	561
Transportation	-	6	-	6
Debt service:				
Principal	-	-	51	(51)
Interest, finance fees	-	-	2	(2)
Total expenditures	517,149	2,882,958	1,867,436	1,015,522
Excess of revenues over (under) expenditures	772,345	(1,593,464)	(518,033)	(1,075,431)
Other financing sources (uses):				
Total other financing sources (uses)	268,781	268,781	268,781	-
Net change in fund balances	$ 1,041,126	$ (1,324,683)	(249,252)	$ 1,075,431
Fund balances July 1, as restated			(282,200)	
Fund balances June 30			**$ (531,452)**	

	Other Non-Major Special Revenue Funds			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 152	$ 152	$ 144	$ (8)
Sales	8,987	8,987	9,395	408
Fuels	163,010	163,010	166,060	3,050
Gaming	24,693	24,693	25,392	699
Unemployment	-	-	-	-
Alcohol and tobacco	36,944	36,944	36,668	(276)
Insurance	4,989	4,989	4,610	(379)
Financial institutions	-	-	-	-
Other	15,389	15,389	7,198	(8,191)
Total taxes	254,164	254,164	249,467	(4,697)
Current service charges	335,700	335,700	322,763	(12,937)
Investment income	776	776	1,161	385
Sales/rents	11,632	11,632	6,365	(5,267)
Grants	417,539	417,539	397,218	(20,321)
Other	5,884	5,884	1,302	(4,582)
Total revenues	1,025,695	1,025,695	978,276	(47,419)
Expenditures:				
Current:				
General government	78,692	517,213	124,353	392,860
Public safety	255,855	537,101	229,650	307,451
Health	6,686	12,683	9,592	3,091
Welfare	57,903	968,670	83,226	885,444
Conservation, culture and development	248,895	812,436	405,988	406,448
Education	4,746	444,021	145,421	298,600
Transportation	133,257	181,749	176,908	4,841
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	786,034	3,473,873	1,175,138	2,298,735
Excess of revenues over (under) expenditures	239,661	(2,448,178)	(196,862)	(2,251,316)
Other financing sources (uses):				
Total other financing sources (uses)	254,609	254,609	254,609	-
Net change in fund balances	$ 494,270	$ (2,193,569)	57,747	$ 2,251,316
Fund balances July 1, as restated			841,773	
Fund balances June 30			**$ 899,520**	

Budget/GAAP Reconciliation
Nonmajor Special Revenue Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	**Nonmajor Special Revenue Funds**
Net change in fund balances (budgetary basis)	$ 132,855
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:	
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(55,927)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	71,590
Funds not subject to legally adopted budget	486
Net change in fund balances (GAAP basis)	**$ 149,004**

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds account for operations established to provide services to the general public in a manner similar to private business enterprises. Cost of providing the goods or services are financed or recovered primarily through fees and user charges. The non-major enterprise funds are as follows:

Residual Malpractice Insurance Authority – IC 34-18-17 created the Residual Malpractice Insurance Authority to make malpractice liability insurance available to those who cannot obtain this coverage through other insurers. The Indiana Department of Insurance is the designated residual malpractice insurance authority per State law. Revenues are from the premiums collected.

Inns and Concessions - This fund accounts for the operations of various State Park Inns which provide lodging throughout the year for park tourists, and for the restaurant and concessions at Fort Benjamin Harrison.

State of Indiana
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2017
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Assets			
Current assets:			
Cash, cash equivalents and investments - unrestricted	$ 65,910	$ 11,173	**$ 77,083**
Receivables:			
Accounts	61	300	**361**
Interest	289	-	**289**
Inventory	-	729	**729**
Prepaid expenses	-	116	**116**
Other assets	70	-	**70**
Total current assets	66,330	12,318	**78,648**
Noncurrent assets:			
Capital assets:			
Capital assets being depreciated/amortized	-	714	**714**
less accumulated depreciation/amortization	-	(511)	**(511)**
Total capital assets, net of depreciation/amortization	-	203	**203**
Total noncurrent assets	-	203	**203**
Total assets	**66,330**	**12,521**	**78,851**
Liabilities			
Current liabilities:			
Accounts payable	-	614	**614**
Claims payable	2,097	-	**2,097**
Salaries and benefits payable	-	393	**393**
Accrued liability for compensated absences	-	207	**207**
Unearned revenue	448	4,017	**4,465**
Other liabilities	18	263	**281**
Total current liabilities	2,563	5,494	**8,057**
Noncurrent liabilities:			
Accrued liability for compensated absences	-	506	**506**
Claims payable	22,903	-	**22,903**
Total noncurrent liabilites	22,903	506	**23,409**
Total liabilities	**25,466**	**6,000**	**31,466**
Net position			
Net investment in capital assets	-	203	**203**
Unrestricted (deficit)	40,864	6,318	**47,182**
Total net position	**$ 40,864**	**$ 6,521**	**$ 47,385**

State of Indiana
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Operating revenues:			
Sales/rents/premiums	$ 876	$ 26,393	**$ 27,269**
Other	-	174	**174**
Total operating revenues	876	26,567	**27,443**
Cost of sales	-	5,258	**5,258**
Gross margin	876	21,309	**22,185**
Operating expenses:			
General and administrative expense	548	17,771	**18,319**
Claims expense	635	-	**635**
Depreciation and amortization	-	42	**42**
Other	-	26	**26**
Total operating expenses	1,183	17,839	**19,022**
Operating income (loss)	(307)	3,470	**3,163**
Nonoperating revenues (expenses):			
Interest and other investment income	-	25	**25**
Interest and other investment expense	(1,131)	-	**(1,131)**
Total nonoperating revenues (expenses)	(1,131)	25	**(1,106)**
Income before contributions and transfers	(1,438)	3,495	**2,057**
Transfers (out)	-	(2,242)	**(2,242)**
Change in net position	(1,438)	1,253	**(185)**
Total net position, July 1, as restated	42,302	5,268	47,570
Total net position, June 30	**$ 40,864**	**$ 6,521**	**$ 47,385**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Cash flows from operating activities:			
Cash received from customers	$ 749	$ 26,949	**$ 27,698**
Cash paid for general and administrative	(475)	(17,997)	**(18,472)**
Cash paid to suppliers	-	(5,321)	**(5,321)**
Cash paid for claims expense	(1,074)	-	**(1,074)**
Net cash provided (used) by operating activities	(800)	3,631	**2,831**
Cash flows from noncapital financing activities:			
Transfers out	-	(2,242)	**(2,242)**
Net cash provided (used) by noncapital financing activities	-	(2,242)	**(2,242)**
Cash flows from capital and related financing activities:			
Acquisition/construction of capital assets	-	(7)	**(7)**
Net cash provided (used) by capital and related financing activities	-	(7)	**(7)**
Cash flows from investing activities:			
Proceeds from sales of investments	21,015	-	**21,015**
Purchase of investments	(23,339)	-	**(23,339)**
Interest income (expense) on investments	1,287	25	**1,312**
Net cash provided (used) by investing activities	(1,037)	25	**(1,012)**
Net increase (decrease) in cash and cash equivalents	(1,837)	1,407	**(430)**
Cash and cash equivalents, July 1	5,962	9,431	**15,393**
Cash and cash equivalents, June 30	**$ 4,125**	**$ 10,838**	**$ 14,963**
Reconciliation of cash , cash equivalents and investments:			
Cash and cash equivalents unrestricted at end of year	$ 4,125	$ 10,838	**$ 14,963**
Investments unrestricted	61,785	335	**62,120**
Cash, cash equivalents and investments per balance sheet	**$ 65,910**	**$ 11,173**	**$ 77,083**
Noncash investing, capital and financing activities:			
Increase (Decrease) in fair value of investments	$ (2,324)	$ -	**$ (2,324)**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (308)	$ 3,470	**$ 3,162**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization expense	-	43	**43**
(Increase) decrease in receivables	135	99	**234**
(Increase) decrease in inventory	-	(63)	**(63)**
(Increase) decrease in prepaid expenses	-	(27)	**(27)**
Increase (decrease) in claims payable	(439)	-	**(439)**
Increase (decrease) in accounts payable	-	(52)	**(52)**
Increase (decrease) in unearned revenue	(182)	283	**101**
Increase (decrease) in salaries payable	-	(116)	**(116)**
Increase (decrease) in compensated absences	-	24	**24**
Increase (decrease) in other payables	(6)	(30)	**(36)**
Net cash provided (used) by operating activities	**$ (800)**	**$ 3,631**	**$ 2,831**

INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of State agencies that supply goods or services to other agencies of governmental units on a cost-reimbursement basis.

Institutional Industries - This fund accounts for revenues and expenses incurred from the operation of inmate employment programs. Goods produced or manufactured as a result of such programs are sold to state agencies and political subdivisions of the State as well as to the general public.

Administrative Services Revolving – This fund is used to account for the following rotary funds.

> **Information Technology Services** provides telecommunications and data processing services to State agencies. Revenues consist of charges to user agencies.
>
> **Motor Pool Rotary Fund** accounts for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.
>
> **Printing Rotary Fund** accounts for the operation of the State Print Shop, which provides printing services to other State agencies. Revenues consist of charges to user agencies.
>
> **General Services Rotary** accounts for postal service charges to agencies. Revenues consist of charges to user agencies.
>
> **Aviation Rotary Fund** accounts for the operation and maintenance of state aircraft. Revenues consist of charges to user agencies.

Self-Insurance Funds - The self-insurance funds consist of the **State Police Health Insurance Fund, State Employee Disability Fund, State Employee Health Insurance Fund, and the Conservation and Excise Officers Health Insurance Fund.** These funds administer health insurance and disability plans for state employees, state police personnel, and conservation and excise police officers as well as for certain school corporations.

State Personnel Department - This fund accounts for revenues and expenses incurred by the Indiana State Personnel Department for providing human resource services to the executive branch of the government.

Accounting Centralization - This fund accounts for revenues and expenses incurred by the Indiana State Budget Agency for providing centralized accounting services to some smaller state agencies.

State of Indiana
Combining Statement of Net Position
Internal Service Funds
June 30, 2017
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Assets									
Current assets:									
Cash, cash equivalents and investments - unrestricted	$ 1,953	$ 31,820	$ 18,441	$ 14,705	$ 67,868	$ 5,421	$ 1,361	$ 24	**$ 141,593**
Receivables:									
Accounts	3,128	2,047	1,275	1,330	20,240	264	32	-	**28,316**
Interfund services provided	466	9,393	-	-	-	-	-	-	**9,859**
Inventory	3,520	108	-	-	-	-	-	-	**3,628**
Total current assets	9,067	43,368	19,716	16,035	88,108	5,685	1,393	24	**183,396**
Noncurrent assets:									
Capital assets:	-	-	-	-	-	-	-	-	
Capital assets being depreciated/amortized	14,852	90,816	-	-	1,290	-	-	-	**106,958**
less accumulated depreciation/amortization	(11,219)	(55,500)	-	-	(145)	-	-	-	**(66,864)**
Total capital assets, net of depreciation/amortization	3,633	35,316	-	-	1,145	-	-	-	**40,094**
Total noncurrent assets	3,633	35,316	-	-	1,145	-	-	-	**40,094**
Total assets	**12,700**	**78,684**	**19,716**	**16,035**	**89,253**	**5,685**	**1,393**	**24**	**223,490**
Deferred Outflows of Resources									
Related to pensions	2,266	6,882	-	-	-	-	1,539	85	**10,772**
Total deferred outflows of resources	**2,266**	**6,882**	**-**	**-**	**-**	**-**	**1,539**	**85**	**10,772**
Liabilities									
Current liabilities:									
Accounts payable	2,019	5,575	2,581	4,302	39,492	603	81	-	**54,653**
Salaries and benefits payable	324	1,246	-	-	48	-	295	14	**1,927**
Accrued liability for compensated absences	376	2,163	-	-	32	-	401	28	**3,000**
Unearned revenue	6	-	-	-	-	-	-	-	**6**
Other liabilities	5	-	-	-	-	-	-	-	**5**
Total current liabilities	2,730	8,984	2,581	4,302	39,572	603	777	42	**59,591**
Noncurrent liabilities:									
Accrued liability for compensated absences	301	1,725	-	-	22	-	336	22	**2,406**
Net pension liability	6,022	18,294	-	-	-	-	4,091	227	**28,634**
Total noncurrent liabilities	6,323	20,019	-	-	22	-	4,427	249	**31,040**
Total liabilities	**9,053**	**29,003**	**2,581**	**4,302**	**39,594**	**603**	**5,204**	**291**	**90,631**
Deferred Inflows of Resources									
Related to pensions	87	266	-	-	-	-	59	3	**415**
Total deferred inflows of resources	**87**	**266**	**-**	**-**	**-**	**-**	**59**	**3**	**415**
Net position									
Net investment in capital assets	3,633	35,316	-	-	1,145	-	-	-	**40,094**
Unrestricted (deficit)	2,193	20,981	17,135	11,733	48,514	5,082	(2,331)	(185)	**103,122**
Total net position	**$ 5,826**	**$ 56,297**	**$ 17,135**	**$ 11,733**	**$ 49,659**	**$ 5,082**	**$ (2,331)**	**$ (185)**	**$ 143,216**

State of Indiana
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Operating revenues:									
Sales/rents/premiums	$ 31,510	$ 135,940	$ 38,671	$ 23,026	$ 356,170	$ 5,091	$ -	$ -	**$ 590,408**
Charges for services	-	37	-	-	-	-	9,566	443	**10,046**
Other	1	-	-	1,069	-	-	-	-	**1,070**
Total operating revenues	31,511	135,977	38,671	24,095	356,170	5,091	9,566	443	**601,524**
Cost of sales	17,483	2,031	-	-	-	-	-	-	**19,514**
Gross margin	14,028	133,946	38,671	24,095	356,170	5,091	9,566	443	**582,010**
Operating expenses:									
General and administrative expense	15,217	123,651	2,197	600	15,606	327	9,573	516	**167,687**
Health / disability benefit payments	-	-	25,968	18,043	329,607	3,983	-	-	**377,601**
Depreciation and amortization	297	14,154	-	-	48	-	-	-	**14,499**
Total operating expenses	15,514	137,805	28,165	18,643	345,261	4,310	9,573	516	**559,787**
Operating income (loss)	(1,486)	(3,859)	10,506	5,452	10,909	781	(7)	(73)	**22,223**
Nonoperating revenues (expenses):									
Interest and other investment income	1	-	-	-	-	-	-	-	**1**
Gain (Loss) on disposition of assets	-	(1,369)	-	-	-	-	-	-	**(1,369)**
Contributions to other postemployment benefits	-	-	(12,708)	-	(4,365)	(775)	-	-	**(17,848)**
Other	-	9	-	-	-	-	-	-	**9**
Total nonoperating revenues (expenses)	1	(1,360)	(12,708)	-	(4,365)	(775)	-	-	**(19,207)**
Income before contributions and transfers	(1,485)	(5,219)	(2,202)	5,452	6,544	6	(7)	(73)	**3,016**
Capital contributions	-	11,201	-	-	-	-	-	-	**11,201**
Transfers in	-	1,300	-	-	-	-	-	-	**1,300**
Change in net position	(1,485)	7,282	(2,202)	5,452	6,544	6	(7)	(73)	**15,517**
Total net position, July 1, as restated	7,311	49,015	19,337	6,281	43,115	5,076	(2,324)	(112)	**127,699**
Total net position, June 30	**$ 5,826**	**$ 56,297**	**$ 17,135**	**$ 11,733**	**$ 49,659**	**$ 5,082**	**$ (2,331)**	**$ (185)**	**$ 143,216**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Cash flows from operating activities:									
Cash received from customers	$ 31,574	$ 136,093	$ 38,507	$ 23,954	$ 352,648	$ 5,004	$ 9,558	$ 443	**$ 597,781**
Cash paid for general and administrative	(14,509)	(122,724)	(2,197)	(600)	(15,197)	(327)	(9,184)	(501)	**(165,239)**
Cash paid for salary/health/disability benefit payments	-	-	(26,396)	(18,250)	(330,171)	(3,770)	-	-	**(378,587)**
Cash paid to suppliers	(18,068)	(2,017)	-	-	-	-	-	-	**(20,085)**
Net cash provided (used) by operating activities	(1,003)	11,352	9,914	5,104	7,280	907	374	(58)	**33,870**
Cash flows from noncapital financing activities:									
Transfers in	-	1,300	-	-	-	-	-	-	**1,300**
Contributions to other postemployment benefits	-	-	(12,708)	-	(4,365)	(775)	-	-	**(17,848)**
Other	-	9	-	-	-	-	-	-	**9**
Net cash provided (used) by noncapital financing activities	-	1,309	(12,708)	-	(4,365)	(775)	-	-	**(16,539)**
Cash flows from capital and related financing activities:									
Acquisition/construction of capital assets	(23)	(22,991)	-	-	-	-	-	-	**(23,014)**
Proceeds from sale of assets	3	1,002	-	-	-	-	-	-	**1,005**
Capital contributions	-	11,201	-	-	-	-	-	-	**11,201**
Net cash provided (used) by capital and related financing activities	(20)	(10,788)	-	-	-	-	-	-	**(10,808)**
Cash flows from investing activities:									
Interest income (expense) on investments	1	-	-	-	-	-	-	-	**1**
Net cash provided (used) by investing activities	1	-	-	-	-	-	-	-	**1**
Net increase (decrease) in cash and cash equivalents	(1,022)	1,873	(2,794)	5,104	2,915	132	374	(58)	**6,524**
Cash and cash equivalents, July 1	2,975	29,947	21,235	9,601	64,953	5,289	987	82	**135,069**
Cash and cash equivalents, June 30	**$ 1,953**	**$ 31,820**	**$ 18,441**	**$ 14,705**	**$ 67,868**	**$ 5,421**	**$ 1,361**	**$ 24**	**$ 141,593**
Reconciliation of cash , cash equivalents and investments:									
Cash and cash equivalents unrestricted at end of year	$ 1,953	$ 31,820	$ 18,441	$ 14,705	$ 67,868	$ 5,421	$ 1,361	$ 24	**$ 141,593**
Cash, cash equivalents and investments per balance sheet	**$ 1,953**	**$ 31,820**	**$ 18,441**	**$ 14,705**	**$ 67,868**	**$ 5,421**	**$ 1,361**	**$ 24**	**$ 141,593**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating income (loss)	$ (1,486)	$ (3,859)	$ 10,506	$ 5,452	$ 10,909	$ 781	$ (7)	$ (73)	**$ 22,223**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation/amortization expense	297	14,154	-	-	48	-	-	-	**14,499**
(Increase) decrease in receivables	128	(810)	(164)	(141)	(3,522)	(86)	(8)	-	**(4,603)**
(Increase) decrease in interfund services provided	(66)	926	-	-	-	-	-	-	**860**
(Increase) decrease in inventory	58	914	-	-	-	-	-	-	**972**
(Increase) decrease in deferred outflows	(61)	228	-	-	-	-	126	5	**298**
Increase (decrease) in accounts payable	(643)	(1,931)	(428)	(207)	(160)	212	(44)	-	**(3,201)**
Increase (decrease) in unearned revenue	1	-	-	-	-	-	-	-	**1**
Increase (decrease) in salaries payable	55	257	-	-	8	-	51	(4)	**367**
Increase (decrease) in compensated absences	(24)	235	-	-	(3)	-	163	4	**375**
Increase (decrease) in net pension liabilties	1,178	2,674	-	-	-	-	433	29	**4,314**
Increase (decrease) in deferred inflows	(441)	(1,436)	-	-	-	-	(340)	(19)	**(2,236)**
Increase (decrease) in other payables	1	-	-	-	-	-	-	-	**1**
Net cash provided (used) by operating activities	**$ (1,003)**	**$ 11,352**	**$ 9,914**	**$ 5,104**	**$ 7,280**	**$ 907**	**$ 374**	**$ (58)**	**$ 33,870**

FIDUCIARY FUNDS

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other post-employment benefit plans.

State Police Pension Fund - This fund is used to account for assets held for a defined benefit, single-employer public employee retirement system administered by the Indiana State Police.

State Police Supplemental Trust - This fund is used to account for a defined benefit, single-employer public employee retirement system that provides additional benefits under the supplemental pension trust agreement administered by the Treasurer of the State of Indiana with the Indiana State Police.

State Employee Retiree Health Benefit Trust Fund-DB - This fund is used to account for assets held for the State's defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) administered by the State Personnel Department; Indiana State Police Plan (ISPP) administered by the Indiana State Police; and the Conservation and Excise Police Plan (CEPP) administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee.

State Employee Retiree Health Benefit Trust Fund-DC - This fund is used to account for assets held for a defined contribution, single-employer OPEB plan administered by the State Budget Agency.

Indiana Public Retirement System – INPRS administers and manages public pension plans including the Public Employees' Retirement Fund (PERF), the Teachers' Retirement Fund (TRF), the Prosecuting Attorney's Retirement Fund (PARF), the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund), the Legislators Retirement System (LRS), the Judges Retirement System (JRS), and the State Excise, Gaming Agent, Gaming Control Officers and Conservation Enforcement Officers' Retirement Plan (EG&C). The PERF, TRF, and 1977 Fund plans are cost-sharing, multiple-employer defined benefit plans. The LRS plan has both a single-employer defined benefit plan and a single-employer defined contribution plan. The PARF, JRS, and EG&C plans are single-employer defined benefit plans. INPRS also oversees three non-retirement funds which are the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund and the State Employees' Death Benefit Fund.

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments.

Abandoned Property Fund - This fund is used to administer abandoned property of individuals, private organizations and other governments held by the State.

Private-Purpose Trust Fund - This fund is used to account for a group of fund centers under which principal and interest benefit individuals, private organizations, or other governments.

AGENCY FUNDS

Agency funds account for resources that are custodial in nature. They generally are amounts held by the State of Indiana on behalf of third parties.

Employee Payroll, Withholding and Benefits Funds - These funds are used for the disposition of various payroll-related deductions and contributions such as social security and insurance contributions.

Local Distributions Fund - This fund is composed of accounts used to distribute revenue collections to local units of government based upon statutory formulas.

Child Support Fund - This fund is used for the collection and distribution of child support payments.

Department of Insurance Fund - This fund includes security deposits of insurance companies, health maintenance organizations and third party administrators as required.

Other Agency Funds – This category comprises various escrows, revenue collection, and agency accounts for which the State acts in an agent capacity until proper disposition of the assets can be made.

State of Indiana
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2017

(amounts expressed in thousands)

	Primary Government				Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Police Supplemental Trust	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Assets						
Cash, cash equivalents and non-pension investments	$ 14,525	$ -	$ 7,398	$ 43,179	$ 8,405	**$ 73,507**
Securities lending collateral	-	-	-	-	288,073	**288,073**
Receivables:						
Contributions	307	48	579	3,098	22,903	**26,935**
Interest	510	-	346	298	82,469	**83,623**
Securities lending	-	-	-	64	-	**64**
Member loans	85	-	-	-	-	**85**
From investment sales	58,035	-	-	-	7,547,112	**7,605,147**
Total receivables	58,937	48	925	3,460	7,652,484	**7,715,854**
Pension and other employee benefit investments at fair value:						
Short term investments	-	-	-	-	1,547,579	**1,547,579**
Equity Securities	140,196	-	-	-	8,353,466	**8,493,662**
Debt Securities	124,424	-	150,842	278,907	11,719,647	**12,273,820**
Other	120,776	-	-	-	10,557,926	**10,678,702**
Total investments at fair value	385,396	-	150,842	278,907	32,178,618	**32,993,763**
Other assets	-	-	-	-	102	**102**
Property, plant and equipment net of accumulated depreciation	-	-	-	-	6,124	**6,124**
Total assets	**458,858**	**48**	**159,165**	**325,546**	**40,133,806**	**41,077,423**
Liabilities						
Accounts/escrows payable	92	-	-	28	7,417	**7,537**
Securities lending payable	-	-	-	64	-	**64**
Benefits payable	-	48	1,668	543	35,570	**37,829**
Investment purchases payable	-	-	-	-	7,677,137	**7,677,137**
Securities purchased payable	-	-	-	-	276,792	**276,792**
Securities lending collateral	-	-	-	-	288,073	**288,073**
Other	-	-	-	-	33,916	**33,916**
Total liabilities	**92**	**48**	**1,668**	**635**	**8,318,905**	**8,321,348**
Net Position						
Restricted for:						
Employees' pension benefits	458,766	-	-	-	31,799,803	**32,258,569**
OPEB benefits	-	-	157,497	324,911	-	**482,408**
Future death benefits	-	-	-	-	15,098	**15,098**
Total net position	**$ 458,766**	**$ -**	**$ 157,497**	**$ 324,911**	**$ 31,814,901**	**$ 32,756,075**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Primary Government				Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Police Supplemental Trust	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Additions:						
Member contributions	$ 3,997	$ -	$ 12,331	$ -	$ 347,622	**$ 363,950**
Employer contributions	20,556	4,259	34,655	43,915	967,011	**1,070,396**
Contributions from the State of Indiana	-	-	-	-	871,564	**871,564**
Net investment income (loss)	43,392	-	877	2,111	2,550,422	**2,596,802**
Less investment expense	(1,414)	-	(1)	-	(204,075)	**(205,490)**
Federal reimbursements	-	-	537	-	-	**537**
Transfers from other retirement funds	-	-	-	-	16,669	**16,669**
Other	1	-	201	15	185	**402**
Total additions	66,532	4,259	48,600	46,041	4,549,398	**4,714,830**
Deductions:						
Pension and disability benefits	34,203	3,355	-	-	2,480,404	**2,517,962**
Retiree health benefits	-	-	26,225	19,713	-	**45,938**
Death benefits	-	-	-	-	909	**909**
Refunds of contributions and interest	25	-	-	-	70,332	**70,357**
Administrative	389	137	1,088	1,301	38,334	**41,249**
Transfers to other retirement funds	-	-	-	-	16,669	**16,669**
Other	-	767	-	15	-	**782**
Total deductions	34,617	4,259	27,313	21,029	2,606,648	**2,693,866**
Net increase (decrease) in net position	31,915	-	21,287	25,012	1,942,750	**2,020,964**
Net position restricted for pension and other employee benefits, July 1, as restated:						
Pension benefits	426,851	-	-	-	29,857,500	**30,284,351**
OPEB benefits	-	-	136,210	299,899	-	**436,109**
Future death benefits	-	-	-	-	14,651	**14,651**
Net position restricted for pension and other employee benefits, June 30, as restated	**$ 458,766**	**$ -**	**$ 157,497**	**$ 324,911**	**$ 31,814,901**	**$ 32,756,075**

State of Indiana
Combining Statement of Net Position
Private-Purpose Trust Funds
June 30, 2017
(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
ASSETS			
Cash, cash equivalents and non-pension investments	$ 29,523	$ 37,274	$ 66,797
Receivables:			
Accounts	-	1,875	1,875
Interest	-	30	30
Securities lending	-	4	4
Total receivables	-	1,909	1,909
Total assets	**29,523**	**39,183**	**68,706**
LIABILITIES			
Accounts/escrows payable	101	-	101
Salaries and benefits payable	91	-	91
Securities lending payable	-	4	4
Total liabilities	**192**	**4**	**196**
NET POSITION			
Restricted for:			
Trust beneficiaries	29,331	39,179	68,510
Total net position	**$ 29,331**	**$ 39,179**	**$ 68,510**

State of Indiana
Combining Statement of Changes in Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Abandoned Property Fund	Private-Purpose Trust Fund	Total
Additions:			
Current Service Charge	$ -	$ 22,543	$ 22,543
Investment Income	5	156	161
Member Contributions	-	70	70
Donations/escheats	108,566	-	108,566
Total additions	108,571	22,769	131,340
Deductions:			
Payments to participants/beneficiaries	96,722	13,780	110,502
Total deductions	96,722	13,780	110,502
Net increase (decrease) in net position	11,849	8,989	20,838
Net position, July 1, as restated	**17,482**	**30,190**	**47,672**
Net position, June 30	**$ 29,331**	**$ 39,179**	**$ 68,510**

State of Indiana
Combining Statement of Net Position
Agency Funds
June 30, 2017
(amounts expressed in thousands)

	Employee Payroll, Withholding and Benefits	Local Distributions	Child Support	Department of Insurance	Other Agency Funds	Total
Assets:						
Cash, cash equivalents and investments	$ 1,014	$ 430,865	$ 15,732	$ 231,854	$ 54,705	**$ 734,170**
Receivables:						
Taxes	-	16,737	-	-	753	**17,490**
Accounts	-	-	-	-	73	**73**
Total assets	**$ 1,014**	**$ 447,602**	**$ 15,732**	**$ 231,854**	**$ 55,531**	**$ 751,733**
Liabilities:						
Accounts/escrows payable	$ 1,014	$ 447,602	$ 15,732	$ 231,854	$ 55,531	**$ 751,733**
Total liabilities	**$ 1,014**	**$ 447,602**	**$ 15,732**	**$ 231,854**	**$ 55,531**	**$ 751,733**

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Employee Payroll, Withholding and Benefits				
Assets:				
Cash, cash equivalents, and investments	$ 977	$ 2,232,103	$ 2,232,066	**$ 1,014**
Total assets	$ 977	$ 2,232,103	$ 2,232,066	**$ 1,014**
Liabilities:				
Accounts / escrows payable	$ 977	$ 2,232,103	$ 2,232,066	**$ 1,014**
Total liabilities	$ 977	$ 2,232,103	$ 2,232,066	**$ 1,014**
Local Distributions				
Assets:				
Cash, cash equivalents, and investments	$ 304,343	$ 2,643,476	$ 2,516,954	**$ 430,865**
Receivables	11,208	16,737	11,208	**16,737**
Total assets	$ 315,551	$ 2,660,213	$ 2,528,162	**$ 447,602**
Liabilities:				
Accounts / escrows payable	$ 315,551	$ 2,660,213	$ 2,528,162	**$ 447,602**
Total liabilities	$ 315,551	$ 2,660,213	$ 2,528,162	**$ 447,602**
Child Support				
Assets:				
Cash, cash equivalents, and investments	$ 17,631	$ 832,934	$ 834,833	**$ 15,732**
Total assets	$ 18,399	$ 832,934	$ 835,601	**$ 15,732**
Liabilities:				
Accounts / escrows payable	$ 18,399	$ 832,934	$ 835,601	**$ 15,732**
Total liabilities	$ 18,399	$ 832,934	$ 835,601	**$ 15,732**

continued on next page

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Department of Insurance				
Assets:				
Cash, cash equivalents, and investments	$ 235,760	$ 6,167	$ 10,073	**$ 231,854**
Total assets	$ 235,760	$ 6,167	$ 10,073	**$ 231,854**
Liabilities:				
Accounts / escrows payable	$ 235,760	$ 6,167	$ 10,073	**$ 231,854**
Total liabilities	$ 235,760	$ 6,167	$ 10,073	**$ 231,854**
Other Agency Funds				
Assets:				
Cash, cash equivalents, and investments	$ 53,961	$ 653,066	$ 652,322	**$ 54,705**
Receivables	727	826	727	**826**
Total assets	$ 54,688	$ 653,892	$ 653,049	**$ 55,531**
Liabilities:				
Accounts / escrows payable	$ 54,688	$ 653,892	$ 653,049	**$ 55,531**
Total liabilities	$ 54,688	$ 653,892	$ 653,049	**$ 55,531**
Total Agency Funds				
Assets:				
Cash, cash equivalents, and investments	**$ 612,672**	**$ 6,367,746**	**$ 6,246,248**	**$ 734,170**
Receivables	**12,703**	**17,563**	**12,703**	**17,563**
Total assets	**$ 625,375**	**$ 6,385,309**	**$ 6,258,951**	**$ 751,733**
Liabilities:				
Accounts / escrows payable	**$ 625,375**	**$ 6,385,309**	**$ 6,258,951**	**$ 751,733**
Total liabilities	**$ 625,375**	**$ 6,385,309**	**$ 6,258,951**	**$ 751,733**

NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

Indiana Economic Development Corporation – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

Indiana Stadium and Convention Building Authority – The authority's responsibility is to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

Indiana Bond Bank – The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments.

Indiana Housing and Community Development Authority – The authority's purpose is to finance residential housing for persons and families of low and moderate incomes.

Indiana Board for Depositories – The board is responsible to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. It provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit.

Indiana Secondary Market for Education Loans Inc. – The company is responsible for purchasing education loans in the secondary market.

White River State Park Development Commission – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

Ports of Indiana – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

State Fair Commission – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

Indiana Comprehensive Health Insurance Association – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

Indiana Political Subdivision Risk Management Commission – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

Indiana State Museum and Historic Sites Corporation – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.

Indiana Motorsports Commission – The commission is responsible for financing and leasing real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district.

COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University
Indiana State University
Ivy Tech Community College of Indiana
University of Southern Indiana
Vincennes University

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units - Governmental Funds
June 30, 2017
(amounts expressed in thousands)

	Indiana Economic Development Corporation	Totals
Assets		
Current assets:		
Cash, cash equivalents and investments - unrestricted	$ 1,099	**$ 1,099**
Cash, cash equivalents and investments - restricted	169,046	**169,046**
Receivables (net)	442	**442**
Total current assets	170,587	**170,587**
Noncurrent assets:		
Loans	56,606	**56,606**
Capital assets:		
Capital assets being depreciated/amortized	270	**270**
less accumulated depreciation/amortization	(157)	**(157)**
Total capital assets, net of depreciation/amortization	113	**113**
Total noncurrent assets	56,719	**56,719**
Total assets	**227,306**	**227,306**
Deferred Outflows of Resources		
Related to pensions	1,829	**1,829**
Total deferred outflows of resources	**1,829**	**1,829**
Liabilities		
Current liabilities:		
Accounts payable	6,729	**6,729**
Unearned revenue	9,691	**9,691**
Other liabilities	306	**306**
Current portion of long-term liabilities	300	**300**
Total current liabilities	17,026	**17,026**
Noncurrent liabilities:		
Net pension and OPEB liabilities	3,999	**3,999**
Total noncurrent liabilities	3,999	**3,999**
Total liabilities	**21,025**	**21,025**
Deferred inflows of resources		
Related to pensions	172	**172**
Total deferred inflows of resources	**172**	**172**
NET POSITION		
Net investment in capital assets	113	**113**
Restricted - expendable:		
Other purposes	394	**394**
Unrestricted	207,431	**207,431**
Total net position	**$ 207,938**	**$ 207,938**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Governmental Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Indiana Economic Development Corporation**	**Total**
Indiana Economic Development Corporation	$ 128,511	$ 251	$ 9,072	$ -	$ (119,188)	**$ (119,188)**
Total component units	$ 128,511	$ 251	$ 9,072	$ -	(119,188)	**(119,188)**
General Revenues:						
Gaming tax					1,699	**1,699**
Investment earnings					1,254	**1,254**
Payments from State of Indiana					42,477	**42,477**
Total general revenues					45,430	**45,430**
Changes in net position					(73,758)	**(73,758)**
Net position - beginning					281,696	**281,696**
Net position - ending					**$ 207,938**	**$ 207,938**

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units - Proprietary Funds
June 30, 2017
(amounts expressed in thousands)

	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories	Indiana Secondary Market for Education Loans Inc.
Assets					
Current assets:					
Cash, cash equivalents and investments - unrestricted	$ -	$ 14,327	$ 89,389	$ 83,349	$ 108,310
Cash, cash equivalents and investments - restricted	49,563	45,706	155,667	-	1,785
Securities lending collateral	-	-	-	2,035	-
Receivables (net)	1,716	171,067	7,830	716	2,876
Due from primary government	-	-	-	5,000	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	11	657
Loans	-	-	14,980	-	9,322
Investment in direct financing lease	6,435	-	-	-	-
Other assets	-	-	3,378	-	-
Total current assets	57,714	231,100	271,244	91,111	122,950
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	-	126,979	189,060	20,764
Cash, cash equivalents and investments - restricted	-	29,033	439,766	55	-
Receivables (net)	-	681,279	-	-	-
Due from primary government	-	-	-	25,000	-
Loans	-	-	66,826	-	103,587
Investment in direct financing lease	945,075	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Capital assets not being depreciated/amortized	-	-	-	-	-
Capital assets being depreciated/amortized	-	-	8,466	305	342
less accumulated depreciation/amortization	-	-	(6,177)	(250)	(193)
Total capital assets, net of depreciation/amortization	-	-	2,289	55	149
Total noncurrent assets	945,075	710,312	635,860	214,170	124,500
Total assets	**1,002,789**	**941,412**	**907,104**	**305,281**	**247,450**
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	101,731	6,423	2,030	-	-
Debt refunding loss	-	12,416	2,966	-	-
Related to pensions	-	87	2,136	29	-
Total deferred outflows of resources	**101,731**	**18,926**	**7,132**	**29**	**-**
Liabilities					
Current liabilities:					
Accounts payable	9	1,024	9,343	75	905
Interest payable	14,526	10,969	3,296	-	23
Unearned revenue	-	-	48,012	-	-
Securities lending collateral	-	-	-	2,035	-
Accrued liability for compensated absences	-	-	-	-	-
Other liabilities	-	31,378	-	-	-
Current portion of long-term liabilities	6,435	192,541	9,175	-	17,682
Total current liabilities	20,970	235,912	69,826	2,110	18,610
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Net pension and OPEB liabilities	-	218	4,989	79	-
Revenue bonds/notes payable	970,926	704,680	406,013	-	84,110
Derivative instrument liability	101,731	6,423	2,029	-	-
Other noncurrent liabilities	835	-	-	-	-
Total noncurrent liabilities	1,073,492	711,321	413,031	79	84,110
Total liabilities	**1,094,462**	**947,233**	**482,857**	**2,189**	**102,720**
Deferred Inflows of Resources					
Related to pensions	-	10	77	5	-
Total deferred inflows of resources	**-**	**10**	**77**	**5**	**-**
Net Position					
Net investment in capital assets	-	-	2,289	55	149
Restricted - nonexpendable:					
Permanent funds	-	-	-	-	-
Restricted - expendable:					
Grants/constitutional restrictions	10,058	-	142,776	-	-
Future debt service	-	-	67,390	-	1,785
Student aid	-	-	-	-	-
Endowments	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted	-	13,095	218,847	303,061	142,796
Total net position	**$ 10,058**	**$ 13,095**	**$ 431,302**	**$ 303,116**	**$ 144,730**

White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Indiana Motorsports Commission	Totals
$ 4,141	$ 10,978	$ 4,239	$ 11,817	$ 4,996	$ 8,088	$ -	**$ 339,634**
805	-	5,789	-	-	69	5,827	**265,211**
-	-	-	-	-	-	-	**2,035**
159	485	1,813	1,470	8	1,777	3	**189,920**
-	-	224	-	-	-	-	**5,224**
17	-	-	-	-	124	-	**141**
91	251	11	158	22	375	-	**1,576**
-	-	-	-	-	-	-	**24,302**
-	-	-	-	-	-	3,705	**10,140**
-	-	-	-	-	-	-	**3,378**
5,213	11,714	12,076	13,445	5,026	10,433	9,535	**841,561**
125	22,000	-	-	-	50	-	**358,978**
-	-	-	-	-	2,561	-	**471,415**
-	-	-	-	-	105	-	**681,384**
-	-	-	-	-	-	-	**25,000**
-	-	-	-	-	-	-	**170,413**
-	-	-	-	-	-	86,390	**1,031,465**
-	-	-	-	-	132	-	**132**
81,501	31,300	1,490	-	-	-	-	**114,291**
53,939	142,467	160,494	-	-	1,070	-	**367,083**
(20,389)	(73,487)	(77,849)	-	-	(862)	-	**(179,207)**
115,051	100,280	84,135	-	-	208	-	**302,167**
115,176	122,280	84,135	-	-	3,056	86,390	**3,040,954**
120,389	**133,994**	**96,211**	**13,445**	**5,026**	**13,489**	**95,925**	**3,882,515**
-	-	-	-	-	-	-	**110,184**
-	-	50	-	-	-	-	**15,432**
201	608	1,519	-	-	2,253	-	**6,833**
201	**608**	**1,569**	**-**	**-**	**2,253**	**-**	**132,449**
471	1,894	1,231	52	41	871	6	**15,922**
-	-	-	-	-	-	1,578	**30,392**
-	-	285	-	17	165	-	**48,479**
-	-	-	-	-	-	-	**2,035**
-	-	115	-	-	-	-	**115**
-	355	8	52	-	-	-	**31,793**
44	-	1,635	-	-	-	3,705	**231,217**
515	2,249	3,274	104	58	1,036	5,289	**359,953**
-	-	133	-	-	-	-	**133**
398	1,835	3,941	-	-	5,270	-	**16,730**
279	-	-	-	-	-	85,690	**2,251,698**
-	-	-	-	-	-	-	**110,183**
-	-	55,254	-	-	-	-	**56,089**
677	1,835	59,328	-	-	5,270	85,690	**2,434,833**
1,192	**4,084**	**62,602**	**104**	**58**	**6,306**	**90,979**	**2,794,786**
1	32	58	-	-	89	-	**272**
1	**32**	**58**	**-**	**-**	**89**	**-**	**272**
114,728	99,925	27,297	-	-	208	-	**244,651**
-	-	-	-	-	782	-	**782**
57	-	722	-	-	2,237	4,946	**160,796**
-	-	5,066	-	-	-	-	**74,241**
3	-	-	-	-	-	-	**3**
-	-	-	-	-	795	-	**795**
745	-	-	-	-	5,924	-	**6,669**
-	-	-	-	-	153	-	**153**
3,864	30,561	2,035	13,341	4,968	(752)	-	**731,816**
$ 119,397	**$ 130,486**	**$ 35,120**	**$ 13,341**	**$ 4,968**	**$ 9,347**	**$ 4,946**	**$ 1,219,906**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories
Indiana Stadium and Convention Building Authority	$ 51,661	$ 52,202	$ 4,118	$ -	$ 4,659	$ -	$ -	$ -
Indiana Bond Bank	37,772	439	38,090	-	-	757	-	-
Indiana Housing and Community Development Authority	419,884	24,490	398,057	-	-	-	2,663	-
Indiana Board for Depositories	830	-	1,795	-	-	-	-	965
Indiana Secondary Market for Education Loans Inc.	5,165	-	2,889	-	-	-	-	-
White River State Park Development Commission	5,896	3,624	115	-	-	-	-	-
Ports of Indiana	9,842	12,599	647	291	-	-	-	-
Indiana State Fair Commission	33,354	18,841	221	400	-	-	-	-
Indiana Comprehensive Health Insurance Association	216	45	-	-	-	-	-	-
Indiana Political Subdivision Risk Management Commission	168	103	-	-	-	-	-	-
Indiana State Museum and Historic Sites Corporation	15,627	2,605	2,204	1,911	-	-	-	-
Indiana Motorsports Commission	5,540	2,000	-	-	-	-	-	-
Total component units	$ 585,955	$ 116,948	$ 448,136	$ 2,602	4,659	757	2,663	965
General revenues:								
Investment earnings					218	115	8,897	-
Payments from State of Indiana					-	-	-	-
Total general revenues					218	115	8,897	-
Change in net position					4,877	872	11,560	965
Net position - beginning					5,181	12,223	419,742	302,151
Net position - ending					**$ 10,058**	**$ 13,095**	**$ 431,302**	**$ 303,116**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

Net (Expense) Revenue and Changes in Net Position

	Indiana Secondary Market for Education Loans Inc.	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Indiana Motorsports Commission	Total
Indiana Stadium and Convention Building Authority	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 4,659**
Indiana Bond Bank	-	-	-	-	-	-	-	-	**757**
Indiana Housing and Community Development Authority	-	-	-	-	-	-	-	-	**2,663**
Indiana Board for Depositories	-	-	-	-	-	-	-	-	**965**
Indiana Secondary Market for Education Loans Inc.	(2,276)	-	-	-	-	-	-	-	**(2,276)**
White River State Park Development Commission	-	(2,157)	-	-	-	-	-	-	**(2,157)**
Ports of Indiana	-	-	3,695	-	-	-	-	-	**3,695**
Indiana State Fair Commission	-	-	-	(13,892)	-	-	-	-	**(13,892)**
Indiana Comprehensive Health Insurance Association	-	-	-	-	(171)	-	-	-	**(171)**
Indiana Political Subdivision Risk Management Commission	-	-	-	-	-	(65)	-	-	**(65)**
Indiana State Museum and Historic Sites Corporation	-	-	-	-	-	-	(8,907)	-	**(8,907)**
Indiana Motorsports Commission	-	-	-	-	-	-	-	(3,540)	**(3,540)**
Total component units	(2,276)	(2,157)	3,695	(13,892)	(171)	(65)	(8,907)	(3,540)	**(18,269)**
General revenues:									
Investment earnings	11,132	11	241	23	-	96	303	28	**21,064**
Payments from State of Indiana	-	743	-	9,409	-	-	8,796	3,840	**22,788**
Total general revenues	11,132	754	241	9,432	-	96	9,099	3,868	**43,852**
Change in net position	8,856	(1,403)	3,936	(4,460)	(171)	31	192	328	**25,583**
Net position - beginning	135,874	120,800	126,550	39,580	13,512	4,937	9,155	4,618	**1,194,323**
Net position - ending	**$ 144,730**	**$ 119,397**	**$ 130,486**	**$ 35,120**	**$ 13,341**	**$ 4,968**	**$ 9,347**	**$ 4,946**	**$ 1,219,906**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2017
(amounts expressed in thousands)

	Ball State University	Indiana State University	Ivy Tech Community College	University of Southern Indiana	Vincennes University	Totals
Assets						
Current assets:						
Cash, cash equivalents and investments - unrestricted	$ 127,479	$ 24,907	$ 175,926	$ 38,239	$ 45,965	**$ 412,516**
Cash, cash equivalents and investments - restricted	51,014	47,814	5,294	1,629	9,461	**115,212**
Receivables (net)	32,205	22,853	53,339	11,186	8,518	**128,101**
Due from primary government	-	-	-	671	-	**671**
Inventory	1,217	30	16	1,551	1,466	**4,280**
Prepaid expenses	1,586	2,009	1,899	16	408	**5,918**
Investment in direct financing lease	-	-	293	-	-	**293**
Other assets	20,116	2,310	-	10,028	16	**32,470**
Total current assets	233,617	99,923	236,767	63,320	65,834	**699,461**
Noncurrent assets:						
Cash, cash equivalents and investments - unrestricted	133,316	119,179	263,743	66,562	118,996	**701,796**
Cash, cash equivalents and investments - restricted	245,913	76,596	35,337	109,612	94,754	**562,212**
Receivables (net)	8,964	7,224	7,181	6,097	454	**29,920**
Investment in direct financing lease	-	-	5,589	-	-	**5,589**
Net pension and OPEB assets	13,854	19,024	-	-	25,734	**58,612**
Other assets	4,396	149	210	5,027	216	**9,998**
Capital assets:						
Capital assets not being depreciated/amortized	35,207	84,375	51,696	20,544	44,788	**236,610**
Capital assets being depreciated/amortized	1,061,302	703,897	969,714	352,328	302,940	**3,390,181**
less accumulated depreciation/amortization	(419,943)	(291,033)	(358,193)	(191,482)	(121,621)	**(1,382,272)**
Total capital assets, net of depreciation/amortization	676,566	497,239	663,217	181,390	226,107	**2,244,519**
Total noncurrent assets	1,083,009	719,411	975,277	368,688	466,261	**3,612,646**
Total assets	**1,316,626**	**819,334**	**1,212,044**	**432,008**	**532,095**	**4,312,107**
Deferred Outflows of Resources						
Accumulated decrease in fair value of hedging derivatives	-	-	-	1,215	185	**1,400**
Debt refunding loss	-	956	-	-	-	**956**
Related to pensions	23,266	6,820	6,731	2,987	252	**40,056**
Total deferred outflows of resources	**23,266**	**7,776**	**6,731**	**4,202**	**437**	**42,412**
Liabilities						
Current liabilities:						
Accounts payable	17,122	7,744	28,236	8,063	8,674	**69,839**
Interest payable	7,131	2,044	-	690	305	**10,170**
Unearned revenue	696	6,525	11,875	1,408	2,658	**23,162**
Accrued liability for compensated absences	4,012	4,217	9,844	295	1,172	**19,540**
Other liabilities	7,348	7,086	6,406	3,624	5,340	**29,804**
Current portion of long-term liabilities	14,595	12,883	29,497	8,665	6,243	**71,883**
Total current liabilities	50,904	40,499	85,858	22,745	24,392	**224,398**
Noncurrent liabilities:						
Accrued liability for compensated absences	3,013	17	6,818	2,959	-	**12,807**
Net pension and OPEB liabilities	53,222	17,855	45,511	24,937	283	**141,808**
Funds held in trust for others	-	-	-	-	57,891	**57,891**
Advances from federal government	-	7,357	-	-	1,116	**8,473**
Revenue bonds/notes payable	276,871	251,775	298,628	90,037	62,912	**980,223**
Derivative instrument liability	-	-	-	1,215	185	**1,400**
Other noncurrent liabilities	10,049	3,136	32,327	22	-	**45,534**
Total noncurrent liabilities	343,155	280,140	383,284	119,170	122,387	**1,248,136**
Total liabilities	**394,059**	**320,639**	**469,142**	**141,915**	**146,779**	**1,472,534**
Deferred Inflows of Resources						
Service concession arrangement receipts	-	970	-	-	-	**970**
Related to pensions	1,318	245	3,246	712	65	**5,586**
Total deferred inflows of resources	**1,318**	**1,215**	**3,246**	**712**	**65**	**6,556**
Net Position						
Net investment in capital assets	416,710	299,066	316,907	81,770	157,539	**1,271,992**
Restricted - nonexpendable:						
Permanent funds	-	44,685	-	-	-	**44,685**
Instruction and research	24,723	-	1,300	8,439	-	**34,462**
Student aid	42,951	674	26,787	29,182	18,802	**118,396**
Other purposes	10,292	2,691	3,427	8,105	5,140	**29,655**
Restricted - expendable:						
Grants/constitutional restrictions	6,781	3,060	11,827	-	1,829	**23,497**
Future debt service	-	-	-	120	-	**120**
Instruction and research	66,543	4,992	100	14,676	-	**86,311**
Student aid	53,425	2,121	4,264	34,921	8,397	**103,128**
Endowments	-	10,564	3,029	-	-	**13,593**
Capital projects	67,247	5,642	42,245	9,096	5,554	**129,784**
Other purposes	25,277	1,716	2,656	10,586	3,020	**43,255**
Unrestricted	230,566	130,045	333,845	96,688	185,407	**976,551**
Total net position	**$ 944,515**	**$ 505,256**	**$ 746,387**	**$ 293,583**	**$ 385,688**	**$ 2,875,429**

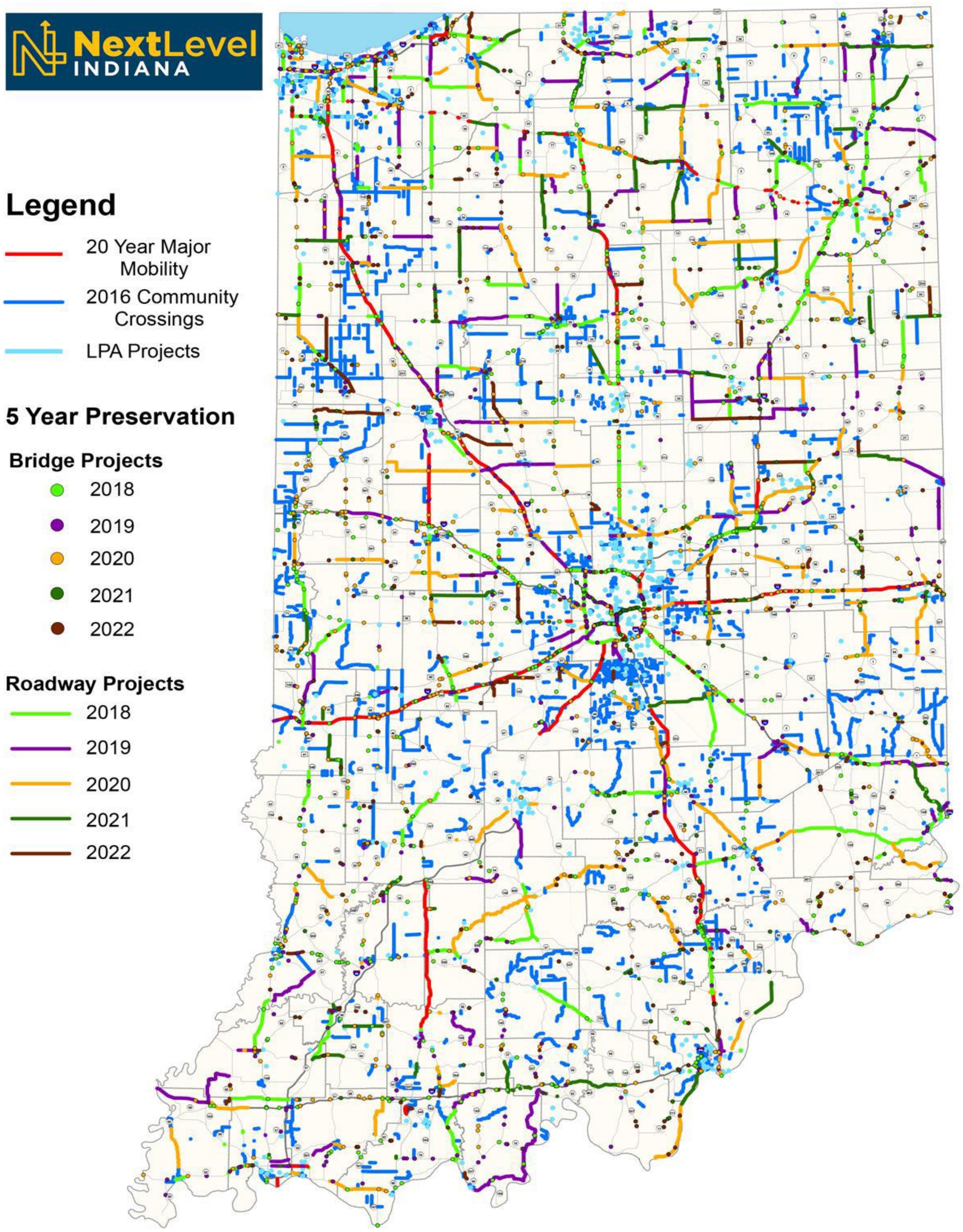
State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Colleges and Universities
For the Year Ended June 30, 2017
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Ball State University**	**Indiana State University**	**Ivy Tech State College**	**University of Southern Indiana**	**Vincennes University**	**Total**
Ball State University	$ 509,200	$ 237,866	$ 98,158	$ 7,679	$ (165,497)	$ -	$ -	$ -	$ -	**$ (165,497)**
Indiana State University	256,733	116,712	66,678	1,566	-	(71,777)	-	-	-	**(71,777)**
Ivy Tech Community College	543,551	142,035	167,102	10,119	-	-	(224,295)	-	-	**(224,295)**
University of Southern Indiana	162,226	73,580	31,138	7,676	-	-	-	(49,832)	-	**(49,832)**
Vincennes University	123,659	42,184	45,240	-	-	-	-	-	(36,235)	**(36,235)**
Total component units	$ 1,595,369	$ 612,377	$ 408,316	$ 27,040	(165,497)	(71,777)	(224,295)	(49,832)	(36,235)	**(547,636)**
General revenues:										
Investment earnings					27,836	8,653	8,000	14,975	3,263	**62,727**
Payments from State of Indiana					145,366	77,126	254,384	54,052	53,336	**584,264**
Other					15,756	214	184	111	-	**16,265**
Total general revenues					188,958	85,993	262,568	69,138	56,599	**663,256**
Change in net position					23,461	14,216	38,273	19,306	20,364	**115,620**
Net position - beginning					921,054	491,040	708,114	274,277	365,324	**2,759,809**
Net position - ending					**$ 944,515**	**$ 505,256**	**$ 746,387**	**$ 293,583**	**$ 385,688**	**$ 2,875,429**


SEAL OF THE STATE OF INDIANA
1816

STATISTICAL SECTION

Comprehensive Annual Financial Report



In 2017, the Indiana General Assembly created the Next Level Fund in order to provide resources for infrastructure improvements. With over $5 billion projected over the next 5 years, Hoosiers can expect to see significant improvements to our state's highways and byways.

STATISTICAL SECTION

The statistical section is presented to provide report users a historical perspective and assistance in assessing the current financial status and trends for the State.

FINANCIAL TRENDS

These schedules contain trend information to assist users in understanding and assessing how the State's financial position has changed over time.

REVENUE CAPACITY

These schedules contain information to assist users in understanding and assessing the factors affecting the State's ability to generate its own-source revenues.

DEBT CAPACITY

This schedule is to assist users in understanding and assessing the State's debt burden and its ability to issue debt.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules are intended to assist users in understanding the socioeconomic environment within with the State operates and to provide information that facilitates comparisons of financial statement information.

OPERATING INFORMATION

These schedules provide contextual information about the State's operations and resources to assist readers in using financial statement information to understand and assess the State's economic condition.

State of Indiana
Net Position by Component
(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 9,381,292	$ 10,315,310	$ 10,722,683	$ 11,344,650	$ 12,175,413	$ 13,303,374	$ 13,501,419	$ 14,467,992	$ 14,934,600	$ 15,475,782
Restricted	719,791	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298	998,609	1,150,867	1,129,687
Unrestricted	7,513,441	6,534,641	5,728,165	6,979,715	6,158,902	5,475,103	(4,327,353)	(4,194,362)	(5,198,962)	(5,319,406)
Total governmental activities net position	$ 17,614,524	$ 18,173,538	$ 17,912,814	$ 18,897,480	$ 19,218,192	$ 19,739,578	$ 10,174,364	$ 11,272,239	$ 10,886,505	$ 11,286,063
Business-type activities										
Net investment in capital assets	$ 13,673	$ 122	$ 88	$ 84	$ 685	$ 664	$ 535	$ 138	$ 238	$ 203
Restricted	301,054	-	-	-	-	-	-	-	233,046	477,659
Unrestricted	10,569	(785,205)	(1,610,178)	(1,690,540)	(1,551,507)	(1,213,658)	(801,568)	(23,485)	47,332	47,182
Total business-type activities net position	$ 325,296	$ (785,083)	$ (1,610,090)	$ (1,690,456)	$ (1,550,822)	$ (1,212,994)	$ (801,033)	$ (23,347)	$ 280,616	$ 525,044
Primary government										
Net investment in capital assets	$ 9,394,965	$ 10,315,432	$ 10,722,771	$ 11,344,734	$ 12,176,098	$ 13,304,038	$ 13,501,954	$ 14,468,130	$ 14,934,838	$ 15,475,985
Restricted	1,020,845	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298	998,609	1,383,913	1,607,346
Unrestricted	7,524,010	5,749,436	4,117,987	5,289,175	4,607,395	4,261,445	(5,128,921)	(4,217,847)	(5,151,630)	(5,272,224)
Total primary government net position	$ 17,939,820	$ 17,388,455	$ 16,302,724	$ 17,207,024	$ 17,667,370	$ 18,526,584	$ 9,373,331	$ 11,248,892	$ 11,167,121	$ 11,811,107

State of Indiana
Changes in Net Position
(accrual basis of accounting, dollars in thousands)

	Fiscal Year 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 5,163,869	$ 4,166,273	$ 1,659,190	$ 2,261,226	$ 2,642,907	$ 1,473,954	$ 1,585,751	$ 1,541,725	$ 1,463,523	$ 1,388,593
Public safety	1,381,648	1,467,650	1,496,660	1,357,672	1,330,270	1,525,459	1,393,036	1,269,265	1,567,570	1,738,657
Health	387,354	369,434	394,570	344,115	305,202	409,096	347,353	439,288	374,283	379,164
Welfare	9,201,141	8,939,383	9,785,881	9,805,753	11,157,839	12,557,829	11,755,713	13,142,033	14,270,402	15,046,853
Conservation, culture, and development	581,548	673,972	590,275	529,963	589,351	536,561	515,844	588,540	545,276	572,922
Education	7,367,214	8,926,507	10,308,922	10,367,047	10,277,460	10,136,572	9,379,911	10,527,684	11,671,576	11,035,840
Transportation	1,297,521	1,267,572	1,907,655	1,748,590	1,533,603	1,809,690	2,158,639	1,857,660	2,175,511	1,991,560
Interest expense	724	732	592	796	662	216	-	48,995	45,551	43,672
Total governmental activities expenses	25,381,019	25,811,523	26,143,745	26,415,162	27,837,294	28,449,377	27,136,247	29,415,190	32,113,692	32,197,261
Business-type activities:										
Unemployment compensation fund	845,956	2,341,269	3,223,194	3,217,559	1,893,947	1,160,585	674,844	403,533	330,419	305,407
Other	24,480	39,922	24,044	23,167	22,604	24,694	23,351	22,924	23,234	25,411
Total business-type activities expenses	870,436	2,381,191	3,247,238	3,240,726	1,916,551	1,185,279	698,195	426,457	353,653	330,818
Total primary government expenses	$ 26,251,455	$ 28,192,714	$ 29,390,983	$ 29,655,888	$ 29,753,845	$ 29,634,656	$ 27,834,442	$ 29,841,647	$ 32,467,345	$ 32,528,079
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 837,677	$ 684,486	$ 586,805	$ 636,558	$ 700,218	$ 376,407	$ 528,424	$ 529,676	$ 615,099	$ 617,780
Public safety	461,330	413,815	483,421	446,055	467,599	473,665	480,497	490,255	530,775	514,401
Health	15,030	7,362	8,076	8,129	8,407	204,529	101,354	139,909	149,554	199,355
Welfare	180,314	45,226	23,344	179,991	861,089	919,557	1,080,291	818,330	822,463	902,829
Conservation, culture, and development	145,246	162,403	159,542	149,781	155,953	153,828	148,077	161,771	167,467	159,714
Education	3,987	4,518	8,489	4,202	4,381	7,950	3,383	2,851	2,583	2,312
Transportation	38,142	36,088	46,231	46,900	54,977	91,990	77,861	77,558	81,642	81,397
Operating grants and contributions	9,372,760	10,494,940	11,223,452	10,939,012	11,065,618	10,335,986	9,908,931	10,872,352	11,974,446	12,478,084
Capital grants and contributions	26,882	21,397	9	-	-	1,270,834	1,180,142	1,261,230	1,187,303	978,994
Total governmental activities program revenues	11,081,368	11,870,235	12,539,369	12,410,628	13,318,242	13,834,746	13,508,960	14,353,932	15,531,332	15,934,866
Business-type activities:										
Charges for services:										
Unemployment compensation fund	653,778	1,223,731	2,393,810	1,628,446	983,708	830,527	950,328	1,175,303	629,899	548,336
Other	28,590	28,185	27,280	26,103	26,961	26,463	26,338	26,001	26,924	27,443
Operating grants and contributions	134,559	10,523	-	1,496,679	1,043,864	668,790	134,998	4,217	-	-
Capital grants and contributions	-	-	-	-	-	87	165	-	-	-
Total business-type activities program revenues	816,927	1,262,439	2,421,090	3,151,228	2,054,533	1,525,867	1,111,829	1,205,521	656,823	575,779
Total primary government program revenues	$ 11,898,295	$ 13,132,674	$ 14,960,459	$ 15,561,856	$ 15,372,775	$ 15,360,613	$ 14,620,789	$ 15,559,453	$ 16,188,155	$ 16,510,645
Net (Expense)/Revenue										
Governmental activities	$ (14,299,651)	$ (13,941,288)	$ (13,604,376)	$ (14,004,534)	$ (14,519,052)	$ (14,614,631)	$ (13,627,287)	$ (15,061,258)	$ (16,582,360)	$ (16,262,395)
Business-type activities	(53,509)	(1,118,752)	(826,148)	(89,498)	137,982	340,588	413,634	779,064	303,170	244,961
Total primary government net expenses	$ (14,353,160)	$ (15,060,040)	$ (14,430,524)	$ (14,094,032)	$ (14,381,070)	$ (14,274,043)	$ (13,213,653)	$ (14,282,194)	$ (16,299,923)	$ (16,017,434)

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	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Income taxes	$ 5,833,169	$ 5,135,398	$ 4,495,576	$ 5,781,340	$ 5,424,347	$ 5,371,040	$ 5,811,823	$ 6,259,262	$ 6,234,704	$ 6,454,721
Sales taxes	5,869,177	6,146,378	5,937,225	6,365,077	6,520,664	6,845,294	6,995,678	7,266,581	7,336,630	7,577,276
Fuel taxes	677,084	763,994	799,356	754,839	762,563	791,659	763,833	793,966	806,895	824,805
Gaming taxes	826,358	880,491	911,633	904,353	867,055	788,636	681,383	642,910	629,910	623,460
Unemployment taxes	-	-	807	320	102	80	914	-	-	-
Inheritance taxes	166,094	183,214	127,673	160,917	169,769	160,820	53,701	-	-	-
Alcohol & Tobacco taxes	536,948	540,201	458,420	464,699	479,621	503,879	445,381	445,765	443,214	441,935
Insurance taxes	203,110	187,329	179,024	189,948	206,733	211,987	224,711	223,039	235,310	235,022
Financial institution taxes	37,419	26,264	55,611	84,743	71,467	121,369	72,976	120,900	120,226	101,619
Other taxes	580,144	506,699	265,900	222,603	228,919	251,579	325,265	329,780	316,652	326,418
Investment earnings	239,372	91,331	33,566	22,460	16,345	27,990	19,769	22,084	38,318	46,641
Other	76,199	41,116	76,289	35,283	90,078	58,915	58,912	52,093	32,217	27,814
Transfers within primary government	(3,699)	(2,113)	2,572	2,618	2,101	2,769	2,724	2,753	2,550	2,242
Total governmental activities	15,041,375	14,500,302	13,343,652	14,989,200	14,839,764	15,136,017	15,457,070	16,159,133	16,196,626	16,661,953
Business-type activities:										
Investment earnings	21,625	6,260	3,713	1,750	3,753	9	1,051	1,375	3,343	1,709
Other	-	-	-	10,000	-	-	-	-	-	-
Transfers within primary government	3,699	2,113	(2,572)	(2,618)	(2,101)	(2,769)	(2,724)	(2,753)	(2,550)	(2,242)
Total business-type activities	25,324	8,373	1,141	9,132	1,652	(2,760)	(1,673)	(1,378)	793	(533)
Total primary government	15,066,699	14,508,675	13,344,793	14,998,332	14,841,416	15,133,257	15,455,397	16,157,755	16,197,419	16,661,420
Changes in Net Position										
Governmental activities	741,724	559,014	(260,724)	984,666	320,712	521,386	1,829,783	1,097,875	(385,734)	399,558
Business-type activities	(28,185)	(1,110,379)	(825,007)	(80,366)	139,634	337,828	411,961	777,686	303,963	244,428
Total primary government	$ 713,539	$ (551,365)	$ (1,085,731)	$ 904,300	$ 460,346	$ 859,214	$ 2,241,744	$ 1,875,561	$ (81,771)	$ 643,986

State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund (Pre-GASB 54)										
Reserved	$ 616,861	$ 73,682	$ 304,233	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	2,183,461	1,488,457	2,213,432	-	-	-	-	-	-	-
Total general fund	$ 2,800,322	$ 1,562,139	$ 2,517,665	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Fund (Per GASB 54)										
Nonspendable										
Prepaid expense	$ -	$ -	$ -	$ -	$ -	$ 60,955	$ 99,022	$ 98,712	$ 83,105	$ 77,546
Total Nonspendable	-	-	-	-	-	60,955	99,022	98,712	83,105	77,546
Restricted										
Administration	-	-	-	71,990	363,212	378,559	379,568	382,324	547,931	550,460
Total Restricted	-	-	-	71,990	363,212	378,559	379,568	382,324	547,931	550,460
Committed										
Administration	-	-	-	-	20,859	-	-	-	-	-
Economic development	-	-	-	-	-	6,030	5,628	5,339	2,551	3,539
Roads & bridges	-	-	-	-	-	-	20	-	-	-
Total Committed	-	-	-	-	20,859	6,030	5,648	5,339	2,551	3,539
Assigned										
Administration	-	-	-	65,156	41,550	72,575	65,421	102,189	160,875	210,696
Corrections	-	-	-	6,717	11,680	46,195	12,724	9,150	569,149	730,327
Police & protection	-	-	-	1,679	2,920	11,277	11,891	14,622	23,237	19,138
Mental health	-	-	-	-	-	-	-	-	26,491	38,485
Public health	-	-	-	-	-	22	22	22	28,698	18,732
Child services	-	-	-	77,285	73,302	205,713	522,388	638,815	902,085	877,534
Disability & aging	-	-	-	-	-	3	4	4	12,960	15,839
Economic development	-	-	-	26,044	9,733	862	1,073	623	12,541	4,028
Environmental	-	-	-	16,528	6,177	552	427	364	16,518	12,260
Natural resources	-	-	-	7,513	2,808	249	147	149	1,086	1,151
Higher education	-	-	-	-	-	-	-	-	10,871	3,516
Secondary education	-	-	-	9,572	6,346	5,311	158,564	304,236	416,578	412,918
Roads & bridges	-	-	-	2,925	1,068	81	63	33	2	54,355
Capital outlay	-	-	-	84,855	54,112	31,929	143,235	175,810	164,923	144,880
Other purposes	-	-	-	1,515	966	44,705	158,060	41,559	18,541	90,029
Encumbrances	-	-	-	303,018	441,412	759,540	737,249	931,194	-	-
Total Assigned	-	-	-	602,807	652,074	1,179,014	1,811,268	2,218,770	2,364,555	2,633,888
Unassigned	-	-	-	2,358,283	2,354,999	1,712,795	1,325,910	1,017,829	835,591	296,411
Total general fund	$ -	$ -	$ -	$ 3,033,080	$ 3,391,144	$ 3,337,353	$ 3,621,416	$ 3,722,974	$ 3,833,733	$ 3,561,844

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State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
All other Governmental Funds (Pre-GASB 54)										
Reserved	$ 2,283,874	$ 3,584,616	$ 2,269,450	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	2,807,884	2,514,631	2,184,021	-	-	-	-	-	-	-
Capital project funds	78,953	83,961	89,829	-	-	-	-	-	-	-
Permanent funds	628,534	661,509	740,778	-	-	-	-	-	-	-
Total all other governmental funds	$ 5,799,245	$ 6,844,717	$ 5,284,078	$ -	$ -	$ -	$ -	$ -	$ -	$ -
All other Governmental Funds (Per GASB 54)										
Nonspendable										
Permanent fund principal	$ -	$ -	$ -	$ 501,125	$ 520,665	$ 520,665	$ 521,028	$ 501,125	$ 520,124	$ 501,125
Prepaid expense	-	-	-	-	-	922	680	496	344	163
Total Nonspendable	-	-	-	501,125	520,665	521,587	521,708	501,621	520,468	501,288
Committed										
Administration	-	-	-	-	580,245	6,734	8,581	7,682	7,721	9,296
Public health	-	-	-	3	306,793	316,290	353,881	284,504	197,400	188,728
Economic development	-	-	-	-	103	11,270	10,313	9,911	7,402	6,464
Environmental	-	-	-	-		561	646	537	568	1,412
Natural resources	-	-	-	-		468	144	19,123	-	16,759
Higher education	-	-	-	4		4	3	4	5	5
Secondary education	-	-	-	553,686	72	564,681	569,555	572,843	577,124	580,199
Roads & bridges	-	-	-	16,180	171,733	166,166	175,343	194,812	45,732	59,176
Other purposes	-	-	-	-		14,818	14,972	14,277	14,067	14,431
Total Committed	-	-	-	569,873	1,058,946	1,080,992	1,133,438	1,103,693	850,019	876,470
Assigned										
Administration	-	-	-	423,553	263,210	155,532	136,070	131,935	133,584	160,421
Corrections	-	-	-	14,976	26,945	10,676	11,872	13,430	14,193	21,762
Police & protection	-	-	-	284,551	511,947	190,802	256,484	229,190	287,489	321,085
Mental health	-	-	-	62,709	52,335	62,061	68,576	51,328	46,995	50,493
Public health	-	-	-	689,801	575,680	692,340	669,393	734,043	727,099	867,739
Child services	-	-	-	134,377	112,146	133,753	160,895	183,926	141,464	85,919
Disability & aging	-	-	-	8,958	7,476	9,445	9,223	8,455	3,445	8,751
Economic development	-	-	-	43,734	53,942	43,135	47,554	51,685	59,352	15,196
Environmental	-	-	-	94,757	116,874	88,426	113,320	113,366	113,164	121,565
Natural resources	-	-	-	104,476	128,861	105,746	127,959	137,433	138,636	139,624
Higher education	-	-	-	27,812	19,745	23,582	42,080	35,764	69,297	208,830
Secondary education	-	-	-	35,396	25,129	29,698	9,626	20,612	21,614	21,507
Roads & bridges	-	-	-	2,071,404	1,490,793	1,141,414	1,118,884	1,094,302	1,165,886	1,331,272
Capital outlay	-	-	-	138,978	86,366	66,192	76,883	63,059	93,811	84,245
Other purposes	-	-	-	99,270	61,690	52,351	57,454	72,376	78,425	74,504
Total Assigned	-	-	-	4,234,753	3,533,138	2,805,153	2,906,273	2,940,904	3,094,454	3,512,913
Unassigned	-	-	-	(248,233)	(258,550)	(176,649)	(180,202)	(327,955)	(384,701)	(616,955)
Total all other governmental funds	$ -	$ -	$ -	$ 5,057,518	$ 4,854,199	$ 4,231,083	$ 4,381,217	$ 4,218,263	$ 4,080,240	$ 4,273,716

State of Indiana
Changes in Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Income taxes	$ 5,841,470	$ 5,174,275	$ 4,434,924	$ 5,501,154	$ 5,773,137	$ 5,441,631	$ 5,891,093	$ 6,246,897	$ 6,300,908	$ 6,442,839
Sales taxes	5,853,582	6,155,721	5,978,919	6,308,356	6,654,008	6,822,875	7,046,734	7,269,291	7,351,788	7,578,492
Fuels taxes	671,164	772,613	796,624	747,545	780,653	785,744	777,448	795,023	809,692	824,621
Gaming taxes	826,340	880,504	911,548	904,354	867,073	788,545	681,501	642,902	629,941	623,469
Unemployment taxes	-	-	807	320	102	80	914	-	-	-
Inheritance taxes	166,095	183,216	127,674	160,912	169,792	160,820	53,701	-	-	-
Alcohol and tobacco taxes	537,433	540,100	458,109	463,608	477,507	477,448	447,795	439,451	443,192	439,243
Insurance taxes	203,110	187,329	179,024	189,948	206,734	211,987	224,712	223,040	235,310	235,022
Financial institutions taxes	38,777	16,025	56,726	56,726	92,763	120,571	92,862	125,754	119,345	101,388
Other taxes	579,987	515,711	272,861	221,264	238,459	251,551	325,299	329,380	316,982	326,489
Current service charges	1,714,922	1,501,504	1,325,594	1,472,570	2,212,027	2,268,429	2,424,542	2,219,401	2,366,344	2,480,098
Investment income	442,567	197,569	449,357	170,768	86,750	56,005	44,743	49,744	68,260	70,115
Sales/rent	23,194	20,369	18,123	19,264	28,523	21,412	21,771	22,181	19,680	22,910
Grants	8,087,169	9,459,340	10,469,843	10,783,807	10,827,180	11,260,430	11,342,554	11,850,748	13,119,923	13,302,408
Other	1,165,009	748,771	359,975	95,156	160,771	147,936	136,346	135,805	99,510	129,184
Total revenues	26,150,819	26,353,047	25,840,108	27,095,752	28,575,479	28,815,464	29,512,015	30,349,617	31,880,875	32,576,278
Expenditures										
General government	5,117,722	4,188,547	1,685,082	2,206,773	2,597,513	1,884,770	1,505,475	1,654,082	1,545,461	1,349,071
Public safety	1,387,396	1,499,499	1,398,199	1,348,998	1,343,299	1,615,975	1,410,723	1,383,479	1,537,649	1,629,484
Health	389,299	372,181	384,249	345,552	308,994	407,354	352,624	439,529	375,616	377,810
Welfare	9,159,386	8,777,637	9,708,584	9,911,129	11,072,382	12,187,764	12,332,600	12,978,655	14,347,763	15,103,283
Conservation, culture and development	591,696	661,585	615,349	587,669	538,297	556,795	514,655	518,478	546,644	548,525
Education	7,400,925	8,957,503	10,311,411	10,115,073	10,189,027	10,276,564	10,542,087	10,688,255	10,941,014	11,047,000
Transportation	2,031,850	2,100,952	2,363,333	2,297,316	2,444,590	2,564,367	2,436,606	2,625,744	2,499,595	2,949,488
Capital outlay	-	-	-	-	-	14,006	16,999	26,252	15,715	20,599
Debt service										
Capital lease principal	-	-	-	-	-	-	-	58,703	61,765	63,206
Capital lease interest	-	-	-	-	-	-	-	48,995	45,551	43,672
Total expenditures	26,078,274	26,557,904	26,466,207	26,812,510	28,494,102	29,507,595	29,111,769	30,422,172	31,916,773	33,132,138
Revenues over (under) expenditures	72,545	(204,857)	(626,099)	283,242	81,377	(692,131)	400,246	(72,555)	(35,898)	(555,860)
Other Financing Sources (Uses)										
Transfers in	9,446,639	10,576,393	10,025,593	6,597,579	7,280,645	6,326,178	6,066,309	6,252,261	6,016,790	6,810,437
Transfers (out)	(9,439,088)	(10,569,905)	(10,019,079)	(6,594,961)	(7,239,094)	(6,329,465)	(6,061,530)	(6,245,727)	(6,014,298)	(6,809,495)
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	26,720	5,658	14,472	2,995	31,817	18,511	10,645	4,625	6,142	476,505
Proceeds of loan from component unit	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	34,271	12,146	20,986	5,613	73,368	15,224	15,424	11,159	8,634	477,447
Net Change in Fund Balances	$ 106,816	$ (192,711)	$ (605,113)	$ 288,855	$ 154,745	$ (676,907)	$ 415,670	$ (61,396)	$ (27,264)	$ (78,413)
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.36%	0.34%	0.32%

State of Indiana
Taxable Sales by Industry*
Last Ten Fiscal Years
(in thousands of dollars)

	2008 ***	2009 ***	2010 ***	2011 ***	2012 ***	2013 ***	2014 ***	2015 ***	2016 ***	2017
Agricultural/forestry, fishing, and other	$ 153,275	$ 143,228	$ 126,467	$ 130,191	$ 128,988	$ 128,166	$ 140,145	$ 149,088	$ 155,394	$ 160,656
Construction	1,856,550	1,620,771	1,283,472	1,348,470	1,515,652	1,589,711	1,796,434	1,874,994	1,911,422	2,018,261
Finance, insurance, and real estate	2,320,743	2,332,167	2,100,191	2,097,536	2,151,137	2,186,694	2,302,254	2,510,731	2,802,008	2,982,299
Government	1,643,758	1,922,834	1,808,307	1,979,346	1,894,443	1,884,436	2,057,278	2,116,346	2,068,613	2,336,379
Manufacturing	4,461,873	3,910,827	3,187,281	3,715,274	3,942,177	4,099,008	4,057,052	4,222,197	4,488,343	4,818,058
Mining	126,818	123,336	112,955	115,908	126,663	127,682	159,558	168,743	158,261	164,115
Retail trade	49,305,844	47,654,678	48,266,717	50,447,957	52,163,342	52,680,104	53,487,078	54,252,121	56,222,009	57,932,312
Services	19,757,935	20,157,781	19,575,226	20,260,979	21,496,860	22,157,525	22,796,446	23,831,502	24,624,147	25,277,769
Transportation and public utilities	7,884,334	9,196,221	8,119,576	8,914,756	8,689,622	9,269,595	10,112,823	10,114,191	9,225,072	9,943,532
Wholesale trade	5,786,425	5,419,188	4,937,652	5,393,717	5,836,000	5,929,430	6,291,995	6,430,683	6,764,705	7,013,549
Unknown**	3,473,485	3,491,937	3,356,774	3,605,980	3,512,567	3,449,003	3,699,239	4,045,639	4,535,632	5,187,037
Total	$ 96,771,040	$ 95,972,968	$ 92,874,618	$ 98,010,114	$ 101,457,451	$ 103,501,354	$ 106,900,302	$ 109,716,235	$ 112,955,606	$ 117,833,967
Direct sales tax rate	6 - 7%	7%	7%	7%	7%	7%	7%	7%	7%	7%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

*** Taxable sales for 2008 through 2016 are corrected.

State of Indiana
Sales Tax Revenue Payers by Industry*
Fiscal Years 2011 and 2017
(in thousands of dollars)

	Fiscal Year Ended June 30, 2011				Fiscal Year Ended June 30, 2017			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural/forestry, fishing, and other	3,375	1.89%	$ 7,811	0.13%	3,549	2.06%	$ 9,639	0.14%
Construction	8,417	4.71%	80,908	1.38%	7,349	4.28%	121,096	1.71%
Finance, insurance, and real estate	4,729	2.64%	125,852	2.14%	4,381	2.55%	178,938	2.53%
Government	1,129	0.63%	118,761	2.02%	1,084	0.63%	140,183	1.98%
Manufacturing	16,020	8.96%	222,916	3.79%	16,258	9.46%	289,083	4.09%
Mining	319	0.18%	6,955	0.12%	297	0.17%	9,847	0.14%
Retail trade	54,439	30.43%	3,026,877	51.47%	53,326	31.03%	3,475,939	49.16%
Services	60,194	33.65%	1,215,659	20.67%	59,060	34.36%	1,516,666	21.45%
Transportation and public utilities	4,398	2.46%	534,885	9.10%	4,019	2.34%	596,612	8.44%
Wholesale trade	10,827	6.05%	323,623	5.50%	10,061	5.85%	420,813	5.95%
Unknown**	15,039	8.41%	216,359	3.68%	12,494	7.27%	311,222	4.40%
Total	178,886	100.00%	$ 5,880,606	100.00%	171,878	100.00%	$ 7,070,038	100.00%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana
Personal Income Tax Filers and Liability by Income Level
Fiscal Years 2010 and 2016
(in millions of dollars)

	Fiscal YE 2010				Fiscal YE 2016			
Income Level	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	Percentage of Total	Tax Liability	% of Total
$50,000 and under	2,167,106	70.29%	1,585	28.23%	2,176,815	66.67%	1,802	24.31%
$50,001 - $100,000	642,400	20.84%	1,846	32.88%	682,990	20.92%	2,021	27.26%
$100,001 - $250,000	242,801	7.88%	1,402	24.97%	353,068	10.81%	2,121	28.61%
$250,001 - $1,000,000	28,190	0.91%	513	9.14%	47,311	1.45%	879	11.86%
$1,000,001 and over	2,401	0.08%	268	4.78%	4,874	0.15%	590	7.96%
Total	3,082,898	100.00%	5,614	100.00%	3,265,058	100.00%	7,413	100.00%

Source: Indiana Department of Revenue

State of Indiana
Personal Income by Industry
Last Ten Fiscal Years
(in millions of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Farm earnings	$ 1,507	$ 2,259	$ 1,494	$ 1,581	$ 2,698	$ 2,320	$ 5,207	$ 2,961	$ 1,157	$ 1,922
Agriculture, forestry, fishing, and hunting	448	432	389	472	379	434	504	576	667	708
Mining	527	582	492	578	746	686	662	655	605	512
Construction and utilities	12,169	12,080	10,573	10,768	11,854	13,494	13,134	13,105	13,270	14,016
Manufacturing	36,918	36,074	30,519	31,878	33,714	35,805	36,673	39,245	40,897	41,730
Wholesale trade	8,221	8,317	7,660	7,978	8,593	8,897	9,053	9,487	9,865	10,126
Retail trade	10,240	9,916	9,761	9,968	10,631	10,605	10,895	11,253	12,010	12,677
Transportation and warehousing	7,052	6,913	6,412	6,702	7,132	7,603	7,687	8,079	8,283	8,712
Information	2,679	2,748	2,626	2,473	2,428	2,680	2,715	2,842	2,675	2,641
Finance and insurance	7,226	7,225	6,848	7,110	7,428	7,789	7,873	8,313	8,687	9,077
Real estate and rental and leasing	2,335	3,928	6,441	7,572	8,779	8,576	8,211	7,706	8,164	8,333
Services	26,451	27,404	26,235	27,137	28,944	30,716	31,568	33,377	34,774	36,392
Management of companies and enterprises	2,708	2,745	2,518	2,591	2,837	3,033	3,320	3,499	3,692	4,006
Health care and social assistance	17,617	18,845	19,308	20,220	20,722	21,837	22,449	23,139	24,152	25,932
Arts, entertainment, and recreation	1,683	1,613	1,467	1,481	1,420	1,443	1,902	2,075	2,081	1,882
Government and government enterprises	22,060	23,068	23,629	23,887	24,153	24,010	23,606	24,435	24,892	25,625
Total personal income	$ 159,841	$ 164,149	$ 156,372	$ 162,396	$ 172,458	$ 179,928	$ 185,459	$ 190,747	$ 195,871	$ 204,291

Note: The Services industry includes professional, scientific, and technical services, administrative and waste management services, educational services, accommodation and food services, and other services, except public administration.

Source: U.S. Department of Commerce - Bureau of Economic Analysis, SA5N - Personal income by major component and earnings by NAICS industry

State of Indiana
Personal Income Tax Rates
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Personal Income Tax Revenues (in millions)	$ 4,826	$ 4,305	$ 3,864	$ 4,584	$ 4,765	$ 4,620	$ 4,889	$ 5,233	$ 5,266	$ 5,435
Personal Income (in millions)	215,099	225,760	220,157	227,692	242,798	253,771	257,170	266,902	276,730	285,864
Average Effective Rate[1]	2.2%	1.9%	1.8%	2.0%	2.0%	1.8%	1.9%	2.0%	1.9%	1.9%

	Tax Rates on the Portion of Taxable Income in Ranges[2]						
Tax Years 2007-09							
Tax Rate	1.2%	2.7%	3.0%	3.1%	3.2%	3.2%	3.2%
Income Bracket (in thousands)	$0-20	$21-40	$41-60	$61-80	$81-100	$101-120	$121+
Tax Years 20010-12							
Tax Rate	1.1%	2.6%	2.9%	3.1%	3.1%	3.2%	3.2%
Income Bracket (in thousands)	$0-20	$21-40	$41-60	$61-80	$81-100	$101-120	$121+
Tax Years 2013-16							
Tax Rate	1.1%	2.6%	2.9%	3.0%	3.1%	3.1%	3.2%
Income Bracket (in thousands)	$0-20	$21-40	$41-60	$61-80	$81-100	$101-120	$121+

[1] Average effective rate equals tax collections divided by income.

[2] This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's/homeowner's property tax deduction minus exemptions. The State income tax rate was 3.4% from 2007 through 2014 and was 3.3% for 2015 and 2016.

Sources: U.S. Department of Commerce - Bureau of Economic Analysis; Auditor of State Financial Records; U.S. Census Bureau; & Indiana Department of Revenue Tax Forms.

State of Indiana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Capital leases	$ 1,321,593	$ 1,286,107	$ 1,269,809	$ 1,225,312	$ 1,209,977	$ 1,156,910	$ 1,112,599	$ 1,057,910	$ 1,000,258	$ 822,444
Total Governmental Activities	1,321,593	1,286,107	1,269,809	1,225,312	1,209,977	1,156,910	1,112,599	1,057,910	1,000,258	822,444
Total Primary Government	$ 1,321,593	$ 1,286,107	$ 1,269,809	$ 1,225,312	$ 1,209,977	$ 1,156,910	$ 1,112,599	$ 1,057,910	$ 1,000,258	$ 822,444
Debt as a Percentage of Personal Income	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%
Amount of Debt per Capita (in whole dollars)	$ 206	$ 199	$ 196	$ 188	$ 185	$ 176	$ 169	$ 160	$ 151	$ 123

State of Indiana
State Facts

AREA	36,291 square miles, which includes 253 square miles of water. Length, 275 miles; width, 144 miles. Highest altitude, 1,257 feet in Wayne County; lowest altitude, 320 feet in Posey County.
CLIMATE	Four distinct seasons. Average temperatures in July can range from 73 and 78 degrees Fahrenheit; January averages range from 35 to 36 degrees Fahrenheit. Record high: 116 degrees at Collegeville in 1936. Record low: 35 below zero at Greensburg in 1951. Average annual precipitation is 40 inches.
STATE CAPITAL	Indianapolis (combination of Indiana and Greek word "polis" meaning city -- therefore, Indianapolis means "city of Indiana.")
STATE MOTTO	The Crossroads of America. Adopted 1937.
STATE FLOWER	Peony. Adopted 1957.
STATE TREE	Tulip tree (yellow poplar). Adopted 1931.
STATE BIRD	Cardinal. Adopted 1933.
STATE SONG	"On the Banks of the Wabash, Far Away" by Paul Dresser. Adopted 1913.
STATE POEM	"Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.
STATE STONE	Limestone. Adopted 1971.
STATE SEAL	The seal depicts a pioneer scene: a woodsman felling a tree, a bison fleeing from the sound of the axe and the sun gleaming over a distant hill. In use since 1801, the seal was officially adopted in 1963.
STATE FLAG	The Indiana flag displays 19 gold stars surrounding a gold torch centered on a rectangular field of blue. The torch stands for liberty and enlightenment. Thirteen stars in the outer circle represent the 13 original states; the five in the inner circle represent the five states next admitted to the Union. The star above the torch stands for Indiana, the 19th state. Adopted 1917.
STATE NAME	The name Indiana means "land of the Indians." It was coined in 1800 when Congress carved the new state of Ohio from the Northwest Territory and designated the remaining vast area as the Indiana Territory. The territorial name was retained when Indiana became a state in 1816.
NICKNAME	Residents of Indiana have long been referred to as "Hoosiers," and according to the Indiana Historical Bureau, the term came into general usage in the 1830s as a result of a poem entitled "The Hoosiers Nest" by John Finley of Richmond. On January 8, 1933, John W. Davis offered "Hoosier State" as a toast at the Jackson Dinner. The origins of the actual word have been in debate for well over a century. The earliest written documentation of Hoosier was in 1827 in a diary quoted by Sandford Cox. The oral tradition goes back much earlier.

Source: Here Is Your Indiana Government, 2017-2018, Indiana Chamber of Commerce.

State of Indiana
County Facts

County Name	2017 Total Population	Area Sq. Miles	2017 County Road Miles	2017 Municipal Street Miles	2017 County Bridges
ADAMS	34,387	345	680.50	96.85	160
ALLEN	355,200	671	1,302.65	1,273.90	390
BARTHOLOMEW	76,418	402	682.33	279.72	202
BENTON	9,221	409	661.77	56.29	118
BLACKFORD	12,621	167	322.02	60.18	59
BOONE	66,038	427	753.25	265.42	189
BROWN	15,242	319	382.50	11.90	83
CARROLL	20,155	347	756.78	43.39	116
CASS	38,966	415	867.16	122.14	121
CLARK	110,232	384	464.58	419.36	141
CLAY	26,890	364	663.64	81.96	157
CLINTON	33,224	407	776.00	86.81	162
CRAWFORD	11,086	312	442.35	34.97	79
DAVIESS	31,648	430	790.09	111.48	125
DEARBORN	50,047	306	502.36	81.92	101
DECATUR	26,156	370	636.02	93.51	181
DEKALB	42,318	366	710.87	148.48	102
DELAWARE	117,874	396	785.17	462.00	194
DUBOIS	41,889	433	652.05	184.61	164
ELKHART	198,045	468	1,140.85	468.92	172
FAYETTE	24,201	215	377.07	64.76	86
FLOYD	74,578	149	347.44	183.40	87
FOUNTAIN	17,240	397	652.75	74.50	143
FRANKLIN	21,448	394	622.83	27.28	118
FULTON	20,836	368	778.18	54.51	57
GIBSON	33,503	498	950.52	137.62	252
GRANT	69,993	421	798.85	280.25	189
GREENE	33,165	549	870.42	103.91	161
HAMILTON	298,775	401	572.99	1,383.77	305
HANCOCK	67,627	305	648.64	194.83	157
HARRISON	38,991	479	825.67	36.59	74
HENDRICKS	145,423	417	775.24	482.24	240
HENRY	49,265	400	779.75	147.51	142
HOWARD	82,752	293	584.34	340.75	136
HUNTINGTON	37,572	369	673.33	124.13	114
JACKSON	42,376	520	731.88	132.46	183
JASPER	33,478	562	927.13	84.26	126
JAY	21,398	386	734.08	82.20	162
JEFFERSON	32,428	366	529.79	80.28	101
JENNINGS	28,525	377	666.57	44.20	128
JOHNSON	140,126	315	582.68	442.16	158
KNOX	38,440	516	870.53	172.91	206
KOSCIUSKO	76,872	540	1,171.81	200.54	108
LAGRANGE	37,657	381	783.24	41.69	57
LAKE	496,005	513	520.78	2,041.39	178
LAPORTE	111,467	607	1,029.09	356.09	119
LAWRENCE	46,134	459	658.46	132.07	127
MADISON	131,643	453	867.94	559.67	216
MARION	905,965	392	1,932.85	1,614.44	536
MARSHALL	47,051	443	911.08	128.06	116
MARTIN	10,334	345	371.48	31.30	45
MIAMI	37,175	377	785.20	87.29	127
MONROE	137,974	386	709.14	265.62	153
MONTGOMERY	38,124	507	831.46	94.88	172
MORGAN	68,894	406	686.75	124.82	140
NEWTON	14,244	413	659.62	41.73	122
NOBLE	47,007	412	811.54	112.67	64
OHIO	6,128	87	136.06	10.60	32
ORANGE	19,840	405	597.05	65.20	106
OWEN	21,575	390	623.83	24.09	111
PARKE	17,339	445	732.91	45.37	175
PERRY	19,338	384	485.77	62.60	99
PIKE	12,845	335	544.02	30.23	110
PORTER	164,343	425	790.73	514.93	127
POSEY	25,910	412	708.17	66.02	149
PULASKI	13,402	433	876.73	32.24	73
PUTNAM	37,963	490	751.19	89.03	221
RANDOLPH	25,967	457	856.64	83.35	217
RIPLEY	30,457	442	708.96	83.09	134
RUSH	17,468	409	748.21	38.65	194
SAINT JOSEPH	266,931	396	1,140.03	710.02	101
SCOTT	24,181	466	308.91	54.67	73
SHELBY	43,924	193	828.45	103.58	186
SPENCER	20,952	409	742.40	66.81	166
STARKE	23,363	310	674.50	57.26	58
STEUBEN	34,090	309	618.10	98.34	49
SULLIVAN	21,475	457	857.02	88.63	178
SWITZERLAND	10,613	221	354.77	11.18	41
TIPPECANOE	172,413	500	855.63	420.43	208
TIPTON	15,930	261	556.87	45.45	84
UNION	7,516	168	264.55	14.69	42
VANDERBURGH	179,703	241	569.83	547.02	157
VERMILLION	16,212	263	395.02	81.27	76
VIGO	107,848	415	835.88	367.98	188
WABASH	32,888	398	729.46	117.52	156
WARREN	8,508	368	546.76	23.92	94
WARRICK	59,689	391	754.46	91.91	114
WASHINGTON	28,262	561	764.36	65.13	114
WAYNE	68,917	405	687.22	255.40	233
WELLS	27,315	368	704.72	94.49	131
WHITE	24,643	497	906.55	77.86	165
WHITLEY	33,292	337	630.24	67.00	88
Total	6,517,583	36,117	65,290.06	19,496.55	13,071

Source: Association of Indiana Counties 2017 County Fact Book, Indiana Department of Transportation, United States Department of Commerce - Bureau of Census

State of Indiana
Demographic and Economic Statistics
Last Ten Calendar Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population										
State (in thousands)	6,380	6,425	6,459	6,491	6,516	6,538	6,569	6,595	6,613	6,633
Percentage change	0.7%	0.7%	0.5%	0.5%	0.4%	0.3%	0.5%	0.4%	0.3%	0.3%
National (in thousands)	301,231	304,094	306,772	309,348	311,663	313,998	316,205	318,563	320,897	323,128
Percentage change	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Total Personal Income										
State (in millions)	$ 215,099	$ 225,760	$ 220,157	$ 227,692	$ 242,798	$ 253,771	$ 257,170	$ 266,902	$ 276,730	$ 285,864
Percentage change	3.7%	5.0%	-2.5%	3.4%	6.6%	4.5%	1.3%	3.8%	3.7%	3.3%
National (in millions)	$ 11,995,419	$ 12,492,705	$ 12,079,444	$ 12,459,613	$ 13,233,436	$ 13,904,485	$ 14,068,960	$ 14,811,388	$ 15,547,661	$ 15,912,777
Percentage change	5.4%	4.1%	-3.3%	3.1%	6.2%	5.1%	1.2%	5.3%	5.0%	2.3%
Per Capita Personal Income										
State	$ 33,717	$ 35,139	$ 34,084	$ 35,081	$ 37,259	$ 38,816	$ 39,148	$ 40,469	$ 41,848	$ 43,097
Percentage change	3.0%	4.2%	-3.0%	2.9%	6.2%	4.2%	0.9%	3.4%	3.4%	3.0%
National	$ 39,821	$ 41,082	$ 39,376	$ 40,277	$ 42,461	$ 44,282	$ 44,493	$ 46,494	$ 48,451	$ 49,246
Percentage change	4.4%	3.2%	-4.2%	2.3%	5.4%	4.3%	0.5%	4.5%	4.2%	1.6%
Resident Civilian Labor Force and Employment										
Civilian labor force (in thousands)	3,208	3,232	3,194	3,175	3,182	3,170	3,191	3,227	3,272	3,327
Employed (in thousands)	3,061	3,042	2,865	2,845	2,892	2,906	2,947	3,035	3,114	3,180
Unemployed (in thousands)	147	190	329	330	290	264	244	192	158	147
Unemployment rate	4.6%	5.9%	10.3%	10.4%	9.1%	8.3%	7.6%	5.9%	4.8%	4.4%
State and Area Employment										
Goods-producing industries										
Mining and logging	6,800	6,700	6,500	6,600	6,900	6,800	7,100	7,200	6,500	6,200
Construction	149,800	134,700	114,700	116,900	124,200	124,400	121,500	124,400	130,000	128,800
Manufacturing	544,100	487,600	438,700	452,800	469,300	486,000	497,000	514,600	520,100	526,900
Subtotal goods-producing industries	700,700	629,000	559,900	576,300	600,400	617,200	625,600	646,200	656,600	661,900
Service-producing industries										
Transportation and utilities	133,900	130,200	123,500	127,200	130,400	133,900	136,300	138,200	143,100	147,900
Information	39,900	39,200	36,600	34,900	35,400	35,700	35,700	34,300	33,200	31,900
Financial activities	137,700	133,800	129,600	131,700	130,200	129,000	128,400	129,000	132,600	134,800
Wholesale trade	125,900	121,700	112,900	112,700	115,700	116,100	117,100	118,400	118,300	119,200
Retail trade	327,100	314,800	303,600	305,900	310,600	313,500	319,500	320,300	327,500	336,000
Professional and business services	291,900	276,000	267,600	283,800	293,100	300,100	318,900	329,600	333,500	337,300
Education and health services	402,000	414,500	417,600	420,400	426,400	436,800	438,000	442,900	457,000	470,000
Leisure and hospitality	283,300	283,000	272,500	275,200	280,000	288,200	292,500	297,300	304,000	310,200
Other services	117,700	117,500	114,100	115,500	116,800	119,800	124,600	125,500	126,300	128,800
State government	113,200	114,000	114,700	112,700	115,000	112,400	118,300	117,700	118,800	117,400
Federal government	37,300	37,800	39,200	38,800	38,000	37,600	36,300	36,600	37,300	37,900
Local government	282,700	285,000	283,400	275,100	278,400	272,100	271,500	271,900	270,900	275,300
Subtotal service-producing industries	2,292,600	2,267,500	2,215,300	2,233,900	2,270,000	2,295,200	2,337,100	2,361,700	2,402,500	2,446,700
Total Nonfarm Wage and Salary Employment	2,993,300	2,896,500	2,775,200	2,810,200	2,870,400	2,912,400	2,962,700	3,007,900	3,059,100	3,108,600

Sources: U.S. Department of Commerce - Bureau of Economic Analysis (BEA), U.S. Department of Labor - Bureau of Labor Statistics, and U.S. Census Bureau (via BEA data).

State of Indiana
Twenty Largest Indiana Public Companies
(ranked by 2015 revenue)

Ranking	Company	2015 Revenue in Millions	City
1	Anthem Inc.	$ 79,200	Indianapolis
2	Eli Lilly and Co.	20,000	Indianapolis
3	Cummins Inc.	19,100	Columbus
4	Steel Dynamics Inc.	7,600	Fort Wayne
5	Zimmer Biomet Holdings Inc.	6,000	Warsaw
6	Simon Property Group Inc.	5,300	Indianapolis
7	Berry Plastics Group Inc.	4,900	Evansville
8	NiSource Inc.	4,700	Merrillville
9	Calumet Specialty Products Partners LP/CLMT	4,200	Indianapolis
10	Thor Industries	4,000	Elkhart
11	CNO Financial Group Inc.	3,800	Carmel
12	KAR Auction Services Inc.	2,600	Carmel
13	Vectren Corp.	2,400	Evansville
14	Allegion PLC	2,100	Carmel
15	Allison Transmission Holdings Inc.	2,000	Indianapolis
15	HHGregg	2,000	Indianapolis
15	Wabash National Corp.	2,000	Lafayette
18	The Finish Line Inc.	1,900	Indianapolis
19	Hillenbrand Inc.	1,600	Batesville
20	Drew Industries Inc.	1,400	Elkhart

SOURCE: Indianapolis Business Journal, 2017 Book of Lists.

State of Indiana
Twenty Largest Indiana Private Companies
(Ranked by 2015 Revenue)

Ranking	Company	2015 Revenue (in millions)	City
1	Do It Best Corp.	$ 3,000	Fort Wayne
2	Petroleum Traders Corp.	2,800	Fort Wayne
3	Cook Group Inc.	2,300	Bloomington
4	OneAmerica Financial Partners, Inc.	2,000	Indianapolis
5	LDI Ltd. LLC	1,800	Indianapolis
6	Jayco Corp.	1,400	Middlebury
6	White Lodging Services Corp.	1,400	Merrillville
8	The Bob Rohrman Auto Group	1,100	Lafayette
8	Steel Warehouse Co. LLC	1,100	South Bend
10	CountryMark	1,000	Indianapolis
10	Koch Enterprises Inc.	1,000	Evansville
12	Co-Alliance LLP	864	Avon
13	Atlas World Group Inc.	845	Evansville
14	Indiana Farm Bureau Insurance--Property/Casualty & Life	839	Indianapolis
15	Telamon Corp.	805	Carmel
16	Elwood Staffing	804	Columbus
17	Ray Skillman Auto Centers	750	Indianapolis
18	USIC LLC	704	Indianapolis
19	Hoosier Energy Rural Electric Cooperative Inc.	673	Bloomington
20	Vertellus	657	Indianapolis

SOURCE: Indianapolis Business Journal, 2017 Book of Lists.

State of Indiana
Principal Employers
Current Year and Nine Years Ago

	2016			2007		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Wal-Mart Stores Inc.	38,992	1	1.27%	39,041	1	1.30%
U.S. Government	37,100	2	1.21%	34,515	3	1.15%
State of Indiana (1)	30,977	3	1.01%	34,521	2	1.15%
Indiana University Health	28,691	4	0.93%	N/A		
Indiana University	21,712	5	0.71%	15,790	5	0.53%
The Kroger Company	18,259	6	0.59%	8,478	10	0.28%
St. Vincent Health	15,285	7	0.50%	11,605	8	0.39%
Purdue University	14,558	8	0.47%	14,262	7	0.48%
Franciscan Alliance Inc.	12,873	9	0.42%	N/A		
Community Health Network	11,248	10	0.37%	6,696	11	0.22%
Eli Lilly and Co.	10,840	11	0.35%	15,125	6	0.50%
Cummins Inc.	9,600	12	0.31%	5,900	15	0.20%
Thor Industries	9,200	13	0.30%	N/A		
FedEx Corp	9,050	14	0.29%	5,500	16	0.18%
Amazon.com	9,000	15	0.29%	N/A		
ArcelorMittal	8,539	16	0.28%	N/A		
City of Indianapolis/Marion County	7,231	17	0.24%	11,314	9	0.38%
General Motors Corp.	7,094	18	0.23%	6,416	13	0.21%
Drew Industries Inc.	5,839	19	0.19%	N/A		
University of Notre Dame	5,538	20	0.18%	4,624	18	0.15%
Total	311,626		10.13%	213,787		7.13%

(1) Full time State employees paid through the Auditor of State's Office as of June 2016 and June 2007.
N/A = Not available

Sources: Indianapolis Business Journal, 2017 and 2008 Book of Lists; and Auditor of State payroll records.

State of Indiana
School Enrollment
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public School Enrollment, Grades K-12										
Elementary (KG through Grade 6)	548,157	549,182	550,468	551,803	554,421	555,344	557,983	557,257	556,228	556,622
Secondary (Grades 7 through 12)	481,034	477,886	478,186	479,581	476,685	475,457	477,455	476,516	477,879	478,820
Total, all grades	1,029,191	1,027,068	1,028,654	1,031,384	1,031,106	1,030,801	1,035,438	1,033,773	1,034,107	1,035,442
Public Higher Education Enrollment[1]										
Indiana University	83,141	86,424	85,540	85,373	84,786	82,671	83,228	82,830	81,261	77,178
Purdue University	55,351	56,476	56,645	56,701	57,284	58,704	59,186	59,526	60,241	57,891
Ball State University	19,014	18,771	18,231	18,255	18,340	18,831	19,526	19,965	19,202	18,247
Indiana State University	11,491	11,450	11,574	11,273	10,772	10,282	9,738	9,685	8,839	8,718
Ivy Tech Community College	40,324	42,708	45,065	49,727	56,024	58,719	65,957	67,588	63,351	50,104
University of Southern Indiana	8,182	8,137	7,668	7,822	8,215	8,740	9,031	8,971	8,789	8,438
Vincennes University	9,620	9,551	10,032	10,162	9,825	9,393	10,077	9,410	7,704	7,348
Total, public colleges and universities	227,122	233,516	234,755	239,313	245,246	247,340	256,743	257,975	249,387	227,924

[1] based on Fall full-time equivalent enrollment.

Sources: Indiana Commission for Higher Education (for Public Higher Education Enrollment); and Indiana Department of Education (for Grades K-12)

State of Indiana
Largest Indiana Private Colleges & Universities

(Ranked by Fall 2016 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2016 FTE Enrollment	Location
1	Indiana Wesleyan University	13,211	Marion
2	University of Notre Dame	12,179	Notre Dame
3	Indiana Tech	7,193	Fort Wayne
4	Butler University	6,283	Indianapolis
5	University of Indianapolis	5,383	Indianapolis
6	WGU Indiana	5,074	Indianapolis
7	Valparaiso University	4,200	Valparaiso
8	Marian University	3,182	Indianapolis
9	Harrison College	3,132	Indianapolis
10	Rose Hulman Institute of Technology	3,004	Terre Haute
11	University of Evansville	2,542	Evansville
12	Grace College	2,459	Winona
13	University of Saint Francis	2,371	Fort Wayne
14	Trine University	2,252	Angola
15	DePauw University	2,202	Greencastle
16	Taylor University	2,039	Upland
17	Anderson University	1,988	Anderson
18	Manchester University	1,584	North Manchester

SOURCE: Indianapolis Business Journal, 2017 Book of Lists

State of Indiana
Operating Indicators by Function of Government
Last Ten Fiscal Years

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government											
Department of Revenue											
Number of Tax Returns Filed Electronically	1	N/A	2,767,493	2,734,420	2,721,693	2,565,620	2,328,203	2,268,856	2,179,678	2,046,564	1,981,644
Number of Tax Returns Processed	1	N/A	3,257,836	3,328,805	3,353,918	3,254,314	3,140,076	3,094,479	2,966,371	2,946,873	3,061,394
Percent of Tax Returns Filed Electronically	1	N/A	84.9%	82.1%	81.1%	78.8%	74.1%	73.3%	73.5%	69.4%	64.7%
Number of Taxpayers Assisted - Walk-in	2, 3	64,986	77,184	65,414	102,120	12,969	18,748	21,784	23,752	24,853	13,787
Number of Taxpayers Assisted - Telephone	2	821,115	1,116,757	823,387	753,939	630,352	534,680	416,231	367,217	358,750	364,230
Number of Taxpayers Assisted - Total	2	886,101	1,193,941	888,801	856,059	643,321	553,428	438,015	390,969	383,603	378,017
Department of Administration											
Construction projects administered		48	50	53	43	33	67	38	72	79	105
Construction value excluding design fee (thousands)		$45,102	$44,200	$36,352	$27,613	$27,448	$31,161	$22,265	$25,585	$31,817	$53,977
Public Safety											
Department of Correction											
Department Active Personnel		5,935	6,121	6,074	6,094	6,256	6,198	6,064	6,768	7,071	7,417
Number of Adult Institutions		19	20	20	20	20	20	21	21	21	21
Incarcerated Offenders	4	25,731	25,993	27,693	29,329	29,156	28,378	28,307	29,278	29,314	27,412
Average Cost Per Diem		$57.39	$57.89	$54.43	$55.42	$55.19	$54.85	$54.53	$53.69	$54.28	$52.61
Contract Beds		263	307	301	341	333	399	294	167	317	225
Average Offender Age at Intake		33.0	33.0	32.9	33.6	32.7	32.7	32.6	32.5	32.4	32.4
Average Offender Age - Current		38.1	37.9	37.9	36.5	36.9	36.6	36.6	36.3	36.4	36.1
Supervised Offenders	5	7,577	8,865	9,596	9,689	10,385	9,581	10,606	9,037	8,383	11,138
State Police											
Active State Troopers		1,251	1,201	1,242	1,241	1,243	1,245	1,244	1,255	1,311	1,293
Number of Traffic Citations Issued		205,525	229,829	207,919	231,683	323,604	364,070	431,173	513,496	521,758	385,002
Number of Firearm Permits Issued		78,376	117,993	83,603	103,062	84,831	69,525	76,844	81,868	102,568	73,874
Number of Limited Criminal History Searches (fee)		346,657	325,802	324,612	294,152	247,458	270,547	255,845	243,130	254,309	271,922
Number of Limited Criminal History Searches (no fee)		519,751	533,172	442,088	424,537	396,197	390,912	370,857	371,964	407,318	362,069
Health											
Department of Health											
Number of Birth and Death Certificates Issued		76,696	79,076	41,454	34,012	42,076	49,208	61,884	46,236	49,420	52,300
Number of Adoption Records Received		4,363	3,936	3,936	3,904	1,831	3,402	2,186	N/A	N/A	N/A
Number of Marriage Records Received		43,382	49,157	44,143	44,841	41,301	48,756	39,586	32,000	18,270	35,770
Welfare											
FSSA											
Medicaid and Children's Health Insurance Program (CHIP) recipients		1,745,418	1,726,948	1,500,587	1,365,748	1,303,958	1,279,288	1,274,341	1,232,456	965,852	884,879
Temporary Assistant for Needy Families (TANF) recipients		14,801	16,832	19,290	22,396	28,285	37,591	63,278	119,957	124,765	127,267
Supplemental Nutritional Assistance Program (SNAP) recipients		654,722	720,822	814,959	879,342	924,180	908,511	882,716	823,818	684,280	607,989
Conservation, Culture, and Development											
Department of Natural Resources											
Hunting licenses sold		357,822	311,457	375,061	395,258	400,575	458,156	447,003	454,264	434,508	360,684
Fishing licenses sold		416,420	415,088	459,630	474,361	418,535	496,423	429,373	472,174	511,345	417,952
Trapping licenses sold		4,131	4,929	5,556	5,670	4,609	3,714	3,326	3,043	4,045	3,806
Transportation											
Department of Transportation											
Construction projects administered		455	545	528	487	379	425	443	819	467	480
Construction value excluding design fee (thousands)		$ 253,384	$ 299,045	$ 307,686	$ 262,629	$ 248,003	$ 282,352	$ 253,751	$ 479,562	$ 233,888	$ 195,062
Construction awarded amount (thousands)		$ 1,071,018	$ 1,000,398	$ 935,990	$ 954,516	$ 1,018,335	$ 996,806	$ 1,443,156	$ 1,410,254	$ 1,280,037	$ 1,067,548
Business-type activities											
Unemployment Insurance											
Number of payments made to claimants (thousands)		1,071	1,251	1,469	2,032	2,324	2,588	3,144	4,525	5,416	2,762
Percentage of unemployment		3.9%	4.3%	4.9%	5.9%	8.4%	8.7%	9.0%	10.0%	8.3%	5.9%

Notes:
1 Tax Year (January 1 - December 30)
2 Fiscal Year (July 1-June 30)
3 2014 through 2017 walk-ins assisted included the DoR's main, district, and motor carrier offices. Prior years included only the main office.
4 Includes inmates held in county jails and contract beds
5 Excludes Indiana parolees on parole in other states; includes other states parolees supervised by Indiana

Sources: Various state agencies.

State of Indiana
Capital Assets Statistics by Function of Government
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Function										
Conservation, Culture and Development										
Department of Natural Resources										
Acres of land (parks, lakes, etc.) owned	435,487	413,835	411,686	414,212	410,817	406,243	385,950	381,267	378,411	383,755
Number of state parks	24	24	24	24	24	24	24	24	24	24
Number of reservoirs	8	8	8	8	8	8	8	9	9	9
Number of state forests	15	15	15	16	16	15	16	15	16	16
Number of fish & wildlife areas	21	25	26	26	26	25	22	21	21	21
Number of dams	132	132	132	133	133	134	134	129	129	129
Number of vehicles	1,877	1,986	1,996	2,041	2,071	2,073	2,049	2,067	2,278	2,534
Number of watercraft, registered	735	746	799	822	901	899	899	879	928	1,435
Number of watercraft, non-registered	315	319	324	306	210	212	212	201	196	Unavailable
Education										
Department of Education										
Number of public schools, K-12	1,925	1,926	1,938	1,923	1,928	1,931	1,936	1,941	1,971	1,969
Number of non-public schools, K-12 *	309	308	301	301	304	294	293	304	309	298
Commission for Higher Education										
Number of public postsecondary institutions										
number of institutions	7	7	7	7	7	7	7	7	7	7
number of campuses	36	43	41	43	43	47	47	39	39	39
Number of private not-for-profit postsecondary institutions										
number of institutions	30	31	31	29	31	32	32	32	31	31
number of campuses	30	31	31	29	31	32	32	32	31	31
Number of private for profit postsecondary institutions **										
number of institutions	29	31	29	29	32	36	Unavailable	Unavailable	Unavailable	Unavailable
number of campuses	48	59	59	59	61	65	Unavailable	Unavailable	Unavailable	Unavailable
General Government										
Department of Administration										
Number of buildings	12	12	10	10	10	7	7	7	7	7
Number of fleet service vehicles ***	1,211	1,341	235	239	285	257	259	270	332	28
Number of aircraft	0	0	0	0	0	0	0	7	10	12
Public Safety										
Department of Correction										
Number of adult facilities	19	20	20	20	20	20	21	21	21	21
Number of juvenile facilities	4	4	4	4	4	5	6	6	7	7
Number of parole facilities	10	10	10	10	10	9	9	9	9	10
Number of vans	280	282	284	289	299	291	294	310	313	318
State Police										
Number of state police posts	14	14	14	14	14	14	14	17	18	18
Number of state police cars	1,797	1,699	1,728	1,937	2,080	1,931	1,847	1,807	1,792	1,844
Number of aircraft	3	3	3	5	6	6	6	0	0	0
Number of trailers	125	118	117	121	120	116	108	108	98	94
Transportation										
Department of Transportation										
Number of interstate miles	1,265	1,265	1,238	1,236	1,238	1,014	1,014	1,014	1,185	1,013
Number of non-interstate miles	9,937	9,944	9,947	9,933	9,930	10,127	10,095	9,942	10,014	10,170
Number of interstate and non-interstate total miles	11,202	11,209	11,185	11,169	11,168	11,141	11,109	10,956	11,199	11,183
Number of interstate bridges	1,433	1,432	1,381	1,392	1,377	1,264	1,263	1,256	1,260	1,267
Number of non-interstate bridges ****	4,324	4,317	4,308	4,233	4,081	4,056	4,049	3,977	3,954	3,965
Number of interstate and non-interstate total bridges	5,757	5,749	5,689	5,625	5,458	5,320	5,312	5,233	5,214	5,232
Acreage from excess land	11,339	11,513	7,165	5,974	6,022	5,879	5,216	4,810	3,270	1,922
Acreage from fixed assets	2,269	2,278	2,262	2,243	2,262	2,298	2,286	2,289	2,343	2,232
Total acres of land owned	13,608	13,791	9,427	8,217	8,284	8,177	7,502	7,099	5,613	4,154
Number of heavy equipment owned	3,457	3,259	3,186	3,101	2,827	2,902	2,864	2,777	2,749	2,675
Welfare										
Family and Social Services Administration										
Number of hospitals owned	6	6	6	6	6	6	6	6	6	6
Health										
Indiana State Department of Health										
Number of pieces of laboratory equipment	720	751	751	749	757	742	777	751	631	535

Noted: * Includes only the accredited and freeway schools.
**** Institutions authorized through the Board for Proprietary Education, which is administered through ICHE; the list includes eight not-for-profit institutions**
***** Increases since 2016 due to policy change requiring vehicle purchases to be made through the Department of Administration**
****** Total for the 2016 non-interstate bridges is corrected from the prior year's report.**

Sources: Various state agencies.

Full Time State Employees Paid Through The Auditor of State's Office

Function of Government	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008
General Government	4,821	4,828	4,854	4,872	4,937	4,901	5,152	5,323	5,551	5,317
Public Safety	10,399	10,453	10,478	10,666	10,936	11,162	10,893	11,376	11,975	12,484
Health	745	744	773	783	794	783	802	835	932	1,495
Welfare	7,867	7,852	7,608	7,392	7,037	6,907	6,858	7,302	7,508	7,551
Conservation, Culture and Development	3,033	3,090	3,192	3,272	3,366	3,275	3,251	3,290	3,481	3,507
Education	606	620	619	641	532	550	706	766	671	760
Transportation	3,417	3,390	3,325	3,346	3,532	3,685	3,668	3,909	4,046	4,508
Totals	30,888	30,977	30,849	30,972	31,134	31,263	31,330	32,801	34,164	35,622
G - Governor's Authority	28,286	28,315	28,157	28,279	28,398	28,485	28,472	29,911	31,254	32,606
J - Judiciary	894	886	865	845	831	835	830	846	835	811
O - Other Elected Officials	1,062	1,107	1,083	1,065	1,049	1,049	1,067	1,056	1,093	1,139
D - Disability Leave - in pay status	425	419	455	471	511	545	610	647	624	727
D2 - Disability Leave - in non-pay status	221	250	289	312	345	349	351	341	358	339
Total	30,888	30,977	30,849	30,972	31,134	31,263	31,330	32,801	34,164	35,622

Employees Other Than Full Time Paid Through The Auditor of State's Office

Function of Government	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008
General Government	180	209	185	182	173	150	138	152	196	340
Public Safety	159	169	141	410	260	296	1,168	292	365	1,993
Health	1	2	1	1	3	-	-	-	6	107
Welfare	298	300	295	319	35	349	313	351	384	401
Conservation, Culture and Development	1,546	1,462	1,433	1,511	1,480	1,492	1,557	1,142	2,942	1,756
Education	155	174	133	127	105	109	112	110	160	183
Transportation	138	110	66	64	154	170	102	86	105	224
Totals	**2,477**	**2,426**	**2,254**	**2,614**	**2,210**	**2,566**	**3,390**	**2,133**	**4,158**	**5,004**
G - Governor's Authority	**2,387**	**2,312**	**2,135**	**2,502**	**2,103**	**2,476**	**3,292**	**2,036**	**4,015**	**4,731**
J - Judiciary	**19**	**22**	**25**	**25**	**17**	**18**	**15**	**12**	**11**	**158**
O - Other Elected Officials	**71**	**92**	**94**	**87**	**90**	**72**	**83**	**85**	**131**	**110**
D - Disability Leave - in pay status	-	-	-	-	-	-	-	-	-	**4**
D2 - Disability Leave - in non-pay status	-	-	-	-	-	-	-	-	**1**	**1**
Total	**2,477**	**2,426**	**2,254**	**2,614**	**2,210**	**2,566**	**3,390**	**2,133**	**4,158**	**5,004**

Pension, Death Benefits, and Former Governors
Number of People Paid Through The Auditor of State's Office

Category	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008
Governor's Widows	3	3	2	2	2	1	1	1	2	2
Death Benefits (Police)	23	25	26	28	30	30	31	33	31	31
Former Governors	2	2	3	3	2	3	3	2	2	2
Police Pension	1,617	1,622	1,617	1,584	1,622	1,550	1,536	1,531	1,499	1,490
Total	**1,645**	**1,652**	**1,648**	**1,617**	**1,656**	**1,584**	**1,571**	**1,567**	**1,534**	**1,525**