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INDIANA

<u>*Comprehensive Annual Financial Report*</u>
For Fiscal Year Ended June 30, 2014

Michael R. Pence, Governor

Prepared by the Office of
Indiana Auditor of State

Suzanne Crouch

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

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03/26/2015

STATE OF INDIANA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Michael R. Pence, Governor

Prepared by:

The Office of the Auditor of State
Suzanne Crouch
Auditor of State
Room 240
State House
Indianapolis, Indiana 46204

Acknowledgments

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We extend special thanks to Stacey Halvorsen, CPA, and all employees of State agencies throughout Indiana. Your cooperation and assistance in the preparation of this Comprehensive Annual Financial Report has been invaluable.

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

Appointed as Indiana's 56th State Auditor in January of 2014, Suzanne Crouch serves as the Chief Financial Officer for the State of Indiana. Auditor Crouch is a committed fiscal conservative who keeps taxpayers first, recognizing that each tax dollar is closely linked to the hard working Hoosier who earned it.

Before becoming Auditor, Crouch served as the State Representative for House District 78 which encompasses parts of Vanderburgh and Warrick Counties. She was elected to the seat in 2005, and served as the Vice Chairman of the Ways and Means Committee and on the Public Health Committee. While in the House, Crouch had several legislative accomplishments. She received the 2012 Public Policy Award from the Arc of Indiana for her work with people with disabilities and was named Legislator of the Year in 2011 by the Indiana Association of Rehabilitation Facilities.

Prior to serving in the House of Representatives, Crouch spent eight years as Auditor of Vanderburgh County, holding office from 1995-2002. During that time, her office received its first clean bill of health in decades from the State Board of Accounts. Crouch then went on to serve as a Vanderburgh County Commissioner until joining the House. She presided as president of that body during her third year in office.

As the State Auditor, Crouch will continue the long legacy of transparency and accountability demonstrated by the Indiana State Auditor's Office. The State's Comprehensive Annual Financial Report was awarded its 21st consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association during her first year in office. The State's Transparency Portal website also received the No. 1 ranking in the nation from the U.S. Public Interest Research Group, giving the public access to information showing the State's contracts, subsidies, expenditures and revenue.

Suzanne Crouch
Indiana Auditor of State

Suzanne and her husband Larry Downs have been married for 36 years. They have one daughter, Courtney, who resides in Florida and was recently married. Larry is a partner at Kahn, Dees, Donovan & Kahn, LLP in Evansville and has been practicing law for more than 40 years. Suzanne holds a degree in Political Science from Purdue University.

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
1998-2007	Connie K. Nass	Republican
2007-2013	Tim Berry	Republican
2013-2013	Dwayne Sawyer	Republican
2014-	Suzanne Crouch	Republican

STATE OF INDIANA

Comprehensive Annual Financial Report
For the Year Ended
June 30, 2014

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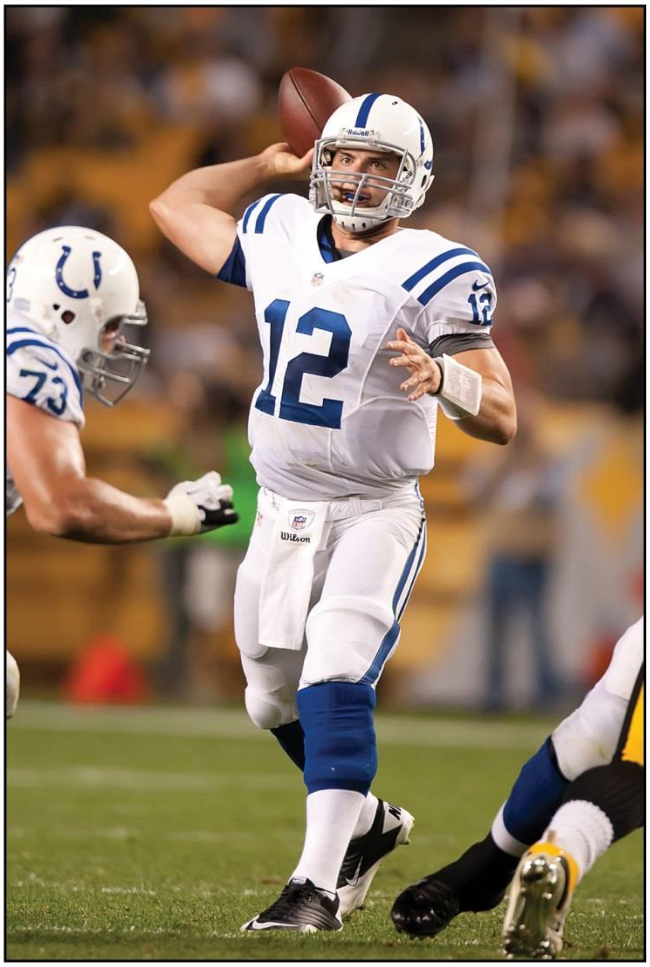

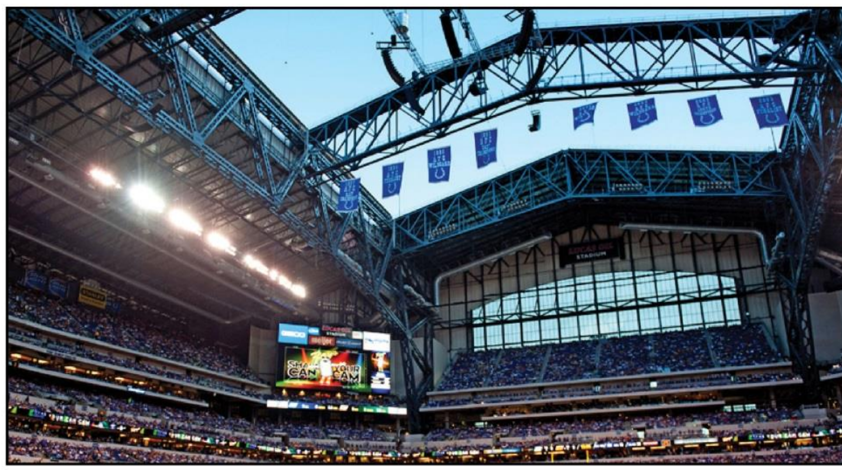

Photos used with permission of Indianapolis Colts

Indiana Football

Professional football came to Indianapolis on March 28, 1984, when Colts Owner Robert Irsay moved the historic NFL franchise from Baltimore to Indianapolis.

The Colts franchise was originally established in December 1946 when the bankrupt Miami Seahawks were purchased and relocated to Baltimore by a group headed by Bob Rodenberg and renamed the Colts. When the All American Football Conference and the National Football League (NFL) merged in 1950, the Colts joined the NFL. After posting a 1-11 record for the second consecutive year, the franchise was dissolved by the league in January 1951 because of its failing financial condition. In 1953, the NFL's Dallas Texans franchise was moved to Baltimore where, keeping the "Colts" nickname, the Texans team colors of blue and white were inherited.

Before their first NFL season, the "new" Baltimore Colts engineered one of the biggest trades in sports history. In a deal with Cleveland involving 15 players, Baltimore received 10 Browns in exchange for five Colts. These players, along with new Head Coach Weeb Ewbank, guided the Colts to two conference and NFL championships.

After the Colts moved to Indianapolis in 1984, they continued their top-notch performance through a succession of coaches and owners. In 57 years of National Football League competition, the Colts have achieved a 460-409-7 record, including four World Championships,18 Conference or Divisional titles and one Super Bowl.


SEAL OF THE STATE OF INDIANA
1816

AUDITOR OF STATE

Suzanne Crouch

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http://www.in.gov/itp

December 30, 2014

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

We are proud to present the Comprehensive Annual Financial Report (CAFR) for the State of Indiana's fiscal year ended June 30, 2014.

This Comprehensive Annual Financial Report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board. While management remains primarily and ultimately responsible for the contents and presentation of this report, 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 and are obligated to verify postings. We believe 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.

State statute requires an annual audit by the Indiana State Board of Accounts. The Board is considered by federal and state government to be independent auditors. The Independent Auditor's Report on the financial statements is included in the financial section of this report and in the Statewide 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 provides for two types of statements, government-wide and fund statements. The government-wide statements are very similar to the private sector's statements, using 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 like 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. It is presented before the basic financial statements. We encourage you to read it to get an in-depth analysis of the State of Indiana's finances.

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 6,516,922 which makes Indiana the nation's 15th largest State. The State is 78.4% urban and 21.6% rural. 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 not prohibited by the State Constitution and not in conflict with Federal laws and powers. 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, 313 Trial Courts (including Circuit Courts), and one Tax Court.

The 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 2013 Gross Domestic Product of $294.2 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 GDP growth was the manufacturing sector, which accounted for 30.0% of Indiana's GDP in 2013. The nondurable goods subset of the manufacturing sector was the biggest cause of Indiana's GDP growth in 2013.

In 2013, the manufacturing sector accounted for nearly 16.7% 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 12.7% in 2013. Per capita personal income was $38,622 and the State's unemployment rate averaged 7.5% in 2013.

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 0.20% for the fiscal year ended June 30, 2014. The average yield on the total investment of all funds, except for pension trust funds, was 0.50% for the fiscal year ended June 30, 2014. 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 $9.6 billion at June 30, 2014.

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 Department of Government Efficiency and Financial Planning, the Department of Local Government Finance, the Board of Tax Review, Office of Technology, the Office of State Based Initiatives, the Department of Revenue, the State Budget Agency, the Indiana Public Retirement System, and the Indiana Finance Authority.

In June 2014, Indiana closed the books with $2.005 billion in reserves, and a structurally balanced budget. Reducing general fund spending has enabled Indiana to not only 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.

Indiana is one of eleven 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.

The State of Indiana launched a new statewide accounting system in September 2009. The transition to the new system included a significant enhancement of internal controls, the implementation of a uniform chart of accounts, and the conversion of all financial data from the prior system into the new system. In addition to a successful go-live in September 2009, the state completed an upgrade in the spring of 2012 and again had a timely closing of the books in July 2014.

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.

In 2008, the Pew Center on the States and *Governing* magazine released a report from the Government Performance Project assessing the quality of management in the 50 states. In this report, Indiana was highlighted as having "moved into fiscal balance by going beyond one-time budget fixes" and for having a four-year horizon to make fiscal decisions.

Major Initiatives

K-12 Education – Funding for elementary and secondary education is the State's largest operating expense. Prior to January 1, 2003, the State provided approximately 66% of school corporations' general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State provided approximately 85% of the school corporations' general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the State assumed responsibility for the local share of tuition support and provides 100% of the tuition support for school corporation general funds beginning in January 2009.

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 for Fiscal Year 2014 totaled $6,644.5 million. This includes a distribution of $21.7 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 for Fiscal Year 2014 were $1,453.0 million. Appropriations for higher education include university operating, university fee-replaced debt service, university line items, other higher education line items, university repair and rehabilitation, university capital projects, and State student aid.

Since Fiscal Year 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 $672.3 million for Fiscal Year 2013 and $659.6 million for Fiscal Year 2014. Fiscal Year 2013 expenses include over $40.6 million that was set aside for bond defeasance that occurred in Fiscal Year 2014.

Offender population is the most significant driver of corrections expenditures. The total offender population, including those in jail and contract beds, increased to 29,638 in Fiscal Year 2014 – up 1.8% from 29,103 in Fiscal Year 2013.

Transportation – As a result of the Major Moves program, Indiana has seen record construction, as the Indiana Department of Transportation (INDOT) is executing the $12 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, $200 million was appropriated from the General Fund for highway capacity enhancements in FY 2014.

For a seventh consecutive year, state and federal program expenditures for engineering, right-of-way, construction, and maintenance exceeded one billion dollars. Actual FY 2014 expenditures and obligations were $1.01 billion.

Conservation and Environment - In FY 2014, 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 11,800 acres along the Muscatatuck River and Wabash River corridors. Land acquisition efforts will continue for years into the future.

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 2014, 71 BNT projects had been approved and 28 have been completed.

Health and Human Services – Medicaid is a state/federal shared fiscal responsibility with the State supporting 33.08% of the total program through a combination of State General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining 66.92%. The federal share increased during Fiscal Years 2009, 2010, and 2011 as a result of ARRA. In Fiscal Years 2011, 2012 and 2013, State General Fund Medicaid expenditures totaled $1,436.0 million, $1,856.4 million, and $2,023.5 million respectively. For Fiscal Year 2014, State General Fund Medicaid expenditures totaled $1,975.1 million. Enrollment was estimated to be 1,064,689 at the end of Fiscal Year 2014 and is expected to reach 1,207,692 by the end of Fiscal Year 2015 (these figures exclude the Children's Health Insurance Program and the Healthy Indiana Program). Indiana's base federal reimbursement rate equaled 66.96% for the first quarter of Fiscal Year 2013, 67.16% for the remaining three quarters of Fiscal Year 2013 and the first quarter of Fiscal Year 2014, and 66.92% for the remaining three quarters of Fiscal Year 2014.

Indiana is working with the federal government to replace the traditional Medicaid program for non-disabled adults by expanding the Healthy Indiana Plan (HIP) for 2015. HIP 2.0 is expected to provide healthcare coverage to over 450,000 Hoosiers within the next 5 years. The expanded program 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 eighth 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. This trending is important because research among child-advocate experts has shown that placing children in the least restrictive, most family-like setting produces the best outcomes for children and families and, consequently, is more cost effective.

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 33% from 2009 to 2014, up from 109,489 in 2012 to 145,611 in FY 2014.

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 2014, Indiana received several accolades for its business environment. This includes ranking 1st in the Midwest and 6th in the nation in Chief Executive magazine's annual "Best & Worst States" survey (May 2014), , 1st in the Midwest and 7th in the nation as the best place to do business in the

Pollina Corporate Top 10 Pro-Business States for 2014 study (Aug. 2014), and best in the Midwest and 7th overall in Area Development magazine's "Top States for Doing Business" study (Sept. 2014).

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 total amount of excess reserves at the end of FY 2012 was $721.28 million, with $360.64 million going to specified pension plans and an equal amount set aside for taxpayer refunds. The remaining $360.64 million was issued as refundable tax credits to eligible taxpayers on their 2012 tax returns filed beginning January 1, 2013. For FY 2013, the amount of reserves needed to trigger a transfer was changed to 12.5% of FY 2014 appropriations plus $50 million, but reserves did not meet that threshold. No calculation of excess reserve was required at the end of FY 2014.

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 2014. 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 retiree who retires prior to June 30, 2017.

Awards and Acknowledgements

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 for the fiscal year ended June 30, 2013. This was the twenty-first 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 comprehensive annual financial report. 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 only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Sincerely,

Suzanne Crouch

Suzanne Crouch
Auditor of State
State of Indiana

Christopher D. Atkins
Director
Office of Management and Budget

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

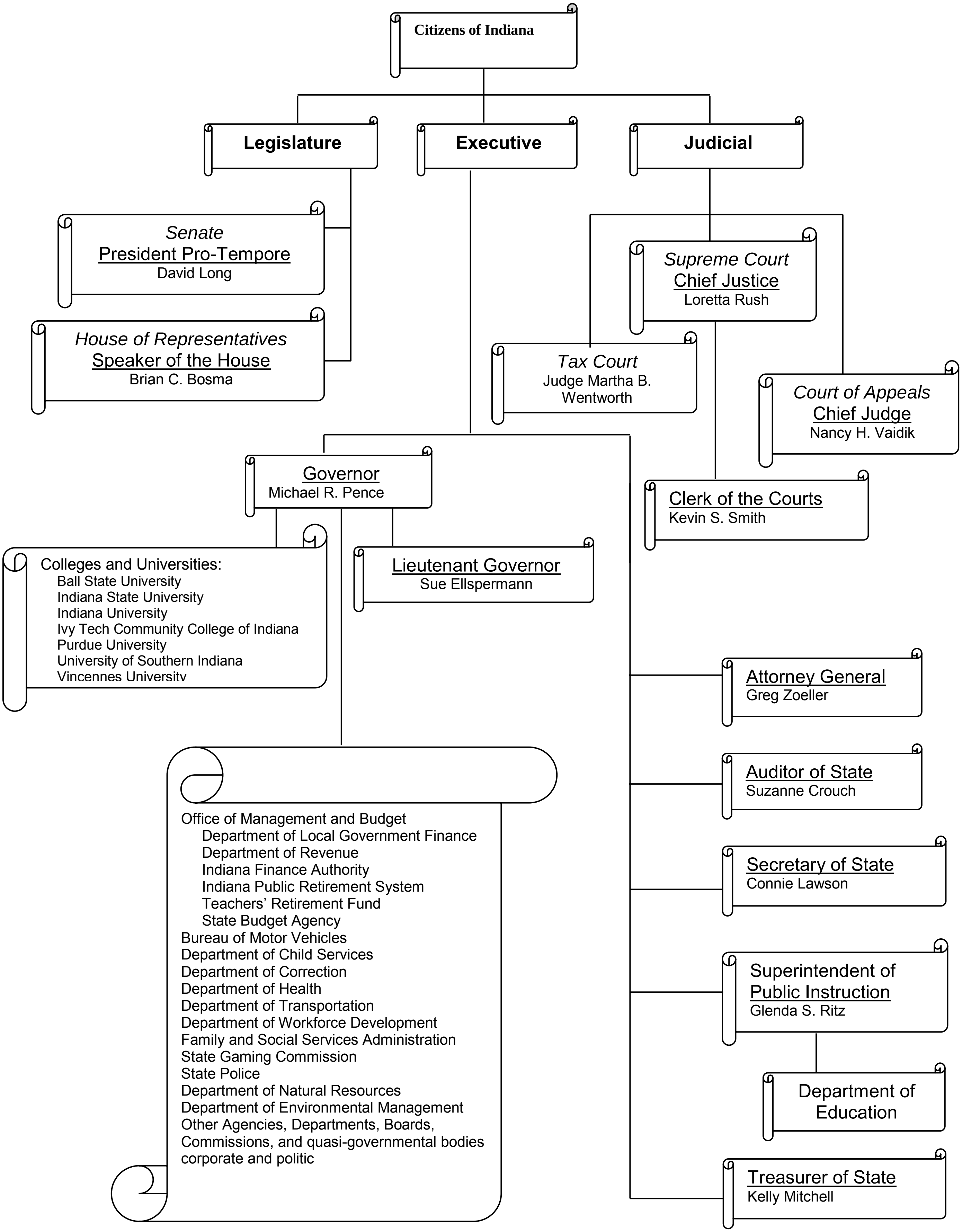
Presented to

State of Indiana

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO


Citizens of Indiana
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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
Kevin S. Smith
Governor
Michael R. Pence
Lieutenant Governor
Sue Ellspermann
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
Indiana Finance Authority
Indiana Public Retirement System
Teachers' Retirement Fund
State Budget Agency
Bureau of Motor Vehicles
Department of Child Services
Department of Correction
Department of Health
Department of Transportation
Department of Workforce Development
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Greg Zoeller
Auditor of State
Suzanne Crouch
Secretary of State
Connie Lawson
Superintendent of Public Instruction
Glenda S. Ritz
Department of Education
Treasurer of State
Kelly Mitchell

Financial Section

Comprehensive Annual Financial Report

Photos used with permission of Pacers Sports & Entertainment

Indiana Basketball

Professional basketball came to Indianapolis in 1967 when eight businessmen invested a few thousand dollars apiece to create the Indiana Pacers franchise as a charter member of the American Basketball Association (ABA). The nickname "Pacers" was decided on through a collective decision of the original investors. It was a combination of the state's rich history with the harness racing pacers and the pace car used for the running of the Indianapolis 500.

The Pacers became a member of the National Basketball Association (NBA) in 1976 as a result of the ABA-NBA merger. They originally played in the Indiana State Fairgrounds Coliseum, but moved to the Market Square Arena in downtown Indianapolis in 1974 where they stayed for 25 years. They moved to Bakers Life Fieldhouse in 1999 where they currently reside.

Over the years the Pacers have been home to a number of top talent including five Hall of Fame members: Reggie Miller, Chris Mullin, Alex English, Mel Daniels and Roger Brown. The team won three championships while in the ABA and eight division titles so far in the NBA. They were also the Eastern Conference champions in 2000.

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: The Honorable Michael R. Pence
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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of Indiana'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 represent 100% of the assets, net position, and revenues of the Investment Trust Fund. We also did not audit certain component units of the State of Indiana, as discussed in Note I(A), which represent 34.9%, 27.1%, and 10%, respectively, of the assets, net position, and revenues of the colleges and universities, 100% of the assets, net position, and revenues of the governmental discretely presented component unit, and 99.1%, 98.1%, and 98.7%, respectively, of the assets, net position, and revenues of the proprietary discretely presented component units. We also did not audit the financial statements of the Indiana Public Retirement System, reported as a Fiduciary in Nature Component Unit, as discussed in Note I(A), which represent 97.9%, 97.4%, and 97.4%, 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 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 of material misstatement. The financial statements of the Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, 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 entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 of Indiana as of June 30, 2014, 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 Discussion and Analysis, Schedules of Funding Progress for Employee Retirement Systems and Plans and Other Postemployment Benefit Plans, Schedule of Contributions for the State Police Retirement Fund, Schedule of Employer Contributions for Other Postemployment Benefits, Schedule of Changes in the State Police Retirement Fund's Net Pension Liability and Related Ratios, Schedule of Investment Returns for the State Police Retirement Fund, Budgetary Information and Comparison Schedule for the General Fund and Major Special Revenue Funds, and the Infrastructure Condition Rating and Needed-to-Actual Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's basic financial statements. The combining and individual non-major and discretely presented component unit fund statements, budgetary comparison schedules for other governmental funds, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The combining and individual non-major and discretely presented component unit fund statements and budgetary comparison schedules for other governmental 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. In our opinion, based on our audit, the procedures as described above, and the report of the other auditors, the individual and combining fund statements of non-major governmental and proprietary funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units, and the budgetary comparison schedules for other governmental 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 30, 2014, on our consideration of the State of Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Indiana's internal control over financial reporting and compliance.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

December 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF INDIANA
Management's Discussion and Analysis
June 30, 2014

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, 2014. 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) in the Notes to the Financial Statements, fiscal year (FY) 2013 numbers have been restated.

Financial Highlights

- For FY 2014, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by $19.7 billion. This compares with $18.5 billion for FY 2013, as restated. Of this amount, $4.8 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1.3 billion, or 11.1% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of $14.2 billion, which are offset by general revenues totaling $15.4 billion, giving an increase in net position of $1.2 billion.
- General revenue for the primary government increased by $0.3 billion, or 1.7%, from FY 2013. Sales tax revenues increased by $150.4 million and individual and corporate income tax revenue increased $440.8 million indicating the Indiana economy continued to recover from the recession.
- Combined budget balances for FY 2014 were $2,005.3 million. The balance of $2,005.3 million consists of $1,036.4 in the General Fund, $445.0 million in the Medicaid Contingency Reserve Fund, $150.0 million in the Tuition Reserve Fund, and $373.9 million in the Rainy Day Fund.
- $2,005.3 million represents 13.3% of the General Fund appropriations for FY 2015. These reserve balances will protect the state's critical operations during the next economic downturn.
- Indiana is one of only nine states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Standard & Poor's Ratings Service (S&P), the rating "reflects the state's continued strong management that has led to the property tax reform that has realigned state and local spending and is not expected to impact the state's long-term financial performance. As well, the state's commitment to attract diverse jobs through its economic development efforts has translated into a shift away from traditional manufacturing employment." The report said the administration has made significant financial management changes and strengthened budgeting practices.

Key Economic Indicators

	Dec. 31, 2013	Dec. 31, 2012	% Change
Total Employed Labor Force	3,160,697	3,157,751	0.1%
Total Goods and Service Employment	2,980,600	2,942,800	1.3%
Service-Providing Employment	2,355,700	2,325,500	1.3%
Goods-Producing Employment	624,900	617,300	1.2%
Unemployment Rate	6.3%	8.1%	-22.2%
Median Household Income	47,529	46,974	1.2%

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

Salaries and benefits for State employees represent approximately 8.0% 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
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
2007	31,524	772	1,123	789	313	34,521
2006	31,822	753	1,102	941	279	34,897
2005	34,673	743	1,058	1,077	269	37,820

For more information on personnel paid through the Auditor of State’s Office, 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's 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, the Indiana Residual Malpractice Insurance Authority , and the Wabash Memorial Bridge Fund 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 payable and net pension obligations 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**	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 11,952.6	$ 10,852.8	$ 201.9	$ 237.1	$ 12,154.5	$ 11,089.9
Capital assets	14,982.4	14,456.3	0.5	0.7	14,982.9	14,457.0
Total assets	26,935.0	25,309.1	202.4	237.8	27,137.4	25,546.9
Current liabilities	3,771.7	2,898.4	974.4	1,421.7	4,746.1	4,320.1
Long-term liabilities	2,649.8	2,671.1	29.0	29.1	2,678.8	2,700.2
Total liabilities	6,421.5	5,569.5	1,003.4	1,450.8	7,424.9	7,020.3
Net position:						
Net investment in capital assets	13,873.8	13,303.4	0.5	0.7	13,874.3	13,304.1
Restricted	1,000.3	961.1	-	-	1,000.3	961.1
Unrestricted	5,639.4	5,475.1	(801.5)	(1,213.7)	4,837.9	4,261.4
Total net position	$ 20,513.5	$ 19,739.6	$ (801.0)	$ (1,213.0)	$ 19,712.5	$ 18,526.6

At the end of the current fiscal year, net position for the primary government was $19.7 billion as compared to $18.5 billion in 2013. There was an increase of $1.2 billion.

Current and other assets increased by $1.1 billion with increases in securities lending collateral making up the bulk of this. Statutory automatic taxpayer refunds of $360.6 million expired in FY 2014 leaving more cash on hand.

Capital assets increased by $525.9 million. The principal reason for the increase in capital assets was the increase in land and infrastructure at the Indiana Department of Transportation of $658.6 million primarily due to the State's Major Moves initiative.

Total liabilities increased by $404.6 million. This increase is due to increases in securities lending collateral of $717.7 million and accounts payables of $82.7 million. These increases are partially offset by the reduction of the amount due to the federal government for unemployment compensation benefits of $454.7 million.

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	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	$ 2,418.4	$ 2,227.9	$ 976.7	$ 857.0	$ 3,395.1	$ 3,084.9
Operating grants and contributions	10,393.2	10,336.0	135.0	668.8	10,528.2	11,004.8
Capital grants and contributions	1,180.1	1,270.8	0.2	0.1	1,180.3	1,270.9
General revenues:						
Individual and corporate income taxes	5,811.8	5,371.0	-	-	5,811.8	5,371.0
Sales taxes	6,995.7	6,845.3	-	-	6,995.7	6,845.3
Other	2,580.4	2,917.0	1.1	-	2,581.5	2,917.0
Total revenues	29,379.6	28,968.0	1,113.0	1,525.9	30,492.6	30,493.9
Program Expense						
General government	1,449.9	1,473.9	-	-	1,449.9	1,473.9
Public safety	1,425.3	1,525.5	-	-	1,425.3	1,525.5
Health	350.6	409.1	-	-	350.6	409.1
Welfare	12,493.3	12,557.8	-	-	12,493.3	12,557.8
Conservation, culture and development	523.5	536.6	-	-	523.5	536.6
Education	10,568.1	10,136.6	-	-	10,568.1	10,136.6
Transportation	1,797.7	1,809.7	-	-	1,797.7	1,809.7
Interest expense	-	0.2	-	-	-	0.2
Unemployment compensation fund	-	-	674.8	1,160.6	674.8	1,160.6
Other	-	-	23.5	24.7	23.5	24.7
Total expenses	28,608.4	28,449.4	698.3	1,185.3	29,306.7	29,634.7
Excess (deficiency) before transfers	771.2	518.6	414.7	340.6	1,185.9	859.2
Transfers	2.7	2.8	(2.7)	(2.8)	-	-
Change in net position	773.9	521.4	412.0	337.8	1,185.9	859.2
Beginning net position, as restated	19,739.6	19,218.2	(1,213.0)	(1,550.8)	18,526.6	17,667.4
Ending net position	$ 20,513.5	$ 19,739.6	$ (801.0)	$ (1,213.0)	$ 19,712.5	$ 18,526.6

Governmental Activities

Program expenses exceeded program revenues by $14.6 billion. General revenues and transfers were $15.4 billion. The increase in net position was $0.8 billion, which is 2.6% of total revenues and 2.7% of total expenses.

The increase to excess (deficiency) before transfers was $252.6 million.

Revenues increased mainly because of the increase in general revenues from individual and corporate income taxes and sales taxes. Individual income taxes increased $440.8 million in FY 2014 due to the expiration of the automatic taxpayer rebate program of FY 2013. Also contributing to the increase in revenues was the increase in sales tax revenues of $150.4 million. These increases were partially offset by a decrease in gaming tax revenues of $107.3 million due to increased competition from surrounding states. In addition, inheritance tax revenues decreased $104.7 million as this tax is being eliminated.

Expenses increased overall by $159.0 million or 0.6%.

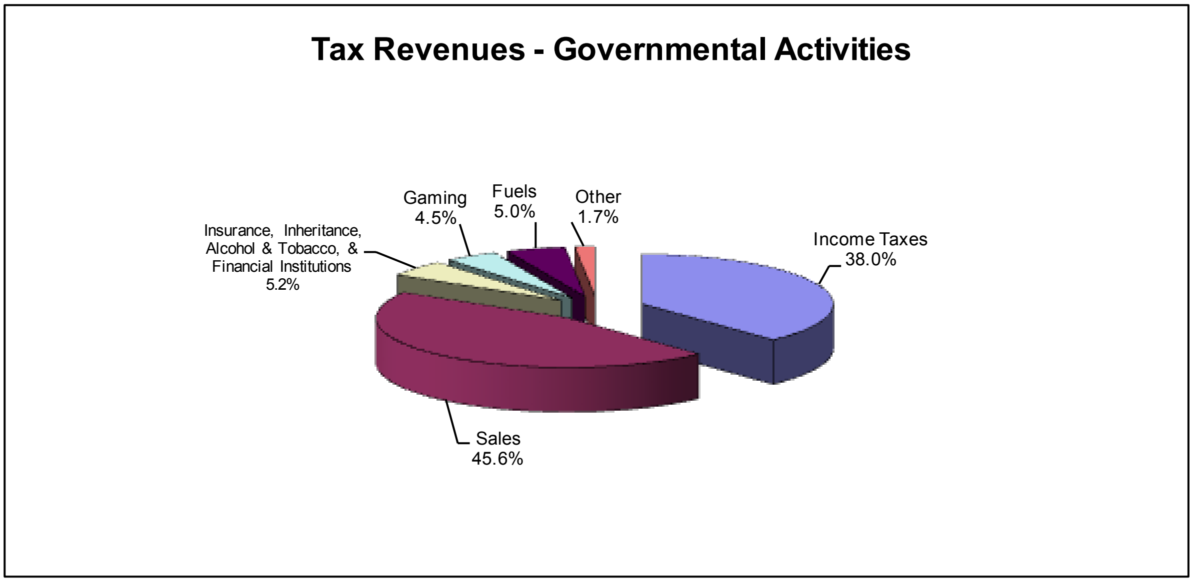
Education expenditures increased $431.5 million because the State increased its funding to schools for tuition support and full day kindergarten.

Welfare expenses decreased by $64.6 million primarily due to decreases in State funding for the DCS Family and Children Fund.

Public safety expenditures decreased by $100.1 million. The majority of this decrease is due to the settlement of a specific malpractice claim in FY 2013 from the Patients Compensation Fund.

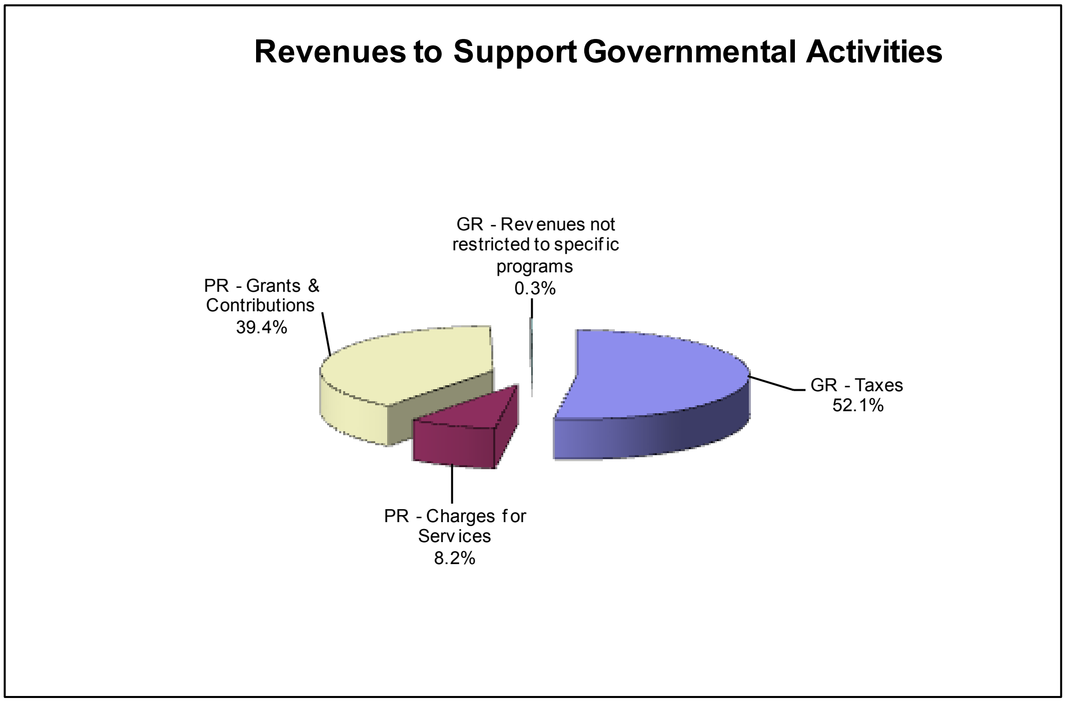
Health expenditures decreased $58.2 million due to decreases in spending in the Indiana State Department of Health's Federal Department of Agriculture and Health and Human Services Funds of $19.7 million, Indiana Check-up Plan of $11.8 million, and Tobacco Use Prevention and Cessation Fund of $5.7 million.

Tax revenues for governmental activities were broken down as follows:



Tax revenues of $15.3 billion represent 52.1% of total revenues for governmental activities. This compares to $15.0 billion or 51.9% of total revenues in FY 2013. Program revenues accounted for $14.0 billion or 47.6% of total revenues. In FY 2013, program revenues accounted for $13.8 billion or 47.8% of total revenues. General revenues other than tax revenues were $81.4 million or 0.3% of total revenues. Of this $19.8 million were investment earnings. This compares to 2013, when general revenues other than taxes were $89.7 million or 0.3% of total revenues and $28.0 million was investment earnings. Investment earnings decreased by $8.2 million from FY 2013 to FY 2014 or 29.4% due to slightly lower interest rates.

Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

Total revenues were 102.7% of expenses which was an increase from 101.8% in FY 2013. Total revenues increased 1.4% from $29.0 billion in FY 2013 to $29.4 billion in FY 2014. Expenses grew 0.7% from $28.4 billion in FY 2013 to $28.6 billion in FY 2014.

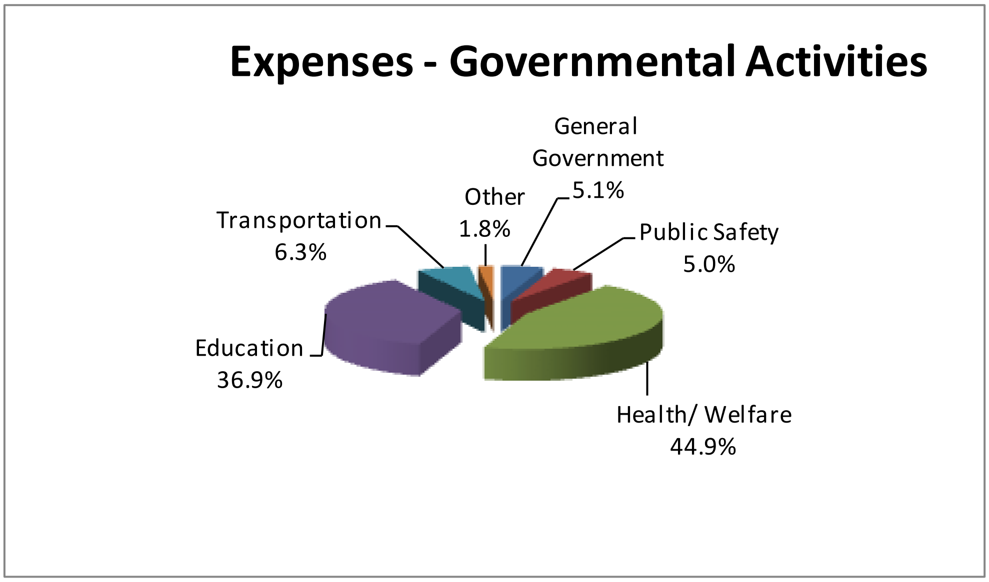
The largest portion of the State's expenses is for Welfare, which is $12.5 billion, or 43.7% of total expenses. This compares with $12.6 billion, or 44.1% of total expenses in FY 2013. The change in Welfare expenses was a decrease of $0.1 billion or 0.8%. $2.8 billion of Welfare expenses in FY 2014 were funded from general revenues.

Some of the major expenses were Medicaid assistance, $8.5 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, $1.5 billion, and the U.S. Department of Health and Human Services Fund, $1.4 billion.

Education comprises 36.9%, or $10.6 billion of the State's expenses. In FY 2013, Education accounted for 35.6%, or $10.1 billion, of expenses. The change in Education expenses was an increase of $0.5 billion, or 5.0%. Some of the major expenses were tuition support and full day kindergarten, $6.6 billion, General Fund appropriations for State colleges and universities, $1.5 billion, Teachers' Retirement Pension, $719.7 million, federal grant programs from the U.S. Department of Education Fund, $633.8 million, federal grant programs from the U.S. Department of Agriculture Fund, $381.4 million, and post-retiree pensions, $69.3 million.

$1.4 billion, or 5.1% of expenses, was spent for General Government. General Government comprised $1.5 billion or 5.2% of expenses in FY 2013. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. General government expenditures held steady from FY 2013 to FY 2014.

Total expenses for governmental activities were broken down as follows:



Business-type Activities

Business-type activities represent 3.7% of the Primary Government's revenues and 2.4% of the expenses. The Unemployment Compensation Fund accounts for 97.6% of business-type activities' operating revenues and 97.1% of operating expenses. The change in net position for business-type activities was an increase of $412.0 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 $443.4 million. This compares to FY 2013 when this fund's revenues exceeded expenses by $384.9 million. Employer contributions into the fund increased by $0.2 billion, from $0.8 billion in FY 2013 to $1.0 billion in FY 2014. Federal revenues into the fund decreased by $0.5 billion, from $0.7 billion in FY 2013 to $0.2 billion in FY 2014. The increase in the net position is primarily due to the reduction in the principal of the title XII loan from the federal government.

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, 2014	June 30, 2013	% Change
Governmental Activities:			
General government	$ 842.0	$ 980.3	-14.1%
Public safety	743.4	850.8	-12.6%
Health	51.4	23.7	116.9%
Welfare	2,763.0	3,106.8	-11.1%
Conservation, culture, and development	151.4	117.0	29.4%
Education	9,486.8	9,093.9	4.3%
Transportation	578.6	441.8	31.0%
Unallocated interest expense	-	0.2	-100.0%
Business-type Activities:			
Unemployment Compensation Fund	(410.5)	(338.7)	21.2%
Malpractice Insurance Authority	-	0.7	-100.0%
Inns and Concessions	(3.1)	(3.0)	3.3%
Wabash Memorial Bridge	-	0.5	100.0%
Total	$ 14,203.0	$ 14,274.0	-0.5%

Financial Analysis of the State's Funds

The following is an analysis of the State's major governmental funds. Please note that 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, 2014 was $3.5 billion, which is 65.3% of assets. This compares to a fund balance at June 30, 2013 of $3.3 billion, which was 73.3% of assets. This indicates that the State's financial position in the General Fund increased from the prior year by $134.8 million. The fund balance of $3.5 billion is composed of restrictions of $379.6 million, commitments of $5.6 million, and assignments of $1.7 billion, leaving an unassigned balance of $1.3 billion. The restricted amount consists of the State's 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 3.4%, or $456.0 million, from FY 2013, because of the increase in total tax revenue which included a $449.7 million (8.3%) increase in income tax and a $147.3 million (2.2%) increase in sales tax. The increase in tax revenues is explained by the expiration of the statutory automatic taxpayer refund program.

General Fund expenditures decreased $166.6 million, or 1.4% from FY 2013. Distributions to pension funds relating to the automatic taxpayer refund program were not required in FY 2014 as they were in FY 2013, resulting in a $360.6 million reduction in general government expenditures. Offsetting these decreases was an increase in education expenditures for state schools for tuition support and full day kindergarten of $118.4 million and General Fund appropriations for state colleges and universities of $88.5 million.

General Fund transfers in decreased $264.0 million or 15.7% from FY 2013. Transfers out were $3.4 billion in FY 2014 as compared to $3.2 billion in FY 2013. 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 increased $134.8 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 $6.0 billion in Federal revenue as compared to $5.7 billion in FY 2013. State funding comes through transfers from the General Fund. Transfers in were $2.0 billion in FY 2014 as compared to $2.2 billion in FY 2013. Transfers out were $500.5 million compared with $565.3 million in FY 2013. The Fund distributed $8.5 billion in Medicaid assistance during the year, which is an increase of $250.5 million over FY 2013. The change in fund balance increased $14.8 million from FY 2013 to FY 2014.

Major Moves Construction Fund

The Major Moves Construction Fund was created in fiscal year 2006 as part of the leasing of the Indiana Toll Road to Cintra-Macquarie, a private company. This fund distributes money received from the Toll Road lease for new constructions and major preservation of highways and bridges throughout Indiana.

The Major Moves Construction Fund transferred $305.4 million to the State Highway Fund. $200.0 million was transferred into the fund from the Major Moves 2020 Trust Fund, which is part of the General Fund. The fund also received $9.2 million in investment income and made a distribution of $10.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2013 to FY 2014 was a decline of $137.3 million.

General Fund Budgetary Highlights

Actual State General Fund revenue collections decreased by $59.8 million, or 0.4%, in FY 2014. This is the result of both tax cuts enacted in FY 2014 as well as a weaker than projected economy. Actual expenditure growth was 2.15% in FY 2014 compared with growth of nearly 5.9% between FY 1996 and FY 2004. The goal of Governor Pence's administration is to limit year-over-year growth to 2.5%, which is roughly the 5-year inflationary CAGR. At year-end, the State had $2.0 billion in reserves, with $1.0 billion residing in the general fund, $445.0 million in the Medicaid Reserve Fund, $150.0 million in the Tuition Reserve Fund, and $373.9 million residing in the Rainy Day Fund. These changing funding balances are both the result of legislative requirements as well as FY 2014 close out transactions. A transfer of $150.0 million from the General Fund to the Tuition Reserve Fund was required in the 2013 budget bill. In addition, a transfer of $250.0 million was made to the Medicaid Reserve Fund. At close out, an additional $50.0 million was transferred to the Medicaid Reserve Fund increasing the balance to $445.0 million.

Capital Asset and Debt Administration

Capital Assets

Capital assets were $15.0 billion, which was 55.2% of total assets for the primary government. Related debt was $1.1 billion. Net investment in capital assets for the primary government was $13.9 billion. Related debt was 7.3% of capital assets. Total capital assets increased $526.0 million or 3.6% 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 $590.9 million, $2.0 million in internal service funds' capital assets and $1.6 million in DOA Public Works CIP with decreases of $64.2 million in capital assets of the primary government, and software in development of $3.4 million. INDOT's $590.9 million increase is comprised of increases in land, $95.2 million, and infrastructure consisting of interstate roads, non-interstate roads, and bridges, $563.4 million, and a decrease in CIP consisting of right of way and work in progress, $67.7 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 2013 to fiscal year 2014.

State of Indiana
Capital Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2014	2013	2014	2013	2014	2013	
Land	$ 1,960.9	$ 1,859.3	$ -	$ -	$ 1,960.9	$ 1,859.3	5.5%
Infrastructure	9,854.3	9,291.5	-	-	9,854.3	9,291.5	6.1%
Construction in Progress	2,015.5	2,085.0	-	-	2,015.5	2,085.0	-3.3%
Property, plant and equipment	2,689.8	2,709.8	1.1	1.1	2,690.9	2,710.9	-0.7%
Computer software	60.7	52.8	-	-	60.7	52.8	15.0%
Less accumulated depreciation	(1,598.8)	(1,542.1)	(0.6)	(0.4)	(1,599.4)	(1,542.5)	3.7%
Total	**$ 14,982.4**	**$ 14,456.3**	**$ 0.5**	**$ 0.7**	**$ 14,982.9**	**$ 14,457.0**	**3.6%**

Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100% of total long-term liabilities and 36.1% of total liabilities.

The following table shows the percentage change from fiscal year 2013 to fiscal year 2014.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	
Accrued liability for compensated absences	$ 146.3	$ 148.6	$ 0.6	$ 0.5	$ 146.9	$ 149.1	-1.5%
Intergovernmental payable	10.0	20.0	-	-	10.0	20.0	-50.0%
Capital lease payable	1,112.6	1,156.9	-	-	1,112.6	1,156.9	-3.8%
Claims payable	-	-	28.4	28.6	28.4	28.6	-0.7%
Net pension obligations	1,201.3	1,166.8	-	-	1,201.3	1,166.8	3.0%
Other postemployment			-	-	-		
benefits	133.7	134.1	-	-	133.7	134.1	-0.3%
Pollution remediation	45.9	44.7	-	-	45.9	44.7	2.7%
Total	**$ 2,649.8**	**$ 2,671.1**	**$ 29.0**	**$ 29.1**	**$ 2,678.8**	**$ 2,700.2**	**-0.8%**

Total long-term liabilities decreased by 0.8% or $21.3 million. The largest decrease was in capital lease payable of $44.3 million. Other long-term liabilities to decrease were intergovernmental payables by $10.0 million and liabilities for compensated absences by $2.3 million.

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.

A significant increase in long-term liabilities was for net pension obligations which increased by $34.5 million. This increase in NPO liability is primarily due to increases in the liabilities of the Teachers' Retirement Fund (pre-1996 Account).

Claims payable for business activities decreased by $0.2 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 $9.8 billion in roads and bridges using the modified approach, $1.7 billion in right of way classified as land, and $23.0 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 5,500 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 2014, 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 2014, 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 2014. Various factors contributed to these costs being less than planned including bids under estimates, the deferral of projects as priorities changed, and “shrinkage” which results when the scope of work to be done is refined during the final bidding process. The average IRI RWP for all road categories were either in the good or excellent condition rating range.

Total actual maintenance and preservation costs for bridges were lower than planned including on the interstate, NHS, and non-NHS road classes. Various factors contributed to these costs being less than planned including bids under estimates, the deferral of projects as priorities changed, and shrinkage. 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 2013 – FY 2014 State budget was based were presented to the State Budget Committee on April 16, 2013. At that time, Indiana’s real Gross Domestic Product (real GDP) was forecast to increase by 2.2% in FY 2014. Personal income was forecasted to increase by 4.6%. The Indiana unemployment rate was forecast to average 7.7% for FY 2014.

With a 2013 Gross Domestic Product of $294.2 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 GDP growth was the manufacturing sector, which accounted for 30.0% of Indiana’s GDP in 2013. The nondurable goods subset of the manufacturing sector was the biggest cause of Indiana’s GDP growth in 2013.

In 2013, the manufacturing sector accounted for nearly 16.7% 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 12.7% in 2013. Per capita personal income was $38,622 and the State’s unemployment rate averaged 7.5% in 2013.

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 the Auditor of State, Room 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793, telephone (317) 232-3300.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

State of Indiana
Statement of Net Position
June 30, 2014
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash, cash equivalents and investments - unrestricted	$ 6,574,898	$ 116,095	**$ 6,690,993**	$ 4,825,508
Cash, cash equivalents and investments - restricted	373,885	-	**373,885**	8,180,806
Securities lending collateral	1,164,156	-	**1,164,156**	98,766
Receivables (net)	3,140,151	85,074	**3,225,225**	2,662,007
Due from primary government	-	-	**-**	62,893
Due from component unit	28,732	-	**28,732**	-
Inventory	4,871	577	**5,448**	16,269
Prepaid expenses	99,702	77	**99,779**	5,551
Loans	394,546	-	**394,546**	2,277,701
Investment in direct financing lease	-	-	**-**	2,215,245
Net pension and OPEB assets	169,128	-	**169,128**	40,833
Other assets	2,505	36	**2,541**	192,053
Capital assets:				
Capital assets not being depreciated/amortized	13,786,700	-	**13,786,700**	1,344,498
Capital assets being depreciated/amortized	2,794,572	1,135	**2,795,707**	12,193,506
less accumulated depreciation/amortization	(1,598,840)	(600)	**(1,599,440)**	(5,365,821)
Total capital assets, net of depreciation/amortization	14,982,432	535	**14,982,967**	8,172,183
Total assets	**26,935,006**	**202,394**	**27,137,400**	**28,749,815**
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	-	**-**	181,255
Deferred debt refunding loss	-	-	**-**	113,202
Total deferred outflows of resources	**-**	**-**	**-**	**294,457**
LIABILITIES				
Accounts payable	2,325,369	23,001	**2,348,370**	431,874
Interest payable	3,000	23,740	**26,740**	110,993
Tax refunds payable	38,214	-	**38,214**	-
Payables to other governments	177,637	-	**177,637**	-
Due to component unit	62,893	-	**62,893**	-
Due to primary government	-	-	**-**	28,732
Unearned revenue	188	4,442	**4,630**	523,164
Advances from federal government	-	922,562	**922,562**	28,635
Securities lending collateral	1,164,156	-	**1,164,156**	98,766
Derivative instrument liability	-	-	**-**	181,256
Other liabilities	291	687	**978**	225,776
Long-term liabilities:				
Due within 1 year	154,579	3,542	**158,121**	971,910
Due in more than 1 year	2,495,204	25,453	**2,520,657**	9,305,010
Total liabilities	**6,421,531**	**1,003,427**	**7,424,958**	**11,906,116**
DEFERRED INFLOWS OF RESOURCES				
Advanced payment for service concession agreement	-	-	**-**	3,309,502
Deferred service concession arrangement receipts	-	-	**-**	297,060
Deferred debt refunding gain	-	-	**-**	12
Total deferred inflows of resources	**-**	**-**	**-**	**3,606,574**
NET POSITION				
Net investment in capital assets	13,873,849	535	**13,874,384**	4,406,176
Restricted - nonexpendable:				
Permanent funds	521,028	-	**521,028**	368,289
Instruction and research	-	-	**-**	852,631
Student aid	-	-	**-**	886,249
Other purposes	99,702	-	**99,702**	101,986
Restricted - expendable:				
Grants/constitutional restrictions	379,568	-	**379,568**	162,152
Future debt service	-	-	**-**	294,709
Instruction and research	-	-	**-**	701,913
Student aid	-	-	**-**	848,745
Endowments	-	-	**-**	853,991
Capital projects	-	-	**-**	1,599,665
Other purposes	-	-	**-**	318,237
Unrestricted	5,639,328	(801,568)	**4,837,760**	2,136,839
Total net position	**$ 20,513,475**	**$ (801,033)**	**$ 19,712,442**	**$ 13,531,582**

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, 2014
(amounts expressed in thousands)

			Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
					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	$ 1,449,872	$ 527,713	$ 78,500	$ 1,709	$ (841,950)	$ -	**$ (841,950)**	$ -
Public safety	1,425,313	480,497	132,540	68,873	(743,403)	-	**(743,403)**	-
Health	350,621	101,354	197,827	-	(51,440)	-	**(51,440)**	-
Welfare	12,493,256	1,079,528	8,650,738	-	(2,762,990)	-	**(2,762,990)**	-
Conservation, culture and development	523,548	148,077	224,017	-	(151,454)	-	**(151,454)**	-
Education	10,568,092	3,383	1,077,864	-	(9,486,845)	-	**(9,486,845)**	-
Transportation	1,797,686	77,861	31,705	1,109,560	(578,560)	-	**(578,560)**	-
Total governmental activities	28,608,388	2,418,413	10,393,191	1,180,142	(14,616,642)	-	**(14,616,642)**	-
Business-type activities								
Unemployment Compensation Fund	674,844	950,328	134,998	-	-	410,482	**410,482**	-
Malpractice Insurance Authority	1,855	1,851	-	-	-	(4)	**(4)**	-
Inns and Concessions	20,625	23,704	-	-	-	3,079	**3,079**	-
Wabash Memorial Bridge	871	783	-	165	-	77	**77**	-
Total business-type activities	698,195	976,666	134,998	165	-	413,634	**413,634**	-
Total primary government	$ 29,306,583	$ 3,395,079	$ 10,528,189	$ 1,180,307	(14,616,642)	413,634	**(14,203,008)**	-
Component units:								
Governmental	56,390	189	4,354	-	-	-	**-**	(51,847)
Proprietary	2,081,406	1,623,761	517,914	2,922	-	-	**-**	63,191
Colleges and universities	6,560,330	3,457,450	1,153,695	99,072	-	-	**-**	(1,850,113)
Total component units	$ 8,698,126	$ 5,081,400	$ 1,675,963	$ 101,994	-	-	**-**	(1,838,769)
General Revenues:								
Income tax					$ 5,811,823	$ -	**$ 5,811,823**	$ -
Sales tax					6,995,678	-	**6,995,678**	-
Fuels tax					763,833	-	**763,833**	-
Gaming tax					681,383	-	**681,383**	835
Unemployment tax					914	-	**914**	-
Inheritance tax					56,166	-	**56,166**	-
Alcohol & Tobacco tax					445,381	-	**445,381**	-
Insurance tax					224,711	-	**224,711**	-
Financial Institutions tax					72,976	-	**72,976**	-
Other tax					256,269	-	**256,269**	-
Total taxes					15,309,134	-	**15,309,134**	835
Revenue not restricted to specific programs:								
Investment earnings					19,769	1,051	**20,820**	829,048
Payments from State of Indiana					-	-	**-**	1,533,025
Other					58,912	-	**58,912**	631,354
Transfers within primary government					2,724	(2,724)	**-**	-
Total general revenues and transfers					15,390,539	(1,673)	**15,388,866**	2,994,262
Changes in net position					773,897	411,961	**1,185,858**	1,155,493
Net position - beginning, as restated					19,739,578	(1,212,994)	**18,526,584**	12,376,089
Net position - ending					**$ 20,513,475**	**$ (801,033)**	**$ 19,712,442**	**$ 13,531,582**

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, 2014
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Governmental Funds	Total
ASSETS					
Cash, cash equivalents and investments-unrestricted	$ 2,146,757	$ 348,306	$ 637,250	$ 3,334,187	$ 6,466,500
Cash, cash equivalents and investments-restricted	373,885	-	-	-	373,885
Securities lending collateral	1,164,156	-	-	-	1,164,156
Receivables:					
Taxes (net of allowance for uncollectible	1,397,904	-	-	129,277	1,527,181
Accounts	4,739	194,825	-	61,779	261,343
Grants	-	280,191	-	315,783	595,974
Interest	6,021	-	-	36	6,057
Interfund loans	119,076	-	-	8,000	127,076
Due from component unit	-	-	-	28,732	28,732
Prepaid expenditures	99,022	-	-	680	99,702
Loans	5,928	-	-	388,618	394,546
Other	233	-	44	2,228	2,505
Total assets	5,317,721	823,322	637,294	4,269,320	11,047,657
Total assets and deferred outflow of resources	$ 5,317,721	$ 823,322	$ 637,294	$ 4,269,320	$ 11,047,657
LIABILITIES					
Accounts payable	$ 183,221	$ 400,580	$ 45	$ 448,091	$ 1,031,937
Salaries and benefits payable	54,135	-	-	47,836	101,971
Interfund loans	-	-	-	127,076	127,076
Interfunds services used	4,793	-	-	3,644	8,437
Intergovernmental payable	37,339	-	-	140,298	177,637
Due to component unit	17,893	-	-	-	17,893
Tax refunds payable	36,307	-	-	1,907	38,214
Accrued liability for compensated absences-current	3,130	-	-	3,927	7,057
Other payables	233	-	44	160	437
Securities lending collateral	1,164,156	-	-	-	1,164,156
Total liabilities	1,501,207	400,580	89	772,939	2,674,815
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue	344,337	-	-	31,403	375,740
Total deferred inflow of resources	344,337	-	-	31,403	375,740
FUND BALANCE					
Nonspendable:	99,022	-	-	521,708	620,730
Restricted:	379,568	-	-	-	379,568
Committed:	5,648	-	-	1,133,438	1,139,086
Assigned:	1,660,140	422,742	637,205	1,985,179	4,705,266
Unassigned:	1,327,799	-	-	(175,347)	1,152,452
Total fund balance	3,472,177	422,742	637,205	3,464,978	7,997,102
Total liabilities, deferred inflow of resources, and fund balance	$ 5,317,721	$ 823,322	$ 637,294	$ 4,269,320	$ 11,047,657

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, 2014
(amounts expressed in thousands)

Total fund balances-governmental funds		$ 7,997,102
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	$ 1,960,899	
Infrastructure assets	9,854,273	
Construction in progress	2,015,498	
Property, plant, and equipment	2,611,429	
Computer software	60,663	
Accumulated depreciation	(1,539,231)	
Total capital assets, net of depreciation		14,963,531
The State's pension funds have net pension assets not reported as assets in the funds.		136,744
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	375,740	
Accounts receivable	63,982	
		439,722
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	(430,154)	
Litigation liabilities	(77,777)	
Pollution remediation	(27,894)	
		(535,825)
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.		106,647
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	(134,263)	
Other postemployment benefits	(101,328)	
Loan from the Indiana Board for Depositories	(45,000)	
Capital lease payable	(1,112,598)	
Net pension obligations	(1,201,257)	
Total long-term liabilities		(2,594,446)
Net position of governmental activities		$ 20,513,475

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, 2014
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Governmental Funds	Total
Revenues:					
Taxes:					
Income	$ 5,891,093	$ -	$ -	$ -	**$ 5,891,093**
Sales	6,959,789	-	-	86,945	**7,046,734**
Fuels	1,648	-	-	775,800	**777,448**
Gaming	60,431	-	-	621,070	**681,501**
Unemployment	-	-	-	914	**914**
Inheritance	56,166	-	-	-	**56,166**
Alcohol and tobacco	274,208	-	-	173,587	**447,795**
Insurance	220,124	-	-	4,588	**224,712**
Financial Institutions	-	-	-	92,862	**92,862**
Other	240,070	-	-	16,233	**256,303**
Total taxes	13,703,529	-	-	1,771,999	**15,475,528**
Current service charges	202,310	1,040,313	-	1,180,445	**2,423,068**
Investment income	19,769	-	9,184	15,788	**44,741**
Sales/rents	627	-	-	21,466	**22,093**
Grants	2,291	5,963,368	-	5,364,307	**11,329,966**
Other	54,593	29	-	75,047	**129,669**
Total revenues	13,983,119	7,003,710	9,184	8,429,052	**29,425,065**
Expenditures:					
Current:					
General government	1,058,290	-	-	376,612	**1,434,902**
Public safety	872,232	-	-	538,491	**1,410,723**
Health	43,249	-	-	309,375	**352,624**
Welfare	673,152	8,521,270	-	3,115,120	**12,309,542**
Conservation, culture and development	57,687	-	-	450,653	**508,340**
Education	9,206,824	-	-	1,335,263	**10,542,087**
Transportation	1,558	-	41,019	2,394,029	**2,436,606**
Capital outlay	-	-	-	16,999	**16,999**
Total expenditures	11,912,992	8,521,270	41,019	8,536,542	**29,011,823**
Excess (deficiency) of revenues over (under) expenditures	2,070,127	(1,517,560)	(31,835)	(107,490)	**413,242**
Other financing sources (uses):					
Transfers in	1,418,795	2,032,829	200,000	2,546,001	**6,197,625**
Transfers (out)	(3,361,171)	(500,512)	(305,441)	(2,025,722)	**(6,192,846)**
Proceeds from capital lease	7,073	-	-	3,572	**10,645**
Total other financing sources (uses)	(1,935,303)	1,532,317	(105,441)	523,851	**15,424**
Net change in fund balances	134,824	14,757	(137,276)	416,361	**428,666**
Fund Balance July 1, as restated	3,337,353	407,985	774,481	3,048,617	**7,568,436**
Fund Balance June 30	**$ 3,472,177**	**$ 422,742**	**$ 637,205**	**$ 3,464,978**	**$ 7,997,102**

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, 2014
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	$	428,666
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.		590,920
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 depreciation ($104,496) exceeds net capital outlays ($38,390) in the current period.		(66,106)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tax revenue		(169,427)
Non-tax revenue		(2,959)
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		(38,284)
Statutory expenses		10,000
Amounts due to component units		44,384
The change in net pension assets and net pension obligations do not provide or require the use of current financial resources:		
Decrease in net pension assets		(12,861)
Increase in net pension obligations		(34,482)
The change in other postemployment benefits do not provide or require the use of current financial resources.		2,049
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.		21,997
Change in net position of governmental activities.	$	773,897

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, 2014

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 41,797	$ 74,298	**$ 116,095**	$ 108,398
Receivables:				
Accounts	83,920	688	**84,608**	26,051
Interest	-	466	**466**	-
Interfund services provided	-	-	**-**	8,438
Inventory	-	577	**577**	4,871
Prepaid expenses	-	77	**77**	-
Other assets	-	36	**36**	-
Total current assets	125,717	76,142	**201,859**	147,758
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated/amortized	-	1,135	**1,135**	78,511
less accumulated depreciation/amortization	-	(600)	**(600)**	(59,610)
Total capital assets, net of depreciation/amortization	-	535	**535**	18,901
Total noncurrent assets	-	535	**535**	18,901
Total assets	**125,717**	**76,677**	**202,394**	**166,659**
Liabilities				
Current liabilities:				
Accounts payable	21,836	732	**22,568**	52,216
Claims payable	-	3,327	**3,327**	-
Salaries and benefits payable	-	433	**433**	2,610
Interest payable	23,740	-	**23,740**	-
Accrued liability for compensated absences	-	215	**215**	2,698
Due to federal government (net)	922,562	-	**922,562**	-
Unearned revenue	-	4,442	**4,442**	188
Other liabilities	-	687	**687**	4
Total current liabilities	968,138	9,836	**977,974**	57,716
Noncurrent liabilities:				
Accrued liability for compensated absences	-	365	**365**	2,296
Claims payable	-	25,088	**25,088**	-
Total noncurrent liabilites	-	25,453	**25,453**	2,296
Total liabilities	**968,138**	**35,289**	**1,003,427**	**60,012**
Net position				
Net investment in capital assets	-	535	**535**	18,902
Unrestricted (deficit)	(842,421)	40,853	**(801,568)**	87,745
Total net position	**$ (842,421)**	**$ 41,388**	**$ (801,033)**	**$ 106,647**

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, 2014
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Sales/rents/premiums	$ -	$ 26,093	**$ 26,093**	$ 545,029
Employer contributions	950,328	-	**950,328**	-
Charges for services	-	-	**-**	9,445
Federal revenues	135,311	-	**135,311**	-
Other	-	245	**245**	1,748
Total operating revenues	1,085,639	26,338	**1,111,977**	556,222
Cost of sales	-	4,294	**4,294**	23,681
Gross margin	1,085,639	22,044	**1,107,683**	532,541
Operating expenses:				
General and administrative expense	3,606	17,526	**21,132**	150,633
Claims expense	-	1,342	**1,342**	-
Health / disability benefit payments	-	-	**-**	342,881
Unemployment compensation benefits	638,603	-	**638,603**	-
Depreciation and amortization	-	155	**155**	6,428
Other	-	34	**34**	-
Total operating expenses	642,209	19,057	**661,266**	499,942
Operating income (loss)	443,430	2,987	**446,417**	32,599
Nonoperating revenues (expenses):				
Interest and other investment income	-	1,051	**1,051**	-
Interest and other investment expense	(32,635)	-	**(32,635)**	-
Gain (Loss) on disposition of assets	-	-	**-**	1,859
Federal grants	(313)	-	**(313)**	-
Contributions to other postemployment benefits	-	-	**-**	(10,407)
Total nonoperating revenues (expenses)	(32,948)	1,051	**(31,897)**	(8,548)
Income before contributions and transfers	410,482	4,038	**414,520**	24,051
Capital contributions	-	165	**165**	-
Transfers in	-	-	**-**	1,638
Transfers (out)	-	(2,724)	**(2,724)**	(3,692)
Change in net position	410,482	1,479	**411,961**	21,997
Total net position, July 1, as restated	(1,252,903)	39,909	**(1,212,994)**	84,650
Total net position, June 30	**$ (842,421)**	**$ 41,388**	**$ (801,033)**	**$ 106,647**

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, 2014
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 968,676	$ 26,675	**$ 995,351**	$ 554,969
Cash received from federal government	135,311	-	**135,311**	-
Cash paid for general and administrative	(3,606)	(16,706)	**(20,312)**	(149,890)
Cash paid for salary/health/disability benefit payments	-	-	**-**	(341,741)
Cash paid to suppliers	-	(4,844)	**(4,844)**	(23,193)
Cash paid for claims expense	(617,824)	(1,577)	**(619,401)**	-
Net cash provided (used) by operating activities	482,557	3,548	**486,105**	40,145
Cash flows from noncapital financing activities:				
Transfers in	-	-	**-**	1,638
Transfers out	-	(2,724)	**(2,724)**	(3,692)
Interest on loan from federal government	(43,002)	-	**(43,002)**	-
Repayment of loan from federal government	(454,733)	-	**(454,733)**	-
Contributions to other postemployment benefits	-	-	**-**	(10,407)
Net cash provided (used) by noncapital financing activities	(497,735)	(2,724)	**(500,459)**	(12,461)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(26)	**(26)**	(7,722)
Proceeds from sale of assets	-	-	**-**	1,876
Capital contributions	-	165	**165**	-
Net cash provided (used) by capital and related financing activities	-	139	**139**	(5,846)
Cash flows from investing activities:				
Proceeds from sales of investments	-	9,500	**9,500**	-
Purchase of investments	-	(9,505)	**(9,505)**	-
Interest income (expense) on investments	-	2,116	**2,116**	-
Net cash provided (used) by investing activities	-	2,111	**2,111**	-
Net increase (decrease) in cash and cash equivalents	(15,178)	3,074	**(12,104)**	21,838
Cash and cash equivalents, July 1	56,975	8,965	**65,940**	86,560
Cash and cash equivalents, June 30	**$ 41,797**	**$ 12,039**	**$ 53,836**	**$ 108,398**
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	$ 41,797	$ 12,039	**$ 53,836**	$ 108,398
Investments unrestricted	-	62,259	**62,259**	-
Cash, cash equivalents and investments per balance sheet	**$ 41,797**	**$ 74,298**	**$ 116,095**	**$ 108,398**
Noncash investing, capital and financing activities:				
Increase (Decrease) in fair value of investments	$ -	$ (1,054)	**$ (1,054)**	$ -

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(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)	$ 443,430	$ 2,987	**$ 446,417**	$ 32,599
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	155	**155**	6,428
(Increase) decrease in receivables	21,668	96	**21,764**	(1,327)
(Increase) decrease in interfund services provided	-	-	**-**	76
(Increase) decrease in inventory	-	28	**28**	713
(Increase) decrease in prepaid expenses	-	7	**7**	-
Increase (decrease) in claims payable	-	(235)	**(235)**	-
Increase (decrease) in health and disability benefits payable	-	-	**-**	1,140
Increase (decrease) in accounts payable	17,459	152	**17,611**	485
Increase (decrease) in unearned revenue	-	101	**101**	(1)
Increase (decrease) in salaries payable	-	34	**34**	196
Increase (decrease) in compensated absences	-	102	**102**	(166)
Increase (decrease) in other payables	-	121	**121**	2
Net cash provided (used) by operating activities	**$ 482,557**	**$ 3,548**	**$ 486,105**	**$ 40,145**

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, 2014
(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	$ 126,270	$ 36,684	$ -	$ 609,655
Securities lending collateral	2,168,992	-	-	-
Receivables:				
Taxes	-	4,730	-	183,622
Contributions	11,963	-	-	-
Interest	88,071	1	45	-
Member loans	180	-	-	-
From investment sales	4,503,959	-	-	-
Other	3,935	-	-	59
Total receivables	4,608,108	4,731	45	183,681
Pension and other employee benefit investments at fair value:				
Short term investments	1,330,863	-	-	-
Equity Securities	7,853,562	-	-	-
Debt Securities	12,781,505	-	-	-
Other	9,255,727	-	-	-
Total investments at fair value	31,221,657	-	-	-
Pool Investments at Amortized Cost:				
Cash and cash equivalents	-	-	146,764	-
U.S. Government Agencies	-	-	64,399	-
Commercial Paper	-	-	69,726	-
Total investments at amortized cost	-	-	280,889	-
Other assets	408	-	-	-
Property, plant and equipment net of accumulated depreciation	9,203	-	-	-
Total assets	**38,134,638**	**41,415**	**280,934**	**$ 793,336**
Liabilities:				
Accounts/escrows payable	5,082	1,378	17	$ 793,336
Salaries and benefits payable	3,236	101	-	-
Benefits payable	95,254	-	-	-
Intergovernmental payable	-	2,175	-	-
Investment purchases payable	4,616,227	-	-	-
Securities purchased payable	225,767	-	-	-
Securities lending collateral	2,168,992	-	-	-
Other	17,167	-	16	-
Total liabilities	**7,131,725**	**3,654**	**33**	**$ 793,336**
Net Position				
Restricted for:				
Employees' pension benefits	30,652,059	-	-	
OPEB benefits	337,763	-	-	
Future death benefits	13,091	-	-	
Trust beneficiaries	-	37,761	-	
Investment pool participants	-	-	280,901	
Total net position	**$ 31,002,913**	**$ 37,761**	**$ 280,901**	

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, 2014
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund
Additions:			
Member contributions	$ 355,050	$ 3,288	$ 165,563
Employer contributions	982,135	-	-
Contributions from the State of Indiana	826,142	-	-
Net investment income (loss)	3,669,216	44	703
Less investment expense	(189,400)	-	-
Taxes	-	85,563	-
Donations/escheats	-	118,282	-
Transfers from other retirement funds	15,582	-	-
Reinvestment of distributions	-	-	268
Other	376	-	-
Total additions	5,659,624	207,177	166,534
Deductions:			
Pension and disability benefits	2,248,979	-	-
Retiree health benefits	40,346	-	-
Death benefits	870	-	-
Payments to participants/beneficiaries	-	200,945	265
Refunds of contributions and interest	87,375	-	277,966
Administrative	35,962	-	255
Capital projects	8,855	-	-
Transfers to other retirement funds	15,582	-	-
Other	15	-	183
Total deductions	2,437,984	200,945	278,669
Net increase (decrease) in net position	3,221,640	6,232	(112,135)
Net position restricted, July 1, as restated	27,781,273	31,529	393,036
Net position restricted, June 30	**$ 31,002,913**	**$ 37,761**	**$ 280,901**

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, 2014
(amounts expressed in thousands)

	Governmental	Proprietary	Colleges and Universities	Total
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 148,013	$ 592,293	$ 753,887	**$ 1,494,193**
Cash, cash equivalents and investments - restricted	300	1,303,847	752,416	**2,056,563**
Securities lending collateral	-	-	98,766	**98,766**
Receivables (net)	845	446,161	408,930	**855,936**
Due from primary government	-	5,287	17,606	**22,893**
Inventory	-	206	16,063	**16,269**
Prepaid expenses	-	1,493	4,058	**5,551**
Loans	-	148,041	-	**148,041**
Investment in direct financing lease	-	77,188	-	**77,188**
Other assets	-	1,958	141,424	**143,382**
Total current assets	149,158	2,576,474	2,193,150	**4,918,782**
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	-	349,408	2,981,907	**3,331,315**
Cash, cash equivalents and investments - restricted	-	964,508	5,159,735	**6,124,243**
Receivables (net)	-	1,281,748	524,323	**1,806,071**
Due from primary government	-	40,000	-	**40,000**
Loans	37,114	2,092,546	-	**2,129,660**
Investment in direct financing lease	-	2,138,057	-	**2,138,057**
Net pension and OPEB assets	-	4,990	35,843	**40,833**
Other assets	-	4,439	44,232	**48,671**
Capital assets:				
Capital assets not being depreciated/amortized	-	691,872	652,626	**1,344,498**
Capital assets being depreciated/amortized	440	935,609	11,257,457	**12,193,506**
less accumulated depreciation/amortization	(287)	(391,929)	(4,973,605)	**(5,365,821)**
Total capital assets, net of depreciation/amortization	153	1,235,552	6,936,478	**8,172,183**
Total noncurrent assets	37,267	8,111,248	15,682,518	**23,831,033**
Total assets	**186,425**	**10,687,722**	**17,875,668**	**28,749,815**
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	-	179,166	2,089	**181,255**
Deferred debt refunding loss	-	89,404	23,798	**113,202**
Total deferred outflows of resources	**-**	**268,570**	**25,887**	**294,457**
Liabilities				
Current liabilities:				
Accounts payable	3,416	40,879	387,579	**431,874**
Interest payable	-	78,868	32,125	**110,993**
Due to primary government	-	28,732	-	**28,732**
Unearned revenue	12,892	298,019	168,120	**479,031**
Securities lending collateral	-	-	98,766	**98,766**
Accrued liability for compensated absences	-	213	88,792	**89,005**
Other liabilities	346	35,629	54,871	**90,846**
Current portion of long-term liabilities	258	595,306	287,341	**882,905**
Total current liabilities	16,912	1,077,646	1,117,594	**2,212,152**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2014
(amounts expressed in thousands)

	Governmental	Proprietary	Colleges and Universities	Total
Noncurrent liabilities:				
Accrued liability for compensated absences	-	135	64,784	**64,919**
Accrued prize liabilities	-	116,686	-	**116,686**
Net pension and OPEB liabilities	-	22	100,096	**100,118**
Unearned revenue	-	5,062	39,071	**44,133**
Funds held in trust for others	-	-	243,242	**243,242**
Advances from federal government	-	-	28,635	**28,635**
Revenue bonds/notes payable	-	6,102,829	2,677,216	**8,780,045**
Derivative instrument liability	-	179,167	2,089	**181,256**
Other noncurrent liabilities	-	44,135	90,795	**134,930**
Total noncurrent liabilities	-	6,448,036	3,245,928	**9,693,964**
Total liabilities	**16,912**	**7,525,682**	**4,363,522**	**11,906,116**
Deferred inflows of resources				
Advanced payment for service concession agreement	-	3,309,502	-	**3,309,502**
Deferred service concession arrangement receipts	-	295,362	1,698	**297,060**
Deferred debt refunding gain	-	-	12	**12**
Total deferred inflows of resources	**-**	**3,604,864**	**1,710**	**3,606,574**
NET POSITION				
Net investment in capital assets	154	284,580	4,121,442	**4,406,176**
Restricted - nonexpendable:				
Permanent funds	-	777	367,512	**368,289**
Instruction and research	-	-	852,631	**852,631**
Student aid	-	-	886,249	**886,249**
Other purposes	-	-	101,986	**101,986**
Restricted - expendable:				
Grants/constitutional restrictions	-	136,841	25,311	**162,152**
Future debt service	-	270,765	23,944	**294,709**
Instruction and research	-	-	701,913	**701,913**
Student aid	-	66	848,679	**848,745**
Endowments	-	450	853,541	**853,991**
Capital projects	-	1,272,163	327,502	**1,599,665**
Other purposes	569	424	317,244	**318,237**
Unrestricted	168,790	(2,140,320)	4,108,369	**2,136,839**
	-			
Total net position	**$ 169,513**	**$ (174,254)**	**$ 13,536,323**	**$ 13,531,582**

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, 2014
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Proprietary	Colleges and Universities	Net (Expense) Revenue
Governmental	$ 56,390	$ 189	$ 4,354	$ -	$ (51,847)	$ -	$ -	$ (51,847)
Proprietary	2,081,406	1,623,761	517,914	2,922	-	63,191	-	63,191
Colleges and universities	6,560,330	3,457,450	1,153,695	99,072	-	-	(1,850,113)	(1,850,113)
Total component units	$ 8,698,126	$ 5,081,400	$ 1,675,963	$ 101,994	(51,847)	63,191	(1,850,113)	(1,838,769)
General Revenues:								
Gaming tax					835	-	-	835
Total taxes					835	-	-	835
Revenue not restricted to specific programs:								
Investment earnings					101	(30,797)	859,744	829,048
Payments from State of Indiana					51,790	18,018	1,463,217	1,533,025
Other					-	2,747	628,607	631,354
Total general revenues					52,726	(10,032)	2,951,568	2,994,262
Change in net position					879	53,159	1,101,455	1,155,493
Net position - beginning, as restated					168,634	(227,413)	12,434,868	12,376,089
Net position - ending					**$ 169,513**	**$ (174,254)**	**$ 13,536,323**	**$ 13,531,582**

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, 2014
(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Elimination	Total Component Units
Assets					
Current assets:					
Cash, cash equivalents and investments - unrestricted	$ 103,835	$ 30,298	$ 458,160	$ -	**$ 592,293**
Cash, cash equivalents and investments - restricted	1,003,010	-	300,837	-	**1,303,847**
Receivables (net)	85,612	98,564	270,567	(8,582)	**446,161**
Due from primary government	-	-	5,287	-	**5,287**
Inventory	-	-	206	-	**206**
Prepaid expenses	185	127	1,181	-	**1,493**
Loans	130,904	-	18,462	(1,325)	**148,041**
Investment in direct financing lease	75,777	-	1,411	-	**77,188**
Other assets	9	-	1,949	-	**1,958**
Total current assets	1,399,332	128,989	1,058,060	(9,907)	**2,576,474**
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	1,254	126,307	221,847	-	**349,408**
Cash, cash equivalents and investments - restricted	237,603	9,009	717,896	-	**964,508**
Receivables (net)	-	-	1,281,748	-	**1,281,748**
Due from primary government	-	-	40,000	-	**40,000**
Loans	2,869,517	-	198,014	(974,985)	**2,092,546**
Investment in direct financing lease	1,185,636	-	952,421	-	**2,138,057**
Net pension and OPEB assets	-	4,990	-	-	**4,990**
Other assets	4,261	-	178	-	**4,439**
Capital assets:					
Capital assets not being depreciated/amortized	539,203	-	152,669	-	**691,872**
Capital assets being depreciated/amortized	652,993	3,061	279,555	-	**935,609**
less accumulated depreciation/amortization	(241,412)	(1,232)	(149,285)	-	**(391,929)**
Total capital assets, net of depreciation/amortization	950,784	1,829	282,939	-	**1,235,552**
Total noncurrent assets	5,249,055	142,135	3,695,043	(974,985)	**8,111,248**
Total assets	**6,648,387**	**271,124**	**4,753,103**	**(984,892)**	**10,687,722**
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	161,878	-	179,167	(161,879)	**179,166**
Deferred debt refunding loss	65,995	-	23,409	-	**89,404**
Total deferred outflows of resources	**227,873**	**-**	**202,576**	**(161,879)**	**268,570**
Liabilities					
Current liabilities:					
Accounts payable	9,187	8,981	22,711	-	**40,879**
Interest payable	49,926	-	37,524	(8,582)	**78,868**
Due to primary government	-	28,732	-	-	**28,732**
Unearned revenue	242,829	759	54,431	-	**298,019**
Accrued liability for compensated absences	-	-	213	-	**213**
Other liabilities	155	964	34,510	-	**35,629**
Current portion of long-term liabilities	227,214	94,072	275,345	(1,325)	**595,306**
Total current liabilities	529,311	133,508	424,734	(9,907)	**1,077,646**
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	135	-	**135**
Accrued prize liabilities	-	116,686	-	-	**116,686**
Net pension and OPEB liabilities	-	-	22	-	**22**
Unearned revenue	4,576	-	486	-	**5,062**
Revenue bonds/notes payable	3,924,871	-	3,152,943	(974,985)	**6,102,829**
Derivative instrument liability	161,879	-	179,167	(161,879)	**179,167**
Other noncurrent liabilities	1,317	-	42,818	-	**44,135**
Total noncurrent liabilities	4,092,643	116,686	3,375,571	(1,136,864)	**6,448,036**
Total liabilities	**4,621,954**	**250,194**	**3,800,305**	**(1,146,771)**	**7,525,682**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Proprietary Funds
June 30, 2014

(amounts expressed in thousands)

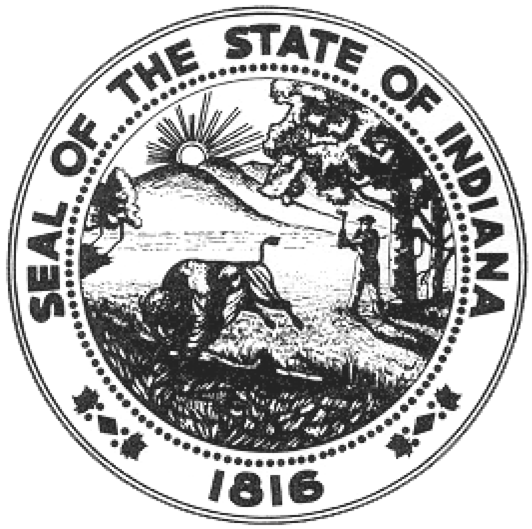
	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Elimination	Total Component Units
Deferred inflows of resources					
Advanced payment for service concession agreement	3,309,502	-	-	-	**3,309,502**
Deferred service concession arrangement receipts	295,362	-	-	-	**295,362**
Total deferred inflows of resources	**3,604,864**	**-**	**-**	**-**	**3,604,864**
NET POSITION					
Net investment in capital assets	45,624	1,829	237,127	-	**284,580**
Restricted - nonexpendable:					
Permanent funds	-	-	777	-	**777**
Restricted - expendable:					
Grants/constitutional restrictions	-	-	136,841	-	**136,841**
Future debt service	175,660	-	95,105	-	**270,765**
Student aid	-	-	66	-	**66**
Endowments	-	-	450	-	**450**
Capital projects	1,269,338	-	2,825	-	**1,272,163**
Other purposes	-	-	424	-	**424**
Unrestricted	(2,841,180)	19,101	681,759	-	**(2,140,320)**
Total net position	**$ (1,350,558)**	**$ 20,930**	**$ 1,155,374**	**$ -**	**$ (174,254)**

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, 2014
(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)	$ 400,105	$ 364,368	$ 65,256	$ -	$ 29,519	$ -	$ -	$ -	$ 29,519
State Lottery Commission	1,021,298	1,018,727	-	-	-	(2,571)	-	-	(2,571)
Non-Major Proprietary	709,741	286,304	456,758	2,922	-	-	36,243	-	36,243
IFA & ISCBA Interfund Eliminations	(49,738)	(45,638)	(4,100)	-	-	-	-	-	-
Total component units	$ 2,081,406	$ 1,623,761	$ 517,914	$ 2,922	29,519	(2,571)	36,243	-	63,191
General revenues:									
Investment earnings					11,885	(494)	(42,188)	-	(30,797)
Payments from State of Indiana					-	-	18,018	-	18,018
Other					-	2,545	202	-	2,747
Total general revenues					11,885	2,051	(23,968)	-	(10,032)
Change in net position					41,404	(520)	12,275	-	53,159
Net position - beginning, as restated					(1,391,962)	21,450	1,143,099	-	(227,413)
Net position - ending					$ (1,350,558)	$ 20,930	$ 1,155,374	$ -	$ (174,254)

The notes to the financial statements are an integral part of this statement.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State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2014
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 314,026	$ 84,634	$ 355,227	**$ 753,887**
Cash, cash equivalents and investments - restricted	271,942	414,393	66,081	**752,416**
Securities lending collateral	98,766	-	-	**98,766**
Receivables (net)	147,130	156,168	105,632	**408,930**
Due from primary government	-	-	17,606	**17,606**
Inventory	10,917	-	5,146	**16,063**
Prepaid expenses	-	2	4,056	**4,058**
Other assets	47,310	26,774	67,340	**141,424**
Total current assets	890,091	681,971	621,088	**2,193,150**
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	1,630,020	724,489	627,398	**2,981,907**
Cash, cash equivalents and investments - restricted	1,799,336	2,880,078	480,321	**5,159,735**
Receivables (net)	254,638	216,841	52,844	**524,323**
Net pension and OPEB assets	-	-	35,843	**35,843**
Other assets	-	16,019	28,213	**44,232**
Capital assets:				
Capital assets not being depreciated/amortized	235,622	170,637	246,367	**652,626**
Capital assets being depreciated/amortized	4,606,338	3,676,140	2,974,979	**11,257,457**
less accumulated depreciation/amortization	(2,061,171)	(1,751,246)	(1,161,188)	**(4,973,605)**
Total capital assets, net of depreciation/amortization	2,780,789	2,095,531	2,060,158	**6,936,478**
Total noncurrent assets	6,464,783	5,932,958	3,284,777	**15,682,518**
Total assets	**7,354,874**	**6,614,929**	**3,905,865**	**17,875,668**
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging derivatives	-	-	2,089	**2,089**
Deferred debt refunding loss	13,964	7,227	2,607	**23,798**
Total deferred outflows of resources	13,964	7,227	4,696	**25,887**
Liabilities				
Current liabilities:				
Accounts payable	184,718	113,804	89,057	**387,579**
Interest payable	11,913	16,914	3,298	**32,125**
Unearned revenue	108,051	37,338	22,731	**168,120**
Securities lending collateral	98,766	-	-	**98,766**
Accrued liability for compensated absences	47,705	26,361	14,726	**88,792**
Other liabilities	-	25,194	29,677	**54,871**
Current portion of long-term liabilities	65,234	156,976	65,131	**287,341**
Total current liabilities	516,387	376,587	224,620	**1,117,594**
Noncurrent liabilities:				
Accrued liability for compensated absences	18,719	30,996	15,069	**64,784**
Other postemployment benefits	29,707	38,568	31,821	**100,096**
Unearned revenue	39,069	-	2	**39,071**
Funds held in trust for others	77,710	123,624	41,908	**243,242**
Advances from federal government	-	19,930	8,705	**28,635**
Revenue bonds/notes payable	884,345	862,467	930,404	**2,677,216**
Derivative instrument liability	-	-	2,089	**2,089**
Other noncurrent liabilities	46,539	28,474	15,782	**90,795**
Total noncurrent liabilities	1,096,089	1,104,059	1,045,780	**3,245,928**
Total liabilities	**1,612,476**	**1,480,646**	**1,270,400**	**4,363,522**
Deferred Inflows of Resources				
Deferred service concession arrangement receipts	-	-	1,698	**1,698**
Deferred debt refunding gain	-	12	-	**12**
Total deferred inflows of resources	-	12	1,698	**1,710**

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2014
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Net Position				
Net investment in capital assets	1,830,756	1,166,479	1,124,207	**4,121,442**
Restricted - nonexpendable:				
Permanent funds	329,060	-	38,452	**367,512**
Instruction and research	486,550	333,502	32,579	**852,631**
Student aid	468,876	310,224	107,149	**886,249**
Other purposes	33,483	44,322	24,181	**101,986**
Restricted - expendable:				
Grants/constitutional restrictions	-	-	25,311	**25,311**
Future debt service	20,164	-	3,780	**23,944**
Instruction and research	332,952	289,196	79,765	**701,913**
Student aid	163,976	592,215	92,488	**848,679**
Endowments	273,850	564,285	15,406	**853,541**
Capital projects	142,748	84,677	100,077	**327,502**
Other purposes	124,031	156,464	36,749	**317,244**
Unrestricted	1,549,916	1,600,134	958,319	**4,108,369**
Total net position	**$ 5,756,362**	**$ 5,141,498**	**$ 2,638,463**	**$ 13,536,323**

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, 2014
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	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	$ 2,949,449	$ 1,743,690	$ 626,136	$ 44,978	$ (534,645)	$ -	$ -	$ (534,645)
Purdue University	2,000,877	1,082,560	395,818	22,438	-	(500,061)	-	(500,061)
Non-Major Colleges and Universities	1,610,004	631,200	131,741	31,656	-	-	(815,407)	(815,407)
Total component units	$ 6,560,330	$ 3,457,450	$ 1,153,695	$ 99,072	(534,645)	(500,061)	(815,407)	(1,850,113)
General revenues:								
Investment earnings					354,820	429,146	75,778	859,744
Payments from State of Indiana					519,417	392,293	551,507	1,463,217
Other					123,486	145,235	359,886	628,607
Total general revenues					997,723	966,674	987,171	2,951,568
Change in net position					463,078	466,613	171,764	1,101,455
Net position - beginning					5,293,284	4,674,885	2,466,699	12,434,868
Net position - ending					**$ 5,756,362**	**$ 5,141,498**	**$ 2,638,463**	**$ 13,536,323**

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, 2014

STATE OF INDIANA
Notes to the Financial Statements
June 30, 2014
(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, 2013, 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 by state law 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 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. These component units 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: 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, and each of the seven colleges and universities. These 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 and proprietary component units are audited by outside auditors except for the State Fair Commission which is audited by the State Board of Accounts. The State Board of Accounts audits the colleges, universities, and the fiduciary in nature component unit. College and university foundations are audited by outside auditors.

The Indiana Economic Development Corporation (IEDC) was created 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 retention of existing jobs, the growth and modernization of existing industry and the promotion of Indiana. The IEDC is composed of 12 members, none of whom may be members of the general assembly. These members consist of the governor and 11 individuals appointed by the governor. At least five members must belong to the same political party as the governor. At least three members must belong to a major political party other than the party of which the governor is a member. 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.

Formed on May 15, 2005, the Indiana Finance Authority (IFA) combined five formerly independent bodies under one entity. The entities combined included the Indiana Development Finance Authority, State Office Building Commission, Indiana Transportation Finance Authority, Recreational Development Commission and the State Revolving Fund. Effective July 1, 2005, all records, money, and other property held by the Auditor of State with respect to the Supplemental Drinking Water and Wastewater Assistance Programs were transferred to the IFA as the successor entity. The IFA is 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 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 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, public employees' retirement, 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.

Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at 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, 425 West South Street, Indianapolis, IN 46225.

The Indiana Bond Bank, created in 1984, 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 2980, Indianapolis, IN 46204.

The Indiana Housing and Community Development Authority was created in 1978 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, 40 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established 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 444, Indianapolis, IN 46204.

The Indiana Secondary Market for Education Loans, Inc. (ISM) was formed at the request of the Governor to purchase education loans in the secondary market. 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., Capital Center, Suite 400, 251 North Illinois Street, Indianapolis, IN 46204.

The White River State Park Development Commission 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. 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 Commission, 801 West Washington Street, Indianapolis, IN 46204.

The Ports of Indiana is created under 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 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 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 State Fair Commission, 1202 East 38th Street, Indianapolis, IN 46205.

The Indiana Comprehensive Health Insurance Association was created by the State of Indiana 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 twelve State Historic Sites including the Indiana State Museum. The twelve 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, Whitewater Canal and the Indiana State Museum. 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.

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, Poplar's Room 500, 107 S. Indiana Ave., Bloomington, IN 47405-1202; Purdue University, Accounting Services, 401 South Grant Street, West Lafayette, IN 47907-2024; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 210 N. 7th Street, Terre Haute, IN 47809; Ivy Tech Community College, 50 West Fall Creek Parkway, north Drive, Indianapolis, IN 46208; University of Southern Indiana, 8600 Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1st Street, Vincennes, IN 47591.

Fiduciary in Nature Component Unit

Effective July 1, 2011, the Indiana Public Retirement System (INPRS) was established 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 also a general revenue.

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, and liabilities 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, inheritance tax, cigarette tax, alcoholic beverage tax, motor fuel tax, fines, and penalties are accrued using one month’s revenues.

Gaming taxes and fees and 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 funds are 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 the Individuals with Disabilities fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.
- The *Major Moves Construction Fund* distributes money received from the Toll Road lease. This money is used for new construction and major preservation of highways and bridges throughout Indiana. Interest income 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 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 loans including those from cash overdrafts in funds, interfund services provided or used, 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. However, money market investments and participating interest-earning investment contracts that mature within one year of acquisition are reported at amortized cost, which approximates fair value. Fair value is determined by quoted market prices which approximate 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; AAA rated commercial paper, 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, 2014, 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.

Inheritance tax – except as otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as a result of a decedent’s death is due twelve (12) months after the person’s date of death.

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.

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 $1.0 billion, of which $0.5 billion is permanent funds principal, $0.4 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. In accordance with GASB Statement No. 34, all infrastructure assets have been capitalized retroactively.

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 Safety (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 seventy-seven (377) 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 estimated fair 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.

Employees of the legislative and judicial branches as well as those of the separately elected officials (i.e., Auditor of State) may 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. Employees of the legislative and judicial branches of government participated in this program in FY 2014 and legislative branch employees have elected to participate in this program for FY 2015.

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.

In the governmental fund financial statements, bond issuance costs and bond discounts are treated as period costs in the year of issue. Proceeds of long term debt, issuance premiums or discounts and certain payments to escrow agents for bond refundings are reported as other financing sources and uses.

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 inventories, 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.

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. In the fund financial statements, capital outlays are reported as expenditures in the functional line items.

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 assets, net pension obligations, 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, 2014, 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	(116,142)	(39,701)
US Department of Labor	(2,225)	(105)
US Department of Education	-	(16,465)
S&S Children Home Construction	(709)	-

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, 2014 is as follows:

		Major Special Revenue Funds		
	General Fund	Public Welfare - Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	521,028
Prepaid expense	99,022	-	-	680
Restricted:				
Administration	379,568	-	-	-
Committed:				
Administration	-	-	-	8,581
Public Health	-	-	-	353,881
Economic Development	5,628	-	-	10,313
Environmental	-	-	-	646
Natural Resources	-	-	-	144
Higher Education	-	-	-	3
Secondary Education	-	-	-	569,555
Roads & Bridges	20	-	-	175,343
Other Purposes	-	-	-	14,972
Assigned:				
Administration	65,421	-	-	136,070
Corrections	12,724	-	-	11,872
Police & Protection	11,891	-	-	255,817
Mental Health	-	-	-	68,576
Public Health	22	422,742	-	252,810
Child Services	522,388	-	-	142,829
Disability & Aging	4	-	-	9,223
Economic Development	1,073	-	-	48,659
Environmental	427	-	-	113,320
Natural Resources	147	-	-	128,281
Higher Education	-	-	-	42,080
Secondary Education	8,564	-	-	120,080
Roads & Bridges	63	-	637,205	521,225
Capital Outlay	143,235	-	-	76,883
Other Purposes	156,932	-	-	57,454
Encumbrances	737,249	-	-	-
Unassigned:	1,327,799	-	-	(175,347)
Total fund balance	$ 3,472,177	$ 422,742	$ 637,205	$ 3,464,978

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 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; 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.

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, 2014:

Primary Government				
	Fair	**Investment Maturities (in Years)**		
Investment Type	**Value Totals**	**Less than 1**	**1 - 5**	**6 - 10**
U.S. Treasuries	$ 1,181,449	$ 1,180,473	$ 975	$ -
U.S. Agencies	2,547,645	2,160,760	386,886	$ -
Supranationals	387,863	299,983	87,880	-
Municipal Bonds	38,510	20,329	-	$ 18,181
Local Govt Investment Pool	200,009	200,009	-	$ -
Non-U.S. Fixed Income	40,104	10,014	30,090	$ -
Certificate of Deposits	172,064	172,064	-	$ -
Money Market Mutual Funds	828,010	828,010	-	$ -
Total	**$ 5,395,654**	**$ 4,871,642**	**$ 505,831**	**$ 18,181**

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, 2014, 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. Indiana Code 5-13-9-2 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. The State Treasurer also may invest or reinvest in money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940. The portfolio of the investment company or investment trust must be limited to direct obligations of the United States, a federal agency, a federal instrumentality, a federal government sponsored enterprise, or repurchase agreements fully collateralized by obligations described in numbers (1) through (4) above. The statute also states the securities of or interests in an investment company or investment trust must be rated as one of the following: (1) AAA, or its equivalent, by Standard & Poor's Corporation or its successor; or (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities as of June 30, 2014. 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:

Primary Government		
Investment Type	**Greatest Risk Rating**	**Fair Value**
U.S. Treasuries	AA	$ 1,181,449
U.S. Agencies	AA	2,547,645
Supranationals	AAA	387,863
Certificate of Deposits	NR	172,064
Municipal Bonds	NR	38,510
Non-US Fixed Income Bonds	A	40,104
Local Govt Investment Pool	NR	200,009
Money Market Mutual Funds	AAA	828,010
Total		**$ 5,395,654**

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.

Investments in any one issuer, other than securities issued or guaranteed by the US government, that represent 5% or more of the total investments are:

IBRD	6.05%	$387,863
FHLB	25.62%	$1,643,683

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, 2014, 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. 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. The Treasurer of State is authorized by statute (IC 5-13-10.5) to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository, 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 or (2) a financial institution located either in or out of Indiana 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.

Indiana Code 5-13-10.5-13 states that 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 government, a federal instrumentality, or a federal government sponsored enterprise; in excess of the total market value of the loaned securities. Effective 7/1/2014, securities lent for non-cash collateral can be collateralized with any type of non-cash collateral as long as the State is indemnified by the custodian holding the non-cash collateral. State statutes and policies permit the State 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.

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, 2014, was 34 days. The contracts with the State's custodians 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.

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 securities lending agent is contractually obligated to indemnify the Treasurer of State for certain conditions, the two most important are default on the part of a borrower and failure to maintain the daily mark-to-market on the loans.

As of June 30, 2014, the fair values of the underlying securities on loan were:

Security Type	Fair Value
U.S. Governments	$ 1,005,039
U.S. Agencies	243,424
Total	**$ 1,248,463**

The fair values of the cash and non-cash collateral received for investment type:

Security Type	Fair Value
U.S. Governments	$ 1,063,540
U.S. Agencies	248,348
Total	**$ 1,311,888**

Collateral percentage: 105.08%

Collateral Type	Fair Value
Fair value of non-cash collateral	$ 147,732
Fair value of cash collateral (liability to borrowers)	1,164,156
Total	**$ 1,311,888**

Fair Value of reinvested cash collateral by type:

Collateral Type	Fair Value
Commercial paper	$ 27,550
Certificate of deposit	7,501
Repurchase agreements	38,970
Asset backed securities	263,572
Floating rate notes	736,899
MMMF's	22,974
Fair value of reinvestments	1,097,466
Receivable	55,811
Fair value cash collateral pool	1,153,277
Net unrealized gain/(loss)	**$ (10,880)**

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2014 is as follows:

S&P Rating	Fair Value of Cash Collateral	% of Portfolio
AAA	$ 275,211	25.1%
AAA	402,718	36.7%
A	372,264	33.9%
CCC	11,860	1.1%
NR	35,413	3.2%
Total	**$ 1,097,466**	**100.0%**

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 (MMCF/NGTF) 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/NGTF managers 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, 2014:

Major Moves/Next Generation Funds

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6- 10**	**More than 10**
U.S Treasuries	$ 134,626	$ 25,364	$ 53,817	$ 48,309	$ 7,136
U.S. Agencies	12,446	1,405	9,880	520	641
Government Asset and Mortgage Backed	15,453	554	6,495	2,673	5,731
Collateralized Mortgage Obligations					
Government CMOs	31,328	-	7,219	5,661	18,448
Corp CMOs	25,234	2	1,014	1,162	23,056
Corporate Bonds	515,028	93,473	363,242	44,453	13,860
Corporate Asset Backed	101,045	-	37,451	9,690	53,904
Private Placements	179,582	92,665	50,154	20,623	16,140
Municipal Bonds	19,827	6,025	11,224	1,740	838
Non US Government/Corp Bonds	37,979	1,476	16,893	10,576	9,034
Mutual Funds	102,462	102,462	-	-	-
Total	**$ 1,175,010**	**$ 323,426**	**$ 557,389**	**$ 145,407**	**$ 148,788**

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, 2014, 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, 2014. The 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.

Major Moves/Next Generation Funds

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA	$ 134,626
U.S. Agencies	AA	12,446
Government Asset And Mortgage Backed	AA	15,453
Collateralized Mortgage Obligations		
Government CMO's	AA	31,328
Corporate CMO's	AAA	3,923
	AA	1,237
	A	148
	BBB	4,879
	B	1,404
	CCC&Below	13,641
	NR	2
Non US Govt/Corp Bonds	AA	1,114
	A	5,263
	BBB	23,624
	BB	4,564
	B	2,786
	CCC&Below	434
	NR	194
Corporate Bonds	AAA	2,697
	AA	28,926
	A	213,353
	BBB	220,101
	BB	25,093
	B	17,848
	CCC&Below	6,981
	NR	29
Corporate Asset and Mortgage Backed	AAA	72,023
	AA	10,977
	A	2,920
	BBB	1,438
	BB	185
	B	1,035
	CCC&Below	12,467
Private Placements	AAA	18,651
	AA	12,699
	A	14,788
	BBB	21,337
	BB	9,030
	B	9,073
	CCC&Below	8,704
	NR	85,300
Municipal Bonds	AAA	1,444
	AA	5,687
	A	11,141
	BBB	592
	BB	338
	NR	625
Money Market Mutual Funds	NR	102,462
Total		**$ 1,175,010**

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, 2014, 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	Combined Total	% of Total Market Value
Australia	$ 190	0.02%
Brazil	7,852	0.65%
Columbian Peso	1,891	0.16%
Euro	14,845	1.23%
Ghana	56	0.00%
Indonesia	565	0.05%
Mexico New Peso	4,503	0.37%
New Zealand	695	0.06%
Philippines Peso	470	0.04%
Polish Zloty	1,372	0.11%
Russian Rubel	1,788	0.15%
South African Comm	640	0.05%
Thailand	270	0.02%
Turkey	1,036	0.09%
United Kingdon	(11,500)	-0.95%
Uruguayan Peso	726	0.06%
Total	**$ 25,399**	**2.10%**

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.

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

Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, TrustINdiana securities are valued at amortized cost, which approximates market value.

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, 2014:

TrustINdiana - Local Government Investment Pool		
		Maturities (in Years)
Investment Type	Amortized Cost	Less than 1
U.S. Agencies	$ 64,399	$ 64,399
Commercial Paper	69,726	69,726
Money Market Mutual Funds	2,990	2,990
Total	**$ 137,115**	**$ 137,115**

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, 2014, 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:

TrustINdiana - Local Government Investment Pool		
	Greatest Risk	
Investment Type	Ratings	Fair Value
U.S. Agencies	AA+	$ 64,399
Commercial Paper	A1	69,726
Money Market Mutual Funds	AAA	2,990
Total		**$137,115**

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 to 40% of net assets if the issuer is rated A1+/P1 and 25% of net assets if the issuer is rated A1/P1. 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 represents 5% or more of the total investments were:

FHLB	14.56%	$	40,886
FAMC	7.28%	$	20,444

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, 2014, there were no securities on loan and therefore, no credit risk exposure.

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 SPRF's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation (%)
Broad domestic equity	29.0
Global ex U.S. equity	13.0
Defensive fixed income	4.0
Domestic fixed income	17.0
High yield fixed income	5.0
Hedge funds - alternatives	30.0
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.

State Police Pension fund

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA	$ 5,574
U.S. Agencies	AA	515
U.S. Agencies Assets and Mortgage Backed Securities	AA	9,381
Collateralized Mortgage Obligations		
Corporate CMO's	AAA	460
	A	88
	BBB	30
U.S. Agencies CMOs	AA	831
	NR	651
Corporate Bonds	AA	673
	A	5,506
	BBB	12,298
	BB	684
	B	927
	CCC & Below	157
Corporate Asset Backed	AAA	3,109
	AA	54
	A	417
	BBB	127
Private Placements	A	216
	BBB	693
	B	291
Municipal Bonds	AAA	222
	AA	1,346
	A	1,039
	BBB	205
Mutual/Commingled Funds	NR	72,186
Total		**$ 117,680**

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, 2014, 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. Securities trades on a national or international exchange are valued at the last reported sales price at current exchange rates.

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, 2014, 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:

State Police Pension		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6- 10**	**More than 10**
U.S. Treasuries	$ 5,574	$ 652	$ 296	$ 2,658	$ 1,968
U.S. Agencies					
Bonds	515	-	310	205	-
Mortgage Backed	9,381	7	63	562	8,749
Government CMO's	1,482	-	-	51	1,431
Collateralized Mortgage Obligations					
Corporate CMO's	578	-	100	-	478
Corporate Bonds	20,245	1,503	7,901	8,381	2,460
Corporate Asset Backed	3,707	471	398	261	2,577
Private Placements	1,200	-	462	738	-
Municipal Bonds	2,812	-	997	1,055	760
Money Market Mutual Funds	72,186	72,186	-	-	-
Total Fixed Income Securities	**$ 117,680**	**$ 74,819**	**$ 10,527**	**$ 13,911**	**$ 18,423**

Concentrations

There were no investments in any one issuer that exceeded 5 percent.

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.3%. 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. 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	Market Value	% of Total Market Value
Australia	$ 1,034	0.22%
Chile	850	0.18%
China	741	0.16%
France	427	0.09%
Hong Kong	1,633	0.35%
India	730	0.16%
Israel	1,146	0.25%
Japan	2,501	0.54%
Netherlands	716	0.15%
South Korea	953	0.20%
Spain	1,073	0.23%
Switzerland	1,658	0.36%
United Kingdom	1,638	0.35%
Total Foreign Currency	**$ 15,100**	**3.24%**

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, and agency of the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise. 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, 2014, the State Police Pension Trust did not have any securities on loan and therefore, no credit risk exposure.

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, the SPD OPEB Trust Fund, the DNR OPEB Trust Fund, and the ATC/Excise OPEB Trust Fund.

The State Police Retiree Health Benefit Trust Fund consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established within the State Police Pension Fund 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 this Fund, since it is to be invested in the same manner as the State Police Pension Fund, is established under Indiana Code IC 10-12-2-2(c). There is no formal deposit policy other than compliance to State statute.

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.

The SPD, DNR, and the ATC/Excise OPEB Trust Funds were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPD OPEB Trust Fund. The Department of Natural Resources administers the DNR OPEB Trust Fund. The ATC/Excise OPEB Trust Fund is administered by the Alcohol and Tobacco Commission. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. 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. 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 the State Retiree Health Benefit Trust Fund - DB:

State Employee Retiree Health Benefit Trust Fund - DB

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Agencies	AA+	75,306
Supranationals	AAA	10,003
	NR	1,001
Total		**$ 86,310**

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, 2014, 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	35.91%	$ 33,677
FAMC	17.60%	16,507
FFCB	13.46%	12,622
FNMA	13.33%	12,500
IBRD	11.73%	11,004

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) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, an agency of the United States government, 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.

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, 2014:

State Employee Retiree Health Benefit Trust Fund - DB

Investment Type	Fair Value	Investment Maturities (in	
U.S. Agencies	75,306	70,774	4,532
Supranationals	11,004	-	11,004
Total Fixed Income Securitie	**$ 86,310**	**$ 70,774**	**$ 15,536**

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 (b). 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:

State Employee Retiree Health Benefit Trust Fund - DC

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Agencies	AA	197,732
Supranationals	AAA	5,005
	NR	9,995
Total		**$ 212,732**

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, 2014, 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	51.00%	$ 125,157
Federal Farm Credit Banks	14.27%	35,027
Federal National Mortgage Association	5.10%	12,528
Federal Agriculture Mortgage Corporation	8.15%	20,000
International Bank for Reconstruction	6.11%	15,000

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) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, an agency of the United States government, 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.

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, 2014:

State Retiree Health Benefit Trust Fund - DC

		Investment Maturities	
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**
U.S. Agencies	197,732	139,985	57,747
Supranationals	15,000	9,995	5,005
Total Fixed Income Securities	**$ 212,732**	**$ 149,980**	**$ 62,752**

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 statute (IC 5-10.3-5-3(a)) for PERF and (IC 5-10.4-3-10(a)) for TRF, 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 also is 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 plans. The INPRS Board of Trustees utilizes external investment managers, each with specific mandates to collectively achieve the investment objectives of the retirement funds. Depending on the mandate and 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 periodically.

The INPRS Board of Trustees' strategic asset allocation for the Consolidated Defined Benefit Assets is as follows:

Asset Classes	Target Allocation - %	Allowable Ranges - %
Public Equity	22.5	20-25
Private Equity	10	7-13
Fixed Income - Ex Inflation - Linked	22	19-25
Fixed Income - Inflation - Linked	10	7-13
Commodities	8	6-10
Real Estate	7.5	4-11
Absolute Return	10	6-14
Risk Parity	10	5-15

Contributions and asset reallocation in the PERF, TRF Pre-1996 and TRF 1996 Annuity Savings Accounts and the Legislators' Defined Contribution Plan (LEDC) are directed by the members in each plan and as such, the asset allocation will differ from that of the Consolidated Defined Benefit Assets.

The Pension Relief Fund (PR Fund) is invested 100 percent in a money market fund.

The State Employees' Death Benefit Fund and the Public Safety Officers' Special Death Benefit Fund are 100 percent invested in short-term and fixed income investments.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense is as follows:

Pension Trust Funds (1)	2014 Annual Money Weighted Rate of Return
Public Employees' Retirement Fund	12.33%
Teachers' Retirement Fund Pre-1996 Account (2)	12.71%
Teachers' Retirement Fund 1996 Account (2)	12.71%
1977 Police Officers' and Firefighters' Pension and Disability Fund	13.70%
Judges' Retirement System	13.69%
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan	13.69%
Prosecuting Attorneys' Retirement Fund	13.70%
Legislators' Defined Benefit Plan	13.65%
Total INPRS (3)	12.69%

(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 deposits and short-term investment funds as of June 30, 2014.

Cash Deposits	Total
Demand Deposit Account – Bank Balances (Insured by FDIC up to $250 thousand per financial institution)	$ 10,050
Held with Treasurer of State (Fully insured)	4,951
Demand Deposit - Outstanding Check Flot	(39,299)
Held with Custodian Bank (Uncollateralized)	161,544
Short-term Investment Funds held at Bank (Collateralized)	963,462
Total	**$ 1,100,708**

Summary of Investments Held

A summary of investments held as of June 30, 2014, exclusive of operational cash and the securities lending program is as follows:

Investment Type (1)	Fair Value	% of Total Investments
Short-Term Investments (2)		
Cash at Brokers	$ 161,544	0.5%
Money Market Sweep Vehicle	963,462	3.2
Commercial Paper	3,474	0.0
U.S. Treasury Obligations	150,803	0.5
U.S. Agencies	34,418	0.1
Non-U.S. Governments	17,162	0.1
Total Short-Term Investments	1,330,863	4.4
Fixed Income Investments		
U.S. Governments	4,380,484	14.4
Non-U.S. Governments	2,474,447	8.1
U.S. Agencies	747,558	2.5
Corporate Bonds	2,898,294	9.5
Asset-Backed Securities	928,810	3.0
Commingled Fixed Income Funds	958,272	3.1
Total Fixed Income Investments	12,387,865	40.6
Equity Investments		
Domestic Equities	3,212,707	10.5
International Equities	2,860,157	9.4
Commingled Equity Funds	1,575,701	5.1
Total Equity Investments	7,648,565	25.0
Alternative Investments		
Private Equity	4,802,039	15.7
Absolute Return	1,425,500	4.7
Private Real Estate	410,929	1.3
Risk Parity	2,496,392	8.2
Total Alternative Investments	9,134,860	29.9
Derivatives	27,082	0.1
Total Investments	**$ 30,529,235**	**100.0%**

(1) The amounts disclosed above differ from the Asset Allocation Summary. The investment type disclosure groups 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 non-pooled and pooled, that are an integral part of the pension investments.

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, are not registered in the name of INPRS and are held by either the counterparty or the counterparty trust department's agent, but not in INPRS' name.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2014, there were no investment or collateral securities subject to custodial credit risk and $171,344 thousand of cash on deposit which was uninsured and uncollateralized and therefore exposed to credit risk as disclosed under cash in bank and deposits.

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer the maturity, the more the value of the fixed-income investment will fluctuate with interest rate changes. The INPRS Investment

Policy Statement recognizes interest rate risk as a market risk factor that is monitored on an absolute and relative basis.

As of June 30, 2014 the debt securities had the following duration information:

Debt Security Type	Fair Value 6/30/2014	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
Short Term Investments			
Money Market Sweep Vehicle	$ 963,462	7.0%	0.01
Commercial Paper	3,474	0.1%	0.16
U.S. Treasury Obligations	150,803	1.1%	0.11
U.S. Agencies	34,418	0.2%	0.12
Non-U.S. Government	17,162	0.1%	0.22
Duration Not Available	161,544	1.2%	N/A
Total Short Term Investments	**1,330,863**	**9.7%**	
Fixed Income Investments			
U.S. Governments	4,380,484	31.9%	7.64
Non-U.S. Government	2,474,447	18.0%	6.44
U.S. Agencies	747,558	5.5%	2.77
Corporate Bonds	2,823,689	20.6%	5.28
Asset-Backed Securities	899,519	6.6%	1.07
Duration Not Available	1,062,168	7.7%	N/A
Total Fixed Income Investments	**12,387,865**	**90.3%**	
Total Debt Securities	**$ 13,718,728**	**100.0%**	

The $1,224 million, 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 that the issuer will default and not meet their obligations. The INPRS Investment Policy Statement recognizes credit (quality) risk as a market and strategic risk factor that is monitored on an absolute and relative basis.

The quality rating of investments in debt securities as described by Moody's at June 30, 2014 is as follows:

Moody's Rating	Short-Term Investments	Fixed Income Securities	Total	Percentage of All Debt Securities
U.S. Government Guaranteed	$ -	$ 4,443,101	$ 4,443,101	32.4%
Aaa	185,222	1,852,621	2,037,843	14.9%
Aa	-	1,469,909	1,469,909	10.7%
A	-	915,584	915,584	6.7%
Baa	-	1,633,392	1,633,392	11.9%
Ba	-	306,423	306,423	2.2%
B	-	161,455	161,455	1.2%
Below B	-	125,534	125,534	0.9%
Unrated	1,145,641	1,479,846	2,625,487	19.1%
Total	**$ 1,330,863**	**$12,387,865**	**$ 13,718,728**	**100.0%**

The $2,625 million not rated by Moody's is primarily in the following security types: cash at broker, money market sweep vehicles, asset-backed securities, commercial mortgages, CMO/Remics and commingled debt funds.

Concentration of credit risk is the risk of loss that 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.

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

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

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

No investment manager shall manage more than 25 percent of the system's assets in a combination of actively and passively managed portfolios.

At June 30, 2014, single issuer exposure in the portfolio did not exceed 5 percent of the total net 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. INPRS' foreign currency exposure is focused primarily in international fixed income and equity holdings.

At June 30, 2014, 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. INRPS monitors currency risk at the total fund level, portfolio level, and asset class level.

INPRS has exposure to foreign currency fluctuation as follows:

Currency	Short Term Investments	Fixed Income	Equity	Other Investments	Grand Total	% of Total
Australian Dollar	$ (240)	$ 47,965	$ 61,627	$ (22,796)	$ 86,556	0.3%
Brazilian Real	189	53,493	20,386	(3,250)	70,818	0.2
Canadian Dollar	470	113,912	107,955	(105,261)	117,076	0.4
Chilean Peso	-	1,887	-	2,767	4,654	-
Chinese R Yuan HK	-	-	-	24,650	24,650	0.1
Chinese Yuan Renminbi	-	-	-	(11)	(11)	-
Colombian Peso	43	20,316	-	(881)	19,478	0.1
Czech Koruna	-	-	5,837	-	5,837	-
Danish Krone	66	15,275	29,440	(3,194)	41,587	0.1
Dominican Rep Peso	-	2,270	-	-	2,270	-
Egyptian Pound	-	-	324	-	324	-
Euro Currency Unit	13,441	1,126,815	653,170	(385,168)	1,408,258	4.8
Hong Kong Dollar	491	-	135,074	609	136,174	0.4
Hungarian Forint	81	3,257	2,445	3,282	9,065	-
Indian Rupee	110	3,571	38,701	21,500	63,882	0.2
Indonesian Rupiah	3	18,135	5,673	4,238	28,049	0.1
Israeli Shekel	21	-	2,500	(7,752)	(5,231)	-
Japanese Yen	1,682	231,495	412,522	(79,120)	566,579	1.9
Malaysian Ringgit	3,419	20,388	1,556	10,360	35,723	0.1
Mexican Peso	14,503	57,573	5,224	(14,435)	62,865	0.2
New Taiwan Dollar	170	-	62,185	(8,010)	54,345	0.2
New Turkish Lira	25	29,372	21,298	(15,686)	35,009	0.1
New Zealand Dollar	73	2,392	2,682	(4,020)	1,127	-
Nigerian Naira	798	553	-	1,716	3,067	-
Norwegian Krone	212	2,812	34,165	35,480	72,669	0.2
Peruvian Nuevo Sol	-	1,267	-	2,803	4,070	-
Philipines Peso	18	1,019	1,436	679	3,152	-
Polish Zloty	104	23,614	4,120	20,662	48,500	0.2
Pound Sterling	2,094	412,571	351,701	(146,264)	620,102	2.1
Qatari Riyal	-	-	2,197	-	2,197	-
Romania Leu	27	4,840	-	(71)	4,796	-
Russian Rubel	7	20,450	-	1,492	21,949	0.1
S. Africa Comm Rnd	265	20,974	29,815	2,699	53,753	0.2
Singapore Dollar	73	6,539	32,908	(11,832)	27,688	0.1
South Korean Won	30	(474)	76,720	19,973	96,249	0.3
Swedish Krona	281	67,815	61,147	(40,175)	89,068	0.3
Swiss Franc	1,431	3,032	144,227	(17,110)	131,580	0.4
Thai Baht	136	11,288	6,456	(3,865)	14,015	-
UAE Dirham	-	-	1,666	-	1,666	-
Zambia Kwacha	-	339	-	-	339	-
Held in Foreign Currency	**$ 40,023**	**$ 2,324,755**	**$ 2,315,157**	**$ (715,991)**	**$ 3,963,944**	**13.1%**

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.

Securities Lending

Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees may authorize a 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 that collateral initially in excess of the total fair value of the loaned securities must be pledged by the borrower and must be maintained at no less than the total fair value of the loaned securities.

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 at one time. 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 cannot be pledged or sold unless the borrower defaults.

At June 30, 2014, INPRS had no credit risk exposure since the collateral value held exceeded the fair value of securities on loan.

Securities Lending as of June 30, 2014

Security Type	Fair Value of Securities on Loan	Collateral Value (Securities and Cash)
U.S. Governments	$ 1,621,578	$ 1,667,028
Corporate Bonds	168,003	172,057
International Bonds	65,422	67,243
Domestic Equities	632,347	654,485
International Equities	83,079	90,866
Total	**$ 2,570,429**	**$ 2,651,679**

Cash collateral can be reinvested. The reinvested assets are subject to the investment guidelines specified by the INPRS Investment Policy Statement. It states that the maximum weighted average days to maturity may not exceed 60. The securities lending agent matches the maturities of the cash collateral investments with stated securities loans' termination dates. Cash collateral received for open-ended loans that can be terminated on demand are invested with varying maturities. INPRS retains the fair value risk with respect to the investment of the cash collateral.

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2014 is as follows:

Standard and Poor's Rating	Commercial Paper	Repurchase Agreements	U.S. Agencies	Floating Rate Notes	Certificates of Deposit	Fair Value of Reinvested Cash Collateral	Percent of Portfolio
A-1 and A-1+	$ 707,030	$ -	$ 36,600	$ -	$ 166,519	$ 910,149	42.0%
AA+	-	-	-	16,712	-	16,712	0.8%
AA-	-	-	-	379,448	-	379,448	17.5%
A+	-	-	-	221,806	-	221,806	10.2%
A	-	-	-	17,405	-	17,405	0.8%
Unrated	-	623,472	-	-	-	623,472	28.7%
Total	**$ 707,030**	**$ 623,472**	**$ 36,600**	**$ 635,371**	**$ 166,519**	**$ 2,168,992**	**100.0%**

The majority of the unrated reinvested cash collateral investments consist of repurchase agreements.

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 transfer 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 with INPRS' security collateral held at the broker dealer or financial institution's custodian bank.

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

At June 30 2014, INPRS did not have a repurchase agreement or an obligation under reverse repurchase agreement program at the total fund level. However, at the manager level, repurchase agreements and obligations under reverse repurchase agreements are allowable investments.

There were no repurchase agreements held at June 30, 2014 outside of the securities lending collateral holdings. The amounts held at June 30, 2014 for obligations under reverse repurchase agreements, exclusive of securities lending reinvested cash collateral, are as follows:

Obligations Under Reverse Repurchase Agreements by Collateral Type	Cash Collateral Posted	Fair Value
U.S. Treasury	$ 225,614	$ 227,143

At June 30, 2014, INPRS had no credit risk exposure related to obligations under reverse repurchase agreements since the collateral value posted exceeded the fair value of the liability held.

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 held by INPRS 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 INPRS' 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.

INPRS' 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, INPRS' 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.

The Fund enters into foreign currency forwards to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

Derivative Contracts

The tables below summarize INPRS' derivative contracts for the year ending June 30, 2014:

Investment Derivatives	Changes in Fair Value	Fair Value	Notional (USD)
Futures:			
Index Futures - Long	$ 13,719	$ 13,719	$ 624,486
Commodity Futures - Long	25,474	25,474	1,277,538
Fixed Income Futures - Long	1,212	1,212	443,391
Fixed Income Futures - Short	(699)	(699)	(572,292)
Foreign Currency Futures - Long	29	29	38,388
Foreign Currency Futures - Short	(435)	(435)	(383,873)
Total Futures	**39,300**	**39,300**	**1,427,638**
Options:			
Currency Spot Options Bought	(147)	796	59,840
Currency Spot Options Written	184	(986)	84,349
Interest Rate Options Bought	(986)	6,372	333,220
Interest Rate Options Written	649	(1,326)	144,320
Fixed Income Options Bought	(140)	36	36
Fixed Income Options Written	121	(18)	(18)
Foreign Currency Options Bought	(113)	66	160
Foreign Currency Options Written	79	(5)	(5)
Credit Default Single Issuer Swaptions Written	23	(60)	97,800
Credit Default Index Swaptions Written	21	(17)	22,700
Inflation Rate Swaptions Bought	(8)	7	6,955
Total Options	**(317)**	**4,865**	**749,357**
Swaps:			
Interest Rate Swaps - Pay Fixed Receive Variable	(14,747)	(26,533)	937,072
Interest Rate Swaps - Pay Variable Receive Fixed	12,700	5,310	1,014,556
Forward Volatility Agreement Straddle	(29)	268	2,600
Currency Swaps	24	27	13,102
Credit Default Swaps Single Name - Buy Protection	(1,237)	404	72,062
Credit Default Swaps Single Name - Sell Protection	936	1,130	50,900
Credit Default Swaps Index - Buy Protection	(816)	1,432	32,916
Credit Default Swaps Index - Sell Protection	290	879	45,555
Total Swaps	**(2,879)**	**(17,083)**	**2,168,763**
Total Derivatives	**$ 36,104**	**$ 27,082**	**$ 4,345,758**

The table below summarizes the swap maturity profile as of June 30, 2014.

	Swap Maturity Profile at June 30, 2014					
Swap Type	**< 1 yr**	**1 - 5 yrs**	**5 -1 0 yrs**	**10 - 20 yrs**	**20 + yrs**	**Total**
Interest Rate Swaps - Pay Fixed Receive Variable	$ -	$ (1,841)	$ (12,345)	$ (7,861)	$ (4,486)	$ (26,533)
Interest Rate Swaps - Pay Variable Receive Fixed	-	6,372	(1,370)	308	-	5,310
Forward Volatility Agreement Straddle	268	-	-	-	-	268
Currency Swaps	-	29	(2)	-	-	27
Credit Default Swaps Single Name - Buy Protection	-	(1,004)	774	-	634	404
Credit Default Swaps Single Name - Sell Protection	-	1,251	(121)	-	-	1,130
Credit Default Swaps Index - Buy Protection	-	(181)	-	-	1,613	1,432
Credit Default Swaps Index - Sell Protection	-	879	-	-	-	879
Total Swap Fair Value	**$ 268**	**$ 5,505**	**$ (13,064)**	**$ (7,553)**	**$ (2,239)**	**$ (17,083)**

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 Fund 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, 2014, was $33,677 thousand, of which $31,587 thousand was uncollateralized.

The tables below summarize the counterparty positions as of June 30, 2014:

		Fair Value			Collateral	
Swaps Counterparty	**S&P Rating**	**Receivable/ Unrealized Gain**	**Payable/ (Unrealized Loss)**	**Total Fair Value**	**Posted**	**Received**
Bank of America	A-	$ 259	$ (225)	$ (101)	$ 360	$ (1,160)
Barclays	A-	181	(197)	(197)	200	-
Citibank	A-	895	(2,011)	2,176	877	(3,167)
CME Central	AA-	30,181	(28,927)	(18,286)	-	-
Credit Suisse	A-	20	(59)	(4)	50	(72)
Deutsche Bank	A	167	(1,141)	(944)	-	(4,449)
Goldman Sachs	A-	826	(1,353)	885	510	(570)
HSBC Securities Inc	A+	4	(132)	(132)	-	-
Intercontinental Exchange, Inc.	A	417	(348)	273	-	-
JPMorgan Chase Bank	A	108	(334)	(262)	-	(530)
London Clearing House	A-	530	(935)	(651)	-	-
Royal Bank of Canada (RBC)	AA-	17	(2)	(2)	1,600	-
UBS	A	72	-	92	20	(810)
Grand Total		**$ 33,677**	**$ (35,664)**	**$(17,153)**	**$ 3,617**	**$ (10,758)**

Interest Rate Risk

The System has exposure to interest rate risk due to investments in interest rate and inflation swaps and TBAs. The required risk disclosures are included in the Interest Rate Risk schedule.

The table below summarizes INPRS's 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	0.0265% to 4.37%	3M USD LIBOR	$ (13,623)	$ 630,430
Euro Currency Unit	1.50% to 3.25%	6M EURIBOR REUTERS	(5,130)	63,967
Pound Sterling	1.00% to 3.75%	6M GBP LIBOR BBA	(52)	27,888
Chilean Peso	3.85% to 5.36%	6M CLP CLICP BLOOMBERG	(71)	5,784
Australian Dollar	3.75% to 5.50%	6M AUD BBR BBSW	(6,392)	101,851
Polish Zloty	3.76% to 4.20%	6M WIBOR WIBO	(89)	1,874
Japanese Yen	0.75% to 1.65%	6M JPY LIBOR BBA	(165)	59,184
Swiss Franc	2.50%	3M CHF LIBOR BBA	(254)	5,864
Malaysian Ringgit	0.00% to 4.49%	3M MYR KLIBOR BNM	(4)	4,893
South Korean Won	3.00% to 3.63%	3M KRW KWCDC COD	(491)	19,744
Norwegian Krone	4.00%	6M NOK NIBOR BBG	(95)	2,752
Swedish Krona	1.75%	3M SEK STIBOR SIDE	(179)	10,952
South African Rand	8.55%	3M ZAE JIBAR SAFEX	(5)	178
Colombian Peso	2.11% to 5.92%	COP DTF90 RATE	10	785
Colombian Peso	5.19% to 5.35%	1D COP COOVIBR	7	926
			$ (26,533)	$ 937,072
Interest Rate Swap - Pay Variable Receive Fixed:				
U.S. Dollar	3M USD LIBOR	1.00% to 4.50%	$ (1,682)	$ 170,480
Brazilian Real	1D BRL CDI	8.86% to 10.37%	(823)	28,683
South African Rand	3M ZAE JIBAR SAFEX	6.15% to 8.52%	(457)	13,343
Australian Dollar	6M AUD BBR BBSW	3.5% to 4.50%	7,576	644,574
Euro Currency Unit	6M EURIBOR REUTERS	1.50%	459	11,720
Japanese Yen	6M JPY LIBOR BBA	1.25% to 1.88%	274	37,475
Canadian Dollar	3M CAD BA CDOR	2.75% to 4.00%	143	15,096
Pound Sterling	6M GBP LIBOR BBA	2.25% to 3.75%	(26)	43,362
New Zealand Dollar	3M NZD BBR FRA	4.50% to 5.00%	(86)	15,804
Swedish Krona	3M SEK STIBOR SIDE	2.50%	71	2,019
Chilean Peso	6M CLP CLICP BLOOMBERG	4.61%	(6)	281
South Korean Won	3M KRW KWCDC COD	2.85% to 2.89%	17	3,041
Mexican Peso	1M MXN TIIE BANXICO	6.81% to 6.83%	18	10,620
Brazilian Real	ZCS BZDIOVRA	11.68%	(168)	18,057
			$ 5,310	$1,014,555

Foreign Currency Risk

The Fund 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, 2014, INPRS' investments included the following currency forwards balances:

Forward Currency Contract Receivables	$ 4,027,199
Forward Currency Contract Payables	(4,046,822)

The aggregate realized gain/loss recognized for the year ended June 30, 2014 due to foreign currency transactions was $71,413 thousand realized loss.

Long Term Commitments for Alternative Investments

INPRS enters into long term commitments for funding other investments in private equity and private real estate. These amounts include Euro currency, Norwegian Krone and British Pound Sterling denominated commitments to limited liability partnerships. The remaining amount of unfunded commitments, converted to U.S. dollars using the closing exchange rate, as of June 30, 2014, is as follows:

Currency	Total Unfunded Commitments
U.S. Dollar	$ 2,010,868
Euro Currency Unit	156,072
Norwegian Krone	6,108
British Pound Sterling	1,696
Total	**$ 2,174,744**

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, 2014, the following funds had temporary cash overdrafts covered by loans from the General Fund: U.S. Department of Health and Human Services Fund, $116.1 million, U.S. Department of Labor Fund, $2.2 million, and S&S Children's Home Construction Fund, $0.7 million. Also, reported is an $8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund.

The following is a summary of the Interfund Loans as of June 30, 2014:

Interfund Loans - Current

	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	$ 119,076	$ -
Nonmajor Governmental Funds	8,000	127,076
Total Governmental Funds	127,076	127,076
Total Interfund Loans	**$ 127,076**	**$ 127,076**

Interfund Services Provided/Used

Interfund Services Provided of $8.4 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, 2014:

Interfund Services Provided/Used

	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	$ -	$ 4,793
Nonmajor Governmental Funds	-	3,645
Total Governmental Funds	-	8,438
Proprietary Funds		
Internal Service Funds	8,438	-
Total Proprietary Funds	8,438	-
Total Interfund Services Provided/Used	$ 8,438	$ 8,438

Due From/Due To

The $45.0 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 $28.7 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. The $17.6 million due to nonmajor universities is from FY 2014 state appropriations for capital projects. The $0.3 million due the Indiana State Fair Commission is from an FY 2014 state operating expense appropriation.

The following is the schedule of Due From/Due To of component units, as of June 30, 2014:

Component Units	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	$ -	$ 62,893	$ -	$ -
Nonmajor Governmental Funds	-	-	28,732	-
Total Governmental Funds	-	62,893	28,732	-
Component Units				
Nonmajor Universities	17,606	-	-	-
Board for Depositories	45,000	-	-	-
State Lottery Commission	-	-	-	28,732
Indiana State Fair Commission	287	-	-	-
Total Component Units	62,893	-	-	28,732
Total Due From/To	**$ 62,893**	**$ 62,893**	**$ 28,732**	**$ 28,732**

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 – $484.4 million was transferred in from the Medicaid Assistance Fund of which $233.9 million was unused State match appropriations from prior fiscal years, $203.3 million was the State's share of hospital assessment fees, and $47.2 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 Social Security Act. $474.0 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. The Build Indiana Fund transferred in $236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. $126.5 million was received from the Fund 6000 Programs Fund of which $56.2 million was distribution of financial institutions tax per IC 6-5.5; $35.3 million was transferred to the Department of Administration's lease fund from the ENCOMPASS project fund for the defeasement of bonds for the Miami Correctional Facility; $21.3 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's receipts of resident fees and Medicaid reimbursements; $3.8 million was transferred in from consumer and non-consumer settlements, unclaimed property litigation, the telephone solicitation fund, and real estate appraiser licensing for the Office of the Indiana Attorney General; $3.6 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; $3.3 million was transferred in from permit fees collected from businesses that sell alcoholic beverages per IC 7.1-4-9-4; $1.5 was transferred in from the Tech Modernization and Upgrade Fund to the Gaming Tax fund to cover a budgetary shortfall; and $1.5 million was transferred to the State Police Motor Carrier fund from the Excess Handgun License Fees fund as the first part in a series of transfers meant to provide funding for the Department of Toxicology in FY 2015. $41.5 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including developmental disability 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. $10.0 million was received from the Mine Subsidence Insurance Fund pursuant to the 2013 biennial budget bill.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received $1.9 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 disabilities, long term care needs, and family and child service's needs. $323.7 million was transferred to the U.S. Department of Health and Human Services Fund in support of: $131.2 million for Department of Child Services programs including adoption services grants, adoption assistance, special needs adoption, family and children services, administration, Social Security Title IV-D services, the Indiana Support Enforcement Tracking System, child welfare services state grants and training, child welfare administration, and independent living; $102.4 million for the Family and Social Services' Division of Family Resources for local offices, state administration, child care services, and TANF; $70.5 million for the State Medicaid program; $8.4 million to the FSSA divisions of Aging and Disability and Rehabilitative Services for developmentally disabled client and aging services, $5.2 million for county prosecutors' and local judges' salaries; $5.5 million for FSSA's central office; $0.3 million for child psychiatric and other programs provided through FSSA's Division of Mental Health and Addiction; and $0.2 million for the Department of Health including the cancer registry and Office of Women's Health. $200.0 million was transferred to the Major Moves Construction Fund pursuant to Indiana Code 8-14-14.1-4. $150.0 million was transferred to the State Tuition Reserve Fund per the 2013 biennial budget bill. $297.2 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. The Mental Health Center Fund received appropriation transfers in totaling $94.3 million to fund services to adults who are seriously mentally ill in comprehensive community health centers and for the administration of services by the Department of Mental Health. The Build Indiana Fund received $81.6 million from riverboat ($81.3 million) and pari-mutuel ($0.3 million) wagering taxes which went to the Lottery and Gaming Surplus Account. $57.0 million was transferred to the Hospital Care for the Indigent Fund for carrying out its programs. $59.9 million was transferred to the U.S. Department of Agriculture Fund as the State's match of which $53.3 million was for the FSSA Division of Family Resources' local offices, state administration, information systems, TANF, and IMPACT, $5.1 million was for the National School Lunch program administered by the Indiana Department of Education's Division of School and Community Nutrition Programs, and $1.5 million was for the Board of Animal Health and DNR Entomology Division. $41.3 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 had a transfer in of $1.9 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. $82.5 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. $42.9 million was transferred in from the Mental Health Centers Fund for reimbursement of services to the seriously mentally ill.

Transfers out included $484.4 million to the General Fund of which $233.9 million was the return of unused State match appropriations for Medicaid from prior fiscal years, $203.3 million was hospital assessment fees, and $47.2 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.

Major Moves Construction Funds – The Major Moves Construction Fund had a transfer in of $200.0 million from the Major Moves 2020 Trust Fund which is part of the General Fund pursuant to Indiana Code 8-14-14.1-4.

The Major Moves Construction Fund had a transfer out of $305.4 million to the State Highway Department for construction and maintenance of the State's highways, roads, and bridges.

Proprietary Funds

Non-Major Enterprise Funds

The Inns and Concessions Fund – This fund had transfers out of $2.7 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

$1.6 million was transferred to the Administrative Services Revolving Fund from the pay phone fund to partially fund the Government Management Information Systems organization within the Indiana Office of Technology. $0.38 million was transferred to the State Employee Health Insurance Fund when the Local Units of Government Fund was closed. $3.7 million was transferred from the Institutional Industries Fund to the General Fund representing cash assets in excess of $1.5 million pursuant to Indiana Code 11-10-6-8.

A summary of interfund transfers for the year ended June 30, 2014 is as follows:

	Operating transfers in	Operating transfers (out)	Net transfers
Governmental Funds			
General Fund	$ 1,418,795	$ (3,361,171)	**$ (1,942,376)**
Public Welfare-Medicaid Assistance Fund	2,032,829	(500,512)	**1,532,317**
Major Moves Construction Fund	200,000	(305,441)	**(105,441)**
Nonmajor Governmental Fund	2,546,001	(2,025,722)	**520,279**
Proprietary Funds			
Inns and Concessions	-	(2,724)	**(2,724)**
Internal Service Funds	1,638	(3,692)	**(2,054)**
Total	**$ 6,199,263**	**$ (6,199,263)**	**$0**

C. Taxes Receivable/Tax Refunds Payable

Taxes Receivable/Tax Refunds Payable as of year end, 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	$ 907,734	$ -	$ -	**$ 907,734**
Sales taxes	787,553	8,969	-	**796,522**
Fuel taxes	146	79,619	-	**79,765**
Gaming taxes	882	12,520	-	**13,402**
Inheritance taxes	1,379	-	-	**1,379**
Alcohol and tobacco taxes	47,079	27,541	1,862	**76,482**
Insurance	3,409	-	-	**3,409**
Financial institutions taxes	-	11,577	-	**11,577**
Other taxes	6,610	1,769	-	**8,379**
Total taxes receivable	1,754,791	141,994	1,862	**1,898,648**
Less allowance for uncollectible accounts	(356,887)	(14,576)	(4)	**(371,467)**
Net taxes receivable	**$ 1,397,904**	**$ 127,418**	**$ 1,858**	**$ 1,527,181**
Tax refunds payable	**$ 36,307**	**$ 1,907**	**$ -**	**$ 38,214**

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

Primary Government – Governmental Activities

	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 1,840,978	$ 99,086	$ (153)	$ 1,939,911
Infrastructure	9,267,899	593,032	(29,640)	9,831,291
Construction in progress	2,084,978	727,185	(796,665)	2,015,498
Total capital assets, not being depreciated/amortized	13,193,855	1,419,303	(826,458)	13,786,700
Capital assets, being depreciated/amortized:				
Land and water use rights	18,284	2,704	-	20,988
Buildings and improvements	2,163,418	3,785	(41,780)	2,125,423
Furniture, machinery, and equipment	546,457	45,478	(27,418)	564,517
Computer software	52,797	10,946	(3,080)	60,663
Infrastructure	23,623	256	(898)	22,981
Total capital assets, being depreciated/amortized	2,804,579	63,169	(73,176)	2,794,572
Less accumulated depreciation/amortization for:				
Land and water use rights	(7,451)	(987)	-	(8,438)
Buildings and improvements	(1,088,920)	(65,574)	26,247	(1,128,247)
Furniture, machinery, and equipment	(389,317)	(37,537)	25,625	(401,229)
Computer software	(41,582)	(6,311)	1,799	(46,094)
Infrastructure	(14,824)	(516)	508	(14,832)
Total accumulated depreciation/amortization	(1,542,094)	(110,925)	54,179	(1,598,840)
Total capital assets being depreciated/amortized, net	1,262,485	(47,756)	(18,997)	1,195,732
Governmental activities capital assets, net	$ 14,456,340	$ 1,371,547	$ (845,455)	$ 14,982,432

Primary Government – Business-Type Activities

	Balance, July 1	Increases	Decreases	Balance, June 30
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	$ 204	$ -	$ -	$ 204
Furniture, machinery, and equipment	905	26	-	931
Total capital assets, being depreciated	1,109	26	-	1,135
Less accumulated depreciation for:				
Buildings and improvements	(133)	(23)	-	(156)
Furniture, machinery, and equipment	(312)	(132)	-	(444)
Total accumulated depreciation	(445)	(155)	-	(600)
Total capital assets being depreciated, net	664	(129)	-	535
Business-type activities capital assets, net	$ 664	$ (129)	$ -	$ 535

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

Governmental activities:	
General government	$ 35,920
Public safety	33,522
Health	1,067
Welfare	5,987
Conservation, culture and development	12,392
Education	1,383
Transportation	20,653
Total depreciation/amortization expense - governmental activities	**$ 110,924**
Business-type activities:	
Inns and Concessions	$ 33
Wabash Memorial Bridge	122
Total depreciation expense - business-type activities	**$ 155**

E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2014 and the assets acquired through capital leases are as follows:

Future minimum lease payments

Year ending June 30,	Operating leases	Capital leases Governmental Activities
2015	$ 29,478	$ 107,671
2016	27,100	107,887
2017	24,707	106,504
2018	20,058	103,893
2019	11,916	102,557
2020-2024	16,932	514,412
2025-2029	62	502,891
2030-2034	-	641
Total minimum lease payments (excluding executory costs)	**$ 130,253**	**1,546,456**
Less:		
Remaining premium(discount)		(10,958)
Amount representing interest		(422,899)
Present value of future minimum lease payments		**$ 1,112,599**

Assets acquired through capital lease

Land	$ -
Building	$ 5,364
Machinery and equipment	791
Infrastructure	1,108,584
less accumulated depreciation	(3,026)
	$ 1,111,713

Operating Leases

The State leases building and office facilities and other equipment under non-cancelable operating leases. Total payments for such leases with aggregate payments of $20,000 or more were $32.6 million for the year ended June 30, 2014. 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, 2014 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	$ 148,633	$ 83,350	$ (85,669)	$ 146,314	$ 79,585	$ 66,729
Net pension obligation	1,166,775	34,797	(315)	1,201,257	-	1,201,257
Other postemployment benefits	134,074	459	(821)	133,712	-	133,712
Pollution remediation	44,675	1,226	-	45,901	6,172	39,729
Intergovernmental payable	20,000	-	(10,000)	10,000	10,000	-
Capital leases	1,156,910	10,647	(54,958)	1,112,599	58,822	1,053,777
	$ 2,671,067	**$ 130,479**	**$ (151,763)**	**$ 2,649,783**	**$ 154,579**	**$ 2,495,204**
Business-type activities:						
Compensated absences	$ 479	$ 336	$ (235)	$ 580	$ 215	$ 365
Claims liability	28,650	1,342	(1,577)	28,415	3,327	25,088
	$ 29,129	**$ 1,678**	**$ (1,812)**	**$ 28,995**	**$ 3,542**	**$ 25,453**

Long term obligations of governmental activities include capital lease obligations of governmental funds as presented in Note IV(E), net pension obligations for the Public Employees Retirement Fund-State and the State Teachers' Retirement Fund (Pre-1996 Account) as presented in Note V(E), 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, 2014, 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.

Prior Period Adjustments

In the fund statements for governmental funds, and the government-wide statements, there is a decrease of $897 thousand in net position of the General Fund for deposits that were not recorded in the prior year.

In the fund financial statements for Special Revenue Funds, and the government-wide statements, net position decreased by $60.6 million due to the establishment of liabilities in the Department of Revenue holding accounts.

In the fund statements for Special Revenue funds, and the government-wide statements, net position decreased by $1.1 million due to the reclassification of certain funds to Agency funds.

In the fund statements for Special Revenue funds, net position increased $3.8 million in the Other Special Revenue Fund with a corresponding decrease in the Other Capital Projects Fund due money being incorrectly transferred between the funds in the prior year.

In the fund statements for Special Revenue funds, net position decreased $8.8 million in the Medicaid Assistance Fund due to the omission of a liability in the prior year.

For the government-wide statements, there is an increase of $37.4 million in net position for capital assets. This was the result of not capitalizing capital assets by June 30, 2013 that were acquired prior to this date and for corrections to acquisition cost by state agencies.

For the government-wide statements, there is a decrease of $13.2 million for software that was incorrectly reported as in development on June 30, 2013.

For the government-wide statements, there is a decrease of $94.8 million in net position for infrastructure assets that were incorrectly capitalized in prior years as construction in progress.

For the Enterprise funds and the government-wide statements, there is a decrease of $1.7 million in net position for the correction of errors relating to benefit payments for the Unemployment Compensation Fund.

For the Internal Service funds and the government-wide statements, there is an increase of $2.5 million in net position for the reclassification of the Conservation & Excise Officers Health Insurance Fund from an Agency fund and an increase of $.8 million due to capital asset errors in the Administrative Services statements.

For the Fiduciary Funds, there was a decrease of $47 thousand due to the omission of payables and receivables in the OPEB plan statements and an increase of $5 million due to an error in the recording of Commercial Vehicle Excise Tax.

For the discrete component units, the Indiana Finance Authority's net position decreased by $11.9 million due to the implementation of GASB 65. The State Lottery's net position increased by $3.2 million due to a correction in the calculation of the net pension asset. Non-major discrete units net position decreased by $9.5 million due to the implementation of GASB 65.

For the discrete component units, fiduciary funds, the net position of the Indiana Public Employees' Retiree System decreased by $36.8 million because of the reclassification of the Pension Relief Fund from an investment trust fund to an agency fund.

The following schedule reconciles June 30, 2013 net position as previously reported, to beginning net position, as restated:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Discretely Presented Component Units (Non Fiduciary)
June 30, 2013, fund balance/retained earnings/net assets as reported	$ 19,869,503	$ (1,211,252)	$ 28,237,479	$ 12,394,229
Change in accounting principle				
Adoption of GASB 65	-	-	-	(21,384)
Correction of errors	(131,344)	(1,742)	4,976	3,244
Reclassifications of funds	1,419	-	(36,617)	-
Balance July 1, 2013 as restated	**$ 19,739,578**	**$ (1,212,994)**	**$ 28,205,838**	**$ 12,376,089**

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
2014					
Unpaid Claims, July 1	$ 3,352	$ 4,840	$ 34,891	$ 391	**$ 43,474**
Incurred Claims and Changes in Estimate	17,468	20,856	300,228	2,431	**340,983**
Claims Paid	(18,058)	(20,466)	(298,853)	(2,285)	**(339,662)**
Unpaid Claims, June 30	**$ 2,762**	**$ 5,230**	**$ 36,266**	**$ 537**	**$ 44,795**
2013					
Unpaid Claims, July 1	$ 3,926	$ 5,183	$ 40,455	$ 464	**$ 50,028**
Incurred Claims and Changes in Estimate	29,147	21,347	297,386	2,313	**350,193**
Claims Paid	(29,721)	(21,690)	(302,950)	(2,386)	**(356,747)**
Unpaid Claims, June 30	**$ 3,352**	**$ 4,840**	**$ 34,891**	**$ 391**	**$ 43,474**

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 $9.8 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2014, the State paid $10.2 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 1968, a lawsuit seeking to desegregate the Indianapolis Public Schools was filed in the United States District Court for the Southern District of Indiana. Since 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The District Court entered its final judgment in 1981 holding the State responsible for most of the costs of its desegregation plan, and those costs have been part of the State's budget since then. In June 1998, the parties negotiated an 18-year phase out of the desegregation plan that was approved by the Court for some school corporations and a 13-year phase out of the desegregation plan for the school corporations that had already began the desegregation plan. State expenditures will be gradually reduced as the plan is phased out.

In March 2013, Plaintiffs filed a class action lawsuit against the State which alleges the Indiana Bureau of Motor Vehicles charged amounts that were not authorized by law to persons under the age of 75 who have paid a fee to obtain or renew their drivers' licenses since March 7, 2007. A settlement has been reached that provides for credits, in a total amount of about $30 million, to be paid to class members and their attorneys. In November 2013, The Court's Order and Judgment Approving Settlement was entered. For a period of 3 years after the Court's final approval of the Settlement, any refunds that have not been paid as advance payments will be available to class members as outlined. Settlement agreement amended to remove obligation to promulgate rules regarding certain fees. Payments are to be made under agreement until December 2017. As of June 30, 2014, $9.8 million remained to be refunded which has been accrued as an expense and payable in the government-wide financial statements.

In October 2013, an individual brought a putative class action against the Indiana Bureau of Motor Vehicles alleging overcharges and the alleged overcharges sought could exceed $10 million. The State has filed a motion for partial summary judgment. The hearing on the motion for partial summary judgment was held on June 30, 2014. The matter is under advisement. A hearing is set for February 2, 2015, on motion.

In May 2013, Plaintiffs filed an inverse condemnation complaint against the State seeking $8 million in damages to their real estate which Plaintiffs allege will be caused by construction of the Illiana Expressway, which is a proposed highway to connect northwestern Indiana to the greater Chicago area. Construction of the Illiana Expressway has not yet begun. The State filed a Motion to Dismiss and Plaintiffs filed a Motion to Amend Complaint, which was granted by the Court. The State moved to dismiss the Second Amended Complaint on October 25, 2013, and the Plaintiffs have twice filed a praecipe for hearing on the pending motions. The Lake Circuit Court set a status hearing for February 25, 2014 at 9 a.m.; however, the parties agreed to stay the February 25, 2014 hearing. Plaintiffs filed their Third Motion to Amend Complaint, and the State has responded with Objections and Motion to Dismiss the Third Amended Complaint. A Lis Pendens notice was filed October 31, 2014. A hearing on the State's Objections and Motion to Dismiss the Plaintiffs'

Third Amended Complaint for Inverse Condemnation was held on December 4, 2014 in the Lake Circuit Court. The Judge has taken the matter under advisement. Discovery is ongoing.

In June 2014, Plaintiffs filed a class action lawsuit against the Department of Child Services alleging they were purportedly promised monies for adoptions, but then never paid. Mediation was held on August 15, 2014, and a tentative settlement of $15.1 million was reached. The proposed class is all individuals who entered into adoption subsidy agreements with the Department of Child Services, but have not received any payment before June 30, 2014. A settlement was reached and the settlement agreement was approved by the Court on November 3, 2014. The $15.1 million has been accrued as an expense and payable in the government-wide financial statements.

Other Litigation

The State on behalf of the Indiana Family and Social Services Administration (FSSA) is currently involved in the following case that could result in significant liability to the State:

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 court also ruled that the counterclaim Plaintiff was not entitled to recover $43.0 million claimed for deferred fees. The 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 IBM; it affirmed the trial court's denial of deferred fees to IBM; 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 IBM; and found IBM materially breached the contract. The Court of Appeals remanded the case to the trial court to determine the amount of fees IBM is entitled to for change orders and to determine the state's damages and offset damages awarded to IBM as a result of IBM's material breach of contract. Both parties appealed. The Indiana Supreme Court heard oral arguments in the case on October 30, 2014. The Court is reviewing the matter and encouraged the parties to mediate the case.

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, 2014 there was $49.9 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, 2014, 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 10% State funds, 4% local funds, 72% traditional Federal funds, and 14% from the Major Moves Construction Fund. 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 $264.8 million to date and the Commonwealth of Kentucky has spent approximately $658.6 million to date.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling $5.4 million for building and improvement projects of the State's agencies as of June 30, 2014. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had $14.8 million in total commitments for software in development as of June 30, 2014. 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, 2014 were as follows:

Governmental Funds	Encumbrances
General Fund	$ 811,961
Non-Major Governmental Funds	2,449,383
Total	**$ 3,261,344**

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, monies are deposited automatically from the reverting accounts of 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 removed automatically from the Rainy Day Fund if API declines by more than 2%. 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 surplus.

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 2014 was $373.9 million. Total outstanding loans were $5.6 million, resulting in total assets of $379.5 million. Because the API did not increase or decrease by more than 2% no money was transferred between the state surplus and the Rainy Day Fund.

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 (Primary government and fiduciary in nature component units)

The accrual basis is used for financial statement reporting purposes. Contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Throughout the year, the investments are maintained on the accounting records at the net asset value per the custodian banks. The custodian banks maintain records of the detailed holdings and accounts that comprise the net asset value. At fiscal year end, the accounting records and financial statements recognize investment assets and liabilities using investment unit trust accounting. Investments of defined benefit plans are reported at fair value. Short-term investments are reported at market value when available, or at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the official closing price at current exchange rates. Collective trust funds' fair values are determined by the fair value per share of the pool's underlying portfolio as provided by the trustee. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Values for limited partnership interests are those estimates most recently provided by the general manager, plus or minus cash flows transacted since the valuation date. Investments that do not have an established market are reported at estimated fair value.

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

State Police Retirement Fund (Presented as a pension fund)

Financial Statements As separately issued financial statements are not available for the State Police Retirement Fund, summarized financial statements are as follows:

Combining Statement of Fiduciary Net Position
June 30, 2014

		State Police Pension Fund
Assets		
Cash, cash equivalents and non-pension investments	$	49,494
Receivables:		
Contributions		245
Interest		408
Member loans		180
From investment sales		175
Total receivables		1,008
Pension and other employee benefit investments at fair value:		
Equity Securities		204,997
Debt Securities		118,965
Other		93,785
Total investments at fair value		417,747
Total assets		**468,249**
Liabilities:		
Accounts/escrows payable		98
Securities purchased payable		153
Total liabilities		**251**
Net Position		
Restricted for:		
Employees' pension benefits		467,998
Total net position	**$**	**467,998**

Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

		State Police Pension Fund
Additions:		
Member contributions	$	3,763
Employer contributions		14,005
Net investment income (loss)		46,240
Less investment expense		(1,357)
Other		4
Total additions		62,655
Deductions:		
Pension and disability benefits		32,923
Administrative		307
Other		15
Total deductions		33,245
Net increase (decrease) in net position		29,410
Net position restricted for pension and other employee benefits, July 1, as restated:		
Pension benefits		438,588
Net position restricted for pension and other employee benefits, June 30	**$**	**467,998**

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 does not issue a stand-alone financial report. The SPRF's financial statements are included in the State of Indiana's CAFR as part of the statements presented with fiduciary funds.

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.

Plan Membership As of June 30, 2014, the SPRF membership consisted of:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	902	686
Inactive employees entitled to but not yet receiving benefits	9	138
Active employees	44	1,162
Total	**955**	**1,986**

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 10-12-47 (e).

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% (current practice is 57%) of the basic pension amount.

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.

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. Under the terms of the Trust Agreement, in the event the Department fails to make the minimum contribution for five successive years, the Trust shall terminate and the fund shall be liquidated. 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, 2014, the State's contribution rate was 21.6 percent of payroll.

Deferred Retirement Option Program 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) 36 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 of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2014, the amount held by the plan pursuant to the DROP is $2.3 million.

Net Pension Liability of the SPRF The components of the net pension liability of the SPRF at June 30, 2014 were as follows:

Total pension liability	$ 540,797
Plan fiduciary net position	(467,998)
SPRF's net pension liability	$ 72,799
Plan fiduciary net position as a percentage of the total pension liability	86.5%

Actuarial Assumptions The total pension liability in the June 30, 2014 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 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.

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.

The long-term expected rate of return on pension plan investments 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	Long-Term Expected Real Rate of Return (%)
Broad domestic equity	7.7
Global ex U.S. equity	7.9
Defensive fixed income	2.8
Domestic fixed income	3.0
High yield fixed income	5.1
Hedge funds - alternatives	5.1
Cash and equivalents	2.0

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 all periods of projected benefit payments to determine the total pension liability.

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	$ 139,722	$ 72,799	$ 16,570

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.The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy The funding policy for the EG&C Plan is in accordance with IC 5-10-5.5-8.5. Members are required by statute to contribute 4 percent of the member's annual salary to the Plan. 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 fiscal year 2014, the State 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 (4) 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.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 87 percent funded. The actuarial accrued liability for benefits was $123.6 million, and the actuarial value of assets was $107.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $16.0 million. The covered payroll (annual payroll of active employees covered by the plan) was $25.8 million, and the ratio of the UAAL to the covered payroll was 62 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 defined benefit plan administered by the Board of Trustees of the Indiana Public Retirement System. The Prosecuting Attorneys' Retirement Fund provides retirement, disability, and survivor benefits for individuals who serve as a prosecuting attorney or chief deputy prosecuting attorney; or 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. Indiana Code 33-39-7 governs the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy 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 fiscal year 2014, employer contributions were $1.2 million.

The member contribution rate is established by statute IC 33-39-7-12 at six (6) percent of salary. 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 (8) 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.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 81 percent funded. The actuarial accrued liability for benefits was $65.3 million, and the actuarial value of assets was $52.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of $12.4 million. The covered payroll (annual payroll of active employees covered by the plan) was $20.6 million, and the ratio of the UAAL to the covered payroll was 60 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Legislators' Retirement System – Legislators' Defined Benefit Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Legislators' Defined Benefit Plan (IC 2-3.5-4), a single-employer defined benefit plan, applies to each member of the Indiana General Assembly who was serving on April 30, 1989 and filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Benefit Plan provides retirement, disability and survivor benefits. The plan is administered by the Board of Trustees of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement

System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy 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 fiscal year 2014, employer contributions were $0.1 million.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 83 percent funded. The actuarial accrued liability for benefits was $4.2 million, and the actuarial value of assets was $3.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of $0.7 million. The benefit formula is determined based on service rather than compensation. The unfunded liability per active participant was $29,401 as of the most recent actuarial valuation.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 defined benefit public employee retirement system administered by the Board of Trustees of the Indiana Public Retirement System, and is governed by IC 33-38-6, 33-38-7, and IC 33-38-8. The Judges' Retirement System provides retirement, disability, and survivor benefits. Coverage is for any person who has served, is serving or shall serve as a regular judge or justice of any of the following courts: Supreme Court of the State of Indiana; Court of Appeals; Circuit Court of a Judicial Circuit; Indiana Tax Court; or county courts including Superior, Criminal, Probate, Juvenile, Municipal and County Courts. The system consists of two plans: the 1977 system and the 1985 system. IC 33-38-7 applies to judges who began service before September 1, 1985. IC 33-38-8 applies to judges beginning service after August 31, 1985. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy Member contributions are established by statute at six percent of total statutory compensation paid by the state of Indiana, deducted from the member's salary and remitted by the Auditor of State or county auditor. However, no contribution is required and no such amounts shall be paid by the member for more than 22 years of service.

Employer contributions are actuarially determined and approved by the INPRS Board of Trustees and by the Indiana General Assembly as biennial appropriations from the State's General Fund. Indiana Code 33-38-6-17 provides that this appropriation only include sufficient funds to cover the aggregate liability of the fund for benefits to the end of the biennium, on an actuarially funded basis. The statute also provide for remittance of docket fees and court fees. These are considered employer contributions. For fiscal 2014, employer contributions were $20.9 million.

Funded Status and Funding Progress As of June 30, 2014, the most recent actuarial valuation date, the plan was 90 percent funded. The actuarial accrued liability for benefits was $464.9 million, and the actuarial value of assets was $419.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $45.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $46.0 million, and the ratio of the UAAL to the covered payroll was 98 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost and Net Pension Obligation The annual pension cost and net pension obligations, the significant actuarial assumptions, and three-year historical trend information of the single employer defined benefit plans are as follows:

	Primary Government	Fiduciary in Nature Component Unit				
	SPRF	ECRF	JRS	PARF	LRS	TRF - Pre-1996 Account
Annual Pension Cost and Net Pension Obligation (Asset)						
Annual required contribution	$ 13,869.5	$ 5,340.5	$ 27,647.7	$ 2,345.1	$ 138.3	$ 879,072.0
Interest on net pension obligation	(742.9)	(1,132.1)	(7,601.0)	(619.1)	(3.2)	75,195.0
Adjustment to annual required contribution	(896.6)	(1,317.8)	(8,847.7)	(720.7)	(3.7)	87,529.0
Annual pension cost	14,023.2	5,526.2	28,894.4	2,446.7	138.8	866,738.0
Contributions made	(10,603.2)	(5,358.6)	(20,894.7)	(1,173.8)	(138.3)	(831,941.0)
Increase (decrease) in net pension obligation	3,420.0	167.6	7,999.7	1,272.9	0.5	34,797.0
Net pension obligation, beginning of year	(11,006.3)	(16,771.5)	(112,607.2)	(9,172.9)	(47.0)	1,113,995.0
Net pension obligation, end of year	$ (7,586.3)	$ (16,603.9)	$ (104,607.5)	$ (7,900.0)	$ (46.5)	$ 1,148,792.0
Significant Actuarial Assumptions						
Investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected future salary increases:						
Total	3.50 - 9.00%	3.25%	4.00%	4.00%	3.00%	3.00 - 12.50%
Attributed to inflation	3.5%	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of living adjustments	N/A	1.00%	4.00%	N/A	1.00%	1.00%
Contribution rates:						
State	20.30%	20.75%	Appropriation 34.03%	Appropriation 6.46%	Flat Dollar Amount *	Pay-As-You-Go
Plan members	5.00% - 6.00%	4.00%	6.00%	6.00%	0.00%	3.00%
Actuarial valuation date	7/1/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014
Actuarial cost method	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	Funding: traditional unit credit Accounting: Entry age noral cost	entry age normal cost
Amortization method	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years
Amortization period (from date)	7/1/2010	7/1/2007	7/1/2006	7/1/2007	7/1/1992	N/A
Amortization period (open or closed)	closed	closed	closed	closed	closed	closed
Asset valuation method	smoothed basis	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor
Historical Trend Information						
Year ended June 30, 2014						
Annual pension cost (APC)	$ 14,023.2	$ 5,526.2	$ 28,894.4	$ 2,446.7	$ 138.8	$ 866,738.0
Percentage of APC contributed	75.6%	97.0%	72.3%	48.0%	99.6%	96.0%
Net pension obligation (asset)	$ (7,586.3)	$ (16,603.9)	$ (104,607.5)	$ (7,900.0)	$ (46.5)	$ 1,148,792.0
Year ended June 30, 2013						
Annual pension cost (APC)	$ 14,681.5	$ 5,026.1	$ 25,756.9	$ 2,455.9	$ 140.7	$ 859,719.0
Percentage of APC contributed	300.0%	392.7%	432.6%	791.7%	106.6%	117.8%
Net pension obligation (asset)	$ (11,006.3)	$ (16,771.5)	$ (112,607.2)	$ (9,172.9)	$ (47.0)	$ 1,113,995.0
Year ended June 30, 2012						
Annual pension cost (APC)	$ 14,329.4	$ 5,559.5	$ 19,961.0	$ 1,955.6	$ 113.5	$ 853,735.0
Percentage of APC contributed	86.3%	90.9%	94.7%	94.0%	99.6%	89.5%
Net pension obligation (asset)	$ 18,353.4	$ (2,057.6)	$ (26,946.5)	$ 7,814.6	$ (37.7)	$ 1,267,356.0

SPRF - State Police Retirement Fund
ECRF - State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
JRS - Judges' Retirement System
PARF - Prosecuting Attorneys' Retirement Fund
LRS - Legislators' Retirement System
TRF Pre-1996 Account - Teachers' Retirement Fund Pre-1996 Account
N/A - Not Applicable
* $137,599 based on June 30, 2014 actuarial valuation

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) as part of the implementation of GASB Statement No. 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 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 means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, 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 (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

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 (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

The PERF ASA Only Plan 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. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013 were members of the PERF Hybrid Plan or (2) on or after March 1, 2013 do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA-Only Plan as an option to their employees. Since inception, 395 members have selected the ASA Only Plan, or approximately 9% of eligible new hires of the State.

The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs. As of June 30, 2014, there were 1,125 participating political subdivisions in addition to the State.

Funding Policy The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan 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 fiscal year 2014, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 9.7 percent was required from employers during the period of July 1 – December 31, 2013, and an average contribution rate of 11.0 percent was required for the period of January 1 – June 30, 2014. For the ASA Only Plan all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less that 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2014 and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective 7/1/2014 the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Funded status and funding progress information is being disclosed for the State of Indiana employee portion of the plan. The funded status and funding progress information presented is for active and retired assets. As of June 30, 2014, the most recent actuarial valuation date, the state employees portion of the plan was 80 percent funded. The actuarial accrued liability for benefits was $5.9 billion, and the actuarial value of assets was $4.7 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $1.2 billion. The covered payroll (annual payroll of active employees covered by the plan) was $1.7 billion, and the ratio of the UAAL to the covered payroll was 69 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

State Teachers' Retirement Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Indiana State Teachers' Retirement Fund (TRF) was established by the Indiana General Assembly in 1921. In 1955, TRF was designed as a pay-as-you-go defined benefit retirement plan. In 1995, legislation was passed that closed the pay-as-you-go plan (renamed the TRF Pre-1996 Account) to newly hired members and created a new account (named the TRF 1996 Account) for all members hired after June 30, 1995. TRF is two (2) cost-sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-286-3544, or by visiting INPRS' website, www.in.gov/inprs.

TRF Pre-1996 Account: 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 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, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date. There are two (2) 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.

As of June 30, 2014, the number of participating employers was 339 in addition to the State.

TRF 1996 Account: 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 (2) 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.

As of June 30, 2014, the number of participating employers was 362 in addition to the State.

Funding Policy

TRF Pre-1996 Account: 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. The State of Indiana contributed $825.6 million in fiscal year 2014 to TRF Pre-1996. As part of the $825.6 million contribution, the State pre-funded a one-time check (a.k.a.13th check) of $19 million in accordance with 2013 HB 1080 (which went into the Pension Stabilization Fund). Employers contributed $6.3 million in fiscal year 2014.

TRF Pre-1996 Account members contribute three (3) 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.

As of June 30, 2014, the most recent actuarial valuation date, the plan was 33 percent funded. The actuarial accrued liability for benefits was $16.4 billion, and the actuarial value of assets was $5.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $11.0 billion. The covered payroll (annual payroll of active employees covered by the plan) was $1.3 billion, and the ratio of the UAAL to the covered payroll was 871 percent.

TRF 1996 Account: 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 fiscal year 2014, all participating employers in the TRF 1996 Account were required to contribute 7.5 percent of covered payroll.

TRF 1996 Account members contribute three (3) 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.

As of June 30, 2014, the most recent actuarial valuation date, the plan was 96 percent funded. The actuarial accrued liability for benefits was $5.2 billion, and the actuarial value of assets was $5.0 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $0.2 billion. The covered payroll (annual payroll of active employees covered by the plan) was $2.6 billion, and the ratio of the UAAL to the covered payroll was 8 percent.

1977 Police Officers' and Firefighters' Pension and Disability Fund (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to all full-time police officers and firefighters who are hired (or rehired) after April 30, 1977. The 1977 Fund was established in 1977 and is governed by the INPRS Board of Trustees in accordance with IC 36-8-8 to provide coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town, township or county. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

At June 30, 2014, the number of participating employer units totaled 162.

Funding Policy The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 36-8-8-6. As the 1977 Fund is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2014, all participating employers were required to contribute 19.7 percent of the salary of a first class officer or firefighter.

The member contribution rate is established by statute IC 36-8-8-8 at six (6) percent of the salary of a first class officer or firefighter. Each fund member shall contribute during the period of the fund member's employment or for 32 years, whichever is shorter. The employer may pay all or a part of the contribution 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 the fund member completes 20 years of active service. The accumulated value of the member's contribution, including interest, may be withdrawn if the member terminates employment prior to completing 20 years of service. The INPRS Board of Trustees shall return to the fund member in a lump sum the fund member's contributions plus interest as determined by the INPRS Board of Trustees in accordance with IC 36-8-8-8.

The annual required contributions, percentage contributed, and three-year historical trend information, for the cost sharing, multiple-employer plans are as follows:

	Fiduciary in Nature Component Unit		
Historical Trend Information	PERF-State	STRF	PFPF
Year ended June 30, 2014			
Annual required contribution	$ 188,035	$ 879,072	$ 103,425
Percentage contributed	100%	95%	135%
Employer contribution	$ 187,765	$ 831,942	$ 140,119
Year ended June 30, 2013			
Annual required contribution	$ 160,150	$ 873,751	$ 112,590 *
Percentage contributed	98%	116%	122% *
Employer contribution	$ 157,581	$ 1,013,080	$ 137,111
Year ended June 30, 2012			
Annual required contribution	$ 183,389	$ 866,207	$ 132,549 *
Percentage contributed	75%	88%	102% *
Employer contribution	$ 138,327	$ 764,423	$ 135,605

Note:
* For PFPF, Denotes ARC and percentage contributed corrected from reported in 2013 CAFR.

PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees)
STRF - State Teachers' Retirement Fund - Pre-1996 Account (Administered by the INPRS Board of Trustees)
PFPF - 1977 Police Officers and Firefighters' Retirement Fund (Administered by the INPRS Board of Trustees)

The State sponsors the following defined contribution plan:

Legislators' Retirement System – Legislators' Defined Contribution Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The Legislators' Defined Contribution Plan (IC 2-3.5-5), a single employer defined contribution plan 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. The plan is administered by the Board of Trustees' of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute five (5) 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 calendar year 2013 was 12.7 percent and the rate for calendar year 2014 is 14.2 percent.

F. Other Postemployment Benefits

Defined Benefit Plans

Plan Descriptions 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. 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.

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, 2014

	SPP & LP	ISPP	CEPP	Total
Assets				
Cash, cash equivalents and non-pension investments	$ 145	$ 27,323	$ 1,624	**$ 29,092**
Receivables:				
Contributions	59	111	-	**170**
Interest	-	15	-	**15**
Total receivables	59	126	-	**185**
Pension and other employee benefit investments at fair value:				
Debt Securities	43,922	10,622	7,399	**61,943**
Total investments at fair value	43,922	10,622	7,399	**61,943**
Total assets	**44,126**	**38,071**	**9,023**	**91,220**
Liabilities:				
Accounts/escrows payable	8	-	2	**10**
Benefits payable	273	1,160	66	**1,499**
Total liabilities	**281**	**1,160**	**68**	**1,509**
Net Position				
Restricted for:				
OPEB benefits	43,845	36,911	8,955	**89,711**
Total net position	**$ 43,845**	**$ 36,911**	**$ 8,955**	**$ 89,711**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2014

	SPP & LP	ISPP	CEPP	Total
Additions:				
Member contributions	$ 59	$ 9,010	$ 609	**$ 9,678**
Employer contributions	4,508	25,748	2,110	**32,366**
Net investment income (loss)	56	35	4	**95**
Less investment expense	-	(1)	-	**(1)**
Federal reimbursements	-	523	-	**523**
Other	-	200	-	**200**
Total additions	4,623	35,515	2,723	**42,861**
Deductions:				
Retiree health benefits	4,781	18,889	1,051	**24,721**
Administrative	8	848	116	**972**
Total deductions	4,789	19,737	1,167	**25,693**
Net increase (decrease) in net position	(166)	15,778	1,556	**17,168**
Net position restricted for pension and other employee benefits, July 1, as restated:				
OPEB benefits	44,011	21,133	7,399	**72,543**
Net position restricted for pension and other employee benefits, June 30, as restated	**$ 43,845**	**$ 36,911**	**$ 8,955**	**$ 89,711**

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	$ 1,010	$ 810	$ 26,030	$ 2,822
Interest on net OPEB obligation	(1,382)	62	5,535	435
Amortization adjustment to ARC	1,885	(86)	(7,551)	(594)
Annual OPEB Cost	1,513	786	24,014	2,663
Contributions made	(3,200)	(508)	(24,835)	(2,482)
Change in net OPEB obligation	(1,687)	278	(821)	181
Net OPEB obligation - beginning of year	(30,697)	1,396	123,005	9,673
Net OPEB obligation - end of year	$ (32,384)	$ 1,674	$ 122,184	$ 9,854

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 2015 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)	$ 437.71
Family (Non-Tobacco)	1,315.34
Consumer Driven Health Plan #2	
Single (Non-Tobacco)	599.17
Family (Non-Tobacco)	1,737.19
Traditional PPO	
Single (Non-Tobacco)	971.10
Family (Non-Tobacco)	2,728.18
Dental	
Single	24.31
Family	63.96
Vision	
Single	3.55
Family	9.01
Indiana State Police Healthcare Plan (ISPP)	
Basic Plan - Medical Only	
Retiree Only (Pre-Medicare)	395.36
Retiree Plus One Dependent (Pre-Medicare)	508.52
Retiree Only (Post-Medicare)	145.16
Retiree Plus One Dependent (Post-Medicare)	174.76
Optional Plan - Medical, Dental, & Vision	
Retiree Only (Pre-Medicare)	462.31
Retiree Plus One Dependent (Pre-Medicare)	631.65
Retiree Only (Post-Medicare)	169.16
Retiree Plus One Dependent (Post-Medicare)	223.02
Conservation and Excise Police Health Care Plan (CEPP) - Medical, Dental, & Vision	
Single - (Pre-Medicare)	337.84
Family - (Pre-Medicare)	592.25
Single (Post-Medicare)	134.93
Family (Post-Medicare)	193.64

The State of Indiana's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for June 30, 2012 through June 30, 2014 for each of the plans were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	6/30/2014	$ 1,513	211.5%	$ (32,384)
State Personnel Healthcare Plan	6/30/2013	1,234	340.6%	(30,697)
	6/30/2012	2,930	1155.1%	(27,728)
	6/30/2014	$ 787	64.6%	$ 1,674
Legislature's Healthcare Plan	6/30/2013	809	65.9%	1,396
	6/30/2012	802	60.9%	1,120
	6/30/2014	$ 24,013	103.4%	$ 122,184
Indiana State Police Healthcare Plan	6/30/2013	25,850	45.2%	123,005
	6/30/2012	26,336	70.7%	108,840
	6/30/2014	$ 2,663	93.2%	$ 9,854
Conservation and Excise Police Health Care Plan	6/30/2013	2,894	100.0%	9,673
	6/30/2012	3,460	199.1%	9,671

Funded Status and Funding Progress The funded status of the plans as of June 30, 2014, 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)	$ 36,355	$ 11,768	$ 294,840	$ 38,063
Actuarial value of plan assets (b)	44,067	-	38,014	9,023
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ (7,712)	$ 11,768	$ 256,826	$ 29,040
Funded ratio (b)/(a)	121.2%	0.0%	12.9%	23.7%
Covered payroll (c)	$ 1,219,424	$ 3,623	$ 93,630	$ 15,969
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a)-(b)]/(c))	-0.6%	324.8%	274.3%	181.9%

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, 2013 with adjustments for known experience for the period ending June 30, 2014.

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	6/30/2014	6/30/2014	6/30/2014	6/30/2014
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	3.00%	3.00%	3.00%	3.00%
Investment rate of return	4.50%	4.50%	4.50%	4.50%
Projected salary increases	4.00%	4.00%	4.00%	4.00%
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, 2013 projected to June 30, 2014 with adjustments for known experience for the period ending June 30, 2014. There have been no material changes in the retiree health benefits or contribution requirements from the most recent available actuarial valuation for the period ending June 30, 2013. However, the premiums and per capita costs were updated for the current year valuation. Also, three actuarial assumptions were updated as follows: (1) the discount rate for the SPP and ISPP were reduced from 7.00% and 5.25% respectively to 4.50%; (2) the mortality table was updated from IRS 2008 Static Mortality Table projected to 2013 using scale AA to IRS 2008 Static Mortality Table projected to 2018 using scale AA for all four plans; and (3) the health care trend rates for all four plans were changed to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0% for medical and prescription drug benefits.

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, 2014

	State Employee Retiree Health Benefit Trust Fund - DC
Assets	
Cash, cash equivalents and non-pension investments	$ 32,683
Receivables:	
Contributions	2,902
Interest	53
Total receivables	2,955
Pension and other employee benefit investments at fair value:	
Debt Securities	212,732
Total investments at fair value	212,732
Total assets	**248,370**
Liabilities:	
Accounts/escrows payable	19
Benefits payable	299
Total liabilities	**318**
Net Position	
Restricted for:	
OPEB benefits	248,052
Total net position	**$ 248,052**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	State Employee Retiree Health Benefit Trust Fund - DC
Additions:	
Employer contributions	40,913
Net investment income (loss)	788
Total additions	41,701
Deductions:	
Retiree health benefits	15,625
Administrative	139
Total deductions	15,764
Net increase (decrease) in net position	25,937
Net position restricted for pension and other employee benefits, July 1, as restated:	
OPEB benefits	222,115
Net position restricted for pension and other employee benefits, June 30	**$ 248,052**

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.

Contributions The State is required to make annual contributions to the account based on the following schedule:

Employee's 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

An additional bonus contribution is to be made upon a participant's retirement with normal unreduced benefits if the retirement occurs between July 1, 2007 and July 1, 2017, and the retiree on the last day of service has completed at least 15 years of service or 10 years of service as an elected or appointed officer. The additional bonus contribution amount is one thousand dollars ($1,000) multiplied by the participant's years of service (rounded down to the nearest whole year).

At June 30, 2014, the plan participants consisted of:

Description	Number
Active participants with accounts, not yet retired	27,440
Retired participants with accounts	5,338
Total	32,778

At June 30, 2014, plan participants' retirement medical plan account balances totaled $272.7

million which consisted of $164.3 million in unretired active participants' accounts and $108.4 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 45 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, 2014 was $38.2 million. For the fiscal year ending June 30, 2014, the State contributed $20.4 million in cigarette tax revenues to this fund. Another $20.5 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:

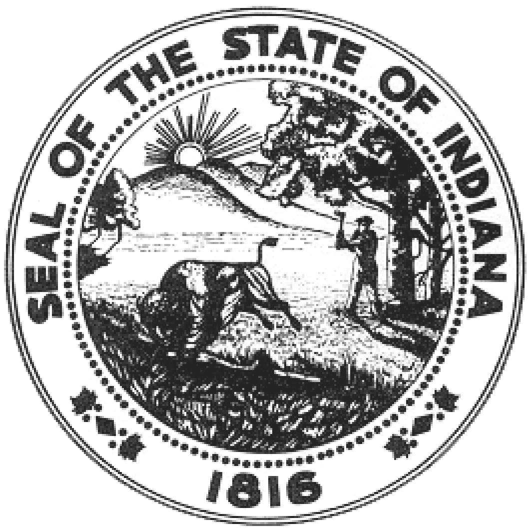
Five state agencies have identified themselves as responsible or potentially responsible parties to remediate forty-seven pollution sites pursuant to the State's implementation of GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations effective July 1, 2008. Obligating events for the cleanup of these sites include the federal Superfund law, 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 $45.9 million of which $6.2 million is estimated to be payable within one year and $39.7 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 $18.1 million. Of this total, $0.2 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), and credits received for work performed on Superfund sites. 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 $4.2 million of program revenue for four sites whose realized recoveries exceeded the pollution remediation liability.


SEAL OF THE STATE OF INDIANA
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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress
Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	Fiduciary in Nature Component Unit					
	SPRF	PERF - State	EGC	JRS	PARF	LRS	TRF - Pre-1996 Account
Valuation Date: July 1, 2014							
Actuarial value of assets	$ 459,849	$ 4,720,699	$ 107,563	$ 419,568	$ 52,936	$ 3,467	$ 5,358,351
Actuarial accrued liability (AAL)	540,797	5,889,829	123,601	464,855	65,336	4,173	16,355,216
Excess of assets over (unfunded) AAL	(80,948)	(1,169,130)	(16,038)	(45,287)	(12,400)	(706)	(10,996,865)
Funded ratio	85%	80%	87%	90%	81%	83%	33%
Covered payroll	68,490	1,683,391	25,825	46,041	20,608	*	1,262,828
Excess (unfunded) AAL as a percentage of covered payroll	-118%	-69%	-62%	-98%	-60%	*	-871%
Valuation Date: July 1, 2013							
Actuarial value of assets	$ 434,287 **	$ 4,415,371	$ 98,608	$ 381,240	$ 48,762	$ 3,428	$ 5,235,104
Actuarial accrued liability (AAL)	523,216	5,690,281	118,097	453,110	61,940	4,295	16,462,379
Excess of assets over (unfunded) AAL	(88,929) **	(1,274,910)	(19,489)	(71,870)	(13,178)	(867)	(11,227,275)
Funded ratio	83% **	78%	83%	84%	79%	80%	32%
Covered payroll	64,347	1,664,757 ***	24,675 ***	47,595 ***	18,805 ***	*	1,383,428
Excess (unfunded) AAL as a percentage of covered payroll	-138% **	-77%	-79% ***	-151% ***	-70% ***	*	-812%
Valuation Date: July 1, 2012							
Actuarial value of assets	$ 372,177	$ 4,141,524	$ 76,007	$ 260,096	$ 27,501	$ 3,377	$ 4,978,107
Actuarial accrued liability (AAL)	504,814	5,542,414	113,283	437,854	56,080	4,503	16,522,015
Excess of assets over (unfunded) AAL	(132,637)	(1,400,890)	(37,276)	(177,758)	(28,579)	(1,126)	(11,543,908)
Funded ratio	74%	75%	67%	59%	49%	75%	30%
Covered payroll	66,083	1,648,023	24,300 ***	45,138	21,705	*	1,637,066
Excess (unfunded) AAL as a percentage of covered payroll	-201%	-85%	-153% ***	-394%	-132%	*	-705%

SPRF - State Police Retirement Fund (Administered by the Treasurer of the State of Indiana)
PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees)
EGC - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the INPRS Board of Trustees)
JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees)
PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees)
LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees)
TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees)

* The benefit formula is determined based on service rather than compensation. July 1, 2014: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was $29,401; July 1, 2013: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was $36,139; July 1, 2012: The unfunded liability is expressed per active participant and there were 6 active participants. The unfunded liability per active participant was $187,726.

** Corrected actuarial value of assets, excess of assets over (unfunded) AAL, funded ratio, and excess (unfunded) AAL as a percentage of covered payroll for SPRF from that reported in the 2013 CAFR.

*** Corrected covered payroll and/or excess (unfunded) AAL as a percentage of covered payroll for PERF-State, EGC, JRS, and PARF from that reported in the 2013 CAFR.

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						
6/30/2014	$ 44,067	$ 36,355	$ (7,712)	121.2%	$ 1,219,424	-0.6%
6/30/2013	44,011	39,999	(4,012)	110.0%	1,178,197 *	-0.3% *
6/30/2012	44,008	36,643	(7,365)	120.1%	1,170,773 *	-0.6% *
Legislature's Healthcare Plan						
6/30/2014	-	11,768	11,768	0.0%	3,623	324.8%
6/30/2013	-	12,078	12,078	0.0%	3,204 *	377.0% *
6/30/2012	-	11,956	11,956	0.0%	3,345 *	357.4% *
Indiana State Police Healthcare Plan						
6/30/2014	38,014	294,840	256,826	12.9%	93,630	274.3%
6/30/2013	21,133	297,104	275,971	7.1%	93,680 *	294.6% *
6/30/2012	17,033	291,148	274,115	5.9%	92,494 *	296.4% *
Conservation and Excise Police Healthcare Plan						
6/30/2014	9,023	38,063	29,040	23.7%	15,969	181.9%
6/30/2013	7,446	38,810	31,364	19.2%	16,038 *	195.6% *
6/30/2012	5,773	41,804	36,031	13.8%	15,541 *	231.8% *

Note:
* Denotes corrected covered payroll and UAAL as a percentage of covered payroll from prior year.

Schedule of Contributions for the State Police Retirement Fund

(amounts expressed in thousands)

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Actuarially determined contribution	$ 13,869	$ 14,509	$ 14,517	$ 12,267	$ 14,230	$ 10,362	$ 9,174	$ 9,472	$ 12,666	$ 12,070
Contributions in relation to the actuarially determined contribution	10,603	12,367	44,040	9,450	9,471	9,472	9,412	12,114	7,535	7,544
Contribution deficiency (excess)	(3,266)	(2,142)	29,523	(2,817)	(4,759)	(890)	238	2,642	(5,131)	(4,526)
Covered employee payroll	68,490	64,347	66,083	64,948	66,603	68,283	65,421	59,863	54,156	53,897
Contributions as a percentage of covered employee payroll	15.5%	19.2%	66.6%	14.6%	14.2%	13.9%	14.4%	20.2%	13.9%	14.0%

Notes to Schedule:

Valuation date:
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.
Methods and assumptions used to determine contribution rates:
Actuarial cost method: Entry age normal cost
Amortization method: Level percentage of payroll, closed
Remaining amortization period: 26 years
Asset valuation method: 4 year smoothed value
Inflation: 3.5%
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.
Investment rate of return: 6.75%, net of pension plan investment expense, including inflation
Mortality: For the 7/1/14 actuarial valuation, the mortality tables were revised from the 2013 IRS separate non-annuitant and annuitant mortality tables to the 2014 IRS separate non-annuitant and annuitant mortality tables.

Schedule of Employer Contributions
Other Postemployment Benefits
(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan: Annual Required Contribution	State Personnel Healthcare Plan: Percentage Contributed	Legislature's Healthcare Plan: Annual Required Contribution	Legislature's Healthcare Plan: Percentage Contributed	Indiana State Police Healthcare Plan: Annual Required Contribution	Indiana State Police Healthcare Plan: Percentage Contributed	Conservation and Excise Police Healthcare Plan: Annual Required Contribution	Conservation and Excise Police Healthcare Plan: Percentage Contributed	Retiree Health Benefit Trust Fund: Annual Required Contribution	Retiree Health Benefit Trust Fund: Percentage Contributed
2014	$ 1,010	316.9%	$ 810	62.8%	$ 26,030	95.4%	$ 2,822	88.0%	$ 38,200	100.0%
2013	941	446.9%	827	64.5%	27,419	42.6%	3,053	94.8%	34,400 *	100.0%
2012	2,964	1141.9%	815	59.9%	27,794	67.0%	3,675	187.5%	34,400	100.0%

* This is the annual required contribution for the fiscal year ending June 30, 2012.

Schedule of Changes in the State Police Retirement Fund's Net Pension Liability and Related Ratios

(amounts expressed in thousands)

	6/30/2014	6/30/2013
Total pension liability		
Service cost	$ 13,747	$ 13,576
Interest	34,935	33,758
Changes of benefit terms	269	147
Differences between expected and actual experience	778	1,112
Changes of assumptions	775	533
Benefit payments, including refunds of member contributions	(32,923)	(30,724)
Net change in total pension liability	17,581	18,402
Total pension liability, beginning	523,216	504,814
Total pension liability, ending (a)	540,797	523,216
Plan fiduciary net position		
Contributions - employer	14,005	47,588
Contributions - member	3,763	3,786
Net investment income	44,883	29,787
Benefit payments, including refunds of member contributions	(32,923)	(30,724)
Administrative expense	(307)	(261)
Other	(11)	2
Net change in pension plan fiduciary net position	29,410	50,178
Plan fiduciary net position, beginning	438,588	388,410
Plan fiduciary net position, ending (b)	$ 467,998	$ 438,588
SPRF's net pension liability, ending ((a) - (b)	72,799	84,628
Covered employee payroll	68,490	64,347
SPRF's net pension liability as a percentage of covered employee payroll	106.3%	131.5%

Notes to Schedule:

(1) The effort and cost to recreate financial information for 10 years was not practical. Information was prepared prospectively from June 30, 2012 for GASB-S67 purposes and prospectively from June 30, 2013 for GASB-S68 purposes.

Schedule of Investment Returns for the State Police Retirement Fund

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Annual money-weighted rate of return, net of investment expense	10.3%	7.4%	1.9%	22.0%	16.2%	-15.6%	-5.7%	13.4%	6.6%	7.2%

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 (medical service payments, 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, 2014
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 6,063,000	$ 6,063,000	$ 5,886,915	$ (176,085)
Sales	7,088,400	7,088,400	6,925,301	(163,099)
Gaming	523,100	523,100	60,557	(462,543)
Inheritance	128,500	128,500	87,712	(40,788)
Alcohol and tobacco	276,100	276,100	274,700	(1,400)
Insurance	192,200	192,200	218,485	26,285
Other	233,690	233,690	250,803	17,113
Total taxes	14,504,990	14,504,990	13,705,975	(799,015)
Current service charges	202,320	202,320	206,367	4,047
Investment income	20,000	20,000	17,861	(2,139)
Sales/rents	2,117	2,117	627	(1,490)
Grants	-	-	2,291	2,291
Other	62,640	62,640	54,593	(8,047)
Total revenues	14,792,067	14,792,067	13,987,714	(804,353)
Expenditures:				
Current:				
General government	1,256,309	1,891,016	1,170,284	720,732
Public safety	1,196,297	920,794	901,195	19,599
Health	54,804	45,509	42,060	3,449
Welfare	3,548,010	786,218	677,569	108,649
Conservation, culture and development	113,191	69,846	57,708	12,138
Education	9,526,037	9,370,008	9,193,273	176,735
Transportation	243,598	2,687	1,465	1,222
Total expenditures	15,938,246	13,086,078	12,043,554	1,042,524
Excess of revenues over (under) expenditures	(1,146,179)	1,705,989	1,944,160	(238,171)
Other financing sources (uses):				
Total other financing sources (uses)	(1,942,376)	(1,942,376)	(1,942,376)	-
Net change in fund balances	$ (3,088,555)	$ (236,387)	1,784	$ 238,171
Fund balances July 1, as restated			2,392,328	
Fund balances June 30			**$ 2,394,112**	

Public Welfare-Medicaid Assistance				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,001,125	1,001,125	946,978	(54,147)	-	-	-	-
-	-	-	-	24,639	24,639	4,796	(19,843)
-	-	-	-	-	-	-	-
5,947,972	5,947,972	5,942,798	(5,174)	-	-	-	-
33,630	33,630	29	(33,601)	-	-	-	-
6,982,727	6,982,727	6,889,805	(92,922)	24,639	24,639	4,796	(19,843)
-	29	-	29	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,839,825	8,494,438	2,345,387	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,600	46,166	40,566	5,600
-	10,839,854	8,494,438	2,345,416	5,600	46,166	40,566	5,600
6,982,727	(3,857,127)	(1,604,633)	(2,252,494)	19,039	(21,527)	(35,770)	14,243
1,532,317	1,532,317	1,532,317	-	(105,441)	(105,441)	(105,441)	-
$ 8,515,044	$ (2,324,810)	(72,316)	$ 2,252,494	$ (86,402)	$ (126,968)	(141,211)	$ (14,243)
		420,624				778,513	
		$ 348,308				**$ 637,302**	

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	MAJOR MOVES CONSTRUCTION FUND	Total
Net change in fund balances (budgetary basis)	$ 1,784	$ (72,316)	$ (141,211)	**$ (211,743)**
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)	(4,594)	113,905	4,388	**113,700**
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	137,634	(26,832)	(453)	**110,349**
Net change in fund balances (GAAP basis)	**$ 134,824**	**$ 14,757**	**$ (137,276)**	**$ 12,305**

Infrastructure - Modified Reporting
Condition Rating of the State's Highways and Bridges

Roads	Average International Roughness Index (IRI), Right Wheel Path (RWP)		
	2014	2013	2012
Interstate Roads (excluding Rest Areas and Weigh Stations)	78.6	85.1	85.6
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	92.0	100.1	87.8
Non-NHS Roads	99.3	102.2	100.7

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 (above 170). 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.

The State changed its methodology for reporting IRI from all wheel paths collected to right wheel path in 2014. The 2012 and 2013 averages are restated.

Bridges	Average Sufficiency Rating		
	2014	2013	2012
Interstate Bridges	90.1%	90.1%	89.1%
NHS Bridges - Non-Interstate	90.0%	89.7%	89.9%
Non-NHS Bridges	89.3%	88.8%	88.0%

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)

	2014	2013	2012	2011	2010
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Planned	$ 161,222	$ 189,542	$ 205,878	$ 222,707	$ 241,935
Actual	160,064	123,699	165,740	194,727	226,401
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Planned	260,501	282,843	296,337	314,282	381,433
Actual	245,864	298,356	337,507	364,173	423,949
Roads at State Institutions and Properties					
Planned	868	1,030	1,699	2,046	2,073
Actual	322	3,132	5,183	3,386	1,635
Total					
Planned	422,591	473,415	503,914	539,035	625,441
Actual	406,250	425,187	508,430	562,286	651,985
Bridges					
Interstate Bridges					
Planned	$ 40,755	$ 46,568	$ 55,371	$ 62,746	$ 75,181
Actual	28,728	36,820	58,245	54,505	51,416
NHS Bridges - Non-Interstate					
Planned	37,982	51,418	41,395	27,240	25,706
Actual	32,121	28,553	26,733	27,085	24,299
Non-NHS Bridges					
Planned	63,939	76,918	106,891	84,736	79,055
Actual	49,030	80,470	102,491	73,713	60,861
Bridges at State Institutions and Properties					
Planned	-	-	1	-	5
Actual	-	752	108	-	354
Total					
Planned	142,676	174,904	203,658	174,722	179,947
Actual	109,879	146,595	187,577	155,303	136,930

Data provided by Comparative Report of Preservation Costs

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:

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 Labor
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, 2014
(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	$ 2,692,695	$ 48,746	$ 592,746	$ 3,334,187
Receivables:				
Taxes (net of allowance for uncollectible accounts)	127,419	1,858	-	129,277
Accounts	61,697	82	-	61,779
Grants	315,783	-	-	315,783
Interest	36	-	-	36
Interfund loans	8,000	-	-	8,000
Due from component unit	28,732	-	-	28,732
Prepaid expenditures	608	72	-	680
Loans	388,618	-	-	388,618
Other	2,223	-	5	2,228
Total assets	3,625,811	50,758	592,751	4,269,320
Total assets and deferred outflow of resources	$ 3,625,811	$ 50,758	$ 592,751	$ 4,269,320
LIABILITIES				
Accounts payable	$ 445,835	$ 2,256	$ -	$ 448,091
Salaries and benefits payable	47,836	-	-	47,836
Interfund loans	126,367	709	-	127,076
Interfunds services used	3,644	-	-	3,644
Intergovernmental payable	140,298	-	-	140,298
Tax refunds payable	1,907	-	-	1,907
Accrued liability for compensated absences-current	3,927	-	-	3,927
Other payables	155	-	5	160
Total liabilities	769,969	2,965	5	772,939
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	31,399	4	-	31,403
Total deferred inflow of resources	31,399	4	-	31,403
FUND BALANCE				
Nonspendable:	608	72	521,028	521,708
Committed:	1,061,720	-	71,718	1,133,438
Assigned:	1,936,753	48,426	-	1,985,179
Unassigned:	(174,638)	(709)	-	(175,347)
Total fund balance	2,824,443	47,789	592,746	3,464,978
Total liabilities, deferred inflow of resources, and fund balance	$ 3,625,811	$ 50,758	$ 592,751	$ 4,269,320

State of Indiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Revenues:				
Taxes:				
Sales	86,945	-	-	**86,945**
Fuels	775,800	-	-	**775,800**
Gaming	621,070	-	-	**621,070**
Unemployment	914	-	-	**914**
Alcohol and tobacco	154,474	19,113	-	**173,587**
Insurance	4,588	-	-	**4,588**
Financial Institutions	92,862	-	-	**92,862**
Other	16,233	-	-	**16,233**
Total taxes	1,752,886	19,113	-	**1,771,999**
Current service charges	1,177,975	2,470	-	**1,180,445**
Investment income	908	-	14,880	**15,788**
Sales/rents	21,466	-	-	**21,466**
Grants	5,362,598	1,709	-	**5,364,307**
Other	75,047	-	-	**75,047**
Total revenues	8,390,880	23,292	14,880	**8,429,052**
Expenditures:				
Current:				
General government	376,608	-	4	**376,612**
Public safety	538,491	-	-	**538,491**
Health	309,375	-	-	**309,375**
Welfare	3,115,120	-	-	**3,115,120**
Conservation, culture and development	450,653	-	-	**450,653**
Education	1,335,263	-	-	**1,335,263**
Transportation	2,393,929	-	100	**2,394,029**
Capital outlay	-	16,999	-	**16,999**
Total expenditures	8,519,439	16,999	104	**8,536,542**
Excess (deficiency) of revenues over (under) expenditures	(128,559)	6,293	14,776	**(107,490)**
Other financing sources (uses):				
Transfers in	2,545,526	475	-	**2,546,001**
Transfers (out)	(2,024,893)	(829)	-	**(2,025,722)**
Proceeds from capital lease	3,572	-	-	**3,572**
Total other financing sources (uses)	524,205	(354)	-	**523,851**
Net change in fund balances	395,646	5,939	14,776	**416,361**
Fund Balance July 1, as restated	2,428,797	41,850	577,970	**3,048,617**
Fund Balance June 30	**$ 2,824,443**	**$ 47,789**	**$ 592,746**	**$ 3,464,978**

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 3,078	$ 71,506	$ 6,171	$ 6,949
Taxes (net of allowance for uncollectible accounts)	10,888	15,208	-	-
Accounts	-	9,222	4,242	-
Grants	-	-	-	-
Interest	-	-	-	-
Interfund loans	-	8,000	-	-
Due from component unit	-	-	-	28,732
Prepaid expenditures	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Total assets	13,966	103,936	10,413	35,681
Total assets and deferred outflow of resources	$ 13,966	$ 103,936	$ 10,413	$ 35,681
LIABILITIES				
Accounts payable	$ 32	$ 109	$ 1,956	$ 430
Salaries and benefits payable	149	-	1,800	11
Interfund loans	-	-	-	-
Interfunds services used	28	42	55	-
Intergovernmental payable	42	35,775	-	-
Tax refunds payable	-	1,755	-	-
Accrued liability for compensated absences-current	14	-	145	-
Other payables	-	-	-	-
Total liabilities	265	37,681	3,956	441
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	8,432	-	-
Total deferred inflow of resources	-	8,432	-	-
FUND BALANCE				
Nonspendable:	-	-	-	-
Committed:	10,201	-	-	-
Assigned:	3,500	57,823	6,457	35,240
Unassigned:	-	-	-	-
Total fund balance	13,701	57,823	6,457	35,240
Total liabilities, deferred inflow of resources, and fund balance	$ 13,966	$ 103,936	$ 10,413	$ 35,681

STATE HIGHWAY FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND	ROAD & STREET, PRIMARY HIGHWAY
$ 456,838	$ 346,142	$ 264,244	$ 141,508	$ 6,615
2,663	19,597	7,801	-	8,502
5,468	-	4,614	1,474	390
6,258	-	2,236	-	-
-	-	4	11	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,361	-	38	-	-
-	-	2,216	3	-
484,588	365,739	281,153	142,996	15,507
$ 484,588	$ 365,739	$ 281,153	$ 142,996	$ 15,507
$ 28,422	$ 2,890	$ 62,771	$ 47,302	$ -
12,424	5	1,279	37	-
8,000	-	-	-	-
481	-	102	15	-
-	-	-	-	7,183
-	-	152	-	-
1,167	-	77	4	-
136	-	-	3	-
50,630	2,895	64,381	47,361	7,183
429	8,222	7,675	-	3,138
429	8,222	7,675	-	3,138
-	-	-	-	-
-	353,881	11,619	-	-
433,529	741	197,478	95,635	5,186
-	-	-	-	-
433,529	354,622	209,097	95,635	5,186
$ 484,588	$ 365,739	$ 281,153	$ 142,996	$ 15,507

continued on next page

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
ASSETS				
Cash, cash equivalents and investments-unrestricted	$ 45,144	$ 195,005	$ 22,885	$ -
Taxes (net of allowance for uncollectible accounts)	-	-	-	-
Accounts	24,803	-	-	82
Grants	-	-	8,045	6,148
Interest	-	-	-	-
Interfund loans	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expenditures	-	-	-	-
Loans	-	372,848	-	-
Other	-	2	-	-
Total assets	69,947	567,855	30,930	6,230
Total assets and deferred outflow of resources	$ 69,947	$ 567,855	$ 30,930	$ 6,230
LIABILITIES				
Accounts payable	$ 3,658	$ -	$ 4,785	$ 2,004
Salaries and benefits payable	34	-	333	3,326
Interfund loans	-	-	-	2,225
Interfunds services used	3	-	29	735
Intergovernmental payable	-	-	17,080	-
Tax refunds payable	-	-	-	-
Accrued liability for compensated absences-current	3	-	31	270
Other payables	-	2	-	-
Total liabilities	3,698	2	22,258	8,560
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflow of resources	-	-	-	-
FUND BALANCE				
Nonspendable:	-	-	-	-
Committed:	-	567,853	-	-
Assigned:	66,249	-	8,672	-
Unassigned:	-	-	-	(2,330)
Total fund balance	66,249	567,853	8,672	(2,330)
Total liabilities, deferred inflow of resources, and fund balance	$ 69,947	$ 567,855	$ 30,930	$ 6,230

US DEPARTMENT OF TRANSPORTATIO N		US DEPARTMENT OF EDUCATION		US DEPARTMENT OF HEALTH & HUMAN SERVICES		OTHER NON-MAJOR SPECIAL REVENUE FUNDS		TOTAL
$	119,267	$	49,640	$	-	$	957,703	$	2,692,695
	-		-		-		62,760		127,419
	-		-		-		11,402		61,697
	159,210		28,446		62,303		43,137		315,783
	-		-		-		21		36
	-		-		-		-		8,000
	-		-		-		-		28,732
	608		-		-		-		608
	-		-		-		2,371		388,618
	-		-		-		2		2,223
	279,085		78,086		62,303		1,077,396		3,625,811
$	279,085	$	78,086	$	62,303	$	1,077,396	$	3,625,811
$	135,875	$	13,671	$	86,723	$	55,207	$	445,835
	71		2,290		13,239		12,838		47,836
	-		-		116,142		-		126,367
	29		107		1,108		910		3,644
	-		78,277		-		1,941		140,298
	-		-		-		-		1,907
	1		206		934		1,075		3,927
	-		-		-		14		155
	135,976		94,551		218,146		71,985		769,969
	-		-		-		3,503		31,399
	-		-		-		3,503		31,399
	608		-		-		-		608
	-		-		-		118,166		1,061,720
	142,501		-		-		883,742		1,936,753
	-		(16,465)		(155,843)		-		(174,638)
	143,109		(16,465)		(155,843)		1,001,908		2,824,443
$	279,085	$	78,086	$	62,303	$	1,077,396	$	3,625,811

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
Revenues:				
Taxes:				
Sales	-	76,294	-	-
Fuels	-	393,859	-	-
Gaming	595,277	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	595,277	470,153	-	-
Current service charges	1,446	257,620	88,533	191,667
Investment income	-	-	-	-
Sales/rents	-	348	-	-
Grants	4	-	14	-
Other	-	-	-	-
Total revenues	596,727	728,121	88,547	191,667
Expenditures:				
Current:				
General government	123,342	-	-	-
Public safety	-	-	97,789	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	530
Education	-	-	-	2,688
Transportation	-	378,043	-	473
Total expenditures	123,342	378,043	97,789	3,691
Excess (deficiency) of revenues over (under) expenditures	473,385	350,078	(9,242)	187,976
Other financing sources (uses):				
Transfers in	601	35,345	4,000	83,830
Transfers (out)	(474,058)	(387,559)	-	(245,171)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(473,457)	(352,214)	4,000	(161,341)
Net change in fund balances	(72)	(2,136)	(5,242)	26,635
Fund Balance July 1, as restated	13,773	59,959	11,699	8,605
Fund Balance June 30	**$ 13,701**	**$ 57,823**	**$ 6,457**	**$ 35,240**

STATE HIGHWAY FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND	ROAD & STREET, PRIMARY HIGHWAY
-	-	2,032	-	-
29,431	-	232	-	195,678
-	-	368	-	-
-	-	38	-	-
-	118,511	-	-	-
-	-	-	-	-
-	-	92,862	-	-
-	-	12,314	-	-
29,431	118,511	107,846	-	195,678
26,939	-	92,306	118,761	17,639
233	-	89	135	-
1,720	-	7,768	-	-
668	-	13,752	-	-
63,636	-	9,344	-	-
122,627	118,511	231,105	118,896	213,317
-	-	98,061	-	-
-	-	28,322	115,245	-
-	80,167	679	-	-
-	-	1,019	-	-
-	-	13,556	-	-
-	-	8,011	-	-
622,311	-	1,903	-	74,412
622,311	80,167	151,551	115,245	74,412
(499,684)	38,344	79,554	3,651	138,905
851,534	-	19,186	-	-
(286,742)	(12)	(139,445)	(12)	(133,463)
3,468	-	104	-	-
568,260	(12)	(120,155)	(12)	(133,463)
68,576	38,332	(40,601)	3,639	5,442
364,953	316,290	249,698	91,996	(256)
$ 433,529	**$ 354,622**	**$ 209,097**	**$ 95,635**	**$ 5,186**

continued on next page

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
Revenues:				
Taxes:				
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	95,190	4,732	372	690
Investment income	10	47	-	-
Sales/rents	-	-	-	-
Grants	-	-	1,879,098	135,011
Other	-	148	-	-
Total revenues	95,200	4,927	1,879,470	135,701
Expenditures:				
Current:				
General government	-	54	432	-
Public safety	-	-	4,050	5,317
Health	34,057	-	97,173	-
Welfare	-	-	1,454,285	2,177
Conservation, culture and development	-	-	2,340	132,761
Education	-	-	387,789	-
Transportation	-	-	-	-
Total expenditures	34,057	54	1,946,069	140,255
Excess (deficiency) of revenues over expenditures	61,143	4,873	(66,599)	(4,554)
Other financing sources (uses):				
Transfers in	-	-	60,704	2,692
Transfers (out)	(90,400)	-	(288)	(1,743)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(90,400)	-	60,416	949
Net change in fund balances	(29,257)	4,873	(6,183)	(3,605)
Fund Balance July 1, as restated	95,506	562,980	14,855	1,275
Fund Balance June 30	**$ 66,249**	**$ 567,853**	**$ 8,672**	**$ (2,330)**

US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	US DEPARTMENT OF HEALTH & HUMAN SERVICES	OTHER NON-MAJOR SPECIAL REVENUE FUNDS	Total
-	-	-	8,619	**86,945**
-	-	-	156,600	**775,800**
-	-	-	25,425	**621,070**
-	-	-	876	**914**
-	-	-	35,963	**154,474**
-	-	-	4,588	**4,588**
-	-	-	-	**92,862**
-	-	-	3,919	**16,233**
-	-	-	235,990	**1,752,886**
-	3	723	281,354	**1,177,975**
-	-	-	394	**908**
-	-	-	11,630	**21,466**
1,068,906	757,545	1,102,287	405,313	**5,362,598**
1,093	-	-	826	**75,047**
1,069,999	757,548	1,103,010	935,507	**8,390,880**
1,168	681	14,602	138,268	**376,608**
17,237	1,343	9,512	259,676	**538,491**
75	-	88,704	8,520	**309,375**
-	81,037	1,402,601	174,001	**3,115,120**
3,141	29,866	-	268,459	**450,653**
-	641,197	9,017	286,561	**1,335,263**
1,155,622	-	-	161,165	**2,393,929**
1,177,243	754,124	1,524,436	1,296,650	**8,519,439**
(107,244)	3,424	(421,426)	(361,143)	**(128,559)**
282,042	36,795	435,024	733,773	**2,545,526**
(4,765)	(853)	(84,155)	(176,227)	**(2,024,893)**
-	-	-	-	**3,572**
277,277	35,942	350,869	557,546	**524,205**
170,033	39,366	(70,557)	196,403	**395,646**
(26,924)	(55,831)	(85,286)	805,505	**2,428,797**
$ 143,109	**$ (16,465)**	**$ (155,843)**	**$ 1,001,908**	**$ 2,824,443**

State of Indiana
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2014
(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	$ 4,357	$ 33,837	$ 10,552	$ 48,746
Taxes (net of allowance for uncollectible accounts)	-	1,858	-	1,858
Accounts	82	-	-	82
Prepaid expenditures	-	72	-	72
Total assets	4,439	35,767	10,552	50,758
Total assets and deferred outflow of resources	$ 4,439	$ 35,767	$ 10,552	$ 50,758
LIABILITIES				
Accounts payable	$ 104	$ 1,723	$ 429	$ 2,256
Interfund loans	-	-	709	709
Total liabilities	104	1,723	1,138	2,965
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	4	-	4
Total deferred inflow of resources	-	4	-	4
FUND BALANCE				
Nonspendable:	-	72	-	72
Assigned:	4,335	33,968	10,123	48,426
Unassigned:	-	-	(709)	(709)
Total fund balance	4,335	34,040	9,414	47,789
Total liabilities, deferred inflow of resources, and fund balance	$ 4,439	$ 35,767	$ 10,552	$ 50,758

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
Revenues:				
Taxes:				
Alcohol and tobacco	$ -	$ 19,113	$ -	**$ 19,113**
Total taxes	-	19,113	-	**19,113**
Current service charges	1,798	-	672	**2,470**
Grants	-	-	1,709	**1,709**
Total revenues	1,798	19,113	2,381	**23,292**
Expenditures:				
Capital outlay	1,382	14,248	1,369	**16,999**
Total expenditures	1,382	14,248	1,369	**16,999**
Excess (deficiency) of revenues over (under) expenditures	416	4,865	1,012	**6,293**
Other financing sources (uses):				
Transfers in	-	-	475	**475**
Transfers (out)	-	-	(829)	**(829)**
Total other financing sources (uses)	-	-	(354)	**(354)**
Net change in fund balances	416	4,865	658	**5,939**
Fund Balance July 1, as restated	3,919	29,175	8,756	**41,850**
Fund Balance June 30	**$ 4,335**	**$ 34,040**	**$ 9,414**	**$ 47,789**

State of Indiana
Combining Balance Sheet
Non-Major Permanent Funds
June 30, 2014
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
ASSETS			
Cash, cash equivalents and investments-unrestricted	$ 571,571	$ 21,175	$ 592,746
Other	5	-	5
Total assets	571,576	21,175	592,751
Total assets and deferred outflow of resources	$ 571,576	$ 21,175	$ 592,751
LIABILITIES			
Other payables	$ 5	$ -	$ 5
Total liabilities	5	-	5
FUND BALANCE			
Nonspendable:	500,000	21,028	521,028
Committed:	71,571	147	71,718
Total fund balance	571,571	21,175	592,746
Total liabilities, deferred inflow of resources, and fund balance	$ 571,576	$ 21,175	$ 592,751

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Revenues:			
Investment income	$ 14,838	$ 42	**$ 14,880**
Total revenues	14,838	42	**14,880**
Expenditures:			
Current:			
General government	-	4	**4**
Transportation	100	-	**100**
Total expenditures	100	4	**104**
Excess (deficiency) of revenues over (under) expenditures	14,738	38	**14,776**
Net change in fund balances	14,738	38	**14,776**
Fund Balance July 1, as restated	556,833	21,137	**577,970**
Fund Balance June 30	**$ 571,571**	**$ 21,175**	**$ 592,746**

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	State Gaming Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	685,583	685,583	596,161	(89,422)
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	685,583	685,583	596,161	(89,422)
Current service charges	2,077	2,077	1,446	(631)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	4	4
Other	-	-	-	-
Total revenues	687,660	687,660	597,611	(90,049)
Expenditures:				
Current:				
General government	2,812	634,049	123,394	510,655
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	2,812	634,049	123,394	510,655
Excess of revenues over (under) expenditures	684,848	53,611	474,217	(420,606)
Other financing sources (uses):				
Total other financing sources (uses)	(473,457)	(473,457)	(473,457)	-
Net change in fund balances	$ 211,391	$ (419,846)	760	$ 420,606
Fund balances July 1, as restated			2,317	
Fund balances June 30			**$ 3,077**	

Motor Vehicle Highway Fund				Motor Vehicle Commission			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	70,058	70,058	-	-	-	-
385,183	385,183	389,752	4,569	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
385,183	385,183	459,810	74,627	-	-	-	-
272,455	272,455	260,032	(12,423)	106,932	106,932	87,515	(19,417)
-	-	-	-	-	-	-	-
106	106	348	242	-	-	-	-
-	-	-	-	-	-	14	14
1	1	-	(1)	-	-	-	-
657,745	657,745	720,190	62,445	106,932	106,932	87,529	(19,403)
8	223	223	-	-	-	-	-
35	307	200	107	113,559	97,260	97,765	(505)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4	8	9	(1)	-	-	-	-
267,828	757,620	369,643	387,977	-	-	-	-
267,875	758,158	370,075	388,083	113,559	97,260	97,765	(505)
389,870	(100,413)	350,115	(450,528)	(6,627)	9,672	(10,236)	19,908
(352,214)	(352,214)	(352,214)	-	4,000	4,000	4,000	-
$ 37,656	$ (452,627)	(2,099)	$ 450,528	$ (2,627)	$ 13,672	(6,236)	$ (19,908)
		81,523				11,536	
		$ 79,424				**$ 5,300**	

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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, 2014
(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	164,519	164,519	166,324	1,805
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	164,519	164,519	166,324	1,805
Expenditures:				
Current:				
General government	7,087	237,420	-	237,420
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	530	530	-
Education	6,371	2,792	2,501	291
Transportation	466	2,062	247	1,815
Total expenditures	13,924	242,804	3,278	239,526
Excess of revenues over (under) expenditures	150,595	(78,285)	163,046	(241,331)
Other financing sources (uses):				
Total other financing sources (uses)	(161,341)	(161,341)	(161,341)	-
Net change in fund balances	$ (10,746)	$ (239,626)	1,705	$ 241,331
Fund balances July 1, as restated			5,241	
Fund balances June 30			**$ 6,946**	

State Highway Fund				Indiana Check-Up Plan			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
29,479	29,479	29,356	(123)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	122,891	122,891	118,693	(4,198)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,479	29,479	29,356	(123)	122,891	122,891	118,693	(4,198)
33,815	33,815	26,400	(7,415)	-	-	-	-
81	81	311	230	-	-	-	-
1,856	1,856	1,720	(136)	-	-	-	-
2,230	2,230	634	(1,596)	-	-	-	-
43,796	43,796	63,636	19,840	-	-	-	-
111,257	111,257	122,057	10,800	122,891	122,891	118,693	(4,198)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,328	431,488	90,344	341,144
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
799,526	1,056,345	624,466	431,879	-	-	-	-
799,526	1,056,345	624,466	431,879	2,328	431,488	90,344	341,144
(688,269)	(945,088)	(502,409)	(442,679)	120,563	(308,597)	28,349	(336,946)
564,792	564,792	564,792	-	(12)	(12)	(12)	-
$ (123,477)	$ (380,296)	62,383	$ 442,679	$ 120,551	$ (308,609)	28,337	$ 336,946
		390,914				316,351	
		$ 453,297				**$ 344,688**	

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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, 2014
(amounts expressed in thousands)

	Fund 6000 Programs			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	1,984	1,984	2,031	47
Fuels	-	-	57	57
Gaming	386	386	371	(15)
Unemployment	57	57	38	(19)
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	112,521	112,521	102,392	(10,129)
Other	20,213	20,213	13,288	(6,925)
Total taxes	135,161	135,161	118,177	(16,984)
Current service charges	91,230	91,230	93,349	2,119
Investment income	98	98	84	(14)
Sales/rents	7,164	7,164	7,197	33
Grants	15,036	15,036	13,110	(1,926)
Other	5,903	5,903	7,400	1,497
Total revenues	254,592	254,592	239,317	(15,275)
Expenditures:				
Current:				
General government	5,755	249,070	99,129	149,941
Public safety	8,888	76,788	28,135	48,653
Health	258	2,988	714	2,274
Welfare	75	12,930	1,083	11,847
Conservation, culture and development	6,488	37,053	14,050	23,003
Education	414	11,290	7,991	3,299
Transportation	3,865	3,467	1,946	1,521
Total expenditures	25,743	393,586	153,048	240,538
Excess of revenues over (under) expenditures	228,849	(138,994)	86,269	(225,263)
Other financing sources (uses):				
Total other financing sources (uses)	(120,259)	(120,259)	(120,259)	-
Net change in fund balances	$ 108,590	$ (259,253)	(33,990)	$ 225,263
Fund balances July 1, as restated			237,913	
Fund balances June 30			**$ 203,923**	

Patients Compensation Fund				Road and Street, Primary Highway			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	193,833	193,833	197,854	4,021
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	193,833	193,833	197,854	4,021
87,274	87,274	128,591	41,317	17,736	17,736	17,645	(91)
192	192	133	(59)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87,466	87,466	128,724	41,258	211,569	211,569	215,499	3,930
-	-	-	-	-	-	-	-
1,559	322,468	180,950	141,518	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	288,194	74,058	214,136
1,559	322,468	180,950	141,518	-	288,194	74,058	214,136
85,907	(235,002)	(52,226)	(182,776)	211,569	(76,625)	141,441	(218,066)
(12)	(12)	(12)	-	(133,463)	(133,463)	(133,463)	-
$ 85,895	$ (235,014)	(52,238)	$ 182,776	$ 78,106	$ (210,088)	7,978	$ 218,066
		193,743				(1,363)	
		$ 141,505				**$ 6,615**	

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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, 2014
(amounts expressed in thousands)

	Tobacco Settlement 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	132,476	132,476	70,387	(62,089)
Investment income	1,223	1,223	16	(1,207)
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	20	20	-	(20)
Total revenues	133,719	133,719	70,403	(63,316)
Expenditures:				
Current:				
General government	-	250	-	250
Public safety	-	-	-	-
Health	169,892	51,000	33,490	17,510
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	169,892	51,250	33,490	17,760
Excess of revenues over (under) expenditures	(36,173)	82,469	36,913	45,556
Other financing sources (uses):				
Total other financing sources (uses)	(90,400)	(90,400)	(90,400)	-
Net change in fund balances	$ (126,573)	$ (7,931)	(53,487)	$ (45,556)
Fund balances July 1, as restated			98,250	
Fund balances June 30			**$ 44,763**	

Common School Fund				U.S. Department of Agriculture			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,133	5,133	4,732	(401)	208	208	372	164
2	2	-	(2)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	530,223	530,223	524,958	(5,265)
122	122	148	26	6	6	-	(6)
5,257	5,257	4,880	(377)	530,437	530,437	525,330	(5,107)
-	9,023	-	9,023	582	9,664	487	9,177
-	-	-	-	-	7,463	4,042	3,421
-	-	-	-	15,189	201,830	96,988	104,842
-	-	-	-	2,558	277,451	105,234	172,217
-	-	-	-	580	10,584	2,324	8,260
-	-	-	-	1,736	450,413	381,690	68,723
-	-	-	-	-	-	-	-
-	9,023	-	9,023	20,645	957,405	590,765	366,640
5,257	(3,766)	4,880	(8,646)	509,792	(426,968)	(65,435)	(361,533)
-	-	-	-	60,416	60,416	60,416	-
$ 5,257	$ (3,766)	4,880	$ 8,646	$ 570,208	$ (366,552)	(5,019)	$ 361,533
		562,974				27,944	
		$ 567,854				**$ 22,925**	

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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, 2014
(amounts expressed in thousands)

	U.S. Department of Labor			
	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	436	436	690	254
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	147,107	147,107	134,842	(12,265)
Other	10	10	-	(10)
Total revenues	147,553	147,553	135,532	(12,021)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	46	8,743	5,271	3,472
Health	-	-	-	-
Welfare	216	6,046	2,289	3,757
Conservation, culture and development	38,688	247,407	132,540	114,867
Education	-	59	-	59
Transportation	-	-	-	-
Total expenditures	38,950	262,255	140,100	122,155
Excess of revenues over (under) expenditures	108,603	(114,702)	(4,568)	(110,134)
Other financing sources (uses):				
Total other financing sources (uses)	949	949	949	-
Net change in fund balances	$ 109,552	$ (113,753)	(3,619)	$ 110,134
Fund balances July 1, as restated			920	
Fund balances June 30			**$ (2,699)**	

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		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25	25	3	(22)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,141,459	1,141,459	1,010,992	(130,467)	796,632	796,632	744,625	(52,007)
-	-	1,093	1,093	46	46	-	(46)
1,141,459	1,141,459	1,012,085	(129,374)	796,703	796,703	744,628	(52,075)
1	4,779	1,168	3,611	20	1,057	723	334
4,372	46,586	16,876	29,710	716	2,133	1,038	1,095
201	610	70	540	-	-	-	-
-	19	-	19	4,455	246,299	81,565	164,734
2,279	5,156	2,605	2,551	7,577	54,141	29,820	24,321
-	-	-	-	26,346	841,456	636,813	204,643
1,356,657	2,679,856	1,194,875	1,484,981	-	-	-	-
1,363,510	2,737,006	1,215,594	1,521,412	39,114	1,145,086	749,959	395,127
(222,051)	(1,595,547)	(203,509)	(1,392,038)	757,589	(348,383)	(5,331)	(343,052)
277,277	277,277	277,277	-	35,942	35,942	35,942	-
$ 55,226	$ (1,318,270)	73,768	$ 1,392,038	$ 793,531	$ (312,441)	30,611	$ 343,052
		(5,945)				15,349	
		$ 67,823				**$ 45,960**	

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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, 2014
(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	1,025	1,025	723	(302)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,016,189	1,016,189	1,126,950	110,761
Other	100	100	-	(100)
Total revenues	1,017,314	1,017,314	1,127,673	110,359
Expenditures:				
Current:				
General government	1,405	23,408	14,512	8,896
Public safety	2,020	13,713	9,535	4,178
Health	37,630	203,846	85,437	118,409
Welfare	221,497	2,720,358	1,415,606	1,304,752
Conservation, culture and development	-	-	-	-
Education	4	9,900	9,120	780
Transportation	-	-	-	-
Total expenditures	262,556	2,971,225	1,534,210	1,437,015
Excess of revenues over (under) expenditures	754,758	(1,953,911)	(406,537)	(1,547,374)
Other financing sources (uses):				
Total other financing sources (uses)	350,869	350,869	350,869	-
Net change in fund balances	$ 1,105,627	$ (1,603,042)	(55,668)	$ 1,547,374
Fund balances July 1, as restated			(87,806)	
Fund balances June 30			**$ (143,474)**	

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Other Non-Major Special Revenue Funds			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 201	$ 201	$ -	$ (201)
Sales	8,419	8,419	8,540	121
Fuels	154,612	154,612	156,003	1,391
Gaming	25,137	25,137	24,474	(663)
Unemployment	23	23	876	853
Alcohol and tobacco	36,231	36,231	36,145	(86)
Insurance	4,497	4,497	4,588	91
Financial institutions	-	-	-	-
Other	3,692	3,692	3,711	19
Total taxes	232,812	232,812	234,337	1,525
Current service charges	293,594	293,594	286,893	(6,701)
Investment income	437	437	369	(68)
Sales/rents	10,993	10,993	5,083	(5,910)
Grants	464,656	464,656	408,777	(55,879)
Other	7,613	7,613	778	(6,835)
Total revenues	1,010,105	1,010,105	936,237	(73,868)
Expenditures:				
Current:				
General government	98,075	729,854	137,426	592,428
Public safety	224,358	629,352	254,530	374,822
Health	8,233	10,891	8,573	2,318
Welfare	23,707	1,174,906	179,153	995,753
Conservation, culture and development	190,376	672,895	277,410	395,485
Education	2,836	365,321	286,953	78,368
Transportation	191,445	213,796	169,159	44,637
Total expenditures	739,030	3,797,015	1,313,204	2,483,811
Excess of revenues over (under) expenditures	271,075	(2,786,910)	(376,967)	(2,409,943)
Other financing sources (uses):				
Total other financing sources (uses)	557,546	557,546	557,546	-
Net change in fund balances	$ 828,621	$ (2,229,364)	180,579	$ 2,409,943
Fund balances July 1, as restated			809,049	
Fund balances June 30			**$ 989,628**	

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)	$ 172,247
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)	1,424,650
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(1,200,318)
Funds not subject to legally adopted budget	(933)
Net change in fund balances (GAAP basis)	**$ 395,646**

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.

Wabash Memorial Bridge – This fund accounts for the operations of the Wabash River Toll Bridge. This bridge is a vital link for motorists traveling between White County, Illinois, and Posey County, Indiana.

State of Indiana
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2014
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 66,771	$ 6,695	$ 832	$ 74,298
Receivables:				
Accounts	241	308	139	688
Interest	466	-	-	466
Inventory	-	577	-	577
Prepaid expenses	-	77	-	77
Other assets	36	-	-	36
Total current assets	67,514	7,657	971	76,142
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated/amortized	-	525	610	1,135
less accumulated depreciation/amortization	-	(407)	(193)	(600)
Total capital assets, net of depreciation/amortization	-	118	417	535
Total noncurrent assets	-	118	417	535
Total assets	**67,514**	**7,775**	**1,388**	**76,677**
Liabilities				
Current liabilities:				
Accounts payable	-	693	39	732
Claims payable	3,327	-	-	3,327
Salaries and benefits payable	-	433	-	433
Accrued liability for compensated absences	-	215	-	215
Unearned revenue	985	3,170	287	4,442
Other liabilities	30	657	-	687
Total current liabilities	4,342	5,168	326	9,836
Noncurrent liabilities:				
Accrued liability for compensated absences	-	365	-	365
Claims payable	25,088	-	-	25,088
Total noncurrent liabilites	25,088	365	-	25,453
Total liabilities	**29,430**	**5,533**	**326**	**35,289**
Net position				
Net investment in capital assets	-	118	417	535
Unrestricted (deficit)	38,084	2,124	645	40,853
Total net position	**$ 38,084**	**$ 2,242**	**$ 1,062**	**$ 41,388**

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, 2014
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Operating revenues:				
Sales/rents/premiums	$ 1,851	$ 23,459	$ 783	**$ 26,093**
Other	-	245	-	**245**
Total operating revenues	1,851	23,704	783	**26,338**
Cost of sales	-	4,294	-	**4,294**
Gross margin	1,851	19,410	783	**22,044**
Operating expenses:				
General and administrative expense	513	16,264	749	**17,526**
Claims expense	1,342	-	-	**1,342**
Depreciation and amortization	-	33	122	**155**
Other	-	34	-	**34**
Total operating expenses	1,855	16,331	871	**19,057**
Operating income (loss)	(4)	3,079	(88)	**2,987**
Nonoperating revenues (expenses):				
Interest and other investment income	1,043	8	-	**1,051**
Total nonoperating revenues (expenses)	1,043	8	-	**1,051**
Income before contributions and transfers	1,039	3,087	(88)	**4,038**
Capital contributions	-	-	165	**165**
Transfers (out)	-	(2,724)	-	**(2,724)**
Change in net position	1,039	363	77	**1,479**
Total net position, July 1, as restated	**37,045**	**1,879**	**985**	**39,909**
Total net position, June 30	**$ 38,084**	**$ 2,242**	**$ 1,062**	**$ 41,388**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Cash flows from operating activities:				
Cash received from customers	$ 1,799	$ 23,993	$ 883	**$ 26,675**
Cash paid for general and administrative	(510)	(16,031)	(165)	**(16,706)**
Cash paid to suppliers	-	(4,283)	(561)	**(4,844)**
Cash paid for claims expense	(1,577)	-	-	**(1,577)**
Net cash provided (used) by operating activities	(288)	3,679	157	**3,548**
Cash flows from noncapital financing activities:				
Transfers out	-	(2,724)	-	**(2,724)**
Net cash provided (used) by noncapital financing activities	-	(2,724)	-	**(2,724)**
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(26)	-	**(26)**
Capital contributions	-	-	165	**165**
Net cash provided (used) by capital and related financing activities	-	(26)	165	**139**
Cash flows from investing activities:				
Proceeds from sales of investments	9,500	-	-	**9,500**
Purchase of investments	(9,505)	-	-	**(9,505)**
Interest income (expense) on investments	2,108	8	-	**2,116**
Net cash provided (used) by investing activities	2,103	8	-	**2,111**
Net increase (decrease) in cash and cash equivalents	1,815	937	322	**3,074**
Cash and cash equivalents, July 1	3,032	5,423	510	**8,965**
Cash and cash equivalents, June 30	**$ 4,847**	**$ 6,360**	**$ 832**	**$ 12,039**
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	$ 4,847	$ 6,360	$ 832	**$ 12,039**
Investments unrestricted	61,924	335	-	**62,259**
Cash, cash equivalents and investments per balance sheet	**$ 66,771**	**$ 6,695**	**$ 832**	**$ 74,298**
Noncash investing, capital and financing activities:				
Increase (Decrease) in fair value of investments	$ (1,054)	$ -	$ -	**$ (1,054)**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ (4)	$ 3,079	$ (88)	**$ 2,987**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	33	122	**155**
(Increase) decrease in receivables	20	15	61	**96**
(Increase) decrease in inventory	-	11	17	**28**
(Increase) decrease in prepaid expenses	-	7	-	**7**
Increase (decrease) in claims payable	(235)	-	-	**(235)**
Increase (decrease) in accounts payable	-	146	6	**152**
Increase (decrease) in unearned revenue	(94)	156	39	**101**
Increase (decrease) in salaries payable	-	34	-	**34**
Increase (decrease) in compensated absences	-	102	-	**102**
Increase (decrease) in other payables	25	96	-	**121**
Net cash provided (used) by operating activities	**$ (288)**	**$ 3,679**	**$ 157**	**$ 3,548**

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, 2014
(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	$ 3,132	$ 30,151	$ 15,979	$ 4,074	$ 50,475	$ 3,805	$ 713	$ 69	$ 108,398
Receivables:									
Accounts	3,799	1,119	1,926	1,491	17,412	304	-	-	26,051
Interfund services provided	404	8,034	-	-	-	-	-	-	8,438
Inventory	4,601	270	-	-	-	-	-	-	4,871
Total current assets	11,936	39,574	17,905	5,565	67,887	4,109	713	69	147,758
Noncurrent assets:									
Capital assets:									
Capital assets being depreciated/amortized	16,219	60,993	-	-	1,299	-	-	-	78,511
less accumulated depreciation/amortization	(11,785)	(47,822)	-	-	(3)	-	-	-	(59,610)
Total capital assets, net of depreciation/amortization	4,434	13,171	-	-	1,296	-	-	-	18,901
Total noncurrent assets	4,434	13,171	-	-	1,296	-	-	-	18,901
Total assets	**16,370**	**52,745**	**17,905**	**5,565**	**69,183**	**4,109**	**713**	**69**	**166,659**
Liabilities									
Current liabilities:									
Accounts payable	2,278	3,990	2,762	5,230	37,376	549	31	-	52,216
Claims payable	-	-	-	-	-	-	-	-	-
Salaries and benefits payable	454	1,622	-	-	69	-	445	20	2,610
Accrued liability for compensated absences	449	1,882	-	-	25	-	327	15	2,698
Unearned revenue	1	187	-	-	-	-	-	-	188
Other liabilities	4	-	-	-	-	-	-	-	4
Total current liabilities	3,186	7,681	2,762	5,230	37,470	549	803	35	57,716
Noncurrent liabilities:									
Accrued liability for compensated absences	389	1,612	-	-	19	-	265	11	2,296
Total noncurrent liabilities	389	1,612	-	-	19	-	265	11	2,296
Total liabilities	**3,575**	**9,293**	**2,762**	**5,230**	**37,489**	**549**	**1,068**	**46**	**60,012**
Net position									
Net investment in capital assets	4,435	13,171	-	-	1,296	-	-	-	18,902
Unrestricted (deficit)	8,360	30,281	15,143	335	30,398	3,560	(355)	23	87,745
Total net position	**$ 12,795**	**$ 43,452**	**$ 15,143**	**$ 335**	**$ 31,694**	**$ 3,560**	**$ (355)**	**$ 23**	**$ 106,647**

State of Indiana
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(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	$ 38,435	$ 118,824	$ 32,634	$ 22,424	$ 327,724	$ 4,988	$ -	$ -	**$ 545,029**
Charges for services	-	105	-	-	-	-	8,929	411	**9,445**
Other	272	500	-	976	-	-	-	-	**1,748**
Total operating revenues	38,707	119,429	32,634	23,400	327,724	4,988	8,929	411	**556,222**
Cost of sales	22,169	1,512	-	-	-	-	-	-	**23,681**
Gross margin	16,538	117,917	32,634	23,400	327,724	4,988	8,929	411	**532,541**
Operating expenses:									
General and administrative expense	15,014	107,783	1,303	600	16,849	352	8,332	400	**150,633**
Health / disability benefit payments	-	-	18,757	20,856	300,228	3,040	-	-	**342,881**
Depreciation and amortization	395	6,030	-	-	3	-	-	-	**6,428**
Total operating expenses	15,409	113,813	20,060	21,456	317,080	3,392	8,332	400	**499,942**
Operating income (loss)	1,129	4,104	12,574	1,944	10,644	1,596	597	11	**32,599**
Nonoperating revenues (expenses):									
Gain (Loss) on disposition of assets	(9)	1,868	-	-	-	-	-	-	**1,859**
Federal grants	-	-	-	-	-	-	-	-	**-**
Contributions to other postemployment benefits	-	-	(5,362)	-	(4,508)	(537)	-	-	**(10,407)**
Total nonoperating revenues (expenses)	(9)	1,868	(5,362)	-	(4,508)	(537)	-	-	**(8,548)**
Income before contributions and transfers	1,120	5,972	7,212	1,944	6,136	1,059	597	11	**24,051**
Transfers in	-	1,600	-	-	38	-	-	-	**1,638**
Transfers (out)	(3,692)	-	-	-	-	-	-	-	**(3,692)**
Change in net position	(2,572)	7,572	7,212	1,944	6,174	1,059	597	11	**21,997**
Total net position, July 1, as restated	15,367	35,880	7,931	(1,609)	25,520	2,501	(952)	12	**84,650**
Total net position, June 30	**$ 12,795**	**$ 43,452**	**$ 15,143**	**$ 335**	**$ 31,694**	**$ 3,560**	**$ (355)**	**$ 23**	**$ 106,647**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(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	$ 39,344	$ 119,323	$ 32,464	$ 23,444	$ 326,081	$ 4,973	$ 8,929	$ 411	**$ 554,969**
Cash paid for general and administrative	(15,057)	(107,521)	(1,303)	(600)	(16,136)	(350)	(8,524)	(399)	**(149,890)**
Cash paid for salary/health/disability benefit payments	-	-	(19,348)	(20,466)	(298,853)	(3,074)	-	-	**(341,741)**
Cash paid to suppliers	(22,106)	(1,087)	-	-	-	-	-	-	**(23,193)**
Net cash provided (used) by operating activities	2,181	10,715	11,813	2,378	11,092	1,549	405	12	**40,145**
Cash flows from noncapital financing activities:									
Transfers in	-	1,600	-	-	38	-	-	-	**1,638**
Transfers out	(3,692)	-	-	-	-	-	-	-	**(3,692)**
Contributions to other postemployment benefits	-	-	(5,362)	-	(4,508)	(537)	-	-	**(10,407)**
Net cash provided (used) by noncapital financing activities	(3,692)	1,600	(5,362)	-	(4,470)	(537)	-	-	**(12,461)**
Cash flows from capital and related financing activities:									
Acquisition/construction of capital assets	(123)	(6,300)	-	-	(1,299)	-	-	-	**(7,722)**
Proceeds from sale of assets	1	1,875	-	-	-	-	-	-	**1,876**
Net cash provided (used) by capital and related financing activities	(122)	(4,425)	-	-	(1,299)	-	-	-	**(5,846)**
Net increase (decrease) in cash and cash equivalents	(1,633)	7,890	6,451	2,378	5,323	1,012	405	12	**21,838**
Cash and cash equivalents, July 1	4,765	22,261	9,528	1,696	45,152	2,793	308	57	**86,560**
Cash and cash equivalents, June 30	**$ 3,132**	**$ 30,151**	**$ 15,979**	**$ 4,074**	**$ 50,475**	**$ 3,805**	**$ 713**	**$ 69**	**$ 108,398**
Reconciliation of cash , cash equivalents and investments:									
Cash and cash equivalents unrestricted at end of year	$ 3,132	$ 30,151	$ 15,979	$ 4,074	$ 50,475	$ 3,805	$ 713	$ 69	**$ 108,398**
Cash, cash equivalents and investments per balance sheet	**$ 3,132**	**$ 30,151**	**$ 15,979**	**$ 4,074**	**$ 50,475**	**$ 3,805**	**$ 713**	**$ 69**	**$ 108,398**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(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)	$ 1,129	$ 4,104	$ 12,574	$ 1,944	$ 10,644	$ 1,596	$ 597	$ 11	**$ 32,599**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation/amortization expense	395	6,030	-	-	3	-	-	-	**6,428**
(Increase) decrease in receivables	636	(180)	(170)	44	(1,643)	(14)	-	-	**(1,327)**
(Increase) decrease in interfund services provided	2	74	-	-	-	-	-	-	**76**
(Increase) decrease in inventory	681	32	-	-	-	-	-	-	**713**
Increase (decrease) in health and disability benefits payable	-	-	(591)	390	1,375	(34)	-	-	**1,140**
Increase (decrease) in accounts payable	(619)	387	-	-	704	1	12	-	**485**
Increase (decrease) in unearned revenue	(1)	-	-	-	-	-	-	-	**(1)**
Increase (decrease) in salaries payable	9	187	-	-	2	-	(2)	-	**196**
Increase (decrease) in compensated absences	(53)	81	-	-	7	-	(202)	1	**(166)**
Increase (decrease) in other payables	2	-	-	-	-	-	-	-	**2**
Net cash provided (used) by operating activities	**$ 2,181**	**$ 10,715**	**$ 11,813**	**$ 2,378**	**$ 11,092**	**$ 1,549**	**$ 405**	**$ 12**	**$ 40,145**

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 Employee Retiree Health Benefit Trust Fund-DB - This fund is used to account for assets held for the State's four defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) and Legislature Plan (LP) 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.

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.

FIDUCIARY FUNDS

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, 2014
(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	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	$ 49,494	$ 29,092	$ 32,683	$ 15,001	**$ 126,270**
Securities lending collateral	-	-	-	2,168,992	**2,168,992**
Receivables:					
Contributions	245	170	2,902	8,646	**11,963**
Interest	408	15	53	87,595	**88,071**
Member loans	180	-	-	-	**180**
From investment sales	175	-	-	4,503,784	**4,503,959**
Other	-	-	-	3,935	**3,935**
Total receivables	1,008	185	2,955	4,603,960	**4,608,108**
Pension and other employee benefit investments at fair value:					
Short term investments	-	-	-	1,330,863	**1,330,863**
Equity Securities	204,997	-	-	7,648,565	**7,853,562**
Debt Securities	118,965	61,943	212,732	12,387,865	**12,781,505**
Other	93,785	-	-	9,161,942	**9,255,727**
Total investments at fair value	417,747	61,943	212,732	30,529,235	**31,221,657**
Other assets	-	-	-	408	**408**
Property, plant and equipment net of accumulated depreciation	-	-	-	9,203	**9,203**
Total assets	**468,249**	**91,220**	**248,370**	**37,326,799**	**38,134,638**
Liabilities:					
Accounts/escrows payable	98	10	19	4,955	**5,082**
Salaries and benefits payable	-	-	-	3,236	**3,236**
Benefits payable	-	1,499	299	93,456	**95,254**
Investment purchases payable	-	-	-	4,616,227	**4,616,227**
Securities purchased payable	153	-	-	225,614	**225,767**
Securities lending collateral	-	-	-	2,168,992	**2,168,992**
Other	-	-	-	17,167	**17,167**
Total liabilities	**251**	**1,509**	**318**	**7,129,647**	**7,131,725**
Net Position					
Restricted for:					
Employees' pension benefits	467,998	-	-	30,184,061	**30,652,059**
OPEB benefits	-	89,711	248,052	-	**337,763**
Future death benefits	-	-	-	13,091	**13,091**
Total net position	**$ 467,998**	**$ 89,711**	**$ 248,052**	**$ 30,197,152**	**$ 31,002,913**

State of Indiana
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Additions:					
Member contributions	$ 3,763	$ 9,678	$ -	$ 341,609	**$ 355,050**
Employer contributions	14,005	32,366	40,913	894,851	**982,135**
Contributions from the State of Indiana	-	-	-	826,142	**826,142**
Net investment income (loss)	46,240	95	788	3,622,093	**3,669,216**
Less investment expense	(1,357)	(1)	-	(188,042)	**(189,400)**
Federal reimbursements	-	523	-	-	**523**
Transfers from other retirement funds	-	-	-	15,582	**15,582**
Other	4	200	-	172	**376**
Total additions	62,655	42,861	41,701	5,512,407	**5,659,624**
Deductions:					
Pension and disability benefits	32,923	-	-	2,216,056	**2,248,979**
Retiree health benefits	-	24,721	15,625	-	**40,346**
Death benefits	-	-	-	870	**870**
Refunds of contributions and interest	-	-	-	87,375	**87,375**
Administrative	307	972	139	34,544	**35,962**
Capital projects	-	-	-	8,855	**8,855**
Transfers to other retirement funds	-	-	-	15,582	**15,582**
Other	15	-	-	-	**15**
Total deductions	33,245	25,693	15,764	2,363,282	**2,437,984**
Net increase (decrease) in net position	29,410	17,168	25,937	3,149,125	**3,221,640**
Net position restricted for pension and other employee benefits, July 1, as restated:					
Pension benefits	438,588	-	-	27,035,691	**27,474,279**
OPEB benefits	-	72,543	222,115	-	**294,658**
Future death benefits	-	-	-	12,336	**12,336**
Net position restricted for pension and other employee benefits, June 30, as restated	**$ 467,998**	**$ 89,711**	**$ 248,052**	**$ 30,197,152**	**$ 31,002,913**

State of Indiana
Combining Statement of Net Position
Private-Purpose Trust Funds
June 30, 2014
(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
ASSETS			
Cash, cash equivalents and non-pension investments	$ 16,340	$ 20,344	**$ 36,684**
Receivables:			
Taxes	-	4,730	**4,730**
Interest	-	1	**1**
Total receivables	-	4,731	**4,731**
Total assets	**16,340**	**25,075**	**41,415**
LIABILITIES			
Accounts/escrows payable	419	959	**1,378**
Salaries and benefits payable	101	-	**101**
Intergovernmental payable	-	2,175	**2,175**
Total liabilities	**520**	**3,134**	**3,654**
NET POSITION			
Restricted for:			
Trust beneficiaries	15,820	21,941	**37,761**
Total net position	**$ 15,820**	**$ 21,941**	**$ 37,761**

State of Indiana
Combining Statement of Changes in Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Abandoned Property Fund	Private-Purpose Trust Fund	Total
Additions:			
Taxes	$ -	$ 85,563	**$ 85,563**
Investment Income	8	36	**44**
Member Contributions	-	3,288	**3,288**
Donations/escheats	118,282	-	**118,282**
Total additions	118,290	88,887	**207,177**
Deductions:			
Payments to participants/beneficiaries	111,875	89,070	**200,945**
Total deductions	111,875	89,070	**200,945**
Net increase (decrease) in net position	6,415	(183)	**6,232**
Net position, July 1, as restated	9,405	22,124	**31,529**
Net position, June 30	**$ 15,820**	**$ 21,941**	**$ 37,761**

State of Indiana
Combining Statement of Net Position
Agency Funds
June 30, 2014
(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	$ 211	$ 253,077	$ 19,687	$ 250,081	$ 86,599	**$ 609,655**
Receivables:						
Taxes	-	166,297	-	-	17,325	**183,622**
Other	-	-	-	-	59	**59**
Total assets	**$ 211**	**$ 419,374**	**$ 19,687**	**$ 250,081**	**$ 103,983**	**$ 793,336**
Liabilities:						
Accounts/escrows payable	$ 211	$ 419,374	$ 19,687	$ 250,081	$ 103,983	**$ 793,336**
Total liabilities	**$ 211**	**$ 419,374**	**$ 19,687**	**$ 250,081**	**$ 103,983**	**$ 793,336**

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Employee Payroll, Withholding and Benefits				
Assets:				
Cash, cash equivalents, and investments	$ 158	$ 2,171,506	$ 2,171,453	**$ 211**
Total assets	$ 158	$ 2,171,506	$ 2,171,453	**$ 211**
Liabilities:				
Accounts / escrows payable	$ 158	$ 2,171,506	$ 2,171,453	**$ 211**
Total liabilities	$ 158	$ 2,171,506	$ 2,171,453	**$ 211**
Local Distributions				
Assets:				
Cash, cash equivalents, and investments	$ 165,011	$ 1,824,426	$ 1,736,360	**$ 253,077**
Receivables	151,969	166,297	151,969	**166,297**
Total assets	$ 316,980	$ 1,990,723	$ 1,888,329	**$ 419,374**
Liabilities:				
Accounts / escrows payable	$ 316,980	$ 1,990,723	$ 1,888,329	**$ 419,374**
Total liabilities	$ 316,980	$ 1,990,723	$ 1,888,329	**$ 419,374**
Child Support				
Assets:				
Cash, cash equivalents, and investments	$ 19,334	$ 842,921	$ 842,568	**$ 19,687**
Total assets	$ 19,334	$ 842,921	$ 842,568	**$ 19,687**
Liabilities:				
Accounts / escrows payable	$ 19,334	$ 842,921	$ 842,568	**$ 19,687**
Total liabilities	$ 19,334	$ 842,921	$ 842,568	**$ 19,687**

continued on next page

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Department of Insurance				
Assets:				
Cash, cash equivalents, and investments	$ 253,072	$ 9,094	$ 12,085	**$ 250,081**
Total assets	$ 253,072	$ 9,094	$ 12,085	**$ 250,081**
Liabilities:				
Accounts / escrows payable	$ 253,072	$ 9,094	$ 12,085	**$ 250,081**
Total liabilities	$ 253,072	$ 9,094	$ 12,085	**$ 250,081**
Other Agency Funds				
Assets:				
Cash, cash equivalents, and investments	$ 79,509	$ 778,234	$ 771,144	**$ 86,599**
Receivables	16,635	17,384	16,635	**17,384**
Total assets	$ 96,144	$ 795,618	$ 787,779	**$ 103,983**
Liabilities:				
Accounts / escrows payable	$ 96,144	$ 795,618	$ 787,779	**$ 103,983**
Total liabilities	$ 96,144	$ 795,618	$ 787,779	**$ 103,983**
Total Agency Funds				
Assets:				
Cash, cash equivalents, and investments	**$ 517,084**	**$ 5,626,181**	**$ 5,533,610**	**$ 609,655**
Receivables	**168,604**	**183,681**	**168,604**	**183,681**
Total assets	**$ 685,688**	**$ 5,809,862**	**$ 5,702,214**	**$ 793,336**
Liabilities:				
Accounts / escrows payable	**$ 685,688**	**$ 5,809,862**	**$ 5,702,214**	**$ 793,336**
Total liabilities	**$ 685,688**	**$ 5,809,862**	**$ 5,702,214**	**$ 793,336**

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.

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, 2014
(amounts expressed in thousands)

	Indiana Economic Development Corporation	Totals
Assets		
Current assets:		
Cash, cash equivalents and investments - unrestricted	$ 148,013	$ 148,013
Cash, cash equivalents and investments - restricted	300	300
Receivables (net)	845	845
Total current assets	149,158	149,158
Noncurrent assets:		
Loans	37,114	37,114
Capital assets:		
Capital assets being depreciated/amortized	440	440
less accumulated depreciation/amortization	(287)	(287)
Total capital assets, net of depreciation/amortization	153	153
Total noncurrent assets	37,267	37,267
Total assets	**186,425**	**186,425**
Liabilities		
Current liabilities:		
Accounts payable	3,416	3,416
Unearned revenue	12,892	12,892
Other liabilities	346	346
Current portion of long-term liabilities	258	258
Total current liabilities	16,912	16,912
Total liabilities	**16,912**	**16,912**
NET POSITION		
Net investment in capital assets	154	154
Restricted - expendable:		
Other purposes	569	569
Unrestricted	168,790	168,790
Total net position	**$ 169,513**	**$ 169,513**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Governmental Funds
For the Fiscal Year Ended June 30, 2014
(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	$ 56,390	$ 189	$ 4,354	$ -	$ (51,847)	$ (51,847)
Total component units	$ 56,390	$ 189	$ 4,354	$ -	(51,847)	(51,847)
General Revenues:						
Gaming tax					835	835
Investment earnings					101	101
Payments from State of Indiana					51,790	51,790
Total general revenues					52,726	52,726
Changes in net position					879	879
Net position - beginning					168,634	168,634
Net position - ending					$ 169,513	$ 169,513

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units - Proprietary Funds
June 30, 2014
(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	$ 53,256	$ -	$ 54,017	$ 165,066	$ 135,521
Cash, cash equivalents and investments - restricted	-	84,908	203,405	-	2,000
Receivables (net)	1,710	231,646	12,853	191	4,153
Due from primary government	-	-	-	5,000	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	6	139
Loans	-	-	7,153	-	11,309
Investment in direct financing lease	1,325	-	-	-	-
Other assets	-	-	1,949	-	-
Total current assets	56,291	316,554	279,377	170,263	153,122
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	-	122,292	90,277	9,203
Cash, cash equivalents and investments - restricted	-	28,546	687,881	-	-
Receivables (net)	-	1,281,361	-	-	-
Due from primary government	-	-	-	40,000	-
Loans	-	-	52,251	-	145,763
Investment in direct financing lease	952,421	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Capital assets not being depreciated/amortized	-	-	-	-	-
Capital assets being depreciated/amortized	-	-	7,748	212	1,452
less accumulated depreciation/amortization	-	-	(4,779)	(200)	(1,344)
Total capital assets, net of depreciation/amortization	-	-	2,969	12	108
Total noncurrent assets	952,421	1,309,907	865,393	130,289	155,074
Total assets	**1,008,712**	**1,626,461**	**1,144,770**	**300,552**	**308,196**
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	161,879	12,288	5,000	-	-
Deferred debt refunding loss	-	17,513	5,896	-	-
Total deferred outflows of resources	**161,879**	**29,801**	**10,896**	**-**	**-**
Liabilities					
Current liabilities:					
Accounts payable	14	1,006	5,468	17	1,162
Interest payable	8,582	20,319	8,581	-	42
Unearned revenue	-	-	49,113	-	-
Accrued liability for compensated absences	-	-	-	-	-
Other liabilities	-	32,705	-	1	-
Current portion of long-term liabilities	1,325	259,304	11,810	-	-
Total current liabilities	9,921	313,334	74,972	18	1,204
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Net pension and OPEB liabilities	-	-	-	-	-
Unearned revenue	-	486	-	-	-
Revenue bonds/notes payable	974,985	1,318,119	691,189	-	168,650
Derivative instrument liability	161,879	12,288	5,000	-	-
Other noncurrent liabilities	835	-	-	-	-
Total noncurrent liabilities	1,137,699	1,330,893	696,189	-	168,650
Total liabilities	**1,147,620**	**1,644,227**	**771,161**	**18**	**169,854**
Net Position					
Net investment in capital assets	-	-	2,969	12	108
Restricted - nonexpendable:					
Permanent funds	-	-	-	-	-
Restricted - expendable:					
Grants/constitutional restrictions	22,971	-	112,535	-	-
Future debt service	-	-	87,338	-	2,000
Student aid	-	-	-	-	-
Endowments	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted	-	12,035	181,663	300,522	136,234
Total net position	**$ 22,971**	**$ 12,035**	**$ 384,505**	**$ 300,534**	**$ 138,342**

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	Totals
$ 3,795	$ 22,214	$ 6,476	$ 7,888	$ 9,504	$ 423	$ 458,160
622	-	6,005	-	-	3,897	300,837
101	485	2,214	15,885	5	1,324	270,567
-	-	287	-	-	-	5,287
11	-	17	-	-	178	206
117	253	63	-	-	603	1,181
-	-	-	-	-	-	18,462
-	86	-	-	-	-	1,411
-	-	-	-	-	-	1,949
4,646	23,038	15,062	23,773	9,509	6,425	1,058,060
75	-	-	-	-	-	221,847
200	-	-	-	-	1,269	717,896
-	-	-	-	-	387	1,281,748
-	-	-	-	-	-	40,000
-	-	-	-	-	-	198,014
-	-	-	-	-	-	952,421
-	-	-	-	-	178	178
79,823	28,749	44,097	-	-	-	152,669
40,538	131,146	97,336	-	-	1,123	279,555
(16,616)	(63,711)	(62,052)	-	-	(583)	(149,285)
103,745	96,184	79,381	-	-	540	282,939
104,020	96,184	79,381	-	-	2,374	3,695,043
108,666	**119,222**	**94,443**	**23,773**	**9,509**	**8,799**	**4,753,103**
-	-	-	-	-	-	179,167
-	-	-	-	-	-	23,409
-	**-**	**-**	**-**	**-**	**-**	**202,576**
592	938	720	12,008	19	767	22,711
-	-	-	-	-	-	37,524
-	-	179	4,949	-	190	54,431
-	-	213	-	-	-	213
-	790	7	780	-	227	34,510
-	-	2,906	-	-	-	275,345
592	1,728	4,025	17,737	19	1,184	424,734
-	-	135	-	-	-	135
-	-	22	-	-	-	22
-	-	-	-	-	-	486
-	-	-	-	-	-	3,152,943
-	-	-	-	-	-	179,167
-	-	41,962	-	-	21	42,818
-	-	42,119	-	-	21	3,375,571
592	**1,728**	**46,144**	**17,737**	**19**	**1,205**	**3,800,305**
103,745	95,472	34,281	-	-	540	237,127
-	-	-	-	-	777	777
57	-	-	-	-	1,278	136,841
-	-	5,767	-	-	-	95,105
66	-	-	-	-	-	66
-	-	-	-	-	450	450
699	-	200	-	-	1,926	2,825
-	-	38	-	-	386	424
3,507	22,022	8,013	6,036	9,490	2,237	681,759
$ 108,074	**$ 117,494**	**$ 48,299**	**$ 6,036**	**$ 9,490**	**$ 7,594**	**$ 1,155,374**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(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	Indian Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories
Indiana Stadium and Convention Building Authority	$ 50,106	$ 54,335	$ 4,100	$ -	$ 8,329	$ -	$ -	$ -
Indiana Bond Bank	65,271	706	67,395	-	-	2,830	-	-
Indiana Housing and Community Development Authority	404,361	38,801	378,033	-	-	-	12,473	-
Indiana Board for Depositories	348	-	741	-	-	-	-	393
Indiana Secondary Market for Education Loans Inc.	3,595	-	3,034	-	-	-	-	-
White River State Park Development Commission	4,165	2,257	1	-	-	-	-	-
Ports of Indiana	7,679	11,627	-	648	-	-	-	-
Indiana State Fair Commission	25,267	15,949	437	2,274	-	-	-	-
Indiana Comprehensive Health Insurance Association	135,643	159,336	1,612	-	-	-	-	-
Indiana Political Subdivision Risk Management Commission	137	148	-	-	-	-	-	-
Indiana State Museum and Historic Sites Corporation	13,169	3,145	1,405	-	-	-	-	-
Total component units	$ 709,741	$ 286,304	$ 456,758	$ 2,922	8,329	2,830	12,473	393
General revenues:								
Investment earnings					23	67	(44,441)	-
Payments from State of Indiana					-	-	-	-
Other					-	-	-	-
Total general revenues					23	67	(44,441)	-
Change in net position					8,352	2,897	(31,968)	393
Net position - beginning					14,619	9,138	416,473	300,141
Net position - ending					$ 22,971	$ 12,035	$ 384,505	$ 300,534

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(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	Total
Indiana Stadium and Convention Building Authority	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,329
Indiana Bond Bank	-	-	-	-	-	-	-	2,830
Indiana Housing and Community Development Authority	-	-	-	-	-	-	-	12,473
Indiana Board for Depositories	-	-	-	-	-	-	-	393
Indiana Secondary Market for Education Loans Inc.	(561)	-	-	-	-	-	-	(561)
White River State Park Development Commission	-	(1,907)	-	-	-	-	-	(1,907)
Ports of Indiana	-	-	4,596	-	-	-	-	4,596
Indiana State Fair Commission	-	-	-	(6,607)	-	-	-	(6,607)
Indiana Comprehensive Health Insurance Association	-	-	-	-	25,305	-	-	25,305
Indiana Political Subdivision Risk Management Commission	-	-	-	-	-	11	-	11
Indiana State Museum and Historic Sites Corporation	-	-	-	-	-	-	(8,619)	(8,619)
Total component units	(561)	(1,907)	4,596	(6,607)	25,305	11	(8,619)	36,243
General revenues:								
Investment earnings	740	7	2	1,167	5	18	224	(42,188)
Payments from State of Indiana	-	754	-	7,756	-	-	9,508	18,018
Other	-	-	202	-	-	-	-	202
Total general revenues	740	761	204	8,923	5	18	9,732	(23,968)
Change in net position	179	(1,146)	4,800	2,316	25,310	29	1,113	12,275
Net position - beginning	138,163	109,220	112,694	45,983	(19,274)	9,461	6,481	1,143,099
Net position - ending	$ 138,342	$ 108,074	$ 117,494	$ 48,299	$ 6,036	$ 9,490	$ 7,594	$ 1,155,374

State of Indiana
Combining Statement of Net Position
Discretely Presented Component Units - Colleges and Universities
June 30, 2014
(amounts expressed in thousands)

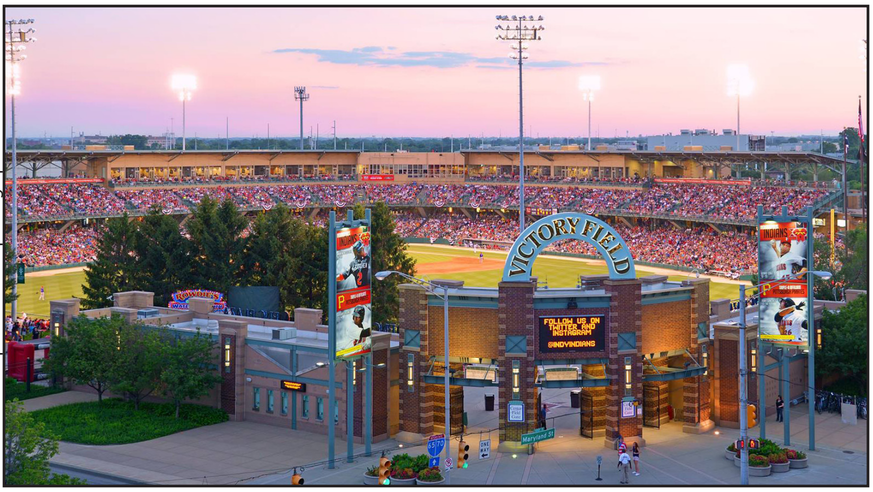
	Ball State University	Indiana State University	Ivy Tech Community College	University of Southern Indiana	Vincennes University	Totals
Assets						
Current assets:						
Cash, cash equivalents and investments - unrestricted	$ 86,895	$ 47,126	$ 147,773	$ 43,722	$ 29,711	$ 355,227
Cash, cash equivalents and investments - restricted	37,100	2,653	17,866	3,753	4,709	66,081
Receivables (net)	32,076	16,551	32,753	15,268	8,984	105,632
Due from primary government	11,842	1,756	-	-	4,008	17,606
Inventory	1,263	162	-	1,676	2,045	5,146
Prepaid expenses	1,908	1,661	67	119	301	4,056
Other assets	18,251	-	47,765	1,031	293	67,340
Total current assets	189,335	69,909	246,224	65,569	50,051	621,088
Noncurrent assets:						
Cash, cash equivalents and investments - unrestricted	159,707	117,000	200,583	57,664	92,444	627,398
Cash, cash equivalents and investments - restricted	210,864	62,754	29,297	97,488	79,918	480,321
Receivables (net)	9,033	9,179	34,023	-	609	52,844
Net pension and OPEB assets	8,841	16,327	-	-	10,675	35,843
Other assets	5,969	5,973	10,750	5,299	222	28,213
Capital assets:						
Capital assets not being depreciated/amortized	73,165	67,833	57,123	21,677	26,569	246,367
Capital assets being depreciated/amortized	922,312	581,064	852,134	315,178	304,291	2,974,979
less accumulated depreciation/amortization	(355,267)	(263,305)	(267,779)	(154,931)	(119,906)	(1,161,188)
Total capital assets, net of depreciation/amortization	640,210	385,592	641,478	181,924	210,954	2,060,158
Total noncurrent assets	1,034,624	596,825	916,131	342,375	394,822	3,284,777
Total assets	**1,223,959**	**666,734**	**1,162,355**	**407,944**	**444,873**	**3,905,865**
Deferred Outflows of Resources						
Accumulated decrease in fair value of hedging derivatives	-	-	-	1,915	174	2,089
Deferred debt refunding loss	-	1,937	670	-	-	2,607
Total deferred outflows of resources	**-**	**1,937**	**670**	**1,915**	**174**	**4,696**
Liabilities						
Current liabilities:						
Accounts payable	26,012	8,758	40,075	7,496	6,716	89,057
Interest payable	-	1,432	-	1,504	362	3,298
Unearned revenue	539	1,101	16,278	1,592	3,221	22,731
Accrued liability for compensated absences	46	3,750	9,439	346	1,145	14,726
Other liabilities	7,752	7,014	6,101	3,818	4,992	29,677
Current portion of long-term liabilities	13,350	10,346	25,327	11,423	4,685	65,131
Total current liabilities	47,699	32,401	97,220	26,179	21,121	224,620
Noncurrent liabilities:						
Accrued liability for compensated absences	7,357	549	4,654	2,509	-	15,069
Other postemployment benefits	-	-	20,927	10,894	-	31,821
Unearned revenue	-	2	-	-	-	2
Funds held in trust for others	-	-	-	-	41,908	41,908
Advances from federal government	-	7,589	-	-	1,116	8,705
Revenue bonds/notes payable	222,376	148,561	386,235	112,211	61,021	930,404
Derivative instrument liability	-	-	-	1,915	174	2,089
Other noncurrent liabilities	11,272	4,125	339	46	-	15,782
Total noncurrent liabilities	241,005	160,826	412,155	127,575	104,219	1,045,780
Total liabilities	**288,704**	**193,227**	**509,375**	**153,754**	**125,340**	**1,270,400**
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	-	1,698	-	-	-	1,698
Total deferred inflows of resources	**-**	**1,698**	**-**	**-**	**-**	**1,698**
Net Position						
Net investment in capital assets	420,355	254,989	247,421	56,486	144,956	1,124,207
Restricted - nonexpendable:						
Permanent funds	-	38,452	-	-	-	38,452
Instruction and research	24,062	-	1,300	7,217	-	32,579
Student aid	39,755	717	22,385	25,455	18,837	107,149
Other purposes	8,257	1,859	2,650	7,084	4,331	24,181
Restricted - expendable:						
Grants/constitutional restrictions	3,561	6,166	12,958	-	2,626	25,311
Future debt service	3,661	-	-	119	-	3,780
Instruction and research	60,924	4,298	182	14,361	-	79,765
Student aid	47,547	2,179	4,331	29,331	9,100	92,488
Endowments	-	11,866	3,540	-	-	15,406
Capital projects	35,431	5,048	52,324	5,470	1,804	100,077
Other purposes	18,011	2,686	4,419	9,044	2,589	36,749
Unrestricted	273,691	145,486	302,140	101,538	135,464	958,319
Total net position	**$ 935,255**	**$ 473,746**	**$ 653,650**	**$ 256,105**	**$ 319,707**	**$ 2,638,463**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Colleges and Universities
For the Year Ended June 30, 2014
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	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	$ 475,768	$ 237,324	$ 21,035	$ 18,347	$ (199,062)	$ -	$ -	$ -	$ -	$ (199,062)
Indiana State University	235,802	112,827	17,896	3,719	-	(101,360)	-	-	-	(101,360)
Ivy Tech Community College	630,461	158,523	43,586	3,098	-	-	(425,254)	-	-	(425,254)
University of Southern Indiana	146,190	76,208	29,742	197	-	-	-	(40,043)	-	(40,043)
Vincennes University	121,783	46,318	19,482	6,295	-	-	-	-	(49,688)	(49,688)
Total component units	$ 1,610,004	$ 631,200	$ 131,741	$ 31,656	(199,062)	(101,360)	(425,254)	(40,043)	(49,688)	(815,407)
General revenues:										
Investment earnings					31,065	16,446	6,998	15,639	5,630	75,778
Payments from State of Indiana					141,539	75,788	234,180	54,414	45,586	551,507
Other					58,734	39,521	233,277	2,651	25,703	359,886
Total general revenues					231,338	131,755	474,455	72,704	76,919	987,171
Change in net position					32,276	30,395	49,201	32,661	27,231	171,764
Net position - beginning					902,979	443,351	604,449	223,444	292,476	2,466,699
Net position - ending					$ 935,255	$ 473,746	$ 653,650	$ 256,105	$ 319,707	$ 2,638,463

Statistical Section

Comprehensive Annual Financial Report



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Indiana Baseball

Professional baseball was first played in Indianapolis in 1887. After 12 years of various franchises competing in several leagues, the current minor league Indianapolis Indians franchise was founded as an original member of the American Association in 1902. That year's team won 95 games and the first of 21 pennants.

The Cleveland Indians purchased the team in 1952, but after losing $500,000 on the operation over four seasons, looked to move the team. The Indianapolis community rallied to save the Indians by selling stock in the team, and was so successful that the original 16,000-share purchase authorization was increased to 25,000 shares by the Secretary of State.

Former Indians player, manager and owner Owen J. Bush was named the first President of Indians, Inc. and held that position until 1969. Max Schumacher, who moved his way up from ticket manager to publicity director to club general manager, replaced Bush as the team's President. He is still the President and Chairman of the Board of Indians, Inc. Under his direction, the corporation has turned a profit for 28 consecutive years.

The team's history includes affiliations with several Major League clubs which led to many pennants and league championships. In 1996, the team moved downtown to their current location at Victory Field, which was dubbed 'the best minor league ballpark in America' in 1999 by Baseball America and in 2001 by Sports Illustrated.

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 8,708,789	$ 8,764,090	$ 8,693,300	$ 9,381,292	$ 10,315,310	$ 10,722,683	$ 11,344,650	$ 12,175,413	$ 13,303,374	$ 13,873,849
Restricted	534,646	1,040,953	1,077,585	719,791	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298
Unrestricted	1,753,055	6,534,414	7,101,915	7,513,441	6,534,641	5,728,165	6,979,715	6,158,902	5,475,103	5,639,328
Total governmental activities net position	$ 10,996,490	$ 16,339,457	$ 16,872,800	$ 17,614,524	$ 18,173,538	$ 17,912,814	$ 18,897,480	$ 19,218,192	$ 19,739,578	$ 20,513,475
Business-type activities										
Net investment in capital assets	$ 11,893	$ 11,164	$ 11,106	$ 13,673	$ 122	$ 88	$ 84	$ 685	$ 664	$ 535
Restricted	452,708	448,929	342,192	301,054	-	-	-	-	-	-
Unrestricted	(4,278)	(1,336)	183	10,569	(785,205)	(1,610,178)	(1,690,540)	(1,551,507)	(1,213,658)	(801,568)
Total business-type activities net position	$ 460,323	$ 458,757	$ 353,481	$ 325,296	$ (785,083)	$ (1,610,090)	$ (1,690,456)	$ (1,550,822)	$ (1,212,994)	$ (801,033)
Primary government										
Net investment in capital assets	$ 8,720,682	$ 8,775,254	$ 8,704,406	$ 9,394,965	$ 10,315,432	$ 10,722,771	$ 11,344,734	$ 12,176,098	$ 13,304,038	$ 13,874,384
Restricted	987,354	1,489,882	1,419,777	1,020,845	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298
Unrestricted	1,748,777	6,533,078	7,102,098	7,524,010	5,749,436	4,117,987	5,289,175	4,607,395	4,261,445	4,837,760
Total primary government net position	$ 11,456,813	$ 16,798,214	$ 17,226,281	$ 17,939,820	$ 17,388,455	$ 16,302,724	$ 17,207,024	$ 17,667,370	$ 18,526,584	$ 19,712,442

State of Indiana
Changes in Net Position
(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 4,198,272	$ 2,969,671	$ 4,764,681	$ 5,163,869	$ 4,166,273	$ 1,659,190	$ 2,261,226	$ 2,642,907	$ 1,473,954	$ 1,449,872
Public safety	1,207,563	1,181,061	1,250,115	1,381,648	1,467,650	1,496,660	1,357,672	1,330,270	1,525,459	1,425,313
Health	426,531	333,740	343,586	387,354	369,434	394,570	344,115	305,202	409,096	350,621
Welfare	7,297,887	7,261,688	7,974,068	9,201,141	8,939,383	9,785,881	9,805,753	11,157,839	12,557,829	12,493,256
Conservation, culture, and development	507,990	546,489	534,993	581,548	673,972	590,275	529,963	589,351	536,561	523,548
Education	6,598,563	6,971,170	7,012,838	7,367,214	8,926,507	10,308,922	10,367,047	10,277,460	10,136,572	10,568,092
Transportation	1,658,504	1,726,735	1,770,703	1,297,521	1,267,572	1,907,655	1,748,590	1,533,603	1,809,690	1,797,686
Unallocated interest expense	750	787	758	724	732	592	796	662	216	-
Total governmental activities expenses	21,896,060	20,991,341	23,651,742	25,381,019	25,811,523	26,143,745	26,415,162	27,837,294	28,449,377	28,608,388
Business-type activities:										
Toll roads	-	-	-	-	-	-	-	-	-	-
Aviation technology bonds	-	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	-	-	-	-	-	-	-	-	-	-
State revolving fund	-	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	713,120	692,907	758,673	845,956	2,341,269	3,223,194	3,217,559	1,893,947	1,160,585	674,844
State lottery commission	-	-	-	-	-	-	-	-	-	-
Other	31,827	31,981	32,945	24,480	39,922	24,044	23,167	22,604	24,694	23,351
Total business-type activities expenses	744,947	724,888	791,618	870,436	2,381,191	3,247,238	3,240,726	1,916,551	1,185,279	698,195
Total primary government expenses	$ 22,641,007	$ 21,716,229	$ 24,443,360	$ 26,251,455	$ 28,192,714	$ 29,390,983	$ 29,655,888	$ 29,753,845	$ 29,634,656	$ 29,306,583
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 444,845	$ 464,728	$ 490,980	$ 837,677	$ 684,486	$ 586,805	$ 636,558	$ 700,218	$ 376,407	$ 527,713
Public safety	604,438	516,316	484,667	461,330	413,815	483,421	446,055	467,599	473,665	480,497
Health	32,963	12,702	11,155	15,030	7,362	8,076	8,129	8,407	204,529	101,354
Welfare	113,249	157,221	100,540	180,314	45,226	23,344	179,991	861,089	919,557	1,079,528
Conservation, culture, and development	102,410	114,004	123,264	145,246	162,403	159,542	149,781	155,953	153,828	148,077
Education	1,637	3,045	3,724	3,987	4,518	8,489	4,202	4,381	7,950	3,383
Transportation	3,973	18,542	39,174	38,142	36,088	46,231	46,900	54,977	91,990	77,861
Operating grants and contributions	7,388,752	7,653,298	8,572,608	9,372,760	10,494,940	11,223,452	10,939,012	11,065,618	10,335,986	10,393,191
Capital grants and contributions	15,587	11,754	11,260	26,882	21,397	9	-	-	1,270,834	1,180,142
Total governmental activities program revenues	8,707,854	8,951,610	9,837,372	11,081,368	11,870,235	12,539,369	12,410,628	13,318,242	13,834,746	13,991,746
Business-type activities:										
Charges for services:										
Toll roads	-	-	-	-	-	-	-	-	-	-
Aviation technology bonds	-	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	-	-	-	-	-	-	-	-	-	-
State revolving fund	-	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	599,437	663,084	629,716	653,778	1,223,731	2,393,810	1,628,446	983,708	830,527	950,328
State lottery commission	-	-	-	-	-	-	-	-	-	-
Other	31,356	32,846	30,628	28,590	28,185	27,280	26,103	26,961	26,463	26,338
Operating grants and contributions	-	-	-	134,559	10,523	-	1,496,679	1,043,864	668,790	134,998
Capital grants and contributions	-	-	-	-	-	-	-	-	87	165
Total business-type activities program revenues	630,793	695,930	660,344	816,927	1,262,439	2,421,090	3,151,228	2,054,533	1,525,867	1,111,829
Total primary government program revenues	$ 9,338,647	$ 9,647,540	$ 10,497,716	$ 11,898,295	$ 13,132,674	$ 14,960,459	$ 15,561,856	$ 15,372,775	$ 15,360,613	$ 15,103,575
Net (Expense)/Revenue										
Governmental activities	$ (13,188,206)	$ (12,039,731)	$ (13,814,370)	$ (14,299,651)	$ (13,941,288)	$ (13,604,376)	$ (14,004,534)	$ (14,519,052)	$ (14,614,631)	$ (14,616,642)
Business-type activities	(114,154)	(28,958)	(131,274)	(53,509)	(1,118,752)	(826,148)	(89,498)	137,982	340,588	413,634
Total primary government net expenses	$ (13,302,360)	$ (12,068,689)	$ (13,945,644)	$ (14,353,160)	$ (15,060,040)	$ (14,430,524)	$ (14,094,032)	$ (14,381,070)	$ (14,274,043)	$ (14,203,008)

continued on next page inued on next page

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Income taxes	$ 5,090,306	$ 5,396,926	$ 5,638,203	$ 5,833,169	$ 5,135,398	$ 4,495,576	$ 5,781,340	$ 5,424,347	$ 5,371,040	$ 5,811,823
Sales taxes	4,963,327	5,352,132	5,491,750	5,869,177	6,146,378	5,937,225	6,365,077	6,520,664	6,845,294	6,995,678
Fuel taxes	831,010	879,313	707,354	677,084	763,994	799,356	754,839	762,563	791,659	763,833
Gaming taxes	791,228	806,271	851,853	826,358	880,491	911,633	904,353	867,055	788,636	681,383
Unemployment taxes	-	-	-	-	-	807	320	102	80	914
Inheritance taxes	166,825	139,365	154,817	166,094	183,214	127,673	160,917	169,769	160,820	56,166
Alcohol & Tobacco taxes	359,066	373,921	398,601	536,948	540,201	458,420	464,699	479,621	503,879	445,381
Insurance taxes	190,253	181,501	197,064	203,110	187,329	179,024	189,948	206,733	211,987	224,711
Financial institution taxes	70,067	79,018	59,003	37,419	26,264	55,611	84,743	71,467	121,369	72,976
Other taxes	204,328	346,816	519,747	580,144	506,699	265,900	222,603	228,919	251,579	256,269
Investment earnings	73,798	153,834	260,805	239,372	91,331	33,566	22,460	16,345	27,990	19,769
Other	35,759	55,848	69,522	76,199	41,116	76,289	35,283	90,078	58,915	58,912
Special item: Proceeds from lease of Toll Road	-	3,618,528	-	-	-	-	-	-	-	-
Transfers within primary government	(958)	(818)	(1,006)	(3,699)	(2,113)	2,572	2,618	2,101	2,769	2,724
Total governmental activities	12,775,009	17,382,655	14,347,713	15,041,375	14,500,302	13,343,652	14,989,200	14,839,764	15,136,017	15,390,539
Business-type activities:										
Investment earnings	32,907	26,617	24,992	21,625	6,260	3,713	1,750	3,753	9	1,051
Unemployment taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	10,000	-	-	-
Transfers within primary government	958	818	1,006	3,699	2,113	(2,572)	(2,618)	(2,101)	(2,769)	(2,724)
Total business-type activities	33,865	27,435	25,998	25,324	8,373	1,141	9,132	1,652	(2,760)	(1,673)
Total primary government	12,808,874	17,410,090	14,373,711	15,066,699	14,508,675	13,344,793	14,998,332	14,841,416	15,133,257	15,388,866
Changes in Net Position										
Governmental activities	(413,197)	5,342,924	533,343	741,724	559,014	(260,724)	984,666	320,712	521,386	773,897
Business-type activities	(80,289)	(1,523)	(105,276)	(28,185)	(1,110,379)	(825,007)	(80,366)	139,634	337,828	411,961
Total primary government	$ (493,486)	$ 5,341,401	$ 428,067	$ 713,539	$ (551,365)	$ (1,085,731)	$ 904,300	$ 460,346	$ 859,214	$ 1,185,858

State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund (Pre-GASB 54)										
Reserved	$ 395,316	$ 396,736	$ 409,227	$ 616,861	$ 73,682	$ 304,233	$ -	$ -	$ -	$ -
Unreserved	798,926	1,436,814	1,937,955	2,183,461	1,488,457	2,213,432	-	-	-	-
Total general fund	$ 1,194,242	$ 1,833,550	$ 2,347,182	$ 2,800,322	$ 1,562,139	$ 2,517,665	$ -	$ -	$ -	$ -
General Fund (Per GASB 54)										
Nonspendable										
Prepaid expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,955	$ 99,022
Total Nonspendable	-	-	-	-	-	-	-	-	60,955	99,022
Restricted										
Administration	-	-	-	-	-	-	71,990	363,212	378,559	379,568
Total Restricted	-	-	-	-	-	-	71,990	363,212	378,559	379,568
Committed										
Administration	-	-	-	-	-	-	-	20,859	-	-
Economic development	-	-	-	-	-	-	-	-	6,030	5,628
Roads & bridges	-	-	-	-	-	-	-	-	-	20
Total Committed	-	-	-	-	-	-	-	20,859	6,030	5,648
Assigned										
Administration	-	-	-	-	-	-	65,156	41,550	72,575	65,421
Corrections	-	-	-	-	-	-	6,717	11,680	46,195	12,724
Police & protection	-	-	-	-	-	-	1,679	2,920	11,277	11,891
Public health	-	-	-	-	-	-	-	-	22	22
Child services	-	-	-	-	-	-	77,285	73,302	205,713	522,388
Disability & aging	-	-	-	-	-	-	-	-	3	4
Economic development	-	-	-	-	-	-	26,044	9,733	862	1,073
Environmental	-	-	-	-	-	-	16,528	6,177	552	427
Natural resources	-	-	-	-	-	-	7,513	2,808	249	147
Secondary education	-	-	-	-	-	-	9,572	6,346	5,311	8,564
Roads & bridges	-	-	-	-	-	-	2,925	1,068	81	63
Capital outlay	-	-	-	-	-	-	84,855	54,112	31,929	143,235
Other purposes	-	-	-	-	-	-	1,515	966	44,705	156,932
Encumbrances	-	-	-	-	-	-	303,018	441,412	759,540	737,249
Total Assigned	-	-	-	-	-	-	602,807	652,074	1,179,014	1,660,140
Unassigned	-	-	-	-	-	-	2,358,283	2,354,999	1,712,795	1,327,799
Total general fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,033,080	$ 3,391,144	$ 3,337,353	$ 3,472,177

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State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All other Governmental Funds (Pre-GASB 54)										
Reserved	$ 1,583,392	$ 2,019,809	$ 2,286,840	$ 2,283,874	$ 3,584,616	$ 2,269,450	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	(630,732)	3,473,447	3,160,707	2,807,884	2,514,631	2,184,021	-	-	-	-
Capital project funds	81,284	91,149	90,207	78,953	83,961	89,829	-	-	-	-
Permanent funds	124,005	590,233	607,815	628,534	661,509	740,778	-	-	-	-
Total all other governmental funds	$ 1,157,949	$ 6,174,638	$ 6,145,569	$ 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
Prepaid expense	-	-	-	-	-	-	-	-	922	680
Total Nonspendable	-	-	-	-	-	-	501,125	520,665	521,587	521,708
Committed										
Administration	-	-	-	-	-	-	-	580,245	6,734	8,581
Public health	-	-	-	-	-	-	3	306,793	316,290	353,881
Economic development	-	-	-	-	-	-	-	103	11,270	10,313
Environmental	-	-	-	-	-	-	-		561	646
Natural resources	-	-	-	-	-	-	-		468	144
Higher education	-	-	-	-	-	-	4		4	3
Secondary education	-	-	-	-	-	-	553,686	72	564,681	569,555
Roads & bridges	-	-	-	-	-	-	16,180	171,733	166,166	175,343
Other purposes	-	-	-	-	-	-	-		14,818	14,972
Total Committed	-	-	-	-	-	-	569,873	1,058,946	1,080,992	1,133,438
Assigned										
Administration	-	-	-	-	-	-	423,553	263,210	155,532	136,070
Corrections	-	-	-	-	-	-	14,976	26,945	10,676	11,872
Police & protection	-	-	-	-	-	-	284,551	511,947	190,802	255,817
Mental health	-	-	-	-	-	-	62,709	52,335	62,061	68,576
Public health	-	-	-	-	-	-	689,801	575,680	692,340	675,552
Child services	-	-	-	-	-	-	134,377	112,146	133,753	142,829
Disability & aging	-	-	-	-	-	-	8,958	7,476	9,445	9,223
Economic development	-	-	-	-	-	-	43,734	53,942	43,135	48,659
Environmental	-	-	-	-	-	-	94,757	116,874	88,426	113,320
Natural resources	-	-	-	-	-	-	104,476	128,861	105,746	128,281
Higher education	-	-	-	-	-	-	27,812	19,745	23,582	42,080
Secondary education	-	-	-	-	-	-	35,396	25,129	29,698	120,080
Roads & bridges	-	-	-	-	-	-	2,071,404	1,490,793	1,141,414	1,158,430
Capital outlay	-	-	-	-	-	-	138,978	86,366	66,192	76,883
Other purposes	-	-	-	-	-	-	99,270	61,690	52,351	57,454
Total Assigned	-	-	-	-	-	-	4,234,753	3,533,138	2,805,153	3,045,126
Unassigned	-	-	-	-	-	-	(248,233)	(258,550)	(176,649)	(175,347)
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,057,518	$ 4,854,199	$ 4,231,083	$ 4,524,925

State of Indiana
Changes in Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Income taxes	$ 5,074,938	$ 5,509,068	$ 5,597,801	$ 5,841,470	$ 5,174,275	$ 4,434,924	$ 5,501,154	$ 5,773,137	$ 5,441,631	$ 5,891,093
Sales taxes	4,943,675	5,320,398	5,466,299	5,853,582	6,155,721	5,978,919	6,308,356	6,654,008	6,822,875	7,046,734
Fuels taxes	827,955	872,144	707,576	671,164	772,613	796,624	747,545	780,653	785,744	777,448
Gaming taxes	791,232	806,235	851,886	826,340	880,504	911,548	904,354	867,073	788,545	681,501
Unemployment taxes	-	-	-	-	-	807	320	102	80	914
Inheritance taxes	166,825	139,341	154,820	166,095	183,216	127,674	160,912	169,792	160,820	56,166
Alcohol and tobacco taxes	358,909	373,934	398,031	537,433	540,100	458,109	463,608	477,507	477,448	447,795
Insurance taxes	190,253	181,502	197,063	203,110	187,329	179,024	189,948	206,734	211,987	224,712
Financial institutions taxes	84,968	88,803	60,465	38,777	16,025	56,726	56,726	92,763	120,571	92,862
Other taxes	295,514	342,615	519,126	579,987	515,711	272,861	221,264	238,459	251,551	256,303
Current service charges	1,284,213	1,330,427	1,248,641	1,714,922	1,501,504	1,325,594	1,472,570	2,212,027	2,268,429	2,423,068
Investment income	93,043	186,496	535,109	442,567	197,569	449,357	170,768	86,750	56,005	44,741
Sales/rent	25,046	25,358	26,190	23,194	20,369	18,123	19,264	28,523	21,412	22,093
Grants	6,968,652	7,222,934	7,793,657	8,087,169	9,459,340	10,469,843	10,783,807	10,827,180	11,260,430	11,329,966
Other	437,374	430,745	557,551	1,165,009	748,771	359,975	95,156	160,771	147,936	129,669
Total revenues	21,542,597	22,830,000	24,114,215	26,150,819	26,353,047	25,840,108	27,095,752	28,575,479	28,815,464	29,425,065
Expenditures										
General government	4,062,233	2,850,872	4,788,813	5,117,722	4,188,547	1,685,082	2,206,773	2,597,513	1,884,770	1,434,902
Public safety	1,217,152	1,191,219	1,225,740	1,387,396	1,499,499	1,398,199	1,348,998	1,343,299	1,615,975	1,410,723
Health	426,221	333,530	338,558	389,299	372,181	384,249	345,552	308,994	407,354	352,624
Welfare	7,304,079	7,262,231	7,948,305	9,159,386	8,777,637	9,708,584	9,911,129	11,072,382	12,187,764	12,309,542
Conservation, culture and development	516,105	540,955	529,097	591,696	661,585	615,349	587,669	538,297	556,795	508,340
Education	6,505,924	6,951,080	7,073,057	7,400,925	8,957,503	10,311,411	10,115,073	10,189,027	10,276,564	10,542,087
Transportation	1,555,916	1,738,414	1,790,017	2,031,850	2,100,952	2,363,333	2,297,316	2,444,590	2,564,367	2,436,606
Capital outlay	-	-	-	-	-	-	-	-	14,006	16,999
Total expenditures	21,587,630	20,868,301	23,693,587	26,078,274	26,557,904	26,466,207	26,812,510	28,494,102	29,507,595	29,011,823
Revenues over (under) expenditures	(45,033)	1,961,699	420,628	72,545	(204,857)	(626,099)	283,242	81,377	(692,131)	413,242
Other Financing Sources (Uses)										
Transfers in	7,983,449	8,536,557	9,185,086	9,446,639	10,576,393	10,025,593	6,597,579	7,280,645	6,326,178	6,197,625
Transfers (out)	(7,981,882)	(8,532,044)	(9,184,865)	(9,439,088)	(10,569,905)	(10,019,079)	(6,594,961)	(7,239,094)	(6,329,465)	(6,192,846)
Proceeds from capital leases	-	66,481	63,714	26,720	5,658	14,472	2,995	31,817	18,511	10,645
Proceeds of loan from component unit	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,567	70,994	63,935	34,271	12,146	20,986	5,613	73,368	15,224	15,424
Special Item										
Proceeds from lease of Toll Road	-	3,618,527	-	-	-	-	-	-	-	-
Net Change in Fund Balances	$ (43,466)	$ 5,651,220	$ 484,563	$ 106,816	$ (192,711)	$ (605,113)	$ 288,855	$ 154,745	$ (676,907)	$ 428,666
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

State of Indiana
Taxable Sales by Industry*
Last Ten Fiscal Years
(in thousands of dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agricultural/forestry, fishing, and other	$ 356,577	$ 410,741	$ 428,778	$ 474,198	$ 370,753	$ 379,574	$ 360,991	$ 370,492	$ 372,591	$ 384,598
Construction	1,220,932	1,532,759	1,706,332	1,817,242	1,890,408	1,635,989	1,248,020	1,313,886	1,461,139	1,539,410
Finance, insurance, and real estate	870,350	952,029	970,222	1,007,245	1,055,616	1,063,359	952,301	947,332	999,532	1,054,823
Government	11,198	11,545	11,854	13,968	17,922	22,181	21,547	22,493	24,330	24,386
Manufacturing	2,159,586	2,722,626	2,929,911	3,131,049	3,223,864	2,703,184	2,290,096	2,678,509	2,908,225	3,017,003
Mining	42,613	54,436	56,697	58,880	55,153	52,176	50,091	85,828	90,908	65,707
Retail trade	16,375,391	21,142,705	21,542,047	22,120,611	21,928,670	19,073,953	18,481,249	19,622,777	20,600,947	21,326,333
Services	9,911,467	12,421,818	13,030,984	13,930,160	13,982,595	13,698,309	12,989,402	13,645,012	14,483,778	14,847,568
Transportation and public utilities	2,884,442	4,066,770	4,601,532	4,772,174	5,193,388	6,009,334	5,831,835	6,192,114	5,847,003	6,155,377
Wholesale trade	1,930,025	2,390,288	2,613,527	2,718,170	2,934,708	2,659,353	2,373,213	2,640,917	2,749,297	2,811,111
Unknown**	39,340,419	40,292,757	42,139,011	43,677,667	46,909,408	49,001,769	48,342,987	50,540,361	51,966,263	52,356,185
Total	$ 75,103,000	$ 85,998,474	$ 90,030,895	$ 93,721,364	$ 97,562,485	$ 96,299,181	$ 92,941,732	$ 98,059,721	$ 101,504,013	$ 103,582,501
Direct sales tax rate	6%	6%	6%	6%	6 - 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.

State of Indiana
Sales Tax Revenue Payers by Industry*
Fiscal Years 2007 and 2013
(in thousands of dollars)

	Fiscal Year Ended June 30, 2007				Fiscal Year Ended June 30, 2013			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural/forestry, fishing, and other	3,935	2.02%	$ 28,451.87	0.51%	3,917	2.20%	$ 23,075.88	0.37%
Construction	11,283	5.80%	109,034.55	1.94%	9,924	5.57%	92,364.61	1.49%
Finance, insurance, and real estate	5,025	2.58%	60,434.69	1.07%	4,273	2.40%	63,289.39	1.02%
Government	501	0.26%	838.08	0.01%	493	0.28%	1,463.17	0.02%
Manufacturing	17,674	9.08%	187,862.96	3.34%	16,508	9.26%	181,020.18	2.91%
Mining	388	0.20%	3,532.82	0.06%	346	0.19%	3,942.41	0.06%
Retail trade	63,851	32.82%	1,327,236.65	23.60%	55,861	31.35%	1,279,579.96	20.59%
Services	63,218	32.50%	835,809.57	14.86%	58,341	32.74%	890,854.07	14.33%
Transportation and public utilities	4,899	2.52%	286,330.46	5.09%	4,395	2.47%	369,322.62	5.94%
Wholesale trade	10,527	5.41%	163,090.23	2.90%	12,491	7.01%	168,666.66	2.71%
Unknown**	13,241	6.81%	2,620,660.00	46.60%	11,655	6.54%	3,141,371.09	50.55%
Total	194,542	100.00%	$ 5,623,281.88	100.00%	178,204	100.00%	$ 6,214,950.04	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 2007 and 2013
(in millions of dollars)

	Fiscal YE 2007				Fiscal YE 2013			
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	2,110,765	68.16%	$ 1,462.43	25.90%	2,173,650	68.52%	$ 1,715.54	25.79%
$50,001 - $100,000	690,623	22.30%	1,843.18	32.64%	659,724	20.80%	1,929.14	29.01%
$100,001 - $250,000	245,052	7.91%	1,276.63	22.61%	296,016	9.33%	1,745.64	26.25%
$250,001 - $1,000,000	39,990	1.29%	562.30	9.96%	38,437	1.21%	722.62	10.86%
$1,000,001 and over	10,367	0.33%	502.21	8.89%	4,325	0.14%	538.05	8.09%
Total	3,096,797	100.00%	$ 5,646.75	100.00%	3,172,152	100.00%	$ 6,650.99	100.00%

Source: Indiana Department of Revenue

State of Indiana
Personal Income by Industry
Last Ten Fiscal Years
(in millions of dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm earnings	$ 2,052	$ 1,332	$ 1,136	$ 1,507	$ 2,664	$ 2,022	$ 1,938	$ 3,255	$ 2,911	$ 4,716
Agriculture, forestry, fishing, and hunting	391	413	505	511	492	430	506	372	426	438
Mining	579	626	662	597	716	567	688	975	1,074	1,129
Construction and utilities	11,338	11,547	12,152	12,247	12,092	10,670	10,976	11,735	12,848	13,006
Manufacturing	35,835	36,397	37,580	37,538	36,628	31,006	32,537	34,920	37,090	37,662
Wholesale trade	7,159	7,485	7,920	8,326	8,458	7,674	7,831	8,219	8,627	8,843
Retail trade	10,156	10,345	10,740	10,674	10,259	9,905	10,111	10,409	10,810	11,143
Transportation and warehousing	6,073	6,438	6,863	7,005	6,861	6,434	6,585	7,023	7,449	7,636
Information	2,412	2,385	2,411	2,546	2,559	2,511	2,379	2,362	2,578	2,605
Finance and insurance	6,720	6,892	7,217	7,301	7,312	6,932	7,129	7,360	7,796	7,911
Real estate and rental and leasing	2,309	2,211	2,131	1,843	1,944	1,847	1,913	2,113	2,423	2,547
Services	22,706	23,883	25,615	26,589	27,610	26,495	27,338	29,063	30,746	31,781
Management of companies and enterprises	2,312	2,315	2,518	2,656	2,657	2,542	2,519	2,807	2,983	3,270
Health care and social assistance	15,179	15,900	16,993	17,759	19,023	19,534	20,368	20,826	21,812	22,466
Arts, entertainment, and recreation	1,740	1,728	1,781	1,786	1,792	1,689	1,741	1,728	1,821	1,857
Government and government enterprises	20,016	20,858	21,207	22,060	23,068	23,629	23,886	24,172	24,180	24,285
Total personal income	$ 146,977	$ 150,755	$ 157,431	$ 160,945	$ 164,135	$ 153,887	$ 158,445	$ 167,339	$ 175,574	$ 181,295

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, SA05N NAICS - Personal income by major source and earnings by NAICS industry (1990-2012).

State of Indiana
Personal Income Tax Rates
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Personal Income Tax Revenues (in millions)	$ 3,808	$ 4,213	$ 4,382	$ 4,580	$ 4,826	$ 4,305	$ 3,864	$ 4,584	$ 4,765	$ 4,889
Personal Income (in millions)	192,107	197,603	209,439	216,943	224,631	217,596	222,888	236,977	249,326	253,779
Average Effective Rate[1]	2.0%	2.1%	2.1%	2.1%	2.1%	2.0%	1.7%	1.9%	1.9%	1.9%

	Tax Rates on the Portion of Taxable Income in Ranges[2]						
Tax Years 2004-05							
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 2006-09							
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 2010-13							
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+

[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 for the entire 10 years was 3.4%.

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Capital leases	$ 1,271,258	$ 1,307,072	$ 1,333,099	$ 1,321,593	$ 1,286,107	$ 1,269,809	$ 1,225,312	$ 1,209,977	$ 1,156,910	$ 1,112,599
Total Governmental Activities	1,271,258	1,307,072	1,333,099	1,321,593	1,286,107	1,269,809	1,225,312	1,209,977	1,156,910	1,112,599
Total Primary Government	$ 1,271,258	$ 1,307,072	$ 1,333,099	$ 1,321,593	$ 1,286,107	$ 1,269,809	$ 1,225,312	$ 1,209,977	$ 1,156,910	$ 1,112,599
Debt as a Percentage of Personal Income	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%
Amount of Debt per Capita (in whole dollars)	$ 202	$ 206	$ 209	$ 206	$ 199	$ 196	$ 188	$ 185	$ 176	$ 168

Note:
(a) Starting In 2005, business-type activities had no revenue bonds/notes payable because of the reclassification of some funds from blended component units to discretely presented component units. Also starting in 2005, governmental activities had no revenue bonds/notes payable because of the reclassification of some funds from internal service funds to discretely presented component units.

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, 2013-2014, Indiana Chamber of Commerce.

State of Indiana
County Facts

County Name	2010 Total Population	Area Sq. Miles	2013 County Road Miles	2013 Municipal Street Miles	2013 County Bridges
ADAMS	34,387	345	692.68	96.57	160
ALLEN	355,329	671	1,304.80	1,264.89	387
BARTHOLOMEW	76,794	402	690.49	280.48	204
BENTON	8,854	409	672.23	56.75	118
BLACKFORD	12,766	167	324.88	60.78	59
BOONE	56,640	427	734.86	241.40	189
BROWN	15,242	319	392.23	7.73	84
CARROLL	20,155	347	769.38	42.34	114
CASS	38,966	415	884.16	118.58	124
CLARK	110,232	384	487.08	359.69	139
CLAY	26,890	364	662.17	83.44	157
CLINTON	33,224	407	784.94	86.30	160
CRAWFORD	10,713	312	450.39	34.67	79
DAVIESS	31,648	430	799.91	106.50	126
DEARBORN	50,047	306	505.01	81.31	102
DECATUR	25,740	370	645.53	94.49	187
DEKALB	42,223	366	724.25	144.78	102
DELAWARE	117,671	396	802.64	453.60	193
DUBOIS	41,889	433	655.12	182.24	164
ELKHART	197,559	468	1,150.15	452.39	170
FAYETTE	24,277	215	381.56	65.18	86
FLOYD	74,578	149	351.68	182.79	92
FOUNTAIN	17,240	397	666.97	74.80	143
FRANKLIN	23,087	394	628.74	26.08	118
FULTON	20,836	368	788.95	55.20	57
GIBSON	33,503	498	959.42	137.26	252
GRANT	70,061	421	809.11	282.44	190
GREENE	33,165	549	877.46	104.41	159
HAMILTON	274,569	401	584.60	1,287.34	301
HANCOCK	70,002	305	665.51	179.78	157
HARRISON	39,364	479	834.75	36.31	77
HENDRICKS	145,448	417	759.41	437.14	237
HENRY	49,462	400	792.50	146.92	141
HOWARD	82,752	293	590.31	334.51	133
HUNTINGTON	37,124	369	682.85	124.78	114
JACKSON	42,376	520	735.18	131.49	186
JASPER	33,478	562	937.81	83.88	126
JAY	21,253	386	744.77	84.04	163
JEFFERSON	32,428	366	541.81	81.10	101
JENNINGS	28,525	377	670.06	42.58	128
JOHNSON	139,654	315	604.03	409.58	158
KNOX	38,440	516	881.36	175.80	211
KOSCIUSKO	77,358	540	1,183.53	194.93	108
LAGRANGE	37,128	381	792.15	36.57	57
LAKE	496,005	513	539.94	1,963.02	179
LAPORTE	111,467	607	1,040.79	362.65	119
LAWRENCE	46,134	459	669.78	133.49	128
MADISON	131,636	453	905.57	517.63	212
MARION	903,393	392	1,951.27	1,642.06	527
MARSHALL	47,051	443	923.11	125.22	114
MARTIN	10,334	345	375.16	31.78	44
MIAMI	36,903	377	791.36	89.51	127
MONROE	137,974	386	709.94	260.47	149
MONTGOMERY	38,124	507	844.31	94.87	172
MORGAN	68,894	406	696.90	123.89	143
NEWTON	14,244	413	665.89	42.09	123
NOBLE	47,536	412	822.04	112.51	64
OHIO	6,128	87	137.06	10.40	31
ORANGE	19,840	405	602.22	65.57	106
OWEN	21,575	390	630.15	24.20	111
PARKE	17,339	445	742.06	45.81	176
PERRY	19,338	384	492.70	62.65	99
PIKE	12,845	335	547.81	30.38	110
PORTER	164,343	425	800.14	510.56	126
POSEY	25,910	412	713.99	66.21	149
PULASKI	13,402	433	885.27	32.82	74
PUTNAM	37,963	490	755.41	88.81	222
RANDOLPH	26,171	457	864.23	83.29	219
RIPLEY	28,818	442	724.61	75.64	135
RUSH	17,392	409	761.73	39.95	194
SAINT JOSEPH	266,931	396	1,157.97	713.15	103
SCOTT	24,181	466	312.35	55.61	73
SHELBY	44,436	193	842.07	100.22	189
SPENCER	20,952	409	742.34	66.62	164
STARKE	23,363	310	672.66	57.79	59
STEUBEN	34,185	309	623.02	92.08	49
SULLIVAN	21,475	457	872.78	89.80	179
SWITZERLAND	10,613	221	359.57	11.35	37
TIPPECANOE	172,780	500	872.76	406.29	203
TIPTON	15,936	261	563.64	46.32	81
UNION	7,516	168	268.36	15.11	42
VANDERBURGH	179,703	241	580.00	538.93	156
VERMILLION	16,212	263	397.34	82.18	77
VIGO	107,848	415	842.15	367.76	187
WABASH	32,888	398	729.83	112.06	154
WARREN	8,508	368	555.09	23.56	95
WARRICK	59,689	391	754.00	92.59	114
WASHINGTON	28,262	561	772.38	64.60	134
WAYNE	68,917	405	721.74	256.79	234
WELLS	27,636	368	712.75	77.94	131
WHITE	24,643	497	922.09	78.29	166
WHITLEY	33,292	337	631.99	63.79	89
Total	6,483,802	36,117	66,098	19,012	13,082

Source: Association of Indiana Counties 2013 County Fact Book, Indiana Department of Transportation, United States Department of Commerce, Bureau of Census 2010 Decennial Census,

State of Indiana
Demographic and Economic Statistics
Last Ten Calendar Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population										
State (in thousands)	6,233	6,279	6,333	6,380	6,425	6,459	6,490	6,516	6,538	6,571
Percentage change	0.6%	0.7%	0.9%	0.7%	0.7%	0.5%	0.5%	0.4%	0.3%	0.5%
National (in thousands)	292,805	295,517	298,380	301,231	304,094	306,772	309,326	311,583	313,874	316,129
Percentage change	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%	0.7%
Total Personal Income										
State (in millions)	$ 192,107	$ 197,603	$ 209,439	$ 216,943	$ 224,631	$ 217,596	$ 222,888	$ 236,977	$ 249,326	$ 253,779
Percentage change	5.0%	2.9%	6.0%	3.6%	3.5%	-3.1%	2.4%	6.3%	5.2%	1.8%
National (in millions)	$ 10,043,231	$ 10,605,595	$ 11,376,405	$ 11,990,104	$ 12,429,234	$ 12,080,223	$ 12,417,659	$ 13,189,935	$ 13,873,161	$ 14,151,427
Percentage change	5.9%	5.6%	7.3%	5.4%	3.7%	-2.8%	2.8%	6.2%	5.2%	2.0%
Per Capita Personal Income										
State	$ 30,821	$ 31,472	$ 33,073	$ 34,006	$ 34,963	$ 33,687	$ 34,344	$ 36,367	$ 38,136	$ 38,622
Percentage change	4.4%	2.1%	5.1%	2.8%	2.8%	-3.6%	2.0%	5.9%	4.9%	1.3%
National	$ 34,300	$ 35,888	$ 38,127	$ 39,804	$ 40,873	$ 39,379	$ 40,144	$ 42,332	$ 44,200	$ 44,765
Percentage change	5.0%	4.6%	6.2%	4.4%	2.7%	-3.7%	1.9%	5.5%	4.4%	1.3%
Resident Civilian Labor Force and Employment										
Civilian labor force (in thousands)	3,165	3,204	3,241	3,230	3,247	3,204	3,168	3,170	3,169	3,180
Employed (in thousands)	2,997	3,032	3,080	3,081	3,058	2,873	2,851	2,890	2,912	2,941
Unemployed (in thousands)	168	172	161	149	189	331	317	280	257	239
Unemployment rate	5.3%	5.4%	5.0%	4.6%	5.8%	10.3%	10.0%	8.8%	8.1%	7.5%
State and Area Employment										
Goods-producing industries										
Mining and logging	6,900	6,900	7,000	6,800	6,700	6,500	6,600	6,900	6,800	7,100
Construction	148,000	149,700	153,100	149,800	134,700	114,700	116,700	124,700	124,900	125,000
Manufacturing	572,700	571,100	556,700	544,800	488,300	439,400	454,300	470,600	487,800	497,700
Subtotal goods-producing industries	727,600	727,700	716,800	701,400	629,700	560,600	577,600	602,200	619,500	629,800
Service-producing industries										
Transportation and utilities	127,800	131,300	133,100	133,900	130,200	123,500	127,300	130,700	134,100	136,300
Information	40,700	40,400	39,700	39,900	39,200	36,600	34,900	35,400	35,700	35,500
Financial activities	139,800	139,200	138,900	137,700	133,800	129,600	131,700	130,500	129,000	130,400
Wholesale trade	120,800	122,500	123,900	125,900	121,700	112,900	112,700	115,600	116,300	117,200
Retail trade	331,500	331,300	329,600	327,100	314,800	303,600	305,800	310,200	313,800	320,100
Professional and business services	270,500	277,800	284,000	291,000	275,000	266,500	282,900	292,300	300,900	316,100
Education and health services	372,400	382,500	390,100	402,000	414,500	419,800	425,800	433,400	435,700	443,000
Leisure and hospitality	275,500	278,600	284,700	283,300	283,000	272,500	275,100	280,400	288,500	294,000
Other services	115,500	116,400	116,900	117,700	117,500	114,100	115,600	116,800	118,600	120,500
State government	112,900	112,500	113,600	113,200	114,000	114,700	112,100	115,300	111,200	114,800
Federal government	36,100	36,500	36,800	37,300	37,800	39,200	38,900	38,100	37,900	36,500
Local government	275,400	276,200	280,200	282,700	285,000	283,400	274,300	277,300	270,000	271,000
Subtotal service-producing industries	2,218,900	2,245,200	2,271,500	2,291,700	2,266,500	2,216,400	2,237,100	2,276,000	2,291,700	2,335,400
Total Nonfarm Wage and Salary Employment	2,946,500	2,972,900	2,988,300	2,993,100	2,896,200	2,777,000	2,814,700	2,878,200	2,911,200	2,965,200

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 2012 revenue)

Ranking	Company	2012 Revenue in Millions	City
1	WellPoint Inc.	$ 61,700	Indianapolis
2	Eli Lilly and Co.	22,600	Indianapolis
3	Cummins Inc.	17,300	Columbus
4	Steel Dynamics Inc.	7,300	Fort Wayne
5	NiSource Inc.	5,100	Merrillville
6	Simon Property Group Inc.	4,900	Indianapolis
7	Berry Plastics Corp.	4,800	Evansville
8	Calumet Specialty Products Partners LP	4,700	Indianapolis
9	Zimmer Holdings Inc.	4,500	Warsaw
10	CNO Financial Group Inc.	4,300	Carmel
11	Republic Airways Holdings Inc.	2,800	Indianapolis
12	HHGregg Inc.	2,500	Indianapolis
13	Vectren Corp.	2,200	Evansville
14	Allison Transmission Inc.	2,100	Indianapolis
15	Kar Auction Services Inc.	2,000	Carmel
16	Hill-Rom Holdings Inc.	1,600	Batesville
17	Wabash National Corp.	1,500	Lafayette
18	The Finish Line Inc.	1,400	Indianapolis
19	ITT Educational Services Inc.	1,300	Carmel
20	Duke Realty Corp.	1,100	Indianapolis

SOURCE: Indianapolis Business Journal, 2014 Book of Lists.

State of Indiana
Twenty Largest Indiana Private Companies
(Ranked by 2012 Revenue)

Ranking	Company	2012 Revenue (in millions)	City
1	Biomet Inc.	$ 2,800	Warsaw
2	Do It Best Corp.	2,700	Fort Wayne
3	Petroleum Traders Corp.	2,600	Fort Wayne
4	CountryMark	1,700	Indianapolis
5	OneAmerica Financial Partners, Inc.	1,400	Indianapolis
6	Co-Alliance LLP	1,100	Avon
6	Hunt Construction Group Inc.	1,100	Indianapolis
8	Steel Warehouse Co. LLC	980	South Bend
9	Koch Enterprises Inc.	943	Evansville
10	The Bob Rohrman Auto Group	918	Lafayette
11	Rea Magnet Wire Co. Inc.	849	Fort Wayne
12	LDI Ltd. LLC	827	Indianapolis
13	Atlas World Group Inc.	816	Evansville
14	Indiana Farm Bureau Insurance-- Property/Casualty & Life	790	Indianapolis
15	Jayco Corp.	690	Middlebury
16	Herff Jones Inc.	675	Indianapolis
17	Hoosier Energy Rural Electric Cooperative Inc.	648	Bloomington
18	Federal Home Loan Bank of Indianapolis	645	Indianapolis
19	Ray Skillman Auto Centers	601	Indianapolis
20	Swifty Oil Co. Inc.	598	Seymour

SOURCE: Indianapolis Business Journal, 2014 Book of Lists.

State of Indiana
Principal Employers
Current Year and Nine Years Ago

	2013			2004		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
U.S. Government	37,400	1	1.28%	36,279	2	1.24%
Wal-Mart Stores, Inc.	35,994	2	1.23%	N/A		N/A
State of Indiana (1)	31,134	3	1.06%	38,848	1	1.32%
Indiana University Health	26,596	4	0.91%	N/A		N/A
St. Vincent Health	17,398	5	0.59%	11,605	6	0.40%
Indiana University	16,906	6	0.58%	16,497	4	0.56%
Purdue University	14,852	7	0.51%	13,610	5	0.46%
The Kroger Company	13,842	8	0.47%	N/A		N/A
Franciscan Alliance Inc.	12,063	9	0.41%	N/A		N/A
Community Health Network	10,466	10	0.36%	6,740	12	0.23%
Eli Lilly and Co.	10,141	11	0.35%	17,000	3	0.58%
Cummins Inc.	8,065	12	0.28%	4,740	19	0.16%
FedEx Corp.	8,000	13	0.27%	5,200	17	0.18%
City of Indianapolis/Marion County	7,058	14	0.24%	6,991	11	0.24%
Ivy Tech Community College	5,877	15	0.20%	N/A		N/A
University of Notre Dame	5,274	16	0.18%	N/A		N/A
CVS/Caremark	4,864	17	0.17%	N/A		N/A
Rolls-Royce Corp.	4,650	18	0.16%	4,200	20	0.14%
UPS	4,528	19	0.15%	N/A		N/A
Toyota Motor Manufacturing Indiana, Inc.	4,500	20	0.15%	N/A		N/A
Total	279,608		9.55%	161,710		5.51%

(1) Full time State employees paid through the Auditor of State's Office as of June 2013 and June 2004.
N/A = Not available

Sources: Indianapolis Business Journal, 2014 and 2005 Book of Lists; and Auditor of State payroll records.

State of Indiana
School Enrollment
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public School Enrollment, Grades K-12										
Elementary (KG through Grade 6)	554,446	559,384	556,677	556,622	556,228	557,257	557,983	555,344	554,421	551,803
Secondary (Grades 7 through 12)	469,922	487,741	478,520	478,820	477,879	476,516	477,455	475,457	476,685	479,581
Total, all grades	1,024,368	1,047,125	1,035,197	1,035,442	1,034,107	1,033,773	1,035,438	1,030,801	1,031,106	1,031,384
Public Higher Education Enrollment[1]										
Indiana University	73,367	73,494	74,717	77,178	81,261	82,830	83,228	82,671	84,786	85,373
Purdue University	55,167	56,194	57,010	57,891	60,241	59,526	59,186	58,704	57,284	56,701
Ball State University	18,415	18,167	17,919	18,247	19,202	19,965	19,526	18,831	18,340	18,255
Indiana State University	9,122	8,832	8,823	8,718	8,839	9,685	9,738	10,282	10,772	11,273
Ivy Tech Community College	36,188	38,072	42,193	50,104	63,351	67,588	65,957	58,719	56,024	49,727
University of Southern Indiana	8,180	8,284	8,230	8,438	8,789	8,971	9,031	8,740	8,215	7,822
Vincennes University	5,461	6,245	6,457	7,348	7,704	9,410	10,077	9,393	9,825	10,162
Total, public colleges and universities	205,900	209,288	215,349	227,924	249,387	257,975	256,743	247,340	245,246	239,313

[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 2013 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2013 FTE Enrollment		Location
1	Indiana Wesleyan University	13,867		Marion
2	University of Notre Dame	12,002	a	Notre Dame
3	University of Indianapolis	6,118		Indianapolis
4	Indiana Tech	5,721		Fort Wayne
5	Butler University	4,731		Indianapolis
6	Harrison College	4,213		Indianapolis
7	Valparaiso University	4,062		Valparaiso
8	University of Evansville	3,351		Evansville
9	WGU Indiana	3,316		Indianapolis
10	Marian University	2,600		Indianapolis
11	Anderson University	2,500		Anderson
11	University of Phoenix	2,500		Indianapolis
13	Trine University	2,465		Angola
14	DePauw University	2,288		Greencastle
15	Rose-Hulman Institute of Technology	2,259	b	Terre Haute
16	Taylor University	2,053		Upland
17	Bethel College	1,630		Mishawaka
18	Grace College	1,612		Winona

(a) From Fall 2012, most recent available.
(b) Estimated preliminary enrollment numbers.

SOURCE: Indianapolis Business Journal, 2014 Book of Lists

State of Indiana
Operating Indicators by Function of Government
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Department of Revenue										
Number of Tax Returns Filed Electronically [1]	N/A	2,565,620	2,328,203	2,268,856	2,179,678	2,046,564	1,981,644	1,879,652	1,455,888	1,341,802
Number of Tax Returns Processed [1]	N/A	3,254,314	3,140,076	3,094,479	2,966,371	2,946,873	3,061,394	3,102,053	3,031,011	3,004,164
Percent of Tax Returns Filed Electronically [1]	N/A	78.8%	74.1%	73.3%	73.5%	69.4%	64.7%	60.6%	48.0%	44.7%
Number of Taxpayers Assisted - Walk-in [2, 3]	102,120	12,969	18,748	21,784	23,752	24,853	13,787	14,792	14,528	14,149
Number of Taxpayers Assisted - Telephone [2]	753,939	630,352	534,680	416,231	367,217	358,750	364,230	361,910	316,115	313,023
Number of Taxpayers Assisted - Total [2]	856,059	643,321	553,428	438,015	390,969	383,603	378,017	376,702	330,643	327,172
Department of Administration										
Construction projects administered	43	33	67	38	72	79	105	61	69	73
Construction value excluding design fee (thousands)	$27,613	$27,448	$31,161	$22,265	$25,585	$31,817	$53,977	$63,191	$36,491	$35,806
Public Safety										
Department of Correction										
Department Active Personnel	6,094	6,256	6,198	6,064	6,768	7,071	7,417	7,423	7,051	8,130
Number of Adult Institutions	20	20	20	21	21	21	21	22	22	23
Incarcerated Offenders [4]	29,329	29,156	28,378	28,307	29,278	29,314	27,412	25,849	24,431	24,244
Average Cost Per Diem	$54.70	$55.19	$54.85	$54.53	$53.69	$54.28	$52.61	$52.25	$57.69	$58.99
Contract Beds	341	333	399	294	167	317	225	156	293	88
Average Offender Age at Intake	33.6	32.7	32.7	32.6	32.5	32.4	32.4	32.3	32.1	31.8
Average Offender Age - Current	36.5	36.9	36.6	36.6	36.3	36.4	36.1	40.0	35.8	35.7
Supervised Offenders [5]	9,689	10,385	9,581	10,606	9,037	8,383	11,138	8,108	7,248	5,308
State Police										
Active State Troopers	1,241	1,243	1,245	1,244	1,255	1,311	1,293	1,298	1,129	1,138
Number of Traffic Citations Issued	231,683	323,604	364,070	431,173	513,496	521,758	385,002	415,519	342,863	315,351
Number of Firearm Permits Issued	103,062	84,831	69,525	76,844	81,868	102,568	73,874	67,501	78,921	68,842
Number of Limited Criminal History Searches (fee)	294,152	247,458	270,547	255,845	243,130	254,309	271,922	260,164	245,479	227,170
Number of Limited Criminal History Searches (no fee)	424,537	396,197	390,912	370,857	371,964	407,318	362,069	306,615	246,604	216,488
Health										
Department of Health										
Number of Birth and Death Certificates Issued	34,012	42,076	49,208	61,884	46,236	49,420	52,300	51,428	57,467	78,300
Number of Adoption Records Received	3,904	1,831	3,402	2,186	N/A	N/A	N/A	N/A	N/A	N/A
Number of Marriage Records Received	44,841	41,301	48,756	39,586	32,000	18,270	35,770	42,570	N/A	N/A
Welfare										
FSSA										
Medicaid and Children's Health Insurance Program (CHIP) recipients	1,365,748	1,303,958	1,279,288	1,274,341	1,232,456	965,852	884,879	894,378	885,587	866,597
Temporary Assistant for Needy Families (TANF) recipients	22,396	28,285	37,591	63,278	119,957	124,765	127,267	130,285	140,673	145,489
Food Stamp recipients	879,342	924,180	908,511	882,716	823,818	684,280	607,989	582,972	570,627	550,416
Conservation, Culture, and Development										
Department of Natural Resources										
Hunting licenses sold	395,258	400,575	458,156	447,003	454,264	434,508	360,684	366,572	336,254	334,171
Fishing licenses sold	474,361	418,535	496,423	429,373	472,174	511,345	417,952	441,414	430,780	420,330
Trapping licenses sold	5,670	4,609	3,714	3,326	3,043	4,045	3,806	4,117	3,107	N/A
Transportation										
Department of Transportation										
Construction projects administered	487	379	425	443	819	467	480	368	496	453
Construction value excluding design fee (thousands)	$ 262,629	$ 248,003	$ 282,352	$ 253,751	$ 479,562	$ 233,888	$ 195,062	$ 181,390	$ 177,961	$ 103,352
Construction awarded amount (thousands)	$ 954,516	$ 1,018,335	$ 996,806	$ 1,443,156	$ 1,410,254	$ 1,280,037	$ 1,067,548	$ 992,722	$ 973,954	$ 565,633
Business-type activities										
Unemployment Insurance										
Number of payments made to claimants (thousands)	2,032	2,324	2,588	3,144	4,525	5,416	2,762	2,124	2,257	2,412
Percentage of unemployment	5.9%	8.4%	8.7%	9.0%	10.0%	8.3%	5.9%	4.7%	5.1%	5.3%

Notes:
1 Tax Year (January 1 - December 30)
2 Fiscal Year (July 1-June 30)
3 2014 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									
Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Conservation, Culture and Development										
Department of Natural Resources										
Acres of land (parks, lakes, etc.) owned	414,212	410,817	406,243	385,950	381,267	378,411	383,755	379,408	376,385	365,512
Number of state parks *	24	24	24	24	24	24	24	24	24	24
Number of reservoirs	8	8	8	8	9	9	9	9	9	9
Number of state forests	16	16	15	16	15	16	16	16	16	16
Number of historic sites	0	0	0	13	14	14	14	15	16	16
Number of fish & wildlife areas	26	26	25	22	21	21	21	21	21	21
Number of dams	133	133	134	134	129	129	129	129	129	129
Number of vehicles	2,041	2,071	2,073	2,049	2,067	2,278	2,534	2,833	2,911	3,278
Number of watercraft, registered	822	901	899	899	879	928	1,435	1,667	1,872	2,077
Number of watercraft, non-registered	306	210	212	212	201	196	Unavailable	Unavailable	Unavailable	Unavailable
Number of aircraft	0	0	0	0	0	0	0	0	0	2
Education										
Department of Education										
Number of public schools, K-12	1,923	1,928	1,931	1,936	1,941	1,971	1,969	1,967	1,977	1,978
Number of non-public schools, K-12 **	301	304	294	293	304	309	298	302	281	287
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	43	43	47	47	39	39	39	39	39	39
Number of non-public postsecondary institutions	29	31	32	32	32	31	31	31	31	31
General Government										
Department of Administration										
Number of buildings	10	10	7	7	7	7	7	7	7	7
Number of fleet service vehicles	239	285	257	259	270	332	28	32	32	154
Number of aircraft	0	0	0	0	7	10	12	13	0	0
Public Safety										
Department of Correction										
Number of adult facilities	20	20	20	21	21	21	21	22	22	23
Number of juvenile facilities	4	4	5	6	6	7	7	7	7	8
Number of parole facilities	10	10	9	9	9	9	10	10	10	9
Number of vans	289	299	291	294	310	313	318	332	338	328
State Police										
Number of state police posts	14	14	14	14	17	18	18	18	18	18
Number of state police cars	1,937	2,080	1,931	1,847	1,807	1,792	1,844	1,844	1,644	1,644
Number of aircraft	5	6	6	6	0	0	0	0	6	6
Number of trailers	121	120	116	108	108	98	94	82	Unavailable	Unavailable
Transportation										
Department of Transportation										
Number of interstate miles	1,236	1,238	1,014	1,014	1,014	1,185	1,013	Unavailable	Unavailable	Unavailable
Number of non-interstate miles	9,933	9,930	10,127	10,095	9,942	10,014	10,170	Unavailable	Unavailable	Unavailable
Number of interstate and non-interstate total miles	11,169	11,168	11,141	11,109	10,956	11,199	11,183	11,197	11,184	11,184
Number of interstate bridges	1,392	1,377	1,264	1,263	1,256	1,260	1,267	1,247	1,247	1,247
Number of non-interstate bridges	4,233	4,081	4,056	4,049	3,977	3,954	3,965	3,896	3,896	3,896
Number of interstate and non-interstate total bridges	5,625	5,458	5,320	5,312	5,233	5,214	5,232	5,143	5,143	5,143
Acreage from excess land	5,974	6,022	5,879	5,216	4,810	3,270	1,922	1,952	1,901	1,895
Acreage from fixed assets	2,243	2,262	2,298	2,286	2,289	2,343	2,232	2,232	2,232	2,188
Total acres of land owned	8,217	8,284	8,177	7,502	7,099	5,613	4,154	4,184	4,133	4,083
Number of heavy equipment owned	3,101	2,827	2,902	2,864	2,777	2,749	2,675	2,520	2,391	2,210
Welfare										
Family and Social Services Administration										
Number of hospitals owned	6	6	6	6	6	6	6	7	7	7
Health										
Indiana State Department of Health										
Number of pieces of laboratory equipment	749	757	742	777	751	631	535	505	351	318

Note: * 2007 and 2008 totals are corrected.
**** Includes only the accredited and freeway schools.**

Sources: Various state agencies.

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

Function of Government	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005
General Government	4,872	4,937	4,901	5,152	5,323	5,551	5,317	5,261	5,326	5,257
Public Safety	10,666	10,936	11,162	10,893	11,376	11,975	12,484	12,388	12,089	13,367
Health	783	794	783	802	835	932	1,495	1,479	1,457	1,690
Welfare	7,392	7,037	6,907	6,858	7,302	7,508	7,551	6,857	8,091	9,061
Conservation, Culture and Development	3,272	3,366	3,275	3,251	3,290	3,481	3,507	3,427	3,406	3,605
Education	641	532	550	706	766	671	760	755	684	750
Transportation	3,346	3,532	3,685	3,668	3,909	4,046	4,508	4,354	3,844	4,090
Totals	**30,972**	**31,134**	**31,263**	**31,330**	**32,801**	**34,164**	**35,622**	**34,521**	**34,897**	**37,820**
G - Governor's Authority	**28,279**	**28,398**	**28,485**	**28,472**	**29,911**	**31,254**	**32,606**	**31,524**	**31,822**	**34,673**
J - Judiciary	**845**	**831**	**835**	**830**	**846**	**835**	**811**	**772**	**753**	**743**
O - Other Elected Officials	**1,065**	**1,049**	**1,049**	**1,067**	**1,056**	**1,093**	**1,139**	**1,123**	**1,102**	**1,058**
D - Disability Leave - in pay status	**471**	**511**	**545**	**610**	**647**	**624**	**727**	**789**	**941**	**1,077**
D2 - Disability Leave - in non-pay status	**312**	**345**	**349**	**351**	**341**	**358**	**339**	**313**	**279**	**269**
Total	**30,972**	**31,134**	**31,263**	**31,330**	**32,801**	**34,164**	**35,622**	**34,521**	**34,897**	**37,820**

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

Function of Government	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005
General Government	182	173	150	138	152	196	340	329	328	299
Public Safety	410	260	296	1,168	292	365	1,993	918	1,716	2,155
Health	1	3	-	-	-	6	107	114	145	174
Welfare	319	35	349	313	351	384	401	393	510	538
Conservation, Culture and Development	1,511	1,480	1,492	1,557	1,142	2,942	1,756	2,030	2,196	2,394
Education	127	105	109	112	110	160	183	167	173	180
Transportation	64	154	170	102	86	105	224	206	121	107
Totals	**2,614**	**2,210**	**2,566**	**3,390**	**2,133**	**4,158**	**5,004**	**4,157**	**5,189**	**5,847**
G - Governor's Authority	**2,502**	**2,103**	**2,476**	**3,292**	**2,036**	**4,015**	**4,731**	**3,880**	**4,896**	**5,562**
J - Judiciary	**25**	**17**	**18**	**15**	**12**	**11**	**158**	**155**	**163**	**170**
O - Other Elected Officials	**87**	**90**	**72**	**83**	**85**	**131**	**110**	**117**	**125**	**110**
D - Disability Leave - in pay status	-	-	-	-	-	-	**4**	**4**	**4**	**4**
D2 - Disability Leave - in non-pay status	-	-	-	-	-	**1**	**1**	**1**	**1**	**1**
Total	**2,614**	**2,210**	**2,566**	**3,390**	**2,133**	**4,158**	**5,004**	**4,157**	**5,189**	**5,847**

Pension, Death Benefits, and Former Governors
Number of People Paid Through The Auditor of State's Office

Category	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005
Governor's Widows	2	2	1	1	1	2	2	2	2	2
Death Benefits (Police)	28	30	30	31	33	31	31	28	27	27
Former Governors	3	2	3	3	2	2	2	2	2	2
Police Pension	1,584	1,622	1,550	1,536	1,531	1,499	1,490	1,482	1,460	1,413
Total	**1,617**	**1,656**	**1,584**	**1,571**	**1,567**	**1,534**	**1,525**	**1,514**	**1,491**	**1,444**

B44954

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL AUDIT

OF

FEDERAL AWARDS

STATE OF INDIANA

July 1, 2013 to June 30, 2014

FILED
03/26/2015

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE STATE OF INDIANA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 30, 2014. Our report includes a reference to other auditors who audited certain components of the financial statements and component units of the State, as described in our report on the State's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, and the Indiana Public Retirement System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses:

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

Finding #	Title
2014-001	Internal Controls Over Tax Revenues
2014-002	Infrastructure Reporting
2014-003	Pension Reporting
2014-005	Accounts Receivable and Accounts Payable Reporting - Unemployment Insurance

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency:

Finding #	Title
2014-004	FSSA Accounts Receivable Reporting

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

State's Response to Findings

The State's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plans. The State's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

December 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE STATE OF INDIANA

Report on Compliance for Each Major Federal Program

We have audited the State of Indiana's (State) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The State's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The State's basic financial statements include the operations of Purdue University, Indiana University, Indiana State University, Ball State University, Vincennes University, University of Southern Indiana, Ivy Tech State College, Indiana Finance Authority, and Indiana Housing and Community Development Authority which expended a total of $2,664,918,891 in federal awards that are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014. Our audit, described below, did not include the operations of these units because they have separate audits performed in accordance with OMB Circular A-133. See Note 3 of the Notes to the Schedule of Expenditures of Federal Awards for federal funds expended by each unit.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Highway Planning and Construction Cluster

As described in item 2014-014 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of the State with its Highway Planning and Construction Cluster regarding the Davis-Bacon Act. Consequently, we were unable to determine whether the State complied with those requirements applicable to that program.

Additionally, as described in item 2014-016 in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding Subrecpient Monitoring that are applicable to its Highway Planning and Construction Cluster. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to that cluster.

Qualified Opinion on Highway Planning and Construction Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State's compliance with the requirements of its Highway Planning and Construction Cluster regarding the Davis-Bacon Act and the noncompliance described in the *Basis for Qualified Opinion on Highway Planning and Construction Cluster* paragraph, the State complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its Highway Planning and Construction Cluster for the year ended June 30, 2014.

Basis for Qualified Opinion on CDBG - State-Administered CDBG Cluster

As described in item 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding Cash Management that are applicable to its CDBG - State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to that cluster.

Basis for Qualified Opinion on Child Support Enforcement

As described in item 2014-029 in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to that program.

Basis for Qualified Opinion on Adoption Assistance - Title IV-E

As described in item 2014-031 in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Eligibility that are applicable to its Adoption Assistance - Title IV-E program. Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to that program.

Qualified Opinion on CDBG - State-Administered CDBG Cluster, Child Support Enforcement, and Adoption Assistance - Title IV-E

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on CDBG - State-Administered CDBG Cluster, Child Support Enforcement, and Adoption Assistance, Title IV-E* paragraphs, for each particular program, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its CDBG - State-Administered CDBG Cluster, Child Support Enforcement, and Adoption Assistance - Title IV-E programs for the year ended June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133
(Continued)

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items:

Finding #	CFDA#	Program Name	Requirement
2014-011	17.225	Unemployment Insurance	Special Tests and Provisions
2014-012	20.205	Highway Planning and Construction	Cash Management
2014-013	20.205	Highway Planning and Construction	Reporting
2014-018	84.377, 84.388	School Improvement Grants, ARRA - School Improvement Grants, Recovery Act	Suspension and Debarment
2014-020	84.377, 84.388	School Improvement Grants, ARRA - School Improvement Grants, Recovery Act	Subrecipient Monitoring
2014-021	10.553, 10.555, 10.556, 10.559, 10.558	School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children, Child and Adult Care Food Program	Reporting
2014-024	96.001	Social Security - Disability Insurance	Reporting
2014-025	93.558	Temporary Assistance to Needy Families	Activates Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2014-028	96.563	Child Support Enforcement	Reporting
2014-030	96.563	Child Support Enforcement	Cash Management

Our opinion on each major federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plans. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133
(Continued)

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

Finding #	CFDA#	Program Name	Requirement
2014-006	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Cash Management
2014-007	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Reporting
2014-008	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Subrecipient Monitoring
2014-009	17.225	Unemployment Insurance	Special Tests and Provisions
2014-010	17.225	Unemployment Insurance	Special Tests and Provisions
2014-012	20.205	Highway Planning and Construction	Cash Management
2014-013	20.205	Highway Planning and Construction	Reporting
2014-014	20.205	Highway Planning and Construction	Davis-Bacon Act
2014-015	20.205	Highway Planning and Construction	Special Tests and Provisions
2014-016	20.205	Highway Planning and Construction	Subrecipient Monitoring
2014-017	20.205	Highway Planning and Construction	Special Tests and Provisions
2014-018	84.377, 84.388	School Improvement Grants, ARRA - School Improvement Grants, Recovery Act	Suspension and Debarment
2014-019	84.377, 84.388	School Improvement Grants, ARRA - School Improvement Grants, Recovery Act	Eligibility, Earmarking, Reporting
2014-020	84.377, 84.388	School Improvement Grants, ARRA - School Improvement Grants, Recovery Act	Subrecipient Monitoring
2014-021	10.553, 10.555, 10.556, 10.559, 10.558	School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children, Child and Adult Care Food Program	Reporting
2014-022	10.558	Child and Adult Care Food Program	Eligibility
2014-023	93.778, 93.767	Medical Assistance Program, Children's Health Insurance Program	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting
2014-024	96.001	Social Security - Disability Insurance	Reporting
2014-025	93.558	Temporary Assistance to Needy Families	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2014-026	93.558	Temporary Assistance to Needy Families	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2014-027	93.563, 93.659, 93.658	Child Support Enforcement, Adoption Assistance - Title IV-E, Foster Care - Title IV-E	Cash Management, Period of Availability
2014-028	96.563	Child Support Enforcement	Reporting
2014-029	93.563	Child Support Enforcement	Subrecipient Monitoring
2014-030	96.563	Child Support Enforcement	Cash Management
2014-031	93.659	Adoption Assistance - Title IV-E	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

The State's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plans. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of 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 and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

March 24, 2015

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
SNAP Cluster					
Supplemental Nutrition Assistance Program (SNAP)	10.551				
		500	Non-Cash Assistance	$ 1,348,654,994	$ -
		500	2IN400099	2,182	-
		500	ESTIMATE	2,070	-
Total for Program				1,348,659,246	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561				
		500	21N400201	64,073	-
		500	21N400126	118,565	-
		500	2IN400201	1,957,947	-
		500	2IN400099	49,683,816	-
		500	2IN400201	1,831,795	-
Total for Program				53,656,196	-
Total for Cluster				1,402,315,442	-
Child Nutrition Cluster					
School Breakfast Program	10.553				
		718	2IN300059	66,597,180	66,597,180
National School Lunch Program	10.555				
		415	2IN300059	39,378	15,853
		450	2IN300059	72,332	17,767
		550	2IN300059	98,000	-
		560	2IN300059	72,588	-
		615	2IN300059	1,017,043	-
		718	2IN300059	243,692,049	243,692,049
		718	Commodities	36,168,506	36,168,506
Total for Program				281,159,896	279,894,175
Special Milk Program for Children	10.556				
		718	2IN300059	181,144	181,144
Summer Food Service Program for Children	10.559				
		718	2IN300260	(15,522)	(15,522)
		718	2IN300059	8,473,447	8,473,447
		718	Commodities	44,016	44,016
Total for Program				8,501,941	8,501,941
Total for Cluster				356,440,161	355,174,440
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565				
		400	2IN810001-8	98,392	19,914
		400	ESTIMATE	146,663	137,299
		400	Commodities	739,198	-
Total for Program				984,253	157,213
Emergency Food Assistance Program (Administrative Costs)	10.568				
		400	FY12 ESTIMATE	(25,860)	-
		400	2IN80001	386,918	114,452
		400	2IN810001	491,187	437,072
		400	ESTIMATE	4,587	-
		400	Commodities	10,441,134	-
Total for Program				11,297,966	551,524
Total for Cluster				12,282,219	708,737
Plant and Animal Disease, Pest Control, and Animal Care	10.025				
		300	12-8218-0431-CA	9,904	8,161
		300	12-8218-0814-CA	2,450	-
		300	12-8218-0828-CA	19,599	-
		300	13-8218-0332-CA	99,209	96,821
		300	13-8218-0431-CA	18,063	-
		300	13-8218-0827-CA	6,551	-
		300	13-8218-0957-CA	14,425	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE (continued)					
Plant and Animal Disease, Pest Control, and Animal Care (continued)	10.025				
		300	13-8218-0793-CA	20,557	-
		300	13-8218-0960-CA	20,006	-
		300	13-8218-0814-CA	12,000	-
		300	13-8218-0828-CA	5,080	-
		300	14-8218-0332-CA	4,252	-
		300	14-8218-0793-CA	7,501	-
		351	13-9618-1212CA	92,873	-
		351	13-9618-1259CA	28,834	-
		351	14-9718-1259CA	3,167	-
		351	14-9718-1212CA	1,182	-
Total for Program				365,653	104,982
Specialty Crop Block Grant Program - Farm Bill	10.170				
		36	12-25-B-0922	2,400	-
		36	12-25-B-1067	39,034	39,034
		36	12-25-B1227	77,863	77,863
		36	12-25-B-1460	176,763	176,763
		36	12-25-B-1669	19,597	19,597
Total for Program				315,657	313,257
Organic Certification Cost Share Programs	10.171				
		36	12-25-A-5496	5,090	5,090
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475				
		351	13-37-A-310-BASE	434,011	-
		351	13-37-A-310-FAIM	3,035	-
		351	14-37-A-310-BASE	975,879	-
		351	14-37-A-310-FAIM	4,937	-
		400	12-37-A-310-BASE	945	-
Total for Program				1,418,807	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557				
		400	2IN700012	323,027	625,884
		400	ESTIMATE	74,473,784	12,574,795
		400	2IN700002	75,029	-
		400	2IN810001-8	31,996,559	10,735,433
		400	61900	(23,241)	-
Total for Program				106,845,158	23,936,112
Child and Adult Care Food Program	10.558				
		718	2IN300260	(216)	-
		718	2IN300059	46,443,418	46,089,041
		718	2IN300059	1,632,021	1,632,023
		718	2IN300068	2,341,212	2,341,214
Total for Program				50,416,435	50,062,278
State Administrative Expenses for Child Nutrition	10.560				
		718	2IN300260	4,339,143	-
		718	2IN300059	10,906	-
Total for Program				4,350,049	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572				
		400	2IN810001	196,396	-
		400	ESTIMATE	19,559	-
Total for Program				215,955	-
Team Nutrition Grants	10.574				
		718	8IN300001	41,185	(15)
		718	CNTN-13-IN	35,674	-
Total for Program				76,859	(15)

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE (continued)					
Farm to School Grant Program	10.575				
		400	CN-F2S-SS-14-IN-01	2,255	-
Senior Farmers Market Nutrition Program	10.576				
		400	2IN810001-10	56,673	-
Child Nutrition Discretionary Grants Limited Availability	10.579				
		718	8IN310000	315,168	-
Fresh Fruit and Vegetable Program	10.582				
		718	2IN310059	2,746,490	2,746,490
Forestry Research	10.652				
		300	12-JV-11242305-087	60,370	-
Cooperative Forestry Assistance	10.664				
		300	10-DG-11420004-194	8,962	8,867
		300	10-DG-11420004-195	15,093	-
		300	11-DG-11420004-143	11,761	11,761
		300	11-DG-11420004-230	157,228	81,985
		300	12-01-04	9,607	-
		300	12-DG-11420004-089	82,264	61,953
		300	12-DG-11420004-090	140,524	-
		300	13-01-04	79,758	-
		300	13-DG-11420004-054	161,202	161,202
		300	13-DG-11420004-55	245,684	-
		300	14-01-07	62,005	-
Total for Program				974,088	325,768
Urban and Community Forestry Program	10.675				
		300	10-DG-11420004-273	57,294	57,294
		300	11-DG-11420004-354	20,000	20,000
		300	12-DG-11420004-009	30,623	30,623
Total for Program				107,917	107,917
Forest Stewardship Program	10.678				
		300	09-DG-11420004-209	16,863	-
		300	11-DG-11420004-344	39,530	-
		300	13-DG-11420004-063	1,455	-
		300	13-DG-11420004-064	16,979	-
Total for Program				74,827	-
Forest Health Protection	10.680				
		300	09-DG-11420004-365	2,701	-
		300	10-DG-11420004-356	9,143	-
		300	12-DG-11420004-088	8,412	-
Total for Program				20,256	-
Wood Education and Resource Center	10.681				
		300	10-DG-11420004-158	19,989	-
Environmental Quality Incentives Program	10.912				
		36	69-3A75-12-254	56,021	56,020
Wildlife Habitat Incentive Program	10.914				
		300	WHIP7252KY08IBH	17,102	-
Agricultural Management Assistance	10.917				
		36	$Estimate	31,028	31,028
Total U.S. Department of Agriculture				1,939,529,669	433,572,104

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF COMMERCE					
Coastal Zone Management Administration Awards	11.419				
		300	NA10NOS4190187	147,572	115,213
		300	NA11NOS4190094	203,934	89,453
		300	NA12NOS4190092	167,698	110,080
		300	NA13N0S4190046	199,463	3,055
Total for Program				718,667	317,801
State and Local Implementation Grant Program	11.549				
		286	18-10-S13018	10,092	-
State Broadband Data and Development Grant Program	11.558				
		67	18-5-m09003	660,577	-
Manufacturing Extension Partnership	11.611				
		260	70NANB10H156 amend 8	585,511	-
Total U.S. Department of Commerce				1,974,847	317,801
U.S. DEPARTMENT OF DEFENSE					
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113				
		495	W912DY-12-2-0216	142,688	-
Military Construction, National Guard	12.400				
		110	W912L9-08-2-2001	46,481	-
		110	W912L9-10-2-2002	11,564,371	-
		110	W912L9-10-2-2003	13,712,093	-
		110	W912L9-11-2-2001	202,357	-
		110	W912L9-11-2-2002	12,028,468	-
		110	W912L9-11-2-2003	1,404,175	-
		110	W912L9-11-2-2004	2,740,592	-
		110	W912L9-11-2-2006	15,113,932	-
		110	W912L9-11-2-2007	4,875,365	-
Total for Program				61,687,834	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401				
		110	W912L909240030	(8,713)	-
		110	W912L91021001	(202,434)	-
		110	W912L91021005	3,103	-
		110	W912L91021007	33,128	-
		110	W912L9-11-2-1001	688,785	-
		110	W912L9-11-2-1003	(776)	-
		110	W912L9-11-2-1007	2,000	-
		110	W912L9-12-2-1001	281,696	-
		110	W912L9-12-2-1002	156,096	-
		110	W912L9-12-2-1003	368,713	-
		110	W912L9-12-2-1005	7,154	-
		110	W912L9-12-2-1010	(422)	-
		110	W912L9-12-2-1021F	531	-
		110	W912L9-12-2-1023F	64	-
		110	W912L9-13-2-1001	7,247,847	-
		110	W912L9-13-2-1002	278,974	-
		110	W912L9-13-2-1003	498,256	-
		110	W912L9-13-2-1004	110,072	-
		110	W912L9-13-2-1005	821,565	-
		110	W912L9-13-2-1007	721,287	-
		110	W912L9-13-2-1010	21,944	-
		110	W912L9-13-2-1040	50,191	-
		110	W912L9-13-2-1023F	306,173	-
		110	W912L9-13-2-1021T	491,900	-
		110	W912L9-13-2-1023T	221,965	-
		110	W912L9-13-2-1021F	358,283	-
		110	W912L9-13-2-1024F	426,262	-
		110	W912L9-14-2-1002	736,812	-
		110	W912L9-14-2-1003	1,202,459	-
		110	W912L9-14-2-1005	1,504,081	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF DEFENSE (continued)					
National Guard Military Operations and Maintenance (O&M) Projects (continued)	12.401				
		110	W912L9-14-2-1010	49,883	-
		110	W912L9-14-2-1021F	957,659	-
		110	W912L9-14-2-1023F	469,263	-
		110	W912L9-14-2-1021T	970,453	-
		110	W912L9-14-2-1023T	510,284	-
		110	W912L9-14-2-1040	113,531	-
		110	W912L9-14-2-1001	11,412,503	-
		110	W912L9-14-2-1007	928,416	-
		110	W912L9-14-2-1024F	939,927	-
		110	W912L9-14-2-1004	23,065	-
			State Armory Board	2,787,188	-
Total for Program				35,489,168	-
National Guard ChalleNGe Program	12.404				
		110	W912L909240000	6,919	-
		110	W912L9-10-2-4003	8,270	-
		110	W912L9-10-2-4000	-	-
		110	W912L9-11-2-4003	443	-
		110	W912L9-12-2-4002	(40,000)	-
		110	W912L9-12-2-4001	(248)	-
		110	W912L9-13-2-4002	87,864	-
		110	W912L9-13-2-4001	2,701,562	-
		110	W912L9-14-2-4002	124,432	-
Total for Program				2,889,242	-
Total for U.S. Department of Defense				100,208,932	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	38	B-05-DC-180001	(349)	(349)
		38	B-06-DC-18-0001	2,118	-
		38	B-07-DC-18-0001	60,994	12,800
		38	B-08-DC-18-0001	697,870	697,870
		38	B-08-DF-18-0001	6,554,506	6,522,836
		38	B-08-DI-18-0001	25,086,723	24,534,134
		38	B-09-DC-18-0001	343,369	319,507
		38	B-10-DC-18-0001	556,755	520,385
		38	B-11-DC-18-0001	4,522,007	4,063,821
		38	B-12-DC-18-0001	13,587,713	13,533,907
		38	B-13-DC-18-0001	1,015,837	1,015,837
		67	B-08-DI-18-0001	1,094,830	-
		300	B-08-DI-18-0001	443,529	8,263
		385	B-08-DI-18-0001	15,100	-
Total for Cluster				53,981,002	51,229,011
Fair Housing Assistance Program - State and Local	14.401				
		258	Unknown	(5,754)	-
		258	FF205K065008	3,968	-
		258	6FPSLP0004	25,966	-
		258	FF205K055008	972	-
		258	IFF205K075008	5,316	-
		258	FF205K 5008	531,022	-
Total for Program				561,490	-
Total U.S. Department of Housing and Urban Development				54,542,492	51,229,011
U.S. DEPARTMENT OF INTERIOR					
Fish and Wildlife Cluster					
Sport Fish Restoration Program	15.605				
		300	F-24-E-15	4,146	-
		300	FW21D45	636,250	-
		300	F27R3	58,800	58,800

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF INTERIOR (continued)					
Fish and Wildlife Cluster					
Sport Fish Restoration Program (continued)	15.605				
		300	F12AF00418	123,760	-
		300	F12AF00416	359,146	-
		300	F13AF00184	1,058,994	32,392
		300	F13AF00356	1,175,454	-
		300	F13AF00527	108,696	-
		300	F13A01221	5,977	5,977
		300	F14AF00106	259,108	-
		300	F14AF00059	684,031	10,643
		300	F14AF00256|F10D47	247,287	-
Total for Program				4,721,649	107,812
Wildlife Restoration and Basic Hunter Education	15.611				
		300	W-34-T-3	36,200	-
		300	F11AF00135	278,067	-
		300	W-43-D-1	5,975	-
		300	FW-29-L-1	1,736,275	-
		300	F11AF01054|W-32-S-18	58,933	58,933
		300	F12AF00199	182,047	-
		300	F12AF00455	4,688,963	-
		300	F12AF00282	103,445	-
		300	F12AF00280	159,863	159,863
		300	W37D2	60,383	-
		300	F12AF00348	152	-
		300	F12AF00352	3,448	-
		300	F12AF00351	2,265	-
		300	F12AF00601	92,037	-
		300	F12AF00985	1,223	-
		300	W42L6	2,900	-
		300	F13AF00095	3,153	-
		300	F13AF00097	2,500	-
		300	W26R37	73,767	73,767
		300	F13AF00112	21,521	-
		300	F13AF00285	1,168	-
		300	F13AF00307	675	-
		300	F13AF00586	119,939	-
		300	F13AF00526	600,493	-
		300	F13AF01133	800,674	-
		300	F13AF01148	140,226	-
		300	F13AF01023	408,939	-
		300	F14AF00187|W36R3	84,329	-
		300	F14AF00186	11,626	-
Total for Program				9,681,186	292,563
Total for Cluster				14,402,835	400,375
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250				
		300	S14AP20003	1,188,993	-
Abandoned Mine Land Reclamation (AMLR) Program	15.252				
		300	S11AF20014	1,988,684	115,477
		300	GR207180	1,885,837	499,432
		300	S13AP2003	503,331	-
		300	S13AF20006	3,006,037	122,386
		300	S14AF20003	338,107	6,536
Total for Program				7,721,996	743,831
Fish and Wildlife Management Assistance	15.608				
		300	30181AG075	501,830	-
		300	F10AP00061	24,226	-
Total for Program				526,056	-

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STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF INTERIOR (continued)					
Cooperative Endangered Species Conservation Fund	15.615				
		300	E-11-EP-1	13,293	12,474
		300	E-13-R-1	49,393	18,983
		300	E-14-HP-1	586,573	-
		300	F12AP00840	8,723	-
Total for Program				657,982	31,457
Clean Vessel Act Program	15.616				
		495	CV-1-15	91,198	-
		495	F11AP00757	48,812	-
		495	F13AP00677	877	-
Total for Program				140,887	-
Sportfishing and Boating Safety Act	15.622				
		300	F12AP00625	159,921	-
Enhanced Hunter Education and Safety Program	15.626				
		300	F12AF00711 (EST mod1)	70,865	-
Landowner Incentive Program	15.633				
		300	I-2T	214	-
State Wildlife Grants	15.634				
		300	T-7-R-7	26,079	26,079
		300	T-7-R-8	2,766	2,766
		300	F09AF00041 T-7-R-9	25,262	25,262
		300	T-7-R-11	145,475	145,475
		300	W-32-S-17	4,940	4,940
		300	T-7-R-12	25,438	25,438
		300	T7R13	61,861	61,861
		300	F12AF01113	103,487	-
		300	F13AF00182	181,025	-
		300	F13AF00183	199,156	-
		300	F13AF00575	35,078	35,078
		300	F14AF00133	5,359	5,359
Total for Program				815,926	332,258
Research Grants (Generic)	15.650				
		300	30181AG088	3,809	-
		300	F12AP01055	27,279	-
Total for Program				31,088	-
Endangered Species Conservation – Recovery Implementation Funds	15.657				
		300	S11AP00508 S-1-TW-2	20,772	-
		300	F12AP00543	19,704	-
Total for Program				40,476	-
Great Lakes Restoration	15.662				
		300	F12AC01497	59,265	-
		300	F12AC00678	65,640	-
		300	0501.12.032029	32,330	-
Total for Program				157,235	-
National Spatial Data Infrastructure Cooperative Agreements Program	15.809				
		67	G12AC20138	17,437	-
Gap Analysis Program	15.811				
		300	G12AC20446	7,126	-

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STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF INTERIOR (continued)					
Historic Preservation Fund Grants-In-Aid	15.904				
		300	18-12-41921	256,303	230,569
		300	SHPO-2013-HPF	471,981	147,548
		300	P14AF00047	62,685	-
Total for Program				790,969	378,117
Outdoor Recreation - Acquisition, Development and Planning	15.916				
		300	18-00567	26,109	26,109
		300	18-00571	189,756	-
		300	18-00573	200,000	200,000
		300	18-00579	58,166	58,166
		300	18-00577	179,595	179,595
		300	18-00583 P13AP00192	25,553	-
		300	18-00581	79,517	79,517
Total for Program				758,696	543,387
Save America's Treasures	15.929				
		300	18-10-AP-5010	51,514	36,721
Natural Resource Stewardship	15.944				
		67	P12AC30445	21,728	-
Cultural Resources Management	15.946				
		300	P13AP00033	45,000	45,000
Total U.S. Department of Interior				27,606,944	2,511,146
U.S. DEPARTMENT OF JUSTICE					
JAG Program Cluster					
Edward Byrne Memorial Justice Assistance Grant Program	16.738				
		22		325,468	-
		26	2011-DJ-BX-2622	9,220	-
		26	2012-DJ-BX-0765	38,474	-
		32	2010-DJ-BX-0254	346,412	91,605
		32	2011-DJ-BX-2622	761,048	669,048
		32	2012-DJ-BX-0765	1,057,682	1,056,392
		32	2013-DJ-BX-0039	139,481	139,481
		100	2011-DJ-BX-2622	26,770	-
		100	2012-DJ-BX-0765	250,590	-
		100	2013-DJ-BX-0039	141,215	-
		103	2012-DJ-BX-0765	164,350	-
		115	2010-DJ-BX-0254	14,999	(1)
		115	2013-DJ-BX-0039	45,597	-
		610	2011-DJ-BX-2622	208,017	-
		610	2013-DJ-BX-0039	135,106	-
		615	2012-DJ-BX-0765	50,591	-
Total for Program				3,715,020	1,956,525
ARRA - Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803				
		32	2009-SU-B9-0047	486,844	-
		100	2009-SU-B9-0047	152,656	-
		115	2009-SU-B9-0047	67,330	-
Total for Program				706,830	-
Total for Cluster				4,421,850	1,956,525
Sexual Assault Services Formula Program	16.017				
		32	2011-KF-AX-0036	122,207	115,455
		32	2012-KF-AX-0033	6,932	-
Total for Program				129,139	115,455
Prisoner Reentry Initiative Demonstration	16.202				
		615	2010-RN-BX-0014	135,045	-

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STATE OF INDIANA
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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF JUSTICE (continued)					
Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program	16.203				
		615	2008-WP-BX-K011	25,053	-
		615	2010-WP-BX-0013	28,591	-
Total for Program				53,644	-
Juvenile Accountability Block Grants	16.523				
		32	2009-JB-FX-0066	86,036	86,036
		32	2010-JB-FX-0086	301,758	301,758
		32	2011-JB-FX-0017	340,957	323,595
		32	2013-JB-FX-0008	14,579	-
		615	2011-JB-FX-0017	45,000	-
Total for Program				788,330	711,389
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540				
		32	2010-JF-FX-0043	35,444	6,545
		32	2011-JF-FX-0009	189,587	190,148
		32	2012-JF-FX-0003	217,178	214,128
		32	2013-MU-FX-0020	125,576	104,167
		719	2010-JF-FX-0043	(78)	-
		719	2011-JF-FX-0009	78	-
Total for Program				567,785	514,988
Missing Children's Assistance	16.543				
		100	2008-MC-CX-K006	36,040	12,213
		100	2011-MC-CX-K005	352,488	128,828
Total for Program				388,528	141,041
Title V - Delinquency Prevention Program	16.548				
		32	2010-JP-FX-0043	62,071	57,824
State Justice Statistics Program for Statistical Analysis Centers	16.550				
		32	2012-BJ-CX-K038	32,782	32,782
National Criminal History Improvement Program (NCHIP)	16.554				
		22	2011-MU-BX-K086	64,589	-
Crime Victim Assistance	16.575				
		22	2011-VA-GX-0039	9,698	-
		32	2008-VA-GX-0031	27,382	-
		32	2010-VA-GX-0049	108,062	76,089
		32	2011-VA-GX-0039	295,166	210,296
		32	2012-VA-GX-0017	3,385,562	3,176,762
		32	2013-VA-GX-0036	4,032,727	3,840,764
		46	2012-VA-GX-0017	6,796	-
		46	2013-VA-GX-0036	26,265	-
Total for Program				7,891,658	7,303,911
Crime Victim Compensation	16.576				
		32	2007-VC-GX-0048	(1,063)	-
		32	2010-VC-GX-0010	(4,099)	-
		32	2011-VC-GX-0052	9,943	5,209
		32	2012-VC-GX-0035	287,391	283,076
		32	2013-VC-GX-0031	1,765,617	1,765,590
Total for Program				2,057,789	2,053,875
Drug Court Discretionary Grant Program	16.585				
		22	2010-DC-BX-0123	216,378	-

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STATE OF INDIANA
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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF JUSTICE (continued)					
Violence Against Women Formula Grants	16.588				
		22	2012-WF-AX-0035	60,957	-
		22	2013-WF-AX-0047	37,654	-
		32	2009-EF-S6-0020	148,408	46,225
		32	2010-WF-AX-0022	13,156	9,364
		32	2011-WF-AX-0010	74,511	74,892
		32	2012-WF-AX-0035	806,227	595,731
		32	2013-WF-AX-0047	1,491,417	1,443,911
		39	2009-EF-S6-0020	5,136	-
Total for Program				2,637,466	2,170,123
Residential Substance Abuse Treatment for State Prisoners	16.593				
		32	2010-RT-BX-0011	106,678	106,678
		32	2011-RT-BX-0062	39,182	39,182
		32	2012-RT-BX-0053	128,095	125,998
		615	2011-RT-BX-0062	57,573	-
		615	2012-RT-BX-0053	11,182	-
Total for Program				342,710	271,858
State Criminal Alien Assistance Program	16.606				
		615	2007-AP-BX-0131	4	-
		615	2008-AP-BX-0204	168,916	-
		615	2008-AP-BX-1581	166,495	-
		615	2009-G7115-IN-AP	703,467	-
		615	2011-AP-BX-0144	754,828	-
Total for Program				1,793,710	-
Bulletproof Vest Partnership Program	16.607				
		32	2009BOBX09046099	8,079	8,079
		32	2011BOBX11056362	4,464	4,464
		32	2012BOBX12063266	3,896	3,896
Total for Program				16,439	16,439
Project Safe Neighborhoods	16.609				
		32	2009-GP-BX-0033	(1,911)	-
		32	2010-GP-BX-0010	24,779	24,612
		32	2010-GP-BX-0009	15,689	15,663
		32	2011-GP-BX-0082	27,533	27,484
		32	2011-GP-BX-0076	55,574	52,521
Total for Program				121,664	120,280
Public Safety Partnership and Community Policing Grants	16.710				
		32	2007CKWXK017	11,868	11,868
		100	2007CKWX0298	83,186	-
		100	2009CSWX0010	94,080	-
Total for Program				189,134	11,868
Enforcing Underage Drinking Laws Program	16.727				
		32	2011-AH-FX-0027	123,087	121,376
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735				
		615	2012-RP-BX-0011	1,553	-
Statewide Automated Victim Information Notification (SAVIN) Program					
	16.740	615	2009-vn-cx-0015	29,630	-
		615	2011-VN-CX-0010	537,872	-
Total for Program				567,502	-
DNA Backlog Reduction Program	16.741				
		100	2013-DN-BX-0007	649,434	-

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STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF JUSTICE (continued)					
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742				
		32	2012-CD-BX-0039	13,616	-
		32	2013-CD-BX-0031	1,753	-
		100	2010-CD-BX-0005	11,621	-
		100	2012-CD-BX-0039	193,742	-
		100	2013-CD-BX-0031	100,380	-
Total for Program				321,112	-
Support for Adam Walsh Act Implementation Grant Program	16.750				
		100	2008-AW-BX-006	23,500	-
		615	2008-AW-BX-006	21,285	-
		615	2009-AW-BX-0020	1,353	-
Total for Program				46,138	-
Harold Rogers Prescription Drug Monitoring Program	16.754				
		250	2010-PM-BX-0013	498	-
		250	2012-PM-BX-0009	96,429	-
Total for Program				96,927	-
Court Appointed Special Advocates	16.756				
		22	IN10911-13-1013-S	40,000	-
Second Chance Act Prisoner Reentry Initiative	16.812				
		515	2010-RV-BX-0004	270,307	-
		615	2011-RN-BX-0003	69,791	-
		615	2012-CZ-BX-0004	28,446	-
		615	2013-CZ-BX-0022	1,288	-
Total for Program				369,832	-
NICS Act Record Improvement Program	16.813				
		22	2012-MU-MU-K012	33,213	-
		100	2012-MU-MU-K012	200,814	-
		100	2013-NS-BX-K013	189,069	-
Total for Program				423,096	-
Other Assistance - Drug Enforcement Administration	16.999				
		100	2013-75	412,422	-
		100	2014-72	71,298	-
Total for Program				483,720	-
Total U.S. Department of Justice				25,033,112	15,599,734
U.S. DEPARTMENT OF LABOR					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207				
		510	ES-22063-11-55-A-18	1,402,875	-
		510	ES-22995-12-55-A-18	4,684,888	11,401
		510	DI-23800-12-75-A-18	339,362	260,278
		510	ES-24614-13-55-A-18	9,364,163	7,201
Total for Program				15,791,288	278,880
Disabled Veterans' Outreach Program (DVOP)	17.801				
		510	DV-19650-10-55-5-18	1,377,365	-
Local Veterans' Employment Representative Program	17.804				
		510	DV-19650-10-55-5-18	1,849,740	-
Total for Cluster				19,018,393	278,880

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U.S. DEPARTMENT OF LABOR (continued)					
WIA Cluster					
WIA Adult Program	17.258				
		510	AA-18639-09-55-A-18	(140)	(140)
		510	AA-20193-10-55-A-18	180,826	-
		510	AA-21394-11-55-A-18	9,174	-
		510	AA-22934-12-55-A-18	7,255,526	6,798,375
		510	AA-24091-13-55-A-18	6,093,898	5,587,347
Total for Program				13,539,284	12,385,582
WIA Youth Activities	17.259				
		510	AA-18639-09-55-A-18	(1,050)	(1,050)
		510	AA-20193-10-55-A-18	167,457	1,635
		510	AA-21394-11-55-A-18	65,637	64,355
		510	AA-22934-12-55-A-18	6,660,741	6,065,770
		510	AA-24091-13-55-A-18	8,388,353	7,847,058
Total for Program				15,281,138	13,977,768
WIA Dislocated Worker Formula Grants	17.278				
		510	AA-20193-10-55-A-18	786,490	388,082
		510	AA-21394-11-55-A-18	509,542	250,869
		510	AA-22934-12-55-A-18	7,368,662	7,142,977
		510	AA-24091-13-55-A-18	11,368,404	10,421,078
Total for Program				20,033,098	18,203,006
Total for Cluster				48,853,520	44,566,356
ARRA - Department Of Labor	17.000				
		510	UIPL #1409	3,121,486	-
Labor Force Statistics	17.002				
		510	W9J38018	307,613	-
		510	LMI-24281-14-75-J-18	796,642	-
Total for Program				1,104,255	-
Compensation and Working Conditions	17.005				
		225	OS-23157-13-75-J-18	25,108	-
		225	OS-24314-14-75-J-18	69,128	-
Total for Program				94,236	-
Unemployment Insurance	17.225				
		510	UI-21098-11-55-A-18	15,265	-
		510	UI-22275-12-55-A-18	681,142	-
		510	UI-23890-13-55-A-18	22,648,926	-
		510	UI-25202-14-55-A-18	32,615,448	-
		8510	ESTIMATE	639,920,346	-
Total for Program				695,881,127	-
Senior Community Service Employment Program	17.235				
		498	AD-22880-12-55-A-18	284,156	279,878
		498	AD-24148-13-55-A-18	2,005,113	1,950,876
Total of Program				2,289,269	2,230,754
Trade Adjustment Assistance	17.245				
		510	TA-21219-11-55-A-18	457,913	13,912
		510	TA-22655-12-55-A-18	3,166,521	-
Total for Program				3,624,434	13,912
Work Opportunity Tax Credit Program (WOTC)	17.271				
		510	ES-22063-11-55-A-18	40,191	3,600
		510	ES-22995-12-55-A-18	430,161	-
		510	ES-24614-13-55-A-18	121,165	-
Total for Program				591,517	3,600

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U.S. DEPARTMENT OF LABOR (continued)					
Temporary Labor Certification for Foreign Workers	17.273				
		510	ES-20748-10-55-A-18	(8)	-
		510	ES-22063-11-55-A-18	41,783	-
		510	ES-22995-12-55-A-18	46,817	-
Total for Program				88,592	-
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275				
		510	GJ-19953-10-60-A-18	(73,195)	(73,195)
Workforce Investment Act (WIA) National Emergency Grants	17.277				
		510	EM-24453-13-60-A-18	1,059,675	1,035,864
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280				
		510	MI-23351-12-60-A-18	51,109	-
Occupational Safety and Health - State Program	17.503				
		225	SP-23679-SP3	677,272	-
		225	SP-24803-SP4	1,661,298	-
Total for Program				2,338,570	-
Consultation Agreements	17.504				
		225	CS-23635-CS3	164,910	-
		225	CS-24759-CS4	736,455	-
Total for Program				901,365	-
Total for U.S. Department of Labor				778,944,353	48,056,171
U.S. DEPARTMENT OF TRANSPORTATION					
Highway Planning and Construction Cluster					
ARRA - Highway Planning and Construction (Recovery Act)	20.205				
		800	N 4510.705	1,402,339	-
Highway Planning and Construction	20.205				
		100	NHTSA	1,720	-
		100	various	45,747	-
		300	A249-11-320136	22,938	-
		300	A249-11-320824	19,535	-
		300	A249-11-320470	39,689	-
		300	A249-11-320136	129,345	-
		300	N4510.770	8,697	-
		400	various	69,568	-
		800	Estimated $	123,863,536	10,846,448
		800	RTA-000-1661	16,581,087	697,364
		800	NHTSA	264,527	-
		800	various	477,270,909	44,432,253
		800	N4510.770	352,763,105	55,647,379
Total for Program				971,080,403	111,623,444
Recreational Trails Program	20.219				
		300	RT06(001)	926	-
		300	RT08(002)	130,227	130,227
		300	RT08(007)	146,035	146,035
		300	RT08(010)	32,240	-
		300	RT09(006)	104,927	104,927
		300	RT09(003)	29,931	29,931
		300	RT09(004)	6,883	6,883
		300	RT10(009)	15,067	15,067
		300	FT10(010)	7,657	7,657
		300	RT09(007)	67,246	67,246
		300	RT10(007)	22,930	22,930
		300	RT10(008)	15,000	15,000
		300	RT09(005)	11,228	11,228

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STATE OF INDIANA
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U.S. DEPARTMENT OF TRANSPORTATION (continued)					
Recreational Trails Program (continued)	20.219				
		300	RT10(004)	55,728	-
		300	RT10(005)	70,467	-
		300	RT09(001)	325,436	-
		300	RT11(010)	15,717	15,717
		300	RT11(006)	122,778	122,778
		300	RT11(005)	56,000	56,000
		300	RT11(004)	58,047	-
		300	RT11(003)	370,217	-
		300	RT10(002)	1,344	-
		300	RT10(013)	15,107	-
		300	RT11(009)	5,717	5,717
		300	RT11(001)	69,506	-
		300	RT11(002)	400	-
		300	RT12(001)	8,245	-
		300	RT12(002)	298,622	-
		300	RT12(003)	16,666	16,666
		300	RT12(005)	10,000	10,000
		300	RT12(007)	2,736	2,736
		300	RT13(003)	3,567	-
Total for Program				2,096,597	786,745
Total for Cluster				974,579,339	112,410,189
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				
		800	IN-16-X006-00	4,100,229	-
Job Access And Reverse Commute Program	20.516				
		800	IN-37-X107-00	57,409	57,409
		800	IN-37-X109-00	480,460	480,459
Total for Program				537,869	537,868
New Freedom Program	20.521				
		800	IN-57-X063-00	34,098	34,098
		800	IN-57-X064-00	341,684	341,684
Total for Program				375,782	375,782
Total for Cluster				5,013,880	913,650
Highway Safety Cluster					
State and Community Highway Safety	20.600				
		32	NHTSA 402	(5,755)	-
		32	ESTIMATE	3,971,887	3,718,415
		39	ESTIMATE	172,886	-
		100	ESTIMATE	568,951	-
Total for Program				4,707,969	3,718,415
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601				
		32	ESTIMATE	1,565,208	1,565,208
		32	DTNH22-12-G-00023	22,410	22,410
		100	ESTIMATE	542,934	-
		103	NHTSA 410	(249)	-
		103	ESTIMATE	192,008	-
Total for Program				2,322,311	1,587,618
Occupant Protection Incentive Grants	20.602				
		32	ESTIMATE	791,233	791,234
		100	ESTIMATE	10,233	-
Total for Program				801,466	791,234

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION (continued)					
Safety Belt Performance Grants	20.609				
		32	2012NHTSA406	27,800	27,800
		100	2012NHTSA406	52,715	-
Total for Program				80,515	27,800
State Traffic Safety Information System Improvement Grants	20.610				
		22	ESTIMATE	218,987	-
		32	ESTIMATE	54,733	54,733
		400	ESTIMATE	179,864	-
Total for Program				453,584	54,733
Incentive Grant Program to Prohibit Racial Profiling	20.611				
		22	ESTIMATE	345,770	-
Incentive Grant Program to Increase Motorcyclist Safety	20.612				
		32	ESTIMATE	95,754	95,754
Child Safety and Child Booster Seats Incentive Grants	20.613				
		32	ESTIMATE	105,853	105,853
Total for Cluster				8,913,222	6,381,407
Airport Improvement Program	20.106				
		800	3-18-0000-011-2013	288,025	-
National Motor Carrier Safety	20.218				
		100	FM-MNE-0063-12-01-00	18,567	-
		100	FM-MHP-0082-12-01-00	216,046	-
		100	FM-SAD-0020-12-01-00	3,066	-
		100	FM-MCG-0134-13-01	2,403,197	-
		100	FM-MNE-0135-13-01	808,827	-
		100	FM-MHP-0121-13-01-01	794,002	-
		100	FM-MCG-0207-14-01	1,769,920	-
Total for Program				6,013,625	-
Commercial Driver's License Program Improvement Grant	20.232				
		22	FM-CDL-0048-11-01-00	57,178	-
		22	FM-CDL-0060-12-01-00	56,107	-
		22	FM-CDL-0136-13-01-00	120,125	-
		235	FM-CDL-0100-12-01-00	61,626	-
		235	FM-CDL-0060-12-01-00	35,571	-
		235	FM-CDL-0136-13-01-00	73,266	-
Total for Program				403,873	-
Commercial Vehicle Information Systems and Networks	20.237				
		90	FM-CVN-0008-11-01-00	38,400	-
		90	FM-CVN-0041-12-01-00	19,685	-
		90	FM-CVN-0056-13-01-00	6,018	-
Total for Program				64,103	-
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants	20.319				
		800	FR-HSR-0122-12-01-00	2,647,533	-
Rail Line Relocation and Improvement	20.320				
		800	FR-LRI-0048-13-01-00	64,280	-
Federal Transit - Capital Investment Grants	20.500				
		800	estimated $	235,795	235,795

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION (continued)					
Federal Transit - Formula Grants	20.507				
		800	IN-95-X028-00	46,853	46,853
Formula Grants for Rural Areas	20.509				
		800	Estimated $	138,155	-
		800	IN-18-X029-00	360,210	2,736
		800	IN-18-X030-00	9,654,591	9,501,262
		800	IN-18-X032-00	3,896,100	3,879,936
Total for Program				14,049,056	13,383,934
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614				
		100	DTNH22-07-H-000126	(178)	-
		100	DTNH22-12-H-00126	110,978	-
Total for Program				110,800	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703				
		385	HM-HMP-0312-12-01-00	242,906	212,068
		385	HM-HMP-0368-13-01-00	54,471	-
Total for Program				297,377	212,068
PHMSA Pipeline Safety Program One Call Grant	20.721				
		200	DTPH56-11-G-PHPC07	14,738	-
		200	DTPH56-12-G-PHPC07	35,000	-
Total for Program				49,738	-
Surface Transportation - Discretionary Grants for Capital Investment	20.932				
		800	Indianapolis	78,851	102
National Infrastructure Investments	20.933				
		800	FHWA FY 2012 No 17	837,418	-
Total for U.S. Department of Transportation				1,012,291,429	133,583,998
U.S. DEPARTMENT OF THE TREASURY					
Department Of The Treasury	21.UNKNOWN				
		260	TD F 103.1.0	3,334,283	3,175,369
		720	A161-11-HHF-001	803,706	778,971
Total for Program				4,137,989	3,954,340
Total U.S. Department of the Treasury				4,137,989	3,954,340
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002				
		258	EECCN090026-120007	181,641	-
Total Equal Employment Opportunity Commission				181,641	-
GENERAL SERVICES ADMINISTRATION					
Donation of Federal Surplus Personal Property	39.003	61	Non-Cash Assistance	7,113,447	-
Total General Services Administration				7,113,447	-

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July 1, 2013 to June 30, 2014
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
NATIONAL ENDOWMENT FOR THE ARTS AND HUMANITIES					
Promotion of the Arts - Grants to Organizations and Individuals	45.025				
		705	10-6100-2044	(2,054)	-
		705	11-6100-2026	66,681	11,016
		705	12-6100-2020	95,894	32,040
		705	13-6100-2022	546,106	407,991
Total of Program				706,627	451,047
Promotion of the Humanities - Division of Preservation and Access	45.149				
		730	PJ-50086-11	85,609	-
Grants to States	45.310				
		62	LS-00-12-0015-12	75,900	-
		615	LS-00-12-0015-12	999	-
		616	LS-00-12-0015-12	481	-
		730	LS-00-12-0015-12	1,317,808	274,309
		730	LS-00-13-0015-13	1,919,009	420,368
Total for Program				3,314,197	694,677
Total for National Endowment For The Arts And Humanities				4,106,433	1,145,724
SMALL BUSINESS ADMINISTRATION					
Small Business Development Centers	59.037				
		260	1-603001-Z-0122	63,428	1,849
		260	SBAHQ-12-B-0067	127,788	-
		260	SBAHQ-13-B-0045	1,358,555	-
		260	SBAHQ-14-B-0038	541,648	-
Total for Program				2,091,419	1,849
State Trade and Export Promotion Pilot Grant Program	59.061				
		260	SBAHQ-11-IT-0011	5,816	-
Total Small Business Administration				2,097,235	1,849
U.S. DEPARTMENT OF VETERANS AFFAIRS					
Grants to States for Construction of State Home Facilities	64.005				
		570	FAI 18-005	1,601,993	-
All-Volunteer Force Educational Assistance	64.124				
		160	V101 (223C) P-49	2,227	-
		160	V101 (223C)P-5017	15,390	-
		160	V101 (223C) P-5117	11,566	-
		160	V101(223C)P-5217	9,454	-
Total for Program				38,637	-
Native American Veteran Direct Loan Program	64.126				
		160	V101(223C)P-5317	255,782	-
		160	V101(223C)P-5417	188,982	-
Total for Program				444,764	-
Total U.S. Department of Veterans Affairs				2,085,394	-
ENVIRONMENTAL PROTECTION AGENCY					
State Indoor Radon Grants	66.032				
		400	K1-00E13107-0	34,779	2,995

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
ENVIRONMENTAL PROTECTION AGENCY (continued)					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034				
		400	XA -00E01159-0	8,696	1,269
		495	PM98577306	851,591	-
		495	XA00E00986	151,787	-
		495	PM 98577307	12,890	-
Total for Program				1,024,964	1,269
State Clean Diesel Grant Program	66.040				
		495	DS-00E66702	218,645	-
Congressionally Mandated Projects	66.202				
		495	XP96570302	9,189	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419				
		495	I-96555708	45,615	-
		495	I-00E00728	55,102	-
		495	I96555709-0	64,615	-
		495	I00E00987-0	136,295	-
		495	I-96555710-0	151,781	-
Total for Program				453,408	-
State Underground Water Source Protection	66.433				
		300	G-99590113	33,701	-
		300	G99590114	59,755	-
Total for Program				93,456	-
Water Quality Management Planning	66.454				
		495	C6-00E38801	8,260	-
		495	C6-00E72001	27,587	-
		495	C6-00E72010	42,663	-
		495	C600E72011-0	141,397	-
		495	C600E72012	136,919	-
		495	C600E72013	18,774	-
Total for Program				375,600	-
Nonpoint Source Implementation Grants	66.460				
		36	C997548210	127,224	-
		495	C9975482-08	214,580	-
		495	C9-97548209	846,063	-
		495	C997548210	768,638	-
		495	C9-97548211-0	826,329	-
		495	C9-97548212-0	449,493	-
		495	C9-97548213-0	980,578	-
		495	97548214	11,251	-
Total for Program				4,224,156	-
Regional Wetland Program Development Grants	66.461				
		495	CD-00E00962-0	59,527	-
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	66.468				
		495	FS-98548604	193,672	-
Total for Cluster				193,672	-
Great Lakes Program	66.469				
		300	GL-00E00490	198,273	-
		300	GL-00E00589	65,825	-
		300	GL-00E00724	120,110	-
		495	GL-00E00453	52,344	-
		495	GL-00E00490	202,362	-
		495	GL-00E00724	209,793	-
Total for Program				848,707	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
ENVIRONMENTAL PROTECTION AGENCY (continued)					
Beach Monitoring and Notification Program Implementation Grants	66.472				
		300	CU02E73102-0	10,890	-
		495	CU01E73102	20,651	-
		495	CU02E73102-0	164,349	-
		495	CU-03E73102	19,637	-
Total for Program				215,527	-
Water Protection Grants to the States	66.474				
		495	WP-00E76501	21,194	-
Performance Partnership Grants	66.605				
		495	BG985432-12	4,787,181	-
		495	98543213	7,193,204	-
Total for Program				11,980,385	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608				
		495	OS-83527601-0	16,555	-
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701				
		495	K01E00787-0	85,614	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707				
		400	PB-00E44706-0	361,036	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802				
		495	V-96588401	207,281	-
		495	V-98576802	23,492	-
		495	V-01E00780-0	54,402	-
		495	V00E00994	23,241	-
		495	V-01E00994	123,397	-
		495	V-02E00780-0	409,514	-
		495	V-03E00780	3,234	-
Total for Program				844,561	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804				
		495	L00E49703-0	1,017,335	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805				
		495	LS005981-18	1,506,693	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809				
		495	VC-02E00771-0	97,070	-
State and Tribal Response Program Grants	66.817				
		495	RP00E14606	241,189	-
		495	RP00E14607-1	270,312	-
Total for Program				511,501	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818				
		495	2B00E96801	3,001	-
		495	BF-00E48101	5,106	-
Total for Program				8,107	-
Total for Environmental Protection Agency				24,201,681	4,264

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF ENERGY					
State Energy Program	81.041				
		38	DE-FG26-07NT43163	(2,176)	-
		266	DE-FG26-07NT43163	25,995	-
		266	DE-EE0006210	256,148	-
Total for Program				279,967	-
Conservation Research and Development	81.086				
		38	DE-EE0002544	26,898	26,898
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117				
		300	AAM-7-77543.02	495	-
Total for U.S. Department of Energy				307,360	26,898
U.S. DEPARTMENT OF EDUCATION					
Special Education Cluster (IDEA)					
Special Education - Grants to States	84.027				
		550	H027A110084	1,407	-
		550	H027A120084	3,000	-
		550	H027A130135	128,068	-
		560	H027A120084	113,562	-
		615	H027A110084	17,500	-
		615	H027A130135	84,720	-
		700	H027A090084	554	554
		700	H027A110084	16,167,229	15,413,900
		700	H027A120084	86,127,155	83,384,065
		700	H027A130135	148,952,323	148,951,800
Total for Program				251,595,518	247,750,319
Special Education - Preschool Grants	84.173				
		700	H173A110104	364,569	364,569
		700	H173A120104	2,497,103	2,497,103
		700	H173A130104	5,364,284	5,364,284
Total for Program				8,225,956	8,225,956
Total for Cluster				259,821,474	255,976,275
Statewide Data Systems Cluster					
Statewide Longitudinal Data Systems	84.372				
		700	R372A120027	735,327	-
Total for Cluster				735,327	-
Teacher Incentive Fund Cluster					
Teacher Incentive Fund	84.374				
		700	S374A100020	11,009,747	9,747,179
Total for Cluster				11,009,747	9,747,179
School Improvement Grants Cluster					
School Improvement Grants	84.377				
		700	S377A100015	7,240,799	7,240,799
		700	S377A110015	45,282	45,282
Total for Program				7,286,081	7,286,081
ARRA - School Improvement Grants, Recovery Act	84.388				
		700	S388A090015	10,135,313	9,349,968
Total for Cluster				17,421,394	16,636,049

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U.S. DEPARTMENT OF EDUCATION (continued)					
Adult Education - Basic Grants to States	84.002				
		510	V002A110014	574,358	549,057
		510	V002A120014	3,082,137	2,715,848
		510	V002A130014	4,985,993	4,605,973
		560	V002A120014	3,946	-
		615	V002A120014	213,003	-
Total for Program				8,859,437	7,870,878
Title I Grants to Local Educational Agencies	84.010				
		700	S010A110014	163,560	159,740
		700	S010A120014	99,585,021	99,109,778
		700	S010A130014	146,925,167	145,986,825
Total for Program				246,673,748	245,256,343
Migrant Education - State Grant Program	84.011				
		700	S011A110014	3,879,791	3,302,997
		700	S011A120014	26,324	(593,529)
		700	S011A130014	1,982,359	1,905,102
Total for Program				5,888,474	4,614,570
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013				
		615	S013A110014	15,817	-
		615	S013A120014	214,121	-
		615	S013A130014	319,429	-
Total for Program				549,367	-
Career and Technical Education - Basic Grants to States	84.048				
		36	V048A120014	160,260	-
		510	V048A100014A	(68)	(68)
		510	V048A120014	964,409	918,188
		510	V048A130014	6,238,456	5,842,692
		615	V048A120014	1,847	-
		615	V048A130014	42,463	-
		700	V048A110014	4,275,655	4,058,103
		700	V048A120014	1,116,051	655,482
		700	V048A130014	10,403,436	10,402,416
Total for Program				23,202,509	21,876,813
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126				
		497	H126A120019	63,493	-
		497	H126A130019-13C	19,763,874	-
		497	H126A140019	28,704,951	-
Total for Program				48,532,318	-
National Institute on Disability and Rehabilitation Research	84.133				
		497	H133A090002	200	-
Rehabilitation Services - Client Assistance Program	84.161				
		44	H161A130015	71,105	-
		44	H161A140015-14A	84,927	-
Total for Program				156,032	-
Independent Living - State Grants	84.169				
		497	H169A130020-13B	341,529	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION (continued)					
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177				
		497	H177B120014-12B	106,910	79,982
		497	H177B130014-13B	405,888	39,700
		497	H177B140014	444,500	-
Total for Program				957,298	119,682
Special Education - Grants for Infants and Families	84.181				
		497	H181A130147	8,392,120	-
Safe and Drug-Free Schools and Communities - State Grants	84.186				
		700	Q186A090015	(3)	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187				
		497	H187A140020	474,120	-
Education for Homeless Children and Youth	84.196				
		700	S196A110015	426,980	391,717
		700	S196A120015	593,552	579,330
		700	S196A130015	388,239	388,239
Total for Program				1,408,771	1,359,286
Assistive Technology	84.224				
		497	H224A120014	42,093	-
		497	H224A130014-13A	432,405	47,845
		497	H224A140014	104,241	-
Total for Program				578,739	47,845
Program of Protection and Advocacy of Individual Rights	84.240				
		44	H240A120015	2,261	-
		44	H240130015	273,476	-
		44	H240A140015	77,950	-
Total for Program				353,687	-
Tech-Prep Education	84.243				
		510	V048A080014	(17,307)	(17,307)
Rehabilitation Training - State Vocational Rehabilitation Unit In Service Training	84.265				
		497	H265A100048	35,689	-
Charter Schools	84.282				
		700	U282D090013	763,341	763,341
		700	U282A100027	7,263,603	7,186,197
Total for Program				8,026,944	7,949,538
Twenty-First Century Community Learning Centers	84.287				
		700	S287C110014	1,801,212	1,571,824
		700	S287C120014	15,813,095	15,407,166
		700	7000S287C130014	13,770	-
Total for Program				17,628,077	16,978,990
Special Education - State Personnel Development	84.323				
		700	H323A090006	993,593	970,748
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330				
		700	S330B120050	2,335	2,335
		700	S330B130010	471,134	471,134
Total for Program				473,469	473,469

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION (continued)					
Assistive Technology - State Grants for Protection and Advocacy	84.343				
		44	H342A120015	170	-
		44	H343A130015	52,026	-
		44	H343A140015	148	-
Total for Program				52,344	-
Rural Education	84.358				
		700	S358B110014	381,838	378,840
		700	S358B120014	876,465	868,835
		700	S358B130014	156,000	156,000
Total for Program				1,414,303	1,403,675
English Language Acquisition State Grants	84.365				
		700	S365A110014	1,970,393	1,898,335
		700	S365A120014	1,485,057	1,274,277
		700	S365A130014	3,458,214	3,458,214
Total for Program				6,913,664	6,630,826
Mathematics and Science Partnerships	84.366				
		700	S366B110015	1,919,426	1,905,210
		700	S366B120015	1,221,416	1,205,017
		700	S366B130015	52,886	52,886
Total for Program				3,193,728	3,163,113
Improving Teacher Quality State Grants	84.367				
		700	S367A110013	12,834,851	12,772,870
		700	S367A120013	19,110,239	18,990,238
		700	S367A130013	6,557,843	6,306,578
		719	S367B110014-11A	339,159	339,159
		719	S367B120014-12A	249,059	249,059
		719	S367B130014	31,788	30,833
Total for Program				39,122,939	38,688,737
Grants for State Assessments and Related Activities	84.369				
		700	S369A110015	909,277	-
		700	S369A120015	318,911	-
		700	S369A130015	6,395,551	-
Total for Program				7,623,739	-
College Access Challenge Grant Program	84.378				
		719	P378A120012	1,786,842	419,392
		719	P378A130012	163,387	-
Total for Program				1,950,229	419,392
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395				
		719	IN2-PH111	4,009	-
Total for U.S. Department of Education				722,771,708	640,166,101
U.S. ELECTION ASSISTANCE COMMISSION					
Help America Vote Act Requirements Payments	90.401				
		63	IN0809RP01	31,319	-
		63	IN10RP01	10,200	-
		63	60300	7,213	-
Total for Program				48,732	-
Total for U.S. Election Assistance Commission				48,732	-

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STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044				
		498	13AAINT3SP	2,498,393	2,261,465
		498	14AAINT3SP	3,926,943	3,350,174
Total of Program				6,425,336	5,611,639
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045				
		498	13AAINT3SP	5,715,373	5,048,247
		498	14AAINT3SP	4,803,148	4,296,867
Total of Program				10,518,521	9,345,114
Nutrition Services Incentive Program	93.053				
		498	13AAINNSIP	911,166	911,166
		498	14AAINNSIP	680,765	680,765
Total of Program				1,591,931	1,591,931
Total of Cluster				18,535,788	16,548,684
TANF Cluster					
Temporary Assistance for Needy Families	93.558				
		400	1202INTANF	(247,170)	-
		400	1302INTANF	1,634,891	-
		400	ESTIMATE	663,624	-
		500	G-1002INTANF	11,252	-
		500	1102INTANF	29,876,547	-
		500	1202INTANF	(2,236,300)	-
		500	1302INTANF	23,080,083	-
		500	1402INTANF	3,207,946	-
		502	G-1002INTANF	-	-
		502	1202INTANF	(3,757)	-
		502	1302INTANF	14,453,901	-
		502	ESTIMATE	13,173,713	-
		720	1302INTANF	371,279	375,280
		720	ESTIMATE	690,447	676,221
Total for Cluster				84,676,456	1,051,501
CCDF Cluster					
Child Care and Development Block Grant	93.575				
		500	G1201INCCDF	52,617	-
		500	1301INCCDF	24,708,273	2,043,145
		500	1302INTANF	31,311,280	-
		500	1402INTANF	45,399,571	-
		500	G1401INCCDF	13,479,006	-
Total for Program				114,950,747	2,043,145
Child Care Mandatory and Matching Funds of the Child Care and Development Fund					
	93.596	500	G1201INCCDF	208	-
		500	G1301INCCDF	15,053,444	-
		500	1301INCCDF	2,654,173	-
		500	G1401INCCDF	20,848,867	-
		500	1401INCCDF	30,670,894	-
Total for Program				69,227,586	-
Total for Cluster				184,178,333	2,043,145
Medicaid Cluster					
State Medicaid Fraud Control Units	93.775				
		46	1301IN5050	1,477,001	-
		46	1401IN5050	2,610,272	-
Total for Program				4,087,273	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777				
		400	05-1205-IN-5001	240,886	-
		400	05-1305-IN-5002	73,589	-
		400	05-1305-IN-5000	2,453,518	-
		400	ESTIMATE	6,310,937	-
		400	05-1305-IN-5002	9,785	-
		400	05-1405-IN-5002	25,842	-
Total for Program				9,114,557	-
Medical Assistance Program	93.778				
		503	HIT-INCTPAY13	3,313,214	
		503	HIT-IMP13	682,060	
		400	1305IN5ADM	125,000	-
		503	1405ININCT	51,330,277	-
		503	1405INIMPL	648,020	-
		503	1005in5map	7,507,392	-
		503	1305IN5ADM	62,126,523	-
		503	XIX-MAP13	1,156,001,764	-
		503	05-1305INBIPP	9,753,145	-
		503	XIX-ADM14	202,083,228	-
		503	XIX-MAP14	4,499,382,210	-
		503	05-1405INBIPP	10,184,983	-
		700	1305IN5ADM	3,757,783	-
		700	XIX-ADM14	3,765,443	-
Total for Program				6,010,661,042	-
Total for Cluster				6,023,862,872	-
Department Of Health And Human Services	93.UNKNOWN				
		400	61910	33,752	-
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation					
	93.041	498	13AAINT7SP	98,224	-
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042				
		498	13AAINT7SP	226,293	187,242
		498	14AAINT7SP	144,028	48,559
Total of Program				370,321	235,801
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043				
		498	13AAINT3SP	224,894	220,706
		498	14AAINT3SP	113,169	106,486
Total of Program				338,063	327,192
Special Programs for the Aging - Title IV - and Title II - Discretionary Projects					
	93.048	498	90DR0007	19,748	19,748
		498	90CT0163	9,115	9,115
		498	90DR0007/04	186,377	186,377
Total of Program				215,240	215,240
National Family Caregiver Support, Title III, Part E	93.052				
		498	13AAINT3SP	1,632,786	1,930,860
		498	14AAINT3SP	1,086,597	2,261,587
Total of Program				2,719,383	4,192,447

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STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Public Health Emergency Preparedness	93.069				
		286	1U90TP00521-01	2,250,000	-
		400	1H75TP000339-01	(7)	-
		400	1U90TP00521-01	2,054,096	522,765
		400	2U90TP517024-11	2,881,663	1,524,598
		400	5U90TP000521-02	6,317,767	2,956,117
Total for Program				13,503,519	5,003,480
Environmental Public Health and Emergency Response	93.070				
		400	5U59EH000507	10,580	-
		400	5U59EH000507-04	132,361	73,734
		400	5U59EH000507-05	202,682	58,298
Total for Program				345,623	132,032
Medicare Enrollment Assistance Program	93.071				
		210	1X0CMS331270-01-00	142,685	-
		210	13AAINMAAA	40,620	-
		210	13AAINMADR	39,270	-
Total for Program				222,575	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements'	93.074				
		351	5U90TP000521-02	362	-
		351	351FREEB2013EXR	4,000	-
		400	5U90TP000521-02	1,966,082	1,703,587
Total for Program				1,970,444	1,703,587
Systems Interoperability - Health and Human Services	93.075				
		400	90FQ0007	479,685	-
		405	90FQ0007	78,632	-
Total for Program				558,317	-
Emergency System for Advance Registration of Volunteer Health Professionals	93.089	400	ESREP100014-01-00	17,497	7,205
		400	ESREP100014-03-01	(1,179)	-
Total for Program				16,318	7,205
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094				
		400	1U58DP004851-01	159,823	66,226
Food and Drug Administration - Research	93.103				
		400	1U18FD004441-01	212,325	-
		400	1U18FD004644-01	42,010	-
		400	1U18FD004465-01	131,301	-
		400	5U18FD004644-02	10,057	-
		400	5U18FD004441-02 REVISED	149,257	-
		400	5U18FD004465-02 REVISED	36,497	-
		400	5R13103FPTFC14	6,496	-
Total for Program				587,943	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104				
		410	U9SM58518A	842,528	842,528
		410	1U79SM061328-01	188,692	-
Total for Program				1,031,220	842,528

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Maternal and Child Health Federal Consolidated Programs	93.110				
		400	H25MC00263	11,593	-
		400	U22MC16507	42,826	-
		400	H5MMC20281	250	-
		400	H18MC00017-17-00	40,656	-
		400	2 H25MC000263-09-00	60,072	-
		400	H18MC00017-18-00	1,800	-
Total for Program				157,197	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116				
		400	5U52PS500520	36,646	27,841
		400	5U52PS500520-31	402,677	243,149
		400	ESTIMATE	245,352	155,353
Total for Program				684,675	426,343
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130				
		400	U68HP11487-04-00	(9,437)	-
		400	U68HP11487-05	136,052	55,228
		400	U68HP11487-06-00	5,623	-
Total for Program				132,238	55,228
Injury Prevention and Control Research and State and Community Based Programs	93.136				
		400	1VF1CE002222	498,943	187,915
		400	ESTIMATE	29,917	-
Total for Program				528,860	187,915
Protection and Advocacy for Individuals with Mental Illness	93.138				
		44	2X98SM001897-13S1	465,122	-
		44	2X98SM001897-14S1	83,864	-
Total for Program				548,986	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150				
		410	2X06SM060015-11	73,852	72,274
		410	2X06SM016015-12	694,091	683,998
		410	2X06SM016015-13	154,349	152,635
Total for Program				922,292	908,907
Traumatic Brain Injury State Demonstration Grant Program	93.234				
		497	H21MC06756	293,799	-
Affordable Care Act (ACA) Abstinence Education Program	93.235				
		400	1201INAEGP	226,873	185,591
		400	1301INAEGP	303,885	303,768
Total for Program				530,758	489,359
State Rural Hospital Flexibility Program	93.241				
		400	H54RH00042	(524)	-
		400	H54RH00042-14-01	263,522	72,010
		400	H54RH00042-15-00	168,840	-
Total for Program				431,838	72,010
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243				
		400	1H79SM061285-01	256,038	234,596
		400	5H79SM061285-02	55,897	15,472
		410	1H79TI021948-03	(6,861)	-
		410	HR1SM060353	45,092	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance (continued)	93.243				
		410	IU79TI023449-01	1,290,877	1,270,255
		410	IU79SP018653-01	(15,512)	-
		410	2.01E+16	-	-
		410	1U79SP019419-01	869,437	857,920
		410	1U79TI024261-01	417,704	318,578
		410	1H79SM061285-01	6,691	-
		410	SC-1026-IN-02	1/0/1900	-
		410	5H79SM061285-02	11,581	-
Total for Program				2,930,944	2,696,821
Universal Newborn Hearing Screening	93.251				
		400	H61MC00059	106,330	11,126
		400	H61MC23640-01-00	2,376	979
		400	H61MC23640-02-02	110,058	729
		400	3U50CI000870-02S1	8,276	-
		400	H61MC23640-03-00	21,286	-
Total for Program				248,326	12,834
State Grants for Protection and Advocacy Services	93.267				
		44	5X82MC16925-04	14,375	-
		44	ESTIMATE	29,701	-
Total for Program				44,076	-
Immunization Cooperative Agreements	93.268				
		400	5H23IP522522-10	372,419	-
		400	1H23IP000723-01	3,471,240	1,422,627
		400	ESTIMATE	1,645,507	270,530
		400	Non-Cash Assistance	1,065,088	-
Total for Program				6,554,254	1,693,157
Adult Viral Hepatitis Prevention and Control	93.270				
		400	1U51PS004048-01	24,152	-
		400	5U51PS004048-02	44,251	-
Total for Program				68,403	-
Substance Abuse and Mental Health Services - Access to Recovery	93.275				
		410	1H79TI023153	3,507,213	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance					
	93.283	400	U58DP000838	(1,046)	-
		400	5U58DP000838	(41)	-
		400	1UR3DD000425	(4)	-
		400	5U58DP001481-04	370	-
		400	1U55DP003020-01	(30)	-
		400	1U50CK000231-01	760	-
		400	3U58DP001966-04-04S1	32,244	-
		400	5 UR3DD000790-02	39,997	-
		400	1U58DP003884 - 01	600,545	79,829
		400	5U55DP003020-03	77,708	-
		400	5U58DP001966-05	715,944	-
		400	5U50CK000231-02	48,022	-
		400	5U58SO000028-03	219,681	-
		400	5U58DP003884-02	2,131,616	363,150
		400	5 UR3DD000790-03	60,237	-
		400	5U55DP003020-04	94,395	-
		400	2U58DP001966-06	78	-
Total for Program				4,020,476	442,979
National Public Health Improvement Initiative	93.292				
		400	5U58CD001308-04	60,002	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
State Partnership Grant Program to Improve Minority Health	93.296				
		400	5 STTMP101057-03-00	60,596	43,462
Small Rural Hospital Improvement Grant Program	93.301				
		400	H3HRH0003-11-00	253,407	237,322
		400	H3RH00003-12-00	8,674	8,674
Total for Program				262,081	245,996
State Health Insurance Assistance Program	93.324				
		210	90SA0006-01-11	33,737	-
ARRA - State Loan Repayment Program	93.402				
		400	H5BHP16815	27,512	-
ARRA - State Primary Care Offices	93.414				
		400	U6AHP16683	99,110	-
Food Safety and Security Monitoring Project	93.448				
		400	61910	8,885	-
Pregnancy Assistance Fund Program	93.500				
		400	6 SP1AH000003-02-01	241,071	217,098
		400	SP1AH000003-03-00	804,073	540,053
Total for Program				1,045,144	757,151
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program					
	93.505	400	1 X02MC19401-01-00	333,462	-
		400	D89MC23147-01-00	1,081,297	-
		400	D89MC23147-02-00	1,228,297	-
		400	X02MC23103	67,824	-
		400	D89MC23147-02-04	551,765	-
		400	1 X02MC26318-01-00	384,977	-
		502	1 X02MC19401-01-00	458,042	-
		502	D89MC23147-01-00	1,759,827	-
		502	D89MC23147-02-00	1,422,589	-
		502	X02MC23103	665,905	-
		502	D89MC23147-02-04	1,321,148	-
Total for Program				9,275,133	-
PPHF National Public Health Improvement Initiative	93.507				
		400	1U58CD001308-01	(78)	8,650
		400	5U58CD001308-03	257,255	-
		400	5U58CD001308-03	52,162	-
Total for Program				309,339	8,650
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511				
		210	IPRPR100044-01-00	(3,861)	-
		210	1-PRPPR120010-01-00	997,587	-
Total for Program				993,726	-
Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work	93.520	400	U58DP001966	256,516	-
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521				
		400	5U50CI000870.02	208,009	-
		400	3U50CI000870-02S1	285,165	-
		400	3U50C1000870-S4 & S5	796,805	-
Total for Program				1,289,979	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525				
		405	1 HBEIE110065-01-00	519,143	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539				
		400	1H23IP000536-01	145,000	-
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program	93.544				
		400	3U58DP001966-03W2	268,068	181,212
PPHF: State Nutrition, Physical Activity, and Obesity Programs - financed in part by PPHF	93.548				
		400	5U58DP001481-04	(429)	-
		400	5U58DP001481 - 05	217,873	109,189
		400	3U58DP001481-05W1	303,742	-
Total for Program				521,186	109,189
Promoting Safe and Stable Families	93.556				
		502	1101INFPSS	151,297	-
		502	1201INFPSS	1,236,154	-
		502	1301INFPSS	3,958,370	-
		502	1401INFPSS	45,333	-
Total for Program				5,391,154	-
Child Support Enforcement	93.563				
		22	1304IN4005	3,422,571	-
		22	1404IN4005	1,749,944	-
		502	0804INHMHR	50,889	-
		502	1004IN400	47,133	-
		502	1104IN4004	58,866	-
		502	1204IN4005	5,752,383	5,616,650
		502	1304IN4005	15,126,560	3,768,368
		502	1404IN4005	31,452,765	-
		502	62300	14,836,557	-
		615	0804INHMHR	221,925	-
Total for Program				72,719,593	9,385,018
Refugee and Entrant Assistance - State Administered Programs	93.566				
		400	1301INRCMA	18,770	-
		500	G-11AAIN5110	45,403	45,403
		500	12AAIN5100	1,133,763	133,934
		500	1301INRSOC	869,815	-
		500	1301INRCMA	2,052,903	133,039
		500	1401INRSOC	247,513	-
		500	1401INRCMA	1,057,543	-
Total for Program				5,425,710	312,376
Refugee and Entrant Assistance - Discretionary Grants	93.576				
		400	90RX0219	12,903	12,903
		400	90RX0219-02	28,973	28,973
		400	90RX0219-03-00	75,816	75,816
		700	90ZE0174/01	251,731	249,191
		700	90ZE0174-02-00	145,154	137,524
Total for Program				514,577	504,407

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584				
		500	1101NRRTA	311,650	15,521
		500	1201INRRTA	328,965	58,818
		500	1301INRRTA	94,252	-
Total for Program				734,867	74,339
State Court Improvement Program	93.586				
		22	G-1201INCSCIT	94,666	94,666
		22	G-1201INCSCID	146,425	146,425
		22	G-1201INCSCIP	99,300	99,300
		22	G-1301INCSCIT	83,564	83,564
		22	G-1301INCSCID	83,602	83,602
		22	G-1301INCSCIP	104,603	104,603
Total for Program				612,160	612,160
Community-Based Child Abuse Prevention Grants	93.590				
		502	1101INFRPG	704,661	-
		502	1201INFRPG	1,055,494	-
		502	1301INFRPG	420,146	-
Total for Program				2,180,301	-
Grants to States for Access and Visitation Programs	93.597				
		502	1201INSAVP	70,223	-
		502	1301INSAVP	116,136	-
Total for Program				186,359	-
Chafee Education and Training Vouchers Program (ETV)	93.599				
		502	G-1001INCETV	(16,800)	-
		502	1101INCETV	-	-
		502	1201INCETV	945,377	-
		502	1301INCETV	812,954	-
Total for Program				1,741,531	-
Head Start	93.600				
		500	05CD0027/2	95,660	3,696
		500	05CD0027/03	60,521	-
Total for Program				156,181	3,696
Adoption Incentive Payments	93.603				
		502	1102INAIPP	171,088	-
		502	1202INAIPP	889,058	-
Total for Program				1,060,146	-
The Affordable Care Act – Medicaid Adult Quality Grants	93.609				
		503	1F1CMS331113-01-01	623,182	-
Voting Access for Individuals with Disabilities - Grants to States	93.617				
		63	G-0703INVOTE	182	-
		63	G-0803INVOTE	55,042	-
		63	G-0903INVOTE	26,676	-
Total for Program				81,900	-
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618				
		44	G-1003INVOTP	3,524	-
		44	C1102INVOTP	28,996	-
		44	1303INVOTP	1	-
Total for Program				32,521	-

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Developmental Disabilities Basic Support and Advocacy Grants	93.630				
		35	G-1101INBS15	213,021	-
		35	G-1201INBS15	766,142	-
		35	1301INBSDD	186,674	-
		35	1401INBSDD	249,363	-
		44	G-122011INPA15	64,904	-
		44	1301INPADD	687,777	-
		44	1401INPADD	145,920	-
Total for Program				2,313,801	-
Children's Justice Grants to States	93.643				
		502	1102INCJA1	195,867	-
		502	1202INCJA1	139,933	-
Total for Program				335,800	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645				
		502	1201IN1400	2,713,086	-
		502	1301INCWSS	671,277	-
Total for Program				3,384,363	-
Foster Care - Title IV-E	93.658				
		502	1201IN1401	1,758	-
		502	1301IN1401	20,421,899	-
		502	1401IN1401	66,322,461	-
Total for Program				86,746,118	-
Adoption Assistance - Title IV-E	93.659				
		502	1101IN1407	(635,466)	-
		502	1201IN1407	5,481,643	-
		502	1301IN1407	19,727,684	-
		502	1401IN1407	44,510,181	-
Total for Program				69,084,042	-
Social Services Block Grant	93.667				
		32	1402INSOSR	473,471	473,471
		400	1302INSOSR	133,070	133,070
		400	1402INSOSR	74,291	74,291
		410	1302INSOSR	681,955	681,955
		410	1402INSOSR	2,868,824	2,868,824
		497	1202INSOSR	374,539	-
		497	1302INSOSR	3,480,428	-
		497	1402INSOSR	1,233,723	-
		498	1302INSOSR	4,532,413	4,532,413
		498	1402INSOSR	5,210,175	5,210,175
		500	1302INSOSR	64,125	-
		500	1402INSOSR	1,142	-
		502	1202INSOSR	2,732,331	-
		502	1302INSOSR	591,453	-
		502	1402INSOSR	1,312	-
		615	1402INSOSR	1,425,542	-
Total for Program				23,878,794	13,974,199
Family Violence Prevention and Services/Battered Women's Shelters - Grants to States and Indian Tribes	93.671				
		32	G-1201INFVPS	634,884	633,508
		32	G-1301INFVPS	1,009,796	939,827
Total for Program				1,644,680	1,573,335
Chafee Foster Care Independence Program	93.674				
		502	G-1101IN1420	24	-
		502	1201IN1420	124,318	-
		502	1301IN1420	3,905,989	-
Total for Program				4,030,331	-

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
ARRA - State Grants to Promote Health Information Technology - Recovery Act	93.719				
		400	A70-0-003009	(702)	-
ARRA - Prevention and Wellness-State, Territories and Pacific Islands - Recovery Act	93.723	400	3U58DP001966-01S2	(420)	-
State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735				
		400	1U58DP004018-01	195,043	-
		400	5U58DP004018-02	213,841	-
Total for Program				408,884	-
PPHF: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories solely financed by Prevention and Public Health Funds	93.744	400	1U58DP0004086-01	82,972	-
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Funds (PPHF)	93.745				
		400	3U58SO000028-02W1	115,444	-
		400	3U58SO000028-03S1	100,420	-
Total for Program				215,864	-
PPHF Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	93.748				
		250	1H79TI024479-01	84,170	-
Children's Health Insurance Program	93.767				
		503	1205IN5021	58,260	-
		503	1305IN5021	112,625,871	-
Total for Program				112,684,131	-
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768				
		497	1QACMS030530	116,305	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779				
		210	1X0CMS330766-01-00	693	-
		210	1N0CMS020202-20-01	140,601	-
		210	1NOCMS020202-21-00	741,539	-
		503	0L0330889A	235,218	-
Total for Program				1,118,051	-
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789				
		410	1SOCMS300134/01	711,106	-
Money Follows the Person Rebalancing Demonstration	93.791				
		498	1LICMS300150/01	6,507,585	216,917
National Bioterrorism Hospital Preparedness Program	93.889				
		286	1U90TP00521-01	350,000	-
		400	1U90TP00521-01	1,191,691	923,399
		400	4 U3RHS05709-01	-	-
		400	5U90TP00521-02	4,779,764	4,286,693
		400	U3REP090262-01	91,652	84,283
		400	U3REP090136-01	(10)	-
Total for Program				6,413,097	5,294,375

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Grants to States for Operation of Offices of Rural Health	93.913				
		400	5 H95RH136-21-00	34,565	22,191
		400	5 H95RH136-21-00	1,207	-
		400	H95RH00136-22-00	103,393	24,710
Total for Program				139,165	46,901
HIV Emergency Relief Project Grants	93.914				
		400	H89HA11463	171,828	-
HIV Care Formula Grants	93.917				
		400	X07HA00033	8,907,561	10,009
		400	2 X08HA19748-04-00	66,981	66,981
		400	6 X07HA00033-24-02	(3,283,340)	-
Total for Program				5,691,202	76,990
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919				
		400	61910	3,631	-
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938				
		400	5U87DP001178	106,087	-
HIV Prevention Activities - Health Department Based	93.940				
		400	3U62PS523488	(28,774)	-
		400	5U62PS003682-02	1,682,277	1,164,863
		400	ESTIMATE	757,386	494,167
Total for Program				2,410,889	1,659,030
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944				
		400	5U62PS001599	22,300	-
		400	1U62PS003967-01	441,676	53,024
		400	5U62PS001599-05	379,208	21,885
		400	ESTIMATE	316,466	14,570
		400	5U62PS001599-06	21,868	-
Total for Program				1,181,518	89,479
Assistance Programs for Chronic Disease Prevention and Control	93.945				
		400	1U58DP004806-01	685,685	14,000
		700	1U58DP004806-01	61,102	-
Total for Program				746,787	14,000
Block Grants for Community Mental Health Services	93.958				
		410	3B09SM010019-12S1	3,644,946	3,515,723
		410	2B09SM010019-13	6,411,883	5,755,899
		410	2B09SM010019-14	388,125	232,010
Total for Program				10,444,954	9,503,632
Block Grants for Prevention and Treatment of Substance Abuse	93.959				
		400	2B08T1010019-12	102,756	60,240
		400	3B08T1010019-13	352,658	164,856
		410	2B08T1010019-12	1,281,780	1,095,386
		410	3B08T1010019-13	27,637,365	27,371,638
		410	2B08TI010019-14	274,706	21,902
Total for Program				29,649,265	28,714,022

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977				
		400	H25PS001360	111,630	101,429
		400	5H25PS001360-05	1,015,479	676,517
		400	1H25PS004337-01	457,861	161,616
Total for Program				1,584,970	939,562
Preventive Health and Health Services Block Grant	93.991				
		32	3B01DP009019	3,719	3,719
		32	2B01DP009019-12	47,712	47,712
		32	2B01DP009019-13	65,556	65,556
		400	3B01DP009019	(22,125)	-
		400	2B01DP009019-12	350,109	-
		400	2B01DP009019-13	507,454	180,342
Total for Program				952,425	297,329
Maternal and Child Health Services Block Grant to the States	93.994				
		400	B04MC17028-B04MC21390	3,253,096	1,288,260
		400	B04MC23378-01-06	2,596,691	(553,106)
		400	05-1305-in-5002 (COW)	-	-
		400	B04MC25339-01	3,259,189	1,799,505
		615	B04MC23378-01-06	13,767	-
		615	B04MC25339-01	36,233	-
Total for Program				9,158,976	2,534,659
Total for U.S. Department of Health and Human Services				6,843,664,557	116,526,707
CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
State Commissions	94.003				
		720	13CAHIN001	102,804	-
		720	13CAHIN001	98,541	-
Total for Program				201,345	-
CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
AmeriCorps	94.006				
		300	12AFHIN001	6,196	-
		719	10FXHIN001	19,450	-
		719	13FXHIN001	130,269	-
		720	10FXHIN001	116,477	116,477
		720	12ACHIN001	870,071	870,071
		720	12AFHIN001	1,228,069	1,228,069
		720	12ESHIN001	352,047	352,047
		720	13FXHIN001	346,003	346,003
Total for Program				3,068,582	2,912,667
Program Development and Innovation Grants	94.007				
		720	10CDHIN001	(3,787)	-
Training and Technical Assistance	94.009				
		720	12PTHIN001	502	-
Total Corporation For National & Community Service				3,266,642	2,912,667
SOCIAL SECURITY ADMINISTRATION					
Disability Insurance/SSI Cluster					
Social Security - Disability Insurance	96.001				
		497	1304INDI00	46,408,315	-
Total for Cluster				46,408,315	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
SOCIAL SECURITY ADMINISTRATION (continued)					
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009				
		44	PAB13020323-01-01	98,099	-
		44	PAB13020323-01-02	862	-
Total for Program				98,961	-
Total for Social Security Administration				46,507,276	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Boating Safety Financial Assistance	97.012				
		300	3313FAS130118	1,005,967	51,069
		300	3314FAS140118	732,647	55,000
Total for Program				1,738,614	106,069
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023				
		300	EMC-2013-CA-7002	47,574	-
		300	EMC-2014-CA-7002	101,624	-
Total for Program				149,198	-
Individual and Family Grants	97.035				
		385	1732DRINP00000005	1,495	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036				
		385	1766DRINP00000001	104,547	-
		385	1740DRINP00000001	(703)	-
		385	17951795DRINP00000001	123,462	-
		385	1828DRINP00000001	38,894	-
		385	1997DRINP00000001	508,153	-
		385	Disaster Declaration 4058	34,934	-
		385	Disaster Declaration	(940,397)	-
Total for Program				(131,110)	-
Hazard Mitigation Grant	97.039				
		385	1662DRINP00000005	(26,419)	-
		385	1740DRINP00000005	144,543	144,562
		385	1766DRINP00000005	743,630	396,047
		385	1795DRINP00000005	775,554	77,482
		385	1828DRINP00000005	293,437	237,299
		385	1832DRINP00000005	138,782	138,618
		385	1997DRINP00000005	645,157	284,823
Total for Program				2,714,684	1,278,831
National Dam Safety Program	97.041				
		300	EMW-2011-GR-00038-S01	233	-
		300	EMW-2012-GR-00077-S01	102,042	-
		300	EMW-2013-GR-00084-S01	29,000	-
Total for Program				131,275	-
Emergency Management Performance Grants	97.042				
		110	EMW-2012-EP-00017-S01	15,926	-
		110	EMW-2013-EP-00016-S01	33,435	-
		286	EMW-2012-EP-00017-S01	1,487,000	-
		385	2010-EP-00-0005	(2,470)	-
		385	EMW-2011-EP-00036-S01	931,133	309,975
		385	EMW-2012-EP-00017-S01	2,041,154	577,380
		385	EMW-2013-EP-00016-S01	1,385,769	85,485
		700	EMW-2013-EP-00016-S01	13,048	-
Total for Program				5,904,995	972,840

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U.S. DEPARTMENT OF HOMELAND SECURITY (continued)					
Cooperating Technical Partners	97.045				
		300	EMC-2005-GR7022	34	-
		300	EMC-2006-CA-7016	49,839	-
		300	EMC-2007-CA-7027	16,065	-
		300	EMC-2008-CA-7017	138,021	-
		300	EMC-2009-CA-7008	111,149	-
		300	EMC-2010-CA-7010	16,905	-
		300	EMC-2011-CA-7014	17,730	-
		300	EMC2012-CA-7008	120,475	-
		300	EMC-2013-CA-7008	31,742	-
		385	EMC-2008-CA-7017	22,238	22,238
Total for Program				524,198	22,238
Pre-Disaster Mitigation	97.047				
		385	EMC-2008-PD-0002 (FY08)	194,422	182,387
		385	EMC-2010-PC-0006	13,940	-
		385	EMC-2013-PC-0001	246,996	-
Total for Program				455,358	182,387
Interoperable Emergency Communications	97.055				
		385	2010-IP-TO-0037	16,523	-
Port Security Grant Program	97.056				
		100	EMW-2012-PU-00093-S01	1,505	-
		100	EMW-2012-PU-00096-S01	1,950	-
		100	EMW-2011-PU-K00245	34,498	-
		100	EMW-2013-PU-00332-S01	667	-
		300	EMW-2011-PU-K00246	2,545	-
		300	EMW-2011-PU-K00245	2,545	-
		300	EMW-2012-PU-00470	6,507	-
		300	EMW-2013-PU-00365-S01	2,184	-
		300	EMW-2013-PU-00336-S01	10,184	-
Total for Program				62,585	-
Centers for Homeland Security	97.061				
		351	06-S130696	233	-
Homeland Security Grant Program	97.067				
		100	2010-SS-TO-0038	634,780	-
		100	EMW-2011-SS-00058-S01	770,725	-
		100	EMW-2012-SS-00019-S01	49,793	-
		103	2010-SS-TO-0038	103,728	-
		110	2010-SS-TO-0038	7,695	-
		286	2010-SS-TO-0038	365,093	-
		300	2010-SS-TO-0038	18,752	-
		351	EMW-2011-SS-00058-S01	1,873	-
		385	2008-GE-T8-0032	(32)	-
		385	2010-SS-TO-0038	3,031,848	1,500,096
		385	EMW-2011-SS-00058-S01	2,412,153	1,067,478
		385	EMW-2012-SS-00019-S01	2,238,235	1,537,841
		385	EMW-2013-SS-00017-S01	224,758	135,211
		400	2010-SS-TO-0038	31,373	-
Total for Program				9,890,774	4,240,626

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
July 1, 2013 to June 30, 2014
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY (continued)					
Buffer Zone Protection Program (BZPP)	97.078				
		385	2008-BZ-T8-0035	9,256	-
		385	2010-BF-TO-0018	160,749	40,592
Total for Program				170,005	40,592
Earthquake Consortium	97.082				
		385	EMC-2012-CA-7016A	23,598	-
Driver's License Security Grant Program	97.089				
		235	2009-ID-MX-0002	225,000	-
		235	2008-ID-T8-0052	219,169	-
		235	2010-DL-TO-0005	31,968	-
		235	EMW-2011-DL-00001-S01	194,400	-
Total for Program				670,537	-
Homeland Security Biowatch Program	97.091				
		400	2006-ST-091-000019-08	70,488	-
		495	2006-ST-091-000019-07	69,436	-
		495	2006-ST-091-000019-08	144,889	-
Total for Program				284,813	-
National Incident Management System (NIMS)	97.107				
		385	2010-RC-60-K003	7,832	-
Total U.S. Department of Homeland Security				22,615,607	6,843,583
Total Federal Financial Asistance				$ 11,624,639,819	$ 1,456,452,098

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Schedule of Expenditures of Federal Awards

All federal awards received by the State of Indiana (State), as a governmental unit, have been included in the Schedule of Expenditures of Federal Awards (Schedule) except for the programs administered by the component units listed in Note 3.

Note 2. Basis of Presentation

a. The accompanying Schedule includes the federal grant activity of the State of Indiana and is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of Federal Awards expended is based on when the activity related to the award occurs. Some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

b. The source of information for the Schedule was obtained from the ENCOMPASS financial accounting system and certified by Auditor of State financial staff; the financial statements were also prepared from this system. Expenditures are separated within the federal programs by the Business Unit (BU) creating the expenditure to the State and by individual grants. See Note 4 for a listing of agencies and BUs.

c. With regard to DOT advance projects, federal expenditures are not included until the U.S. Department of Transportation has confirmed their percentage of participation.

Note 3. Component Units

The entities listed below are component units for financial statement purposes and receive federal financial assistance. The federal transactions of these entities are not reflected in the Schedule. Each of these entities is subject to independent audits in compliance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations with a fiscal year end date of June 30, except for the Indiana Housing and Community Development Authority which has a calendar year end date of December 31.

Component Unit	Federal Funds Expended
Purdue University	$ 583,411,766
Indiana Univeristy	928,875,260
Indiana State University	102,508,804
Ball State University	151,395,828
Vincennes University	62,499,009
University of Southern Indiana	49,806,308
Ivy Tech State College	369,387,270
Indiana Finance Aurhtority	60,973,753
Indiana Housing and Community Development Authority	356,060,893
Total	$ 2,664,918,891

Note 4. State Agencies

The following State agencies and related BUs are included on the Schedule.

Agency	BU	Agency Name
AC	705	Arts Commission
ADG	110	Adjutant General
AG	46	Attorney General, Office of the
BMV	235	Bureau of Motor Vehicles
BOAH	351	Board of Animal Health
BS	550	School for the Blind
CHE	719	Commission for Higher Education
CJI	32	Criminal Justice Institute
CRC	258	Civil Rights Commission
CPR	62	Commission on Public Records
DOA	61	Department of Administration
DCS	502	Department of Child Services
DEM	495	Department of Environmental Management
DHS	385	Department of Homeland Security
DNR	300	Department of Natural Resources
DOC	615 and 616	Department of Correction
DOE	700 and 718	Department of Education
DOH	400	Department of Health
DOI	210	Department of Insurance
DOL	225	Department of Labor
DOR	90	Department of Revenue
DS	560	School for the Deaf
DOT	800	Department of Transportation
DT	115	Department of Toxicology
DVA	160	Department of Veterans' Affairs
DWD	510 and 8510	Department of Workforce Development
EC	63	Election Commission
EDC	260	Economic Development Corporation
FBCS	720	Office of Faith-Based and Community Initiatives/Serve Indiana
FSSA	405, 410, 415, 450, 497	
	498, 500, and 503	Family and Social Services Administration
GPC	35	Governor's Planning Council for People With Disabilities
IOT	67	Office of Technology
IPSC	286	Integrated Public Safety Commission
JC	26	Judicial Center
LETB	103	Law Enforcement Training Board
LT.GOV	036 and 038	Lieutenant Governor - Dept. of Agriculture
OED	266	Office of Energy Development
PAC	39	Prosecuting Attorney's Council
PASC	44	Protection and Advocacy Services Commission
PDC	610	Public Defender Council
PEN	515	Prison Enterprises Network
PLA	250	Professional Licensing Agency
SC	22	Supreme Court
SL	730	State Library
SP	100	State Police
URC	200	Utility Regulatory Commission
VH	570	Veterans' Home

Note 5. State Unemployment Insurance Benefits

State Unemployment Insurance Benefits represent the funds returned from the U.S. Treasury for nonfederal unemployment benefits. The State collects unemployment taxes from employers and deposits them in the Unemployment Insurance Trust Fund to be used by the State. The Trust Fund is accounted for within BU 8510 on the Schedule.

Note 6. Supplemental Nutrition Assistance Program - SNAP (Food Stamps)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents the United States Department of Agriculture (USDA) from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion of the Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, we cannot validly separate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 7.79 percent of the USDA's total expenditures for SNAP benefits from July 1 through September 30, 2013, 100 percent from October 1-15, 2013 and 7.05 percent from October 16-30, 2013.

Note 7. Noncash Assistance

The State expended the following amount of noncash assistance for the year. This noncash assistance is also included in the federal expenditures presented in the Schedule.

Program Title	Federal CFDA Number	Noncash Assistance Expended
Supplemental Nutrition Assistance Program (FSSA)	10.551	$ 1,348,654,994
National School Lunch Program (DOE)	10.555	36,168,506
Summer Food Service Program for Children (DOE)	10.559	44,016
Commodity Supplemental Food Program (DOH)	10.565	739,198
Emergency Food Assistance Program (DOH)	10.568	10,441,134
Donation of Federal Surplus Personal Property (DOA)	39.003	7,113,447
Immunization Cooperative Agreements (DOA)	93.268	1,065,088

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except CDBG - State-Administered CBDG Cluster, Highway Planning and Construction Cluster, Child Support Enforcement, and Adoption Assistance - Title IV-E, which were Qualified.
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
	CDBG - State-Administered CDBG Cluster
17.225	Unemployment Insurance
	Highway Planning and Construction Cluster
	School Improvement Grants Cluster
93.563	Child Support Enforcement
	TANF Cluster
	Medicaid Cluster
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance - Title IV-E
93.767	Children's Health Insurance Program
	Disability Insurance/SSI Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $30,000,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER TAX REVENUES

The Indiana Department of Revenue (DOR) has stand-alone custom taxpayer account systems, spreadsheets and databases that were developed over time to support the core tax processes at the DOR. The DOR's Returns Processing System (RPS) processes the majority of tax returns collected, refunds issued, and adjustments to taxpayer accounts, but other stand-alone taxpayer account systems and databases are used by the DOR to support tax types not maintained in the RPS. The DOR posts tax revenue receipts to the State of Indiana's (State) ENCOMPASS financial accounting system based upon bank reports and other related deposit receipt information. At the time of posting the receipts to ENCOMPASS, the DOR performs daily reconciliations between the RPS, the bank and ENCOMPASS for EFT deposits; however, the DOR did not consistently perform reconciliations between the taxpayer account systems and ENCOMPASS to ensure that all tax revenue transactions, including refunds and adjustments subsequently posted to taxpayer accounts, were also properly posted to ENCOMPASS. Due to the lack of reconciliations, the following variances were identified:

- When comparing the total of the detail of transactions provided as support from DOR's taxpayer account systems to ENCOMPASS for General fund tax types tested, net revenue activity presented in ENCOMPASS was $51,977,067 greater than the total of the detail of transactions. Conversely, for Non-Major Governmental Funds tax revenues tested, net revenue activity presented in ENCOMPASS was $271,003 less than the total of the detail of transactions. The DOR was unable to present additional transactions or provide additional information to account for these differences. However, these variances equated to less than 1 percent of the overall revenue activity tested. These variances were not considered material to the financial statements.

- As a result of our testing of General fund tax revenue transactions, we identified specific variances between the transaction files and ENCOMPASS. Based on our audit procedures, we projected a variance of $29,924,014. This projected variance identified more activity reported in ENCOMPASS than was provided in the aforementioned detailed transactions. The DOR was unable to present additional transactions or provide additional information to account for this difference. This projected variance, alone or in combination with the variance noted above, was not considered material to the financial statements.

Additionally, the State issues tax refunds by high volume warrant and direct deposit, which are posted as a refund of tax revenues to ENCOMPASS. Tax refunds issued by high volume warrant are posted from the RPS to ENCOMPASS through an automated process. Although the DOR has controls in place to reduce the risk of improper release of tax refunds, adequate controls were not in place to ensure that tax refunds issued by high volume warrant were properly classified by tax type when posted to ENCOMPASS.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from the original source of entry into the system, through all system processing, through various levels of summarizations, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing and summarizations, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 14.3.5)

FINDING 2014-002 - INFRASTRUCTURE REPORTING

The Indiana Department of Transportation (INDOT) provides Infrastructure Fixed Asset Inventory reports for inclusion in the compilation of the Statement of Net Position, capital asset disclosures in the Notes to the Financial Statements, and Required Supplementary Information. Controls in place did not detect errors in the capital asset disclosures, included in the Notes to the Financial Statements, presented for audit. The following classification and reporting errors were identified:

1. Our testing identified one project reported as complete that should have still been reported as Construction in Progress (CIP), resulting in an error of $1.3 million. This error, when projected, would equate to a $61,668,855 overstatement of Infrastructure and understatement of CIP.

2. Our testing identified that a project reporting $1.5 million of CIP additions was already completed and should not have been included in CIP. This error, when projected, would equate to a $73,125,242 overstatement of CIP additions and understatement of Infrastructure.

3. INDOT review procedures failed to identify duplicate invoices in the Condemned and Secured land parcels compiled to calculate the reduction of Right of Way (ROW) CIP. This caused an understatement of ROW CIP and an overstatement of ROW Land of $3,594,691.

4. INDOT staff appropriately identified that the Infrastructure CIP beginning balance needed to be reduced; however, the reduction of the balance was not reported accurately within the Notes to the Financial Statements. Approximately $104 million in retired Infrastructure CIP should not have been classified as a retirement of CIP, but instead should have been a prior period adjustment reducing the beginning CIP balance.

Following our communication of the above noted errors, adjustments were recorded to correct the financial statements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

FINDING 2014-003 - PENSION REPORTING

The State of Indiana (State) Comprehensive Annual Financial Report (CAFR) provided for audit did not include the required disclosures and Required Supplementary Information (RSI) for the State Police Pension Fund in accordance with Governmental Accounting Standards Board (GASB) Statement 67. The information excluded from the Notes to the Financial Statements consisted of annual money-weighted rate of return (1 year), components of net pension liability and net position as a percentage of Total Pension Liability (TPL) (1 year), and assumptions used to measure TPL. Excluded information from the RSI consisted of the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Returns. Controls in place did not detect this omission prior to providing the statements for audit. Following our communication of this omission, the State subsequently corrected and included the required disclosures and the RSI.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

FINDING 2014-004 - FSSA ACCOUNTS RECEIVABLE REPORTING

The State of Indiana (State) Comprehensive Annual Financial Report (CAFR) provided for audit contained an overstatement of Accounts Receivable and Revenue totaling $51 million in Non-Major Governmental Funds. Controls in place did not detect this error prior to providing the statements for audit.

The Family and Social Services Administration transferred the records of benefit overpayments from a subsidiary system to the State's ENCOMPASS financial accounting system in fiscal year 2014. A total of $51 million in recoupments due from these transferred records was recorded as an increase to accounts receivable and revenue. The benefit overpayments were from the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Medicaid programs. Once recovered, all but a small percentage of the recoupments must be returned to the federal government. Additionally, in any given year, only an estimated 1 percent of the total is considered recoverable. Since only a small percentage of the funds are recoverable every year and funds recovered do not ultimately belong to the State, this total is neither an asset of, nor revenue to, the State. Following our communication of this error, the State of Indiana recorded adjustments to correct accounts receivable and revenue totals in the financial statements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

FINDING 2014-005 - ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORTING - UNEMPLOYMENT INSURANCE

The Indiana Department of Workforce Development (DWD) provides Unemployment Compensation Insurance Fund (UI Fund) financial statements for inclusion as a major enterprise fund in the Comprehensive Annual Financial Report (CAFR). Both the accounts receivable and accounts payable totals in the UI Fund financial statements presented for audit were understated by material amounts. Controls in place did not detect these errors prior to providing the statements for audit.

The accounts receivable total on the UI Fund statements represents delinquent Unemployment Insurance taxes owed by employers. The total accounts receivable presented for audit ($23.6 million) included delinquent employer taxes up to 15 months old. The DWD's policy on the collectability of delinquent taxes includes debt greater than 15 months old. Accounts receivable, after recalculation of delinquent UI Fund taxes using the parameters of collectability set by the DWD management, was $83.9 million. The UI Fund accounts receivable total presented for audit was understated by $60.3 million.

The accounts payable total on the UI Fund statements presented for audit ($3.3 million) represented benefit and other benefit related claims due, but not paid as of June 30, 2014. This total did not include employer tax overpayments held by the DWD. Employers that overpay UI taxes can leave the balance with the DWD to offset future taxes owed, or can request a refund. Overpayments over four years old are not refundable per Indiana Code 22-4-32-19. The balance of employer tax overpayments under four years of age is a liability of the State of Indiana. Total overpayments held by the DWD, for less than four years as of June 30, 2014, totaled $18.5 million. The UI Fund accounts payable presented for audit was understated by $18.5 million.

Following our communication of the above noted errors, adjustments were recorded to correct the financial statements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-006 - CASH MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): B-05-DC-180001, B-06-DC-18-0001, B-07-DC-18-0001, B-08-DC-18-0001, B-08-DF-18-0001, B-08-DI-18-0001, B-09-DC-18-0001, B-10-DC-18-0001, B-11-DC-18-0001, B-12-DC-18-0001, B-13-DC-18-0001, and B-08-DI-18-0001

Management of the Indiana Office of Community and Rural Affairs (OCRA) has not established an effective internal control system over the Cash Management compliance requirement. Controls were not in place to ensure the time elapsing between the transfer of federal funds and the disbursement of those funds by the State of Indiana (State) was minimized. The failure to establish an effective control resulted in non-compliance with the Cash Management compliance requirement.

The Community Development Block Grant (CDBG) was listed as a major federal assistance program in the Cash Management Improvement Act (CMIA) Agreement in effect during this audit period. The CMIA Agreement listed an Average Clearance funding technique, with average days of clearance of 8 days for CDBG. Additionally, the CMIA Agreement showed a receipt window of 2 days for HUD ACH transfers. Of the federal draws tested, eleven of twenty-one were requested between 8 and 54 days prior to payment by the State. Six of the twenty-one tested were requested between 0 and 4 days after payment by the State. The Average Clearance days for the audit period were recalculated by the OCRA's management. This new calculation was presented to us and we determined the Average Clearance days in the CMIA agreement were incorrect. The true Average Clearance for the audit period was 0 days.

24 CFR part 85.21(b) states in part:

"Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

31 CFR part 205.1 states in part:

"(a) This part prescribes rules for transferring funds between the Federal government and States for Federal assistance programs. This part applies to:

(1) All States as defined in §205.2; and

(2) All Federal program agencies, except the Tennessee Valley Authority (TVA) and its Federal assistance programs.

(b) Only programs listed in the Catalog of Federal Domestic Assistance, as established by Chapter 61 of Title 31, United States Code (U.S.C) are covered by this part."

31 CFR part 205.22(a) states in part:

"If a State has knowledge, at any time, that a clearance pattern no longer reflects a Federal assistance program's actual clearance activity, or if a Federal assistance program undergoes operational changes that may affect clearance activity, the State must notify us, develop a new clearance pattern, and certify that the new pattern corresponds to the Federal assistance program's clearance activity. Clearance patterns will remain in effect until a new clearance pattern is certified."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to comply with the requirements may cause future funding to be reduced by the U.S. Department of Housing and Urban Development.

We recommended that the OCRA's management develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is in agreement with the CMIA Agreement.

FINDING 2014-007 - REPORTING

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): B-05-DC-180001, B-06-DC-18-0001, B-07-DC-18-0001, B-08-DC-18-0001, B-08-DF-18-0001, B-08-DI-18-0001, B-09-DC-18-0001, B-10-DC-18-0001, B-11-DC-18-0001, B-12-DC-18-0001, B-13-DC-18-0001, and B-08-DI-18-0001

Management of the Indiana Office of Community and Rural Affairs (OCRA) did not have documentation to support their internal control system over the Reporting compliance requirement The OCRA's procedure was to review the Performance and Evaluation Report (PER) and provide verbal approval of the report prior to submission. Based on the procedure in place, we were unable to obtain documentation that would allow us to determine if the control had been properly implemented or that it was operating effectively.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the OCRA's management develop and implement procedures to document management approval of the PER prior to it being submitted to U.S. Department of Housing and Urban Development.

FINDING 2014-008 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): B-05-DC-180001, B-06-DC-18-0001, B-07-DC-18-0001, B-08-DC-18-0001, B-08-DF-18-0001, B-08-DI-18-0001, B-09-DC-18-0001, B-10-DC-18-0001, B-11-DC-18-0001, B-12-DC-18-0001, B-13-DC-18-0001, and B-08-DI-18-0001

Management of the Indiana Office of Community and Rural Affairs (OCRA) has not established an effective internal control system over the Subrecipient Monitoring compliance requirement. Controls were not in place to ensure all subrecipients were monitored for compliance with laws, regulations, and the provisions of grant agreements. Additionally, controls were not in place to ensure all subrecipients obtained the required audits in accordance with OMB Circular A-133. Employees of the OCRA maintained monitoring schedules to ensure audits were properly completed; however, there were not any controls in place to ensure that the schedules were properly maintained.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the OCRA's management develop and implement procedures to ensure the Subrecipient Monitoring requirements are met.

FINDING 2014-009 - SPECIAL TESTS AND PROVISIONS - MATCH OF IRS 940 FUTA TAX FORM

Federal Agency: U.S. Department of Labor
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Federal Award Number and Year (or Other Identifying Number): UI-21098-11-55-A-18, UI-22275-12-55-A-18, UI-23890-13-55-A-18, UI-25202-14-55-A-18, ESTIMATE

Management of the Indiana Department of Workforce Development (DWD) has not established an effective internal control system over the Special Tests and Provisions - Match of IRS 940 FUTA Tax Form compliance requirement.

The DWD could not provide tangible evidence that controls are in place to ensure the accuracy of the data used in the IRS 940 FUTA match. The failure to establish these controls could enable material noncompliance to go undetected.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended that the DWD establish controls that provide tangible evidence that the review of the reports, which is required by the Internal Revenue Service, is performed.

FINDING 2014-010 - SPECIAL TESTS AND PROVISIONS - UC PROGRAM INTEGRITY - OVERPAYMENTS

Federal Agency: U.S. Department of Labor
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Federal Award Number and Year (or Other Identifying Number): UI-21098-11-55-A-18, UI-22275-12-55-A-18, UI-23890-13-55-A-18, UI-25202-14-55-A-18, ESTIMATE

Management of the Indiana Department of Workforce Development (DWD) has not established an effective internal control system related to the Special Tests and Provisions - UC Program Integrity - Overpayments compliance requirement.

The DWD does not have adequate controls in place to ensure that the compliance requirement is met with respect to the handling of overpayments and fraud penalty charges. The following control deficiencies were identified:

- The initial classification of an overpayment case as a regular overpayment or potential fraud, which is completed by a claims deputy, is not subjected to a review process to ensure that the correct classification was determined if the deputy determines it to be a regular overpayment. The Benefit Timeliness Quality (BTQ) Division reviews a sample of cases twice a month from each claims deputy; however, this review was not properly designed to mitigate the risk of noncompliance for this compliance requirement.

- Once an overpayment is determined to be potential fraud, it is forwarded to the Benefit Payment Control Division for review. Proper supporting documentation was not available for audit to document the initial supervisory review of those potential fraud cases.

- Proper supporting documentation was not available for audit to document the final review of the fraud investigator's report, supporting documentation, and final determination of fraud cases.

The failure to establish adequate controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended that the DWD establish adequate controls to ensure that overpayments are properly identified and handled in accordance with the agency's policies and procedures.

FINDING 2014-011 - SPECIAL TESTS AND PROVISIONS - UC PROGRAM INTEGRITY - OVERPAYMENTS

Federal Agency: U.S. Department of Labor
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Federal Award Number and Year (or Other Identifying Number): UI-21098-11-55-A-18, UI-22275-12-55-A-18, UI-23890-13-55-A-18, UI-25202-14-55-A-18, ESTIMATE

The Indiana Department of Workforce Development (DWD) enacted Indiana Code 22-4-11-1.5 to meet the requirements of 26 USC 3303 subsection (a)(1). This law went into effect July 1, 2013.

Indiana Code 22-4-11-1.5 states:

"(a) As used in this section, 'erroneous payment' means a payment that would not have been made but for the failure by an employer or a person acting on behalf of the employer with respect to a claim for unemployment benefits to which the payment relates.

(b) As used in this section, 'pattern of failure' means a repeated and documented failure by an employer or a person acting on behalf of an employer to respond to requests for information made by the department, taking into consideration the number of failures in relation to the total number of requests received by the employer or the person acting on behalf of an employer.

(c) The experience account of an employer may not be relieved of charges for a benefit overpayment from the state's unemployment insurance benefit fund established by IC 22-4-26-1, if the department determines that:

(1) the erroneous payment was made because the employer or a person acting on behalf of the employer was at fault in failing to respond in a timely or adequate manner to the department's written request for information relating to the claim for unemployment benefits; and

(2) the employer or a person acting on behalf of the employer has established a pattern of failure to respond in a timely or adequate manner to department requests described in subdivision (1)."

The DWD's management is in the process of developing policies and procedures to determine and track a "pattern of failure" for employers in order to implement this law; however, during our audit period, and as of the date of this report, this has not been implemented.

26 USC 3303 as amended by Public Law 112–40, title II, §252, Oct. 21, 2011, 125 Stat. 421, 422 states in part:

"(f) Prohibition on noncharging due to employer fault

(1) In general A State law shall be treated as meeting the requirements of subsection (a)(1) only if such law provides that an employer's account shall not be relieved of charges relating to a payment from the State unemployment fund if the State agency determines that—

(A) the payment was made because the employer, or an agent of the employer, was at fault for failing to respond timely or adequately to the request of the agency for information relating to the claim for compensation; and

(B) the employer or agent has established a pattern of failing to respond timely or adequately to such requests.

(2) State authority to impose stricter standards

Nothing in paragraph (1) shall limit the authority of a State to provide that an employer's account not be relieved of charges relating to a payment from the State unemployment fund for reasons other than the reasons described in subparagraphs (A) and (B) of such paragraph, such as after the first instance of a failure to respond timely or adequately to requests described in paragraph (1)(A)."

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the DWD establish a system that can track employers' responses for timeliness and accuracy to establish a pattern of failure to ensure that an employer, who is determined to be untimely in their response or does not provide accurate information, is not relieved of the Unemployment Insurance benefit charges.

FINDING 2014-012 - CASH MANAGEMENT

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): Estimated $, RTA-000-1661, various, N4510.770

Management of the Indiana Department of Transportation (INDOT) has not established an effective internal control system over the Cash Management compliance requirement. The failure to establish an effective internal control system resulted in noncompliance with the compliance requirement. Noncompliance of the grant agreement or the compliance requirement could result in the loss of federal funds to the State of Indiana.

Policies and procedures were not in place to monitor subrecipients for Cash Management compliance requirements; therefore, no monitoring was performed to ensure subrecipients minimized the time elapsing between the transfer of federal funds from INDOT and the disbursement of funds by the subrecipient for program purposes.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

49 CFR 18.37(a) states in part:

"*States*. States shall follow state law and procedures when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. States shall:

(1) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations;

(2) Ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation;

(3) Ensure that a provision for compliance with §18.42 is placed in every cost reimbursement subgrant; and

(4) Conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by Federal agencies."

49 CFR 18.26(b) states in part:

"*Subgrantees*. State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee, which expends $300,000 or more (or other amount as specified by OMB) in Federal awards in a fiscal year, shall: . . .

(2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A–110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit; . . ."

We recommended that the INDOT's management establish policies and procedures to monitor subrecipients for Cash Management requirements.

FINDING 2014-013 - REPORTING

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction, Recreational Trails Program
CFDA Number: 20.205, 20.219
Federal Award Number and Year (or Other Identifying Number): Estimated $, RTA-000-1661, various, N4510.770, RT08(002), RT08(007), RT09(006), RT09(003), RT09(004), RT10(009), FT10(010), RT09(007), RT10(007), RT10(008), RT09(005), RT11(010), RT11(006), RT11(005), RT12(003), RT12(005), RT12(007)

Management of the Indiana Department of Transportation (INDOT) and the Indiana Department of Natural Resources (DNR) have not established an effective internal control system to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA). The INDOT and the DNR did grant subawards that would require that the FFATA report be filed; however, they did not provide documentation that an effort was made to file the report in the Federal Subward Reporting System (FSRS), as required.

Failure to establish internal controls resulted in noncompliance with the FFATA requirement set forth by the Office of Management and Budget. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR Part 170 Appendix A Award Term states in part:

> "Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates $25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term). . . . d. *Exemptions.* If, in the previous tax year, you had gross income, from all sources under $300,000, you are exempt from the requirements to report . . ."

We recommended that the INDOT and the DNR develop and implement procedures and controls to ensure required reports are filed.

FINDING 2014-014 DAVIS-BACON ACT

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): NHTSA, Various, A249-11-320136, A249-11-320824, A249-11-320470, A249-11-320136, N4510.770, Estimated $, RTA-000-1661

Management of the Indiana Department of Transportation (INDOT) did not establish an effective internal control system over the Davis-Bacon Act compliance requirement. Controls were not in place to ensure the District Offices of the INDOT received all weekly certified payrolls from contractors and subcontractors for weeks in which work was completed. Based upon information provided by the INDOT, we were unable to determine if we received all weekly certified payrolls for the audit period to test. The District Offices maintained weekly payrolls that had been submitted and certified by the contractors; however, no records were kept to track if work was completed each week and if a certified payroll should have been submitted.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

29 CFR part 3.3(b) states in part:

"Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by this part 3 and part 5 of this title during the preceding weekly payroll period."

Failure to establish internal controls resulted in noncompliance to the compliance requirement. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the INDOT's management develop and implement procedures and controls to ensure that all weekly certified payrolls are received for work completed on construction contracts.

FINDING 2014-015 - SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): NHTSA, Various, A249-11-320136, A249-11-320824, A249-11-320470, A249-11-320136, N4510.770, Estimated $, RTA-000-1661

Management of the Indiana Department of Transportation (INDOT) has not established an effective internal control system over the Special Tests and Provisions - Utilities compliance requirement.

Plans, Specifications, and Estimate (PS&E) packages for projects using Federal-aid highway program funds are required to include a utility agreement, or statement, verifying the appropriate coordination with all utilities on the projects had occurred prior to the Federal Highway Administration (FHWA) construction authorization. We were unable to identify any controls in place that would ensure that this agreement or statement is included in the PS&E packages prior to submitting to the FHWA for approval.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the INDOT's management develop and implement procedures and controls to ensure that all PS&E packages include the required utility agreement or statement prior to submission to the FHWA for approval.

FINDING 2014-016 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): NHTSA, Various, A249-11-320136, A249-11-320824, A249-11-320470, A249-11-320136, N4510.770, Estimated $, RTA-000-1661

Management of the Indiana Department of Transportation (INDOT) has not established an effective internal control system over the Subrecipient Monitoring compliance requirement. The failure to establish an effective internal control system resulted in noncompliance with the compliance requirement. The INDOT could not provide documentation of monitoring activities to ensure the subrecipients complied with all applicable federal requirements. Additionally, the INDOT is required to monitor subrecipients to ensure the subrecipient obtained an audit in accordance with the OMB Circular A-133. While the INDOT provided a schedule that monitored subrecipient audits, we identified 44 subrecipients that were not included on the schedule and therefore not properly monitored for the required audit.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

49 CFR 18.40(a) states:

"*Monitoring by grantees*. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

49 CFR 18.26(b) states in part:

"*Subgrantees*. State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee, which expends $300,000 or more (or other amount as specified by OMB) in Federal awards in a fiscal year, shall: . . .

(2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A–110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit; . . ."

Failure to establish internal controls resulted in noncompliance to the compliance requirement. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the INDOT's management establish policies and procedures to ensure compliance with the Subrecipient Monitoring requirements.

FINDING 2014-017 - SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): NHTSA, Various, A249-11-320136, A249-11-320824, A249-11-320470, A249-11-320136, N4510.770, Estimated $, RTA-000-1661

The Indiana Department of Transportation (INDOT) did not establish an effective internal control system over the Special Test and Provisions - Quality Assurance Program compliance requirement. The INDOT employees did not review the QA Program activities performed by qualified testing personnel until the project was complete, which could be several years after the QA Program activities were performed. Due to the timing of this review, any errors in the QA program activities would not be identified timely.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the INDOT's management establish controls related to the Special Tests and Provisions - Quality Assurance compliance requirement.

FINDING 2014-018 - SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education
Federal Program: School Improvement Grants, ARRA - School Improvement Grants, Recovery Act
CFDA Number: 84.377, 84.388
Federal Award Number and Year (or Other Identifying Number): S377A100015, S377A110015, S388A090015

Management of the Indiana Department of Education (DOE) has not designed and implemented an effective internal control system over the Suspension and Debarment compliance requirement for program subrecipients. The DOE awards subgrants to local educational agencies; however, the DOE does not verify that the local educational agencies are not excluded or disqualified.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

(a) Checking the EPLS; or

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

2 CFR 180.215 states:

"The following types of nonprocurement transactions are not covered transactions:

(a) A direct award to—

(1) A foreign government or foreign governmental entity;

(2) A public international organization;

(3) An entity owned (in whole or in part) or controlled by a foreign government; or

(4) Any other entity consisting wholly or partially of one or more foreign governments or foreign governmental entities.

(b) A benefit to an individual as a personal entitlement without regard to the individual's present responsibility (but benefits received in an individual's business capacity are not excepted). For example, if a person receives social security benefits under the Supplemental Security Income provisions of the Social Security Act, 42 U.S.C. 1301 *et seq.,* those benefits are not covered transactions and, therefore, are not affected if the person is excluded.

(c) Federal employment.

(d) A transaction that a Federal agency needs to respond to a national or agency-recognized emergency or disaster.

(e) A permit, license, certificate or similar instrument issued as a means to regulate public health, safety or the environment, unless a Federal agency specifically designates it to be a covered transaction.

(f) An incidental benefit that results from ordinary governmental operations.

(g) Any other transaction if—

(1) The application of an exclusion to the transaction is prohibited by law; or

(2) A Federal agency's regulation exempts it from coverage under this part."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the DOE's management establish controls to ensure the Suspension And Debarment compliance requirement has been met.

FINDING 2014-019 - ELIGIBILITY, EARMARKING, AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: School Improvement Grants, ARRA - School Improvement Grants, Recovery Act
CFDA Number: 84.377, 84.388
Federal Award Number and Year (or Other Identifying Number): S377A100015, S377A110015, S388A090015

Management of the Indiana Department of Education (DOE) has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Eligibility, Earmarking, and Reporting. Controls are not in place that would prevent, or detect and correct, material noncompliance.

There was no segregation of duties over these requirements; one person is responsible for ensuring compliance with each of the requirements. There were not any controls identified which would ensure that any errors or noncompliance with these requirements would be detected.

The failure to establish an effective internal control system places the DOE at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended that the DOE's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-020 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Education
Federal Program: School Improvement Grants, ARRA - School Improvement Grants, Recovery Act
CFDA Number: 84.377, 84.388
Federal Award Number and Year (or Other Identifying Number): S377A100015, S377A110015, S388A090015

Management of the Indiana Department of Education (DOE) has not established an effective internal control system over the Subrecipient Monitoring compliance requirement. The failure to establish an effective internal control system resulted in noncompliance with the compliance requirement. The DOE could not provide documentation that any monitoring activities were performed to ensure the subrecipients complied with all applicable federal requirements. Additionally, DOE is required to monitor subrecipients to ensure the subrecipient obtained an audit in accordance with OMB Circular A-133. The DOE maintained a monitoring schedule to document when these audits were required to be completed; however, there were not any controls in place to ensure that the schedule was properly maintained.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 80.40(a) states in part:

> *"Monitoring by grantees.* Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the DOE's management establish controls to ensure the Subrecipient Monitoring compliance requirements have been met.

FINDING 2014-021 - REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children, Child and Adult Care Food Program
CFDA Number: 10.553, 10.555, 10.556, 10.559, 10.558
Federal Award Number and Year (or Other Identifying Number): 2IN300059, Commodities, 2IN300260, 2IN300068

The Indiana Department of Education (DOE) has not established an effective internal control system to ensure the DOE's compliance with the Federal Funding Accountability and Transparency Act (FFATA). The DOE did grant subawards that would require that the FFATA report be filed; however, the DOE did not provide documentation that an effort was made to file the report in the Federal Subward Reporting System (FSRS), as required.

Failure to establish internal controls resulted in noncompliance with the FFATA requirement set forth by the Office of Management and Budget. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR Part 170 Appendix A Award Term states in part:

"Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates $25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term). . . . d. *Exemptions.* If, in the previous tax year, you had gross income, from all sources under $300,000, you are exempt from the requirement to report . . ."

We recommended that the DOE develop and implement procedures and controls to ensure an effort is made to comply with the submission process.

FINDING 2014-022 - ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: Child and Adult Care Food Program
CFDA Number: 10.558
Federal Award Number and Year (or Other Identifying Number): 2IN300260, 2IN300059, 2IN300068

Management of the Indiana Department of Education (DOE) has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

The DOE uses a web application, called CNP web, which has been developed to monitor the sponsors that participate in the Child and Adult Care Food Program (CACFP). For sponsoring organizations whose initial eligibility determination was made prior to implementation of CNP Web in 2003, documentation was not provided to show that the initial eligibility determination was subjected to a review process.

The failure to establish an effective internal control system places the DOE at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the DOE's management establish controls, including segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

FINDING 2014-023 - ACTIVITES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, REPORTING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Medical Assistance Program, Children's Health Insurance Program
CFDA Number: 93.778, 93.767
Federal Award Number and Year (or Other Identifying Number): HIT-INCTPAY13, HIT-IMP13, 1305IN5ADM, 1405ININCT, 1405INIMPL, 1005in5map, XIX-MAP13, 05-1305INBIPP, XIX-MAP14, 05-1405INBIPP, 1205IN5021, 1305IN5021

Management of the Indiana Family and Social Services Administration (FSSA) has not established an effective internal control system over the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements. The FSSA used two different summary level reports, the summary financial reports and the summary claim reports, provided by their fiscal agency, Hewlett Packard (HP), for financial accounting and reporting purposes. The FSSA has not developed controls to ensure that the summary level data provided is supported by detailed transactions that are allowable and accurate for reporting purposes.

- The FSSA used the summary financial reports to record expenditures of the Medicaid Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) in the State of Indiana's (State) financial accounting system. The summary financial reports provided a summary total of actual disbursements paid by HP, with no supporting detail provided of actual amounts paid.

- The FSSA used different summary claim reports provided by HP to complete the required quarterly Centers for Medicare and Medical Services (CMS) reports for Medicaid and CHIP. The summary claim reports provide a summary total of amounts claimed by providers, with no claim level detail of differences between the amounts entered into the accounting system and the CMS summary reports.

Reconciliations between the quarterly CMS reports and the financial reports were performed by the FSSA to ensure all required amounts were reported on the CMS reports, in addition to ensuring all amounts were properly recorded in the State's financial accounting system. Although this reconciliation could be a control, it used summarized data instead of detail data. Additionally, there were no controls documented over this reconciliation to ensure it was being completed timely and accurately.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish an effective internal control system places the FSSA at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the FSSA's management establish controls related to the grant agreement and compliance requirements listed above.

FINDING 2014-024 - REPORTING

Federal Agency: Social Security Administration
Federal Program: Social Security - Disability Insurance and Supplemental Security Income
CFDA Numbers: 96.001
Federal Award Number and Year (or Other Identifying Number): 1304IND100

Management of the Indiana Family and Social Services Administration (FSSA) did not implement an effective internal control system over the Reporting compliance requirement to ensure supporting documentation agreed to amounts reported. The FSSA prepared the required quarterly SSA-4514, Time Reports of Personnel Services for Disability Determination Services, from information generated by the Auditor of State payroll system. Our testing of the SSA-4514 report for the quarter ended March 31, 2014, revealed that the On Duty Hours, Holiday and Leave Hours, and Overtime Hours reported on the SSA-4514 report did not agree with the corresponding Auditor of State payroll system report presented for audit.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR 200.302(a) states:

> "Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the FSSA establish controls to ensure the reports filed have the proper supporting documentation to support amounts reported.

FINDING 2014-025 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Temporary Assistance to Needy Families
CFDA Number: 93.558
Federal Award Number and Year (or Other Identifying Number): G-1002INTANF, 1102INTANF, 1202INTANF, 1302INTANF, 1402INTANF

Management of the Indiana Family and Social Services Administration (FSSA) has not established an effective internal control system over the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility compliance requirements. Controls were not in place to ensure all required documentation to support eligibility determinations was available for audit. In order to be allowable, the recipient must be eligible to receive benefits.

Due to lack of supporting documentation, we could not always verify eligibility items selected for testing. In order to be eligible for Temporary Assistance to Needy Families, at a minimum, a family must have one minor child living with a parent or other caretaker relative. Documentation was not always available to determine if the applicant was the parent of the child or had legal guardianship. A birth certificate or court order to support this requirement is needed.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

45 CFR 205.60 states in part:

> "A State plan under title I, IV—A, X, XIV, or XVI (AABD) of the Social Security Act must provide that:
>
> (a) The state agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determinations of eligibility, the provisions of financial assistance, and the use of any information obtained under section 205.55, with respect to individuals denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of those denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date and basis of its disposition; facts essential to the determination of initial and continuing eligibility; and the basis for discontinuing assistance."

The failure to establish effective internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that control procedures be implemented to protect the retention and accessibility of case files.

FINDING 2014-026 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Temporary Assistance for Needy Families
CFDA Number: 93.558
Federal Award Number and Year (or Other Identifying Number): 1202INTANF, 1302INTANF, ESTIMATE

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements associated with the Healthy Families and Emergency Assistance Programs paid for with Temporary Assistance to Needy Families (TANF) funds: Activities Allowed or Unallowed, Allowable Costs/Cost Principlas, and Eligibility.

Emergency Assistance Program

The Emergency Assistance Program is administered by the DCS. Expenditures were incurred and originally paid with State of Indiana (State) funds or other Federal Program funds. Once the expenditure was determined to be an eligible and allowable expenditure of the Emergency Assistance Program, a journal entry was made to move those expenditures to a federal project ID. At that time, the expenditure was reported as a TANF expenditure. Once moved to the federal project, a draw packet was prepared. These draw packets included a detail of expenditures charged to the Emergency Assistance Program. The draw packet was then sent to the Indiana Family and Social Services Administration, who then requested the funds from the U.S. Department of Health and Human Services. We could not identify any control in place that would ensure expenditures charged to the Emergency Assistance Program were eligible and allowable.

Healthy Families Program

The Healthy Families Program is administered by the DCS. The DCS contracts with providers throughout the State, who determines if families are eligible to receive services of the program and what service should be provided. If determined eligible, program services are provided to the families in accordance the program plan.

Eligibility

The DCS contracts with a company that provides its services via two separate teams, one to provide oversight of the Healthy Families Program providers and a another team to provide Quality Assurance. The Quality Assurance team performs annual audits of the providers to ensure they are properly determining eligibility. During the audit period, the DCS relied on the Quality Assurance annual audits for their control over the Eligibility compliance requirement. The DCS did not have any oversight of the audit to ensure all providers received an audit or that the findings of the audit were communicated to the providers and corrected timely.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Provider invoices are submitted to the DCS for payment. These invoices are summary level data and did not provide detail by case of the services provided. The DCS approves these invoices for payment without reviewing to ensure the services provided were in compliance with the Activities Allowed or Unallowed, or Allowable Costs/Cost Principles compliance requirements.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the DCS's management establish controls to ensure the expenditures charged were in compliance with the Activities Allowed or Unallowed, Allowable Costs/Costs Principles, and Eligibility compliance requirements.

FINDING 2014-027 - CASH MANAGEMENT AND PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement, Foster Care - Title IV-E, and Adoption Assistance - Title IV-E
CFDA Number: 93.563, 93.658, 93.659
Federal Award Number and Year (or Other Identifying Number): 1304IN4005, 1404IN4005, 0804INHMHR, 1004IN400, 1104IN4004, 1204IN4005, 62300, 0804INHMHR, 1201IN1401, 1301IN1401, 1401IN1401, 1101IN1407, 1201IN1407, 1301IN1407, 14101IN1407

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system over the following compliance requirements: Cash Management and Period of Availability.

The State of Indiana (State) pays 100 percent of the DCS expenditures and DCS periodically bills the U.S. Department of Health and Human Services for the federal portion of the Child Support Enforcement, Foster Care - Title IV-E, and Adoption Assistance - Title IV-E expenditures. This procedure is referred to as a federal draw. For Cash Management, the federal expenditures are required to be paid by the State prior to the federal draw. For Period of Availability, expenditures are required to be reimbursed for the correct time period. The procedures established by the DCS require that management reviews and signs the draw packet prior to the actual draw taking place. Our testing identified instances in which this review did not occur.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected.

We recommended that the DCS's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-028 - REPORTING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 0804INHMHR, 1004IN400, 1104IN4004, 1204IN4005, 1304IN4005, 1404IN4005

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system over the Reporting compliance requirement.

The Child Support Enforcement Program Financial Report (OCSE 396A) is required be submitted to the Administration for Children & Families (ACF) on a quarterly basis. The procedures in place to ensure the accuracy of the OCSE 396A reports failed to prevent, or detect and correct, errors in two of the four reports tested. Immaterial errors were not discovered by the DCS's staff until supporting documentation was requested for audit. At that time, the DCS's staff reviewed the reports and found the errors prior to providing them for audit.

Additionally, the DCS did grant subawards that would require that the Federal Funding Accountability and Transparency Act report be filed; however, they did not provide documentation that an effort was made to file the report in the Federal Subward Reporting System (FSRS), as required.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR Part 170 Appendix A Award Term states in part:

> "Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates $25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term). . . . d. *Exemptions.* If, in the previous tax year, you had gross income, from all sources under $300,000, you are exempt from the requirement to report . . ."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that the DCS's management establish controls over the Reporting compliance requirement to ensure reports are correct and properly filed.

FINDING 2014-029 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 0804INHMHR, 1004IN400, 1104IN4004, 1204IN4005, 1304IN4005, 1404IN4005

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system over the Subrecipient Monitoring compliance requirement. The failure to establish an effective internal control system resulted in noncompliance with the compliance requirement. The DCS could not provide documentation that any monitoring activities were performed to ensure the subrecipients complied with all applicable federal requirements. Additionally, the DCS is required to monitor subrecipients to ensure the subrecipient obtained an audit in accordance with OMB Circular A-133. The DCS maintained a monitoring schedule to document when these audits were required to be completed; however, there were not any controls in place to ensure that the schedule was properly maintained.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

45 CFR 92.40(a) states:

"*Monitoring by grantees.* Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

We recommended that the DCS's management establish policies, procedures, and controls to ensure proper monitoring of subrecipients activities and required audits.

FINDING 2014-030 - CASH MANAGEMENT

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 0804INHMHR, 1004IN400, 1104IN4004, 1204IN4005, 1304IN4005, 1404IN4005

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system over the Cash Management compliance requirement.

The Cash Management Improvement Act Agreement (Agreement) between the State of Indiana and the Secretary of the Treasury, U.S. Department of Treasury, indicated the Child Support Enforcement grant used an Average Clearance technique to determine a one day average clearance pattern. Upon recalculating the average day of clearance using the method described in the agreement, we determined the average day of clearance to be 6 days.

Noncompliance with the grant agreement or compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

31 CFR 205.1 states:

"(a) This part prescribes rules for transferring funds between the Federal government and States for Federal assistance programs. This part applies to: (1) All States as defined in §205.2; and (2) All Federal program agencies, except the Tennessee Valley Authority (TVA) and its Federal assistance programs.

(b) Only programs listed in the Catalog of Federal Domestic Assistance, as established by Chapter 61 of Title 31, United States Code (U.S.C) are covered by this part.

(c) This part does not apply to: (1) Payments made to States acting as vendors on Federal contracts, which are subject to the Prompt Payment Act of 1982, as amended, 31 U.S.C. 3901 *et seq.,* 5 CFR part 1315, and 48 CFR part 32; or (2) Direct loans from the Federal government to States."

31 CFR 205.3 states:

"(a) Generally, this subpart prescribes the rules that apply to Federal assistance programs which: (1) Are listed in the Catalog of Federal Domestic Assistance; (2) Meet the funding threshold for a major Federal assistance program; and (3) Are included in a Treasury-State agreement or default procedures.

(b) Upon a State's request, we will make additional Federal assistance programs subject to subpart A by lowering the funding threshold in the Treasury-State agreement. All of a State's programs that meet this lower threshold would be subject to this subpart A.

(c) We may make additional Federal assistance programs subject to subpart A if a State or Federal Program Agency fails to comply with subpart B of this part."

31 CFR 205.6 states:

"(a) A Treasury-State agreement documents the accepted funding techniques and methods for calculating interest agreed upon by us and a State and identifies the Federal assistance programs governed by this subpart A. If anything in a Treasury-State agreement is inconsistent with this subpart A, that part of the Treasury-State agreement will not have any effect and this subpart A will govern.

(b) A Treasury-State agreement will be effective until terminated unless we and a State agree to a specific termination date. We or a State may terminate a Treasury-State agreement on 30 days written notice."

31 CFR 205.7 states in part:

(a) We or a State may amend a Treasury-State agreement at any time if both we and the State agree in writing.

(b) The effective date of an amendment shall be the date both parties agree to the amendment in writing unless otherwise agreed to by both parties.

(c) We and a State must amend a Treasury-State agreement as needed to change or clarify its language when the terms of the existing agreement are either no longer correct or no longer applicable. A State must notify us in writing within 30 days of the time the State becomes aware of a change, describing the Federal assistance program change. The notification must include a proposed amendment for our review and a current list of all programs included in the Treasury-State agreement. Amendments may address, but are not limited to: (1) Additions or deletions of Federal assistance programs subject to this subpart A; (2) Changes in funding techniques; and (3) Changes in clearance patterns.

(d) Additions or deletions to the list of Federal assistance programs subject to this subpart A take effect when a Treasury-State agreement is amended, unless otherwise agreed to by the parties."

Section 6.2.1 of the Agreement between the State of Indiana and the Secretary of the Treasury, U.S. Department of Treasury states in part:

"Average Clearance - The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the exact amount of that disbursement. This funding technique is interest neutral."

Section 7.6 of the Agreement between the State of Indiana and the Secretary of the Treasury, U.S. Department of Treasury states:

"The State shall use the following method to calculate the dollar-weighted average day of clearance: To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account. To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement. For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor. The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement."

Exhibit II of the Agreement between the State of Indiana and the Secretary of the Treasury, U.S. Department of Treasury shows an average day of clearance for the Child Support Enforcement grant of 1 day.

We recommended that the DCS's management establish controls over the preparation of the Agreement and to amend the Agreement in place for the current fiscal year to include the proper average day of clearance.

FINDING 2014-031 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY

Federal Agency: Department of Health and Human Services
Federal Program: Adoption Assistance - Title IV-E
CFDA Number: 93.659
Federal Award Number and Year (or Other Identifying Number): 11101IN1407, 1201IN1407, 1301IN1407, 1401IN1407

Management of the Indiana Department of Child Services (DCS) has not established an effective internal control system over the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility. Controls were not in place to ensure all required documentation was kept with the case files.

For 20 of the 25 cases selected for testing, the case files maintained by the DCS and the local county offices did not contain adequate documentation to support eligibility determinations; therefore, we could not determine if the recipient was an eligible recipient of Federal Adoption Assistance program funds. All 20 of those cases were initiated prior to 2009.

Compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements is dependent on the payment being made to adoptive parents in connection with an eligible child. Since we could not determine if the recipient was eligible, we could not determine if the payment was for an Allowable Activity or made in accordance with Allowable Cost/Cost Principles.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

42 USC 673 states in part:

"(1)(A) Each State having a plan approved under this part shall enter into adoption assistance agreements (as defined in section 675(3) of this title) with the adoptive parents of children with special needs.

(B) Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs, the State—

(i) shall make payments of nonrecurring adoption expenses incurred by or on behalf of such parents in connection with the adoption of such child, directly through the State agency or through another public or nonprofit private agency, in amounts determined under paragraph (3), and

(ii) in any case where the child meets the requirements of paragraph (2), may make adoption assistance payments to such parents, directly through the State agency or through another public or nonprofit private agency, in amounts so determined.

(2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if—

(i) in the case of a child who is not an applicable child for the fiscal year (as defined in subsection (e)), the child—

(I)(aa)(AA) was removed from the home of a relative specified in section 606(a) of this title (as in effect on July 16, 1996) and placed in foster care in accordance with a voluntary placement agreement with respect to which Federal payments are provided under section 674 of this title (or section 603 of this title, as such section was in effect on July 16, 1996), or in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child; and

(BB) met the requirements of section 672(a)(3) of this title with respect to the home referred to in sub item (AA) of this item;

(bb) meets all of the requirements of subchapter XVI with respect to eligibility for supplemental security income benefits; or

(cc) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the minor parent of the child as provided in section 675(4)(B) of this title; and

(II) has been determined by the State, pursuant to subsection (c)(1) of this section, to be a child with special needs; or

(ii) in the case of a child who is an applicable child for the fiscal year (as so defined), the child—

(I)(aa)at the time of initiation of adoption proceedings was in the care of a public or licensed private child placement agency or Indian tribal organization pursuant to—

(AA) an involuntary removal of the child from the home in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child; or

(BB) a voluntary placement agreement or voluntary relinquishment;

(bb) meets all medical or disability requirements of subchapter XVI with respect to eligibility for supplemental security income benefits; or

(cc) was residing in a foster family home or child care institution with the child's minor parent, and the child's minor parent was in such foster family home or child care institution pursuant to—

(AA) an involuntary removal of the child from the home in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare of the child; or

(BB) a voluntary placement agreement or voluntary relinquishment; and (II) has been determined by the State, pursuant to subsection (c)(2), to be a child with special needs."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds.

We recommended that DCS's management establish policies and procedures to ensure all documentation used to determine eligibility is properly maintained in the case file and available to view for audit.

AUDITEE PREPARED SCHEDULES

The subsequent schedules were provided by management of the State of Indiana (State). The schedules are presented as intended by the State.

Michael R. Pence, Governor
Mary Beth Bonaventura, Director

Indiana Department of Child Services
Room E306 – MS47
302 W. Washington Street
Indianapolis, Indiana 46204-2738

317-234-KIDS
FAX: 317-234-4497

www.in.gov/dcs

Child Support Hotline: 800-840-8757
Child Abuse and Neglect Hotline: 800-800-5556

STATE OF INDIANA
DEPARTMENT OF CHILD SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013 – DCS(502)- 1, CHILD SUPPORT ENFORCEMENT LACK OF TRANSPARENCY REPORTING

Federal Agency:	Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93.563
Audited Contact Person:	Robin Degner
Title of Contact Person:	Controller
Phone Number:	317-234-5079
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

The Indiana Department of Child Services (DCS) has not established an effective internal control system to ensure DCS's compliance with the Federal Funding Accountability and Transparency Act (FFATA). Subawards granted through DCS were not properly reported by DCS to the FFATA Subaward Reporting System (FSRS). OMB Circular A-133, Part 3-L states that the recipient is required to demonstrate a " good faith" effort to comply with the submission process. DCS did not provide documentation to support a "good faith" effort as required by FFATA.

Lack of documentation for a "good faith effort" indicates noncompliance with the Transparency Act requirement as set forth by OMB. Furthermore, failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds

2 CFR Part 170 Appendix A Award Term states in part: "Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates $25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term). Paragraph d states: "If, in the previous tax year, you had gross income, from all sources, under $300,000, you are exempt from the requirements to report..."

We recommend that Department of Child Services develop and implement procedures and controls to demonstrate and to ensure that a "good faith" effort has been made to comply with the submission process.

Status of finding as of July 1, 2014:

DCS has collaborated with Federal Title IV-D Program Administrators within DHHS ACF to identify an acceptable method to bring compliance to this Federal Act. DCS is obtaining the needed information from our County partners within the Child Support Enforcement Program to allow DCS staff to perform direct entries to the FFATA system online for bringing Indiana into compliance for this program . Our estimated start date for these entries to begin into the FFATA online system is March 2015. DCS agrees that this remains an open issue.

FINDING 2013 - DCS(502)- 2 - TANF ELIGIBILITY-HEALTHY FAMILIES PROGRAM

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Robin Degner
Title of Contact Person:	Controller
Phone Number:	317-234-5079
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness

During our audit of the Healthy Families Program, a program partially funded by the TANF Block grant and administered by the Indiana Department of Child Services (DCS), we determined that three of the 40 cases we tested did not comply with the eligibility guidelines established for the program. The errors were due to DCS not verifying that the household income was below 250% of the federal poverty level. For each application, eligibility is determined by first confirming that the household is currently receiving Medicaid, TANF or SNAP. If the household is not receiving assistance, the households' income should be verified and the total household income compared to the federal poverty level. For these three cases, the eligibility process was not followed. Utilizing the Indiana Client Eligibility System (ICES), we determined that none of the three households received assistance during the application month and the household's income was not documented and verified.

The failure to establish internal controls could allow material noncompliance to go undetected. Noncompliance with the State Plan that have a direct and material effect on the program could result in the loss of Federal funds to the State. Failure to determine and document the determination of financial eligibility for the program could result in federal grant money being disbursed for ineligible individuals.

45CFR 205.56 states in part: "A state plan under title I, IV-A, X XIV, XVI (AABD) of the Social Security act must provide that : (a) The State Agency will use the information obtained under section 205.55, in conjunction with other information, for: (1) Determining individual's eligibility for assistance under the State Plan and determining the amount of assistance..."

45 CFR 205.60 states in part: "A State plan under title I, IV,-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that: (a) The State agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provision of financial assistance, and the use of any information obtained under sections 205.55, with respect to individual applications denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of these denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date of its disposition; facts essential to the determination of initial and continuing eligibility (including the individual's social security number, need for, and provision of financial assistance); and the basis for discontinuing assistance."

Indiana's State Plan for Temporary Assistance For Needy Families (TANF) Block Grant states in part: "The Healthy Families Program is a voluntary, multifaceted home visitation program designed to promote healthy families and healthy children administered by the Indiana Department of Child Services…" Services can begin for eligible families either prior to or at the time of birth and continue until the child is five years of age. This program is open to all Hoosier families regardless of income, but TANF state and federal funds will only be used for families with incomes below 250% of the federal poverty level.

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall:...(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommend that the Indiana Department of Child Services establish and implement controls over the eligibility determination for the Healthy Families Program and retain the case record of the determination and supporting documents. We also recommend that current eligibility on other allowable assistance programs be confirmed at the time of application.

Status of finding as of July 1, 2014:

DCS has increased education and made additional materials available to the Healthy Families Indiana contracted Service Providers in an effort to expand the awareness and increase compliance toward Federal eligibility guidelines for those clients served by these contractors. In addition to educational efforts, DCS has engaged a Contractor for the purpose of reviewing and reporting the status of documentation held by the Healthy Families Indiana contracted Service Providers. This contractor (Scan, Inc.) began filling the reviewer role added to the educational and monitoring function for Eligibility compliance as a result of previous audits by FSSA's internal audit team. DCS will be adding an additional sample based audit to review the work of the Quality Review Vendor to measure their work and confirm compliance at both the HFI provider and QA Review levels before the end of State Fiscal Year 2015.

FINDING 2012-DCS(502)-1, TANF PERIOD OF AVAILABILITY

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Robin Degner
Title of Contact Person:	Controller, Department of Child Services
Phone Number:	317-234-5079
Internal Control:	Significant Deficiency- Period of Availability
Questioned Cost:	$1,276,499

The State Plan for the TANF Block Grant includes an Emergency Assistance Program for at risk children administered by the Department of Child Services. During our audit we found $1.276M in federal reimbursements from 2011 TANF grant funds for Emergency Assistance expenditures incurred and paid by the state in fiscal years 2009 and 2010. DCS staff was not familiar with the Period of Availability requirements for the TANF grant. The FSSA staff monitoring TANF draw requests was not provided with adequate detail to determine when the underlying expenses were incurred and paid. Current year TANF funds cannot be used for prior year expenses.

We consider the total identified excess federal expense of $1,276,499 as questioned costs that may be required to be repaid to the federal government.

45 CFR 92.23(a) states: "Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

We recommend that DCS establish procedures to ensure only current expenses are submitted for federal reimbursement from the TANF grant.

Status of finding as of June 30, 2013:

DCS acknowledges the misunderstanding and has rectified the issue by means of system reconciliation relative to the Assisted Guardianship (AG) Program payments. DCS has also collaborated with FSSA to shift these TANF allocations to other programs in the SFY 2013 and forward sharing of Federal awards. Relative to the Emergency Assistance (EA) Program, DCS is continuing to implement improvements to our claims and eligibility tracking systems to prevent such instances in the coming year. DCS deems to AG portion of this finding Closed and the EA portion remains open at this time.

Status of finding as of July 1, 2014:

DCS is coordinating with FSSA/DFR to correctly charge these expenses to the proper period of availability under the associated FFY as dictated by TANF Awards for FFY 2009. As Indiana continued to have available funding that could support the State's expenditures of the dollars in question, DCS and FSSA have embarked on making General Ledger Adjusting entries to reflect against the TANF awards based on the Service Dates and Period of Availability. .

FINDING 2009-DCS(502)-1, SUBRECIPIENT MONITORING

Federal Agency:	Department of Health and Human Services - ACF
Federal Program:	Child Support Enforcement Program (IV-D)
CFDA Number:	93.563

Auditee Contact Person: Cynthia Longest
Title of Contact Person: Deputy Director, Child Support Bureau
Phone Number: 317-233-4482
Internal Control: Significant Deficiency -- Subrecipient Monitoring

Finding:

During our audit of the DCS Child Support Program, we noted that DCS does not adequately monitor the counties' use of Title IV-D Child Support incentive funds. Although DCS receives monthly statements detailing the disbursements of incentive funds and maintains a register for each county based on the monthly statements received, DCS does not require the counties to submit a statement for the months that incentive funds were not expended. Also, DCS does not perform a final accounting or reconciliation of each county's incentive funds expended at least annually. Under its current system, DCS does not have adequate assurance as to the actual incentive funds expended for each county and consequently cannot attest to the completeness, existence, and propriety of the incentive funds transactions conducted by the counties. This is a significant deficiency.

31 USC 7502(f)(2)(B) states, "Each pass-through entity shall monitor the subrecipient's use of federal awards through site visits, limited scope audits, or other means; . . ."

We recommended that DCS perform a final accounting or reconciliation of each county's incentive funds expended at least annually.

Status of Finding as of June 2012:

DCS continues to consider this finding as remaining open. Additional activities that have occurred since our last response are:

1) DCS currently has three field auditors and has received approval to hire a field auditor supervisor for the purposes of monitoring its IV-D subrecipients.
2) A DVD of a Claims Training session is available to send out to counties upon request when needed for new staff or staff who were unable to attend the scheduled training sessions in 2011.
3) Cutover incentive balance documentation has been received from all 92 county Auditors. All county Auditors have confirmed in writing that they have established the required six separate accounts/funds for the Clerk, Prosecutor, Title IV-D incentive and ARRA monies. (As noted in our last response, DCS CSB successfully introduced legislation, effective July 1, 2011, clarifying that Title IV-D incentive funds for county general purposes must be placed in a separate, non-reverting fund.)
4) All counties started sending in the ‘Quarterly Incentive Balance Form’ starting with the quarter ending 9/30/11.
5) The DCS CSB Field Auditors are reviewing the ‘Quarterly Incentive Balance Form’ submitted by the counties along with the cutover balance report, incentive remittances sent to the counties, and expenditures based on the information provided in the county’s ‘Quarterly Incentive Expenditure Report’. The county is then contacted to help resolve any substantive discrepancy issues that are found.
6) The Monitoring Core Team continues to meet on a monthly basis to review monitoring issues, determine whether any additional training is needed, and discuss changes needed to the CSB Administrative Claim Guide.
7) An update to the CSB Administrative Claim Guide was provided to the county entities in May, 2012. The Claiming Guide is continually reviewed and will be updated on an annual basis.
8) Design work is continuing on an automated tool that will allow county Clerks, Prosecutors, Title IV-D Courts and Auditors to submit claim and incentive forms electronically instead of by paper forms.

Status of Finding as of October 31, 2013:

DCS considers this finding as remaining open. Activities ongoing since the previous update are:

1) All County Offices (Prosecutors, Clerks, IV-D Courts) are required to report expenditures of incentive funds on a quarterly basis to DCS. If incentive funds are not used during a quarter, the office is required to complete a report identifying no funds were spent.
2) All County Auditors are required to report the balance of each incentive fund, also on a quarterly basis.
    a. Offices not submitting a balance form timely are contacted with reminders until the report is received

3) The CSB Audit Team reviews each incentive fund, confirming each fund balance is as expected considering to the prior quarter's ending balance of the fund, newly distributed incentives and the current quarter's expenditures. All data is maintained in worksheets and CSB Auditors follow-up on a quarterly basis until variances are resolved. Slow responses from counties are escalated to CSB Management and appropriate county officials.
4) The Monitoring Core Team continues monthly meetings to review monitoring issues, training needs and overall IV-D policies.
5) The automated tool, now referred to as 'IV-D Expenditure Online Forms', is being rolled out to county IV-D offices. All offices are expected to be using the online tool for reporting of monthly county expenditures and quarterly incentive expenditures in the 1st Quarter of 2014.

Status of Finding as of June 30, 2014:

DCS considers this finding as remaining open. Activities ongoing since the previous update are:

1) All County Offices (Prosecutors, Clerks, IV-D Courts) have reported balances and expenditures of incentive funds to DCS. Counties are held to the expectation of complying with reporting these on an ongoing basis for DCS CSB Review of the incentive funding as recommended.
2) All County Auditors are required to report the balance of each incentive fund, also on a quarterly basis.
    a. Offices not submitting a balance form timely are contacted with reminders until the report is received
3) The CSB Audit Team reviews each incentive fund, confirming each fund balance is as expected considering to the prior quarter's ending balance of the fund, newly distributed incentives and the current quarter's expenditures. All data is maintained in worksheets and CSB Auditors follow-up on a quarterly basis until variances are resolved. Slow responses from counties are escalated to CSB Management and appropriate county officials.
4) The Monitoring Core Team continues monthly meetings to review monitoring issues, training needs and overall IV-D policies.
5) The automated tool, now referred to as 'IV-D Expenditure Online Forms', is being rolled out to county IV-D offices. While most offices are currently active and fully utilizing the IV-D Expenditure Online Forms , a few remaining stragglers are expected to be using the online tool for reporting of monthly county expenditures and quarterly incentive expenditures before the end of SFY 2015.

FINDING 2000- DCS(502)-1, LACK OF AND IMPROPER SUPPORTING DOCUMENTATION

Federal Agency:	Department of Health and Human Services
Federal Programs:	Adoption Assistance Program
CFDA Numbers:	93.659
Auditee Contact Person	Rick Peterson
Title of Contact Person:	Assistant Deputy Director, CEU
Phone Number:	317-234-6910
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

Finding:

45 CFR 1356.40 lists requirements that a state must meet in order to participate in the Adoption Assistance Program. FSSA has in its Child Welfare Manual detailed instructions that should be followed so that the agency will be in compliance with these requirements.

Paragraph 807 of the Manual requires form SF2973 (Application for Adoption Assistance) to be completed by the adoptive parent(s), and signed by the Director of the County Office of Family and Children (OFC), for each child prior to the final decree of adoption. However, in three (3) of the twenty-five (25) cases tested this form was executed after the final decree of adoption, and in two (2) cases the form was not found, for a total of 20% noncompliance.

Paragraph 808 of the Manual requires form SF2976 (Adoption Assistance: Child Certification) to be completed by the Director of the OFC for each child prior to the final decree of adoption. However, in four (4) of the twenty-five (25) cases tested this form was executed after the final decree of adoption, and in two (2) cases the form was not found, for a total of 24% noncompliance.

Paragraph 809 of the Manual requires form SF2974 (Adoption Assistance Agreement) to be completed by the adoptive parent(s) and signed by the Director of the OFC prior to the final decree of adoption. However, in four (4) of the twenty-five (25) cases tested this form was executed after the final decree of adoption for a 16% non-compliance. Also, paragraph 814 of the Manual requires this form to be renewed biennially and whenever there is a change in the amount of payment. However, in four (4) of the twenty-five (25) cases tested the current form was not found for a 16% noncompliance.

Paragraph 816.2 of the Manual requires that copies of forms SF2973, SF2974 and SF5374 be submitted to the Central Office Financial Management. From there they are routed to the Central Eligibility Unit for filing. The method used for filing documentation sent in by the OFC is by date received. In retrieving any case record it becomes impracticable to determine the date of receipt and, therefore, to be able to locate any particular record. In our testing for documentation controls we were not able to locate copies of documentation from the test cases that were to have been submitted to the Central Office by the OFC because of the filing method being used.

We recommended that FSSA complete and process forms in compliance with the Child Welfare Manual and maintain proper documentation to support the Adoption Assistance Program. We also recommended that documentation be filed in such a way that allows for an adequate audit trail.

Status of Finding as of June 2012:

DCS continues to consider this finding open. The DCS Central Eligibility Unit (CEU) now initiates new adoption subsidy payments in DCS' KidTraks financial system upon finalization of adoptions. CEU ensures that the subsidy agreement does not reflect anything more than the standard foster care per diem. While DCS currently considers this finding open for cases initiated prior to January 2009, DCS requests future consideration of complete closure as more of the caseload is becoming comprised of cases opened after January of 2009.

Status of Finding as of June 2014:

While DCS currently considers this finding open for cases initiated prior to January 2009, DCS requests future consideration of complete closure as more of the caseload is becoming comprised of cases opened after January of 2009.

FINDING 2000-DCS(502)-2, OVERPAYMENT OF ADOPTION ASSISTANCE SUBSIDIES

Federal Agency:	Department of Health and Human Services
Federal Programs:	Adoption Assistance Program
CFDA Numbers:	93.659
Auditee Contact Person	Rick Peterson
Title of Contact Person:	Assistant Deputy Director, CEU
Phone Number:	317-234-6910
Internal Control:	Significant Deficiency -- Activities Allowed or Unallowed

Finding:

42 USC 673(a)(3) requires that adoption assistance subsidy payments not exceed the foster care maintenance payment. As stipulated in paragraph 810.3 of FSSA's Child Welfare Manual, FSSA's policy on the limitation on payments under the Adoption Assistance Program (AAP) is 75% of the county's rate for foster care per diem. Any amount paid by the counties over this limitation is to be borne by the county.

We found that two (2) of the twenty-five (25) payments tested were in excess of the 75% allow-able amount. One, a case in Jennings County, was overpaid by $248.02 during the month tested, and another, a case in Vigo County, was overpaid by $142.97. Neither of these overpayments exceeded 100% of the foster care maintenance payment. We expanded our testing of payments in these two counties. In Jennings County we found the same amount of overpayment for the same child for the additional month tested. In Vigo County we found a different child was overpaid $775.07 for the additional month tested. This overpayment was a violation of both the State 75% policy and the 100% Federal requirement. The allowable foster care maintenance payment at 100% was $571.91 and so the overpayment exceeded the Federal threshold by $203.16.

Through inquiry we found that the Central Office did not review for payments in excess of limitation either on a systematic or sample basis. Further, we found that while reviews are completed by the agency's three state-wide consultants, these reviews are completed on a special case basis rather than systematically.

We recommended that the payments from the AAP not exceed limitations. We also recommended that a system of review to detect payments in excess of limitations be implemented.

Status of Finding as of June 2012:

DCS continues to consider this finding open. The DCS Central Eligibility Unit (CEU) now initiates new adoption subsidy payments in DCS' KidTraks financial system upon finalization of adoptions. CEU ensures that the subsidy agreement does not reflect anything more than the standard foster care per diem. While DCS currently considers this finding open for cases initiated prior to January 2009, DCS requests future consideration of complete closure as more of the caseload is becoming comprised of cases opened after January of 2009.

Status of Finding as of June 30, 2014:

DCS would like to pursue closing this finding. The DCS Central Eligibility Unit (CEU) now initiates new adoption subsidy payments in DCS's KidTraks financial system upon finalization of adoptions. CEU ensures that the subsidy agreement does not reflect anything more than the standard foster care per diem. CEU also ensures that modified or continued payments are accurately entered in the KidTraks financial system.

FINDING 2012 - DWD(510)-2, REPORTING - RESOLVED

Status of Finding as of June 30, 2014:

DWD started including the UI Federal and TRA disbursements into Encompass prior to the beginning of FY14. Sufficient internal controls are in place as required and reconciliations between Encompass and the associated bank accounts for UI and TRA are performed daily. Information for federal reports and the Schedule of Expenditures of Federal Awards have been and will be queried from the official record going forward. Correcting entries for FY13 were processed, with help from the Auditor of State's and State Treasurer's offices, prior to the end of the fiscal year. DWD considers this finding closed.

Michael R. Pence, Governor
State of Indiana

Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

STATE OF INDIANA
FSSA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-FSSA(503)–1, FISCAL AGENT ACCOUNTING AND OVERSIGHT

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767 and 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person	FSSA Agency Controller
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

As the fiscal agent contractor for FSSA's Indiana Medicaid Program, Hewlett Packard (HP) performs transaction processing. This includes adjudicating Medicaid claims submitted by providers within the Indiana AIM computer system, issuing payments, and collecting amounts identified as overpaid or fees established for the program. HP maintains bank accounts in its name which are solely used for the Indiana Medicaid program. FSSA remits the net amount to HP necessary each day to cover payments to providers presented to HP's bank accounts.

HP's accounting has no financial accounting system ledger to maintain a trial balance accumulation of transaction totals by service type and program for the fiscal year. Without these totals and their corresponding supporting detail for service types and programs, we were unable to ascertain the completeness, accuracy or consistency of their corresponding transaction flows. This control weakness also lowers the effectiveness and reliability of reconciliations.

Furthermore, FSSA has not designed procedures to ensure the full and complete monitoring of HP financial transactions. HP maintains a weekly financial balancing report (FIN 5) which has totals by transaction types and agrees to payments issued to providers by HP. Additional supporting detail reports exist for several transaction types. There was no evidenced monitoring by FSSA/OMPP of the weekly financial cycle for the supporting transactions appearing on the FIN 5, or the payment series issued. This would include HP's controls in place such as: payment logs and reports, manual check logs, AIM expenditure transactions, offsets applied and other supporting detail data or reports for claims extracted and capitation payments. Combined with the lack of a ledger, trial balance and lack of timely and accurate bank reconciliations there is risk to the program that errors or irregularities could occur and not be detected. We consider this a material weakness.

HP deducts state Medicaid fees from provider payments issued. HP produces a Medicaid fee transaction reports which is used to increase program expense upon recording Medicaid fee collections as state revenue. The transaction reports do not readily trace to the support for financial activity weekly batch reports. Additionally, there were incomplete balances and a lack of reference to collection dates, which is necessary for a complete audit trail. While certain system expenditures and manual payments require the prior approval of OMPP, there was no process to monitor transactions and logs to ensure such approval was obtained.

We found that controls over Electronic Funds Transfers (EFT) did not ensure the accurate EFT transaction count. Item counts on EFT files transmitted to the bank did not match the supporting report. Also, the bank processing confirmation was not received directly by HP finance.

Account receivable (A/R) reports were incomplete and inaccurate. A/R balances did not agree among the series of reports. The A/R aging report did not have full grand total fields and activity reports did not agree to other financial reports. Some A/R reports agreed to the total offsets applied from payments in the week examined, but did not agree to other A/R reports as to the balances of receivables, A/R setups input, cash receipts or offsets applied.

HP contract exhibit one, statement of work, states that “The objectives of the Financial Management function are as follows: Operate the Financial Management system in accordance with generally accepted accounting principles (GAAP)…” [section 5.7.1.4] Also, contract requirement 5.7.4.51 is that HP “Verify receipt and transmission of all financial files to and from the bank.”

GAAP includes the following definitions from NCGA Statement 1, “ 1. A governmental accounting system must make it possible to both: (a) to present fairly and with full disclosure the funds of the governmental unit in conformity with generally accepted accounting principles; and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Governmental accounting systems should be organized and operated on a fund basis. 2. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. “

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) Permit preparation of reports required by this part and the statutes authorizing the grant, and 2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." [45 CFR 92.20(a)]

45 CFR §92.40 states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA ensure that HP accounting include a financial accounting system ledger to maintain a trial balance accumulation of transactions with totals by type and program for the fiscal year. Controls for EFT should be improved to ensure an accurate transaction count and direct communication to finance of the bank processing confirmation. Accounts receivable reports should be complete and accurate.

We recommended that FSSA design procedures to ensure the full and complete monitoring of the HP financial transactions. This would include evidenced monitoring of the weekly financial cycle, supporting transactions and reports, accounts receivable, the payment series issued, system expenditures and manual payments.

Status as of June 30, 2014:

FSSA disagrees with some certain parts of this finding concerning controls for EBTs and A/R balances, however FSSA concurs that the system reports may not easily tie together.

A New Medicaid Management Information System (MMIS) is currently in development with an expected implementation date of July 1, 2015. The new MMIS will enhance reporting capabilities including weekly activity reports to match financial transactions. FSSA will continue to work with HP to incorporate needed controls into the new system.

FINDING 2013-FSSA(503)-2, CONTROLS OVER MANAGED CARE RATES

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness
Questioned Cost:	$56,698

The FSSA Office of Medicaid Policy and Planning (OMPP) has state contracts with three managed care organizations to provide agreed upon medical services to Medicaid recipients. The managed care contract capitation rates are established based upon actuary study. Prior to payment, the contracts receive federal approval by the Centers for Medicare and Medicaid Services (CMS) in accordance with 42 CFR 438.6,. The payment rates, which are contract rates, less contractual performance based withholdings, are submitted by OMPP to the fiscal agent, HP for manual entry into the Advanced Information Management System (AIMS) computer managed care rate tables. The computer rate tables correspond to the contracts, which each have nine regions with eighteen age and program categories, for a total of approximately 486 rates. The computer does not require an approval within the rate changing process. We found that FSSA and HP did not have a process in place to verify that the managed care rates were accurately recorded in the AIMS computer system. For the contract rates effective January 1, 2013, HP staff was unable to provide documentation showing that rates entered into AIMS were reviewed for accuracy by someone other than the person entering the rates.

HP issues payments to the managed care organizations on a monthly basis as calculated by AIMS from information as to each recipient for each capitation category and region. OMPP also did not adequately monitor the payments issued to the managed care organizations to ensure the rates applied were the approved CMS rates that were contained in the managed care contracts. We found that OMPP does not review managed care payments and calculations. While OMPP staff review summary level totals on the monthly financial reports that are prepared by HP, these do not contain sufficient detail in order to verify the rates paid.

We consider the lack of the evidenced internal controls at the fiscal agent, and monitoring by OMPP for managed care payments to be a material weakness for Medicaid and CHIP, as these payments are material to the programs.

Indiana Medicaid also has two contractors for primary care case management serving the fee for service Medicaid recipients, entitled Care Select. These contracts are also paid from the managed care capitation subsystem of AIM. We were informed that these contracts had been overpaid in error, as a newly required contractual withholding was not made. In October 2013, OMPP discovered that incorrect rates were entered into the AIMS table that had been in effect since January 1, 2013. The error found was in the rate for two contractors for Care Select recipients for all regions of the state. The contract rate paid was $12.00 per month per recipient, which was $.60 over the approved rate after 5% withholding according to the MCE contract. These rates should have been communicated to HP with the 5% removed. FSSA chose to leave the 5% withholding in the rate for the remainder of 2013. There was no authority or basis to issue the performance based payments by June 2013. We consider the federal

share of these payments issued to be questioned costs, which may be required to be repaid to the federal government. The entered rates remained in error through calendar year 2013.
Summary Schedule of Questioned Costs as of June 30, 2013:

Care Select Paid	Withhold not withheld	Fed Share Questioned Costs
	5.00%	67.16%
$ 1,688,434.32	$ 84,421.72	$ 56,697.62

45 CFR §92.40 states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

42 CFR 438.240 (a) (1) states: "The State must require, through its contracts, that each MCO and PIHP have an ongoing quality assessment and performance improvement program for the services it furnishes to its enrollees."

Section 7.8.2 of the Care Select CMO Contracts states: "Performance-Related Delayed Payments: Effective January 1, 2013, the CMO shall bill the State 95% of the CMO Fee shown in Exhibit B4 to the original Contract in accordance with IC 5-17-5, the invoice to the State shall include net 35 day payment terms. The remaining 5% of the CMO Fee shall be held back, to be paid according to the CMO's demonstrated and documented performance during the year, subject to the quality performance metrics and outcomes measures as set forth in Attachment 1 to Exhibit B4. The CMO will participate in a pay-for-performance program that focuses on rewarding the CMO's efforts to improve quality and outcomes for Indiana Care Select Program members. The CMO will design a program acceptable to OMPP, in consultation with OMPP, before the contract effective date."

We recommended that FSSA establish control procedures to ensure that the state contract rates and the AIMS managed care rate tables are compared to the approved rates. FSSA should also establish controls to verify that the monthly payments to managed care organizations accurately reflect rates as approved by CMS and in the contracts. Procedures performed should be documented, with results transmitted to management. FSSA should ensure the payment rates were accurately entered for calendar 2013. The performance evidence necessary to support the payments to the care select contractors should be reviewed and retained for audit. If performance measures were not fully met in accordance with the contract then repayment should be sought.

Status as of June 30, 2014

The FSSA Care Programs Operations Supervisor is responsible for ensuring correct rates are forwarded to the fiscal intermediary for data entry into IndianaAIM. The policies and procedures are in place and include a thorough quality review to be performed to ensure appropriate payments are made to the Managed Care Organizations and Managed Entities. Multiple entities review the rates at the fiscal agent for quality. The fiscal agent will forward the rates back to the FSSA who will then review the rates for accuracy.

Policies and procedures are currently in place to ensure contract compliance.

FINDING 2013-FSSA(503)–3, CHIP ACCOUNTING

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person	FSSA Agency Controller
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/ Cost Principles; Reporting
Internal Control:	Material Weakness
Questioned Costs:	$22,222,316

CHIP transactions are paid with Medicaid by the fiscal agent. Subsequently, the fiscal agent system runs programs to identify the costs specific to CHIP recipients, as coded with a program classification. There are two CHIP divisions: CHIP 1 (under 150% of the federal poverty level) and CHIP C (150% to 250% of the federal poverty level). CHIP 1 costs are accumulated on monthly reports. . The monthly reports for CHIP 1 only provide a total amount. There are no detail level reports or transaction ledgers produced by the fiscal agent to support the totals charged to the CHIP program.

The monthly summary and total cost reports, respectively, are used by FSSA to support transfers of expense on the state accounting system, ENCOMPASS, from the Medicaid program to CHIP. During fiscal 2013, additional expense transfers were made based upon the difference between the expenses recorded during a quarter, and the federal quarterly reports, as provided by the fiscal agent.

FSSA did not have procedures designed to identify and monitor the expenses, even as quarterly reconciliation differences for CHIP 1 became material to the program in fiscal 2013. We also found that the internal controls for reconciliations did not evidence a review for accuracy and completeness of calculations supporting the associated ENCOMPASS entries.

We requested detailed data underlying the CHIP 1 expenses reported for the state fiscal year ended June 30, 2013; however the reported data for capitation costs lacked a sufficient audit trail to trace to the payments issued. A newly implemented managed care hospital increase was paid via system expenditures. The supporting calculation to allocate these costs to CHIP was not provided for audit. Therefore, we cannot determine the completeness or accuracy of the costs reported or charged to the program. These costs are material to the CHIP program and the federal share of these costs are considered questioned costs.

In addition, we found errors made in the FSSA calculations of the expense adjustment for CHIP 1 during fiscal 2013. The expense adjustments understated the costs recorded when compared to the quarterly CMS 21 reports, and we have offset the questioned costs by these amounts. Also, drug rebates began to be allocated to CHIP upon preparing the federal reports for the quarter ended March 31, 2013. The credit for drug rebates was omitted from the reconciliation process, and was not otherwise recorded in the grant ledgers. We consider the federal share of the drug rebates reported for CHIP, which was not credited to the program, to be questioned costs.

The following schedule is a summary of the questioned costs:

	Summary Schedule of Questioned Costs CHIP 1					
		Total Cost:				
		Reported	**Reconciliation error**	**Drug Rebates**	**Total Cost**	
		In Question:	**Omitted from Entry**	**Omitted**	**Overstated**	**Federal Share**
Quarter Ended 9/30/12		25,158,547.36	(8,662,067.47)		16,496,479.89	12,680,844.09
Quarter Ended 9/30/12		4,976,738.43	-		4,976,738.43	3,832,586.26
Quarter Ended: 3/31/2013		5,229,893.36	(226,795.88)	2,410,077.00	7,413,174.48	5,708,885.67
Quarter Ended: 6/30/2013		5,106,314.65	not recorded by June 2013			
	Total	40,471,493.80	(8,888,863.35)	2,410,077.00	28,886,392.80	22,222,316.02

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) Permit preparation of reports required by this part and the statutes authorizing the grant, and 2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20(a))

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." (2 CFR 225.55 (C) (1))

45 CFR §92.40 states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA establish an accounting structure for CHIP to readily identify supporting transactions as assigned or allocated to the program. Calculations supporting the costs being questioned should be obtained and reviewed for completeness and accuracy. FSSA should further review the process in place for the reconciliations for completeness and accuracy. Accounting procedures should be written to include the allocations of drug rebates and ensure they are entered in the grant accounting records for CHIP. Reconciliations should evidence the review and approval of calculations.

Status as of June 30, 2014:

FSSA disagrees with this finding. During SFY13 as in prior years CHIP I expenditures are determined and reported to CMS based on quarterly reports produced by the fiscal agent, HP which match all claims processed in financial cycles within the reporting quarter against the eligibility file. If the claim is for a recipient designated as CHIP 1 on the eligibility file the claim is designated as a CHIP 1 expenditure. Monthly summary queries of CHIP 1 expenditures are used to approximate the monthly CHIP 1 expenditures queries and transfer these expenditures within the State accounting system from Medicaid to CHIP. The month query and transfers do not have an impact on CMS-64/64.21 reporting. Furthermore, all claims are processed to verify that they are allowable Indiana Health Care Program expenditures. The transfers to CHIP 1 are only to move expenditures that otherwise would be Medicaid eligible.

FSSA has enlisted the assistance of FSSA Internal Audit to mediate potential issues related to the reconciliation process between the CMS-64 and the State accounting system. On-going discussions are being held between FSSA and the SBoA.

FINDING 2013–FSSA(500)-4, TANF ELIGIBILITY INCOME DETERMINATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Sunshine Beam
Title of Contact Person:	TANF Director
Phone Number:	317-234-8697
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness

During our audit of TANF, we tested 70 cases that received payments during fiscal year 2013. Of those cases we found six where the amount of the payment was incorrectly determined. Specifically, for two of the six cases, income was documented in the Indiana Client Eligibility System (ICES) but not coded correctly. In the first of these two cases, child support of $10 per week was incorrectly coded as $10 per month resulting in a $23 overpayment. In the second, the partial paycheck of new employment was incorrectly used to project earnings resulting in an overpayment of $92. It was also noted for this second case, that the State's Quality Control Unit (QC) pulled the case for review and noted the error in the projected income and also noted an error in household size. As a result of the QC review, FSSA issued a supplemental based on the correct household size, but did not adjust the projected earnings to determine the supplemental due to the recipient. Both of these cases were reviewed by a State Eligibility Consultant (SEC) but were not corrected. In a third case, it was determined that a recipient had received 51 months of TANF benefits in Illinois prior to moving to Indiana and receiving TANF. The recipient received her 60th month of TANF in 2011 but was not discontinued until 2013. The case narrative did not contain documentation as to why the prior assistance was not verified at the original application date. This resulted in an overpayment of $229 in November 2012. In a fourth case, a person applying for TANF failed to verify information for her child by the due date for processing the application resulting in a fiscal sanction of $90. She did provide the documentation requested in August 2012 and the worker awarded her a supplemental check of $270 for June, July and August. The assistance should have increased for September when the applicant complied in August, but no supplemental was due for the earlier months resulting in an overpayment of $270. Furthermore, the final two cases were higher dollar awards for which income was documented in ICES using manual budgets, however no budgets were provided for audit so it was not possible to determine if the award was determined correctly. There is currently no control in place to retain these manual budgets for review. The failure to establish internal controls could enable material noncompliance to go undetected.

Failure to process changes in income timely could result in inaccurate payments. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the State.

45 CFR 205.60 states: "...(a) The State agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determinations of eligibility, the provision of financial assistance, and the use of any information obtained under sections 205.55, with respect to applications denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of those denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date and basis of its disposition; facts essential to the determination of initial and continuing eligibility (including the individual's social security number, need for and provision of financial assistance) and the basis for discontinuing the assistance."

45 CFR 264.1 states: "(a)(1)Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in sections 260.31 of this chapter) to a family that includes as adult head-of-household who has received Federal assistance for a total of five years."

Per the ICES Program Policy Manual 2215.15.00 states "Prompt action must be taken on all changes to determine if they affect eligibility. The case record must include the date the reported change was received, whether the change was reported by mail, telephone or personal visit, the nature of the change and any other appropriate information. The caseworker must take appropriate action on all reports of changed information promptly but no later than 10 days from the date of the receipt of the change"

OMB Circular A-133, Subpart C, section .300 states in part: “The auditee shall:…(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs".

We recommend that FSSA establish internal controls related to the eligibility compliance requirements for TANF. We recommend that FSSA ensure that all changes are promptly and accurately processed to ensure that benefit amounts are in compliance with eligibility standards.

Status as of June 30, 2014:

DFR has issued the Flash Bulletins as reminders to staff regarding this issues addressed in the findings. The flash bulletin regarding out of state assistance for TANF was reissued to staff on 6/30/2014.

FINDING 2012–FSSA(503)-2, DRUG REBATE BALANCE HELD

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person	Controller, FSSA
Phone Number:	317-233-3045
Internal Control:	Significant Deficiency - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Questioned Costs:	$1,423,159

Finding:

The Family and Social Services Administration-Office of Medicaid Policy and Planning (FSSA-OMPP) collects drug rebates for the Medicaid program through an outside contractor, who maintains a bank account for these rebates. The drug rebates are transferred on a weekly basis to the Indiana Medicaid fiscal agent bank account. These transferred amounts are netted against the funds needed to cover Medicaid payments clearing, thereby reducing grant expenses. The drug rebate contractor is to provide deposit log records to the fiscal agent who then is to verify that the transfers received are complete. Details concerning these results are maintained in each bank account reconciliation file. Although FSSA-OMPP performed a review of this bank account and returned the excess balance noted in prior finding 2010-FSSA-8, Drug Rebate Balance Held, we found that internal control procedures continued to be inadequate to detect excess balances being held. A material weakness in internal control as to the structure and oversight of the bank account process remains as stated in the prior finding 2005-FSSA-30 Medicaid Bank Reconciliations.

Our analysis of the balance held in the contractor's bank account found that a drug rebate deposit of $1,900,073 belonging to the State of Indiana deposited on 6/28/12 had not been transferred as of May 1, 2013. The federal share of this excess balance held is $1,272,289 and is considered questioned costs.

Our analysis of the excess balance returned in response to finding 2010-FSSA-8, Drug Rebate Balance Held revealed that no ARRA rate was applied to this transfer. The drug rebates were deposited during quarters in which ARRA was in effect. The total excess balance transferred in October 2011 was $3,029,522. The 2011 Medicaid ARRA share of these funds is $150,870, and is considered questioned costs.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) Permit preparation of reports required by this part and the statutes authorizing the grant, and 2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20(a))

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." (2 CFR 225.55 (C) (1))

With respect to cash management, ". . . grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments." (45 CFR 92.21 (a)(2))

45 CFR §92.40 states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA monitor the drug rebate bank account balance and design procedures to ensure accurate and timely transfers of drug rebate receipts. The drug rebate deposit from 2012 should be remitted to the State and used to offset Medicaid program costs.

We further recommended that the FSSA refund to the federal government the ARRA share of the drug rebates received in response to the prior finding 2010-FSSA-8, Drug Rebate Balance Held.

FSSA disagree that there are any questioned costs. The federal and ARRA share of drug rebates are reported on the CMS-64 from dispositions of receipts in the bank account. The transfers from the bank account to the State were separate from CMS reporting. Drug rebate fiscal agent activities transferred to a new Vendor in June 2013 and the entire remaining balance of the ACS/Xerox bank account was transferred to the State in July 2013. A copy of the July bank statement shows the bank account balance at $0.

FSSA considers this finding unresolved as of June 30, 2013 as monitoring processes for the new fiscal agent were not in place on that date. FSSA will review the necessity of returning the ARRA share mentioned in the finding.

Status as of June 30, 2014:

FSSA disagrees that there are any questioned costs. The federal and ARRA share of drug rebates are reported on the CMS-64 from dispositions of receipts in the bank account. The transfers from the bank account to the State were separate from CMS reporting. Drug rebate fiscal agent activities transferred to a new Vendor in June 2013 and the entire remaining balance of the ACS/Xerox bank account was transferred to the State in July 2013. A copy of the July bank statement shows the bank account balance at $0.

The new drug rebate vendor provides monthly reconciliations which are reviewed with the State to validate drug rebate balances are credited to the State.

FINDING 2012–FSSA(503)-3, MEDICAID CREDITS REMOVED FROM PROJECTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Controller, FSSA
Phone Number:	317-233-3045
Internal Control:	Significant Deficiency - Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$30,150,642

Finding:

During fiscal 2012, the FSSA began the process of reconciling the state's expense for Medicaid to the quarterly federal reporting results as prepared from the Management and Administrative Reporting (MAR) system maintained by the fiscal agent. Adjustments to the state grant accounting records were recorded for the first time to recognize final quarterly reported federal grant classifications, including the full effect of prior period claim adjustments. By June 2012, adjustments had been recorded for the quarters ended September 30, 2011 and December 31, 2011.

The Medicaid expenses are recorded in the state accounting system (ENCOMPASS) upon transferring funds to the fiscal agent's bank account for payments clearing, less deposits received for the program, such as drug rebates and refunds. The MAR system reports are established on a modified accrual basis with recognition of expenses upon issuance and receivables as they are recorded.

In the process of reconciling the state's Medicaid expense to the MAR, all variances were recorded as adjustments to the Medicaid grant projects, with newly established adjustment projects used to record the other side of the debit / credit entry on the ENCOMPASS system.

One adjustment project had a credit expense balance at fiscal year-end of $13,157,106. The adjustment project was not recognized as a part of the Medicaid federal grant. The adjustments were recorded as Medicaid expense for deposits, other than drug rebates and other variances such as net void EFTs and reissuances. We consider the net expenses recorded to the Medicaid grant projects for these adjustments to be questioned costs. Deposits received are credits to the program, and had already appropriately reduced the state's expense. Voided EFTs are returned to the bank and thus had reduced the state's Medicaid expense.

The expenses were recorded to the following Medicaid grant projects:

Federal Medicaid Project:	DR/(CR) from 503MWSMASMC-ADJ:	DR/(CR) from 503MEDMASAR_ADJ:	Net Expense:	Federal Share:
503MASTRFMAP4F11	$ 11,830,172	$ (4,151,112)	$ 7,679,060	$ 5,108,111
503MASTRFMAPF12	$ 1,326,933	$ 850,046	$ 2,176,979	$ 1,457,705
Total	$ 13,157,106	$ (3,301,065)	$ 9,856,040	$ 6,565,816

We further found that the lengthy reconciliations, which were used as a basis to record expenses and credits on the ENCOMPASS system, did not have evidence of controls applied for review and approval of calculations and tracing to source documents or reports. We also could not readily agree or trace the above noted variances recorded to actual sources, such as bank deposits.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) Permit preparation of reports required by this part and the statutes authorizing the grant, and 2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." [45 CFR 92.20(a)]

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." [2 CFR 225.55 (C)(1)]

With respect to cash management, ". . . grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments." [45 CFR 92.21 (a)(2)]

45 CFR §92.40 states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA return the federal share of the questioned costs by properly applying the credits back to the Medicaid projects. FSSA should review the process in place for the reconciliations for completeness and accuracy. Other federal reports are completed for deposits and should be used to verify those transaction types. Certain timing differences, while important to identify in reconciliations, may not warrant state accounting recognition. All reconciliations should have evidenced review and approval indicated.

SBOA UPDATE:

During fiscal 2013, the FSSA continued the adjustments to the state grant accounting records to recognize final quarterly reported federal grant classifications as described in the 2012 finding above. During state fiscal year 2013, adjustments were recorded for quarters ended March 31, 2012 through March 31, 2013. In addition, we also reviewed an adjustment project, 503MEDMASAR_ADJ, with expense credits posted to the federal grant from the quarterly adjustment variances. Since these entries partially offset the grant expenses in question, we have documented the net questioned costs for 2013 and 2012. (See updated chart within 2012 finding.) We consider the federal share of the net expenses recorded to the Medicaid grant projects in SFY12 & 13 for these adjustments to be questioned costs. The total questioned costs are $30,150,642. These include an expense adjustment recorded in August 2012 for the quarter ended March 31, 2012 which we traced to two voided checks totaling $26,449,222. This expense was not subsequently reversed or credited, and is included in the calculation of questioned costs below.

The expenses were recorded to the following Medicaid projects in fiscal year 2013:

Federal Medicaid Project:	DR/(CR) from 503MWSMASMC-ADJ:	DR/(CR) from 503MEDMASAR ADJ:	Net Expense:	Federal Share:
503MASTRFMAPF12	$ 128,920,796	$ (95,802,915)	$ 33,117,882	$ 22,175,734
503MASTRFMAPF13	$ 10,063,992	$ (7,965,879)	$ 2,098,113	$ 1,409,092
FSSA adjustment	$ (90,348,487)	$ 90,348,487	$ -	$ -
Total	$ 48,636,301	$ (13,420,307)	$ 35,215,994	$ 23,584,826

SFY12 and SFY13 totals:	DR/(CR) from 503MWSMASMC-ADJ:	DR/(CR) from 503MEDMASAR ADJ:	Net Expense:	Federal Share:
	$ 61,793,407	$ (16,721,372)	$ 45,072,035	$ 30,150,642

Status as of June 30, 2014:

FSSA disagrees that there is an amount to be returned to the federal government from the reconciliation entries. The entries adjustment expenditures to align with the detail provided by the fiscal agent at the end of each quarter needed for CMS-64 reporting.

FSSA researched the two voided checks mentioned in the SBoA Update and did not find any evidence that the $26,449,222 mentioned in the update was overstated.

FSSA has enlisted the assistance of FSSA Internal Audit to mediate potential issues related to the reconciliation process between the CMS-64 and the State accounting system. On-going discussions are being held between FSSA and the SBoA.

FINDING 2012-FSSA(503)-4, MONITORING ELIGIBILITY

Federal Agency: Department of Health and Human Services
Federal Program: Children's Health Insurance Program (CHIP), Medical Assistance Program
CFDA Number: 93.767, 93.778
Auditee Contact Person: Matt Cesnik
Title of Contact Person: Eligibility Director, OMPP
Phone Number: 317-234-3394
Internal Control: Significant Deficiency - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

Finding:

The control structure over monitoring eligibility for the Medicaid and Children's Health Insurance Programs was not adequately designed in order to provide control procedures and monitoring for processes which identify income and eligibility verifications. As a result, ineligible recipients could incur coverage costs to the program without timely detection and correction. Two distinct areas where we identified possible noncompliance with eligibility requirements are:

Data Exchange Process:

As required by 42 CFR 435.940 through 435.960 and Section 4.32 of the State Medicaid Plan, eligibility data in the Indiana Client Eligibility System (ICES) is periodically verified against independent information, including (but not limited to) information from the Social Services Administration (SSA), Internal Revenue Service (IRS) and Indiana's Department of Workforce Development (DWD). Data will not be automatically overwritten in ICES as the result of a data exchange except for Social Security (SS) benefits or Supplemental Security Income (SSI) verified by SSA. If a discrepancy is found, a data alert is to be generated by ICES and transmitted for work assignments, with final entries and approvals entered into ICES by caseworkers. If the caseworker does not enter a code indicating what type of action was taken and the date action was taken, an alert is generated by ICES to the supervisor.

Significant control deficiencies and program noncompliance were reported for this process as stated in our prior finding 2004-FSSA-5, Supervision of Local Offices of Family and Children. We continue to find that that there is no evidenced monitoring of these transactions. In addition, there are no reports that identify the recipients matched in the data exchanges, and the outcome of processing.

A summary level report, GDE010RA, Initial Productivity Report, was provided for audit. It is generated monthly and reports the status counts of the past two sets of data matches and percentages processed within the 45 days required by 42 CFR 435.949(c). The June 29, 2012, report indicated percentages of match completion for social security as high at 99% of the December 2011 match and 93% of the April 2012 match. However, other matches were as much as 90% incomplete, Veterans Administration (270 of 299). The prison match indicated 26% incomplete (128 of 487) from December 2011, and 20% incomplete (446 of 2220) from April 2012. New hires and unemployment insurance matches were only 43% and 50% complete within the 45 days, with approximately 20% being incomplete from the match in December 2011.

Medicaid Fiscal Agent Eligibility Reports:

We identified reports generated by the Medicaid fiscal agent of which FSSA Eligibility managers were unaware. This included a report of AID categories with age/ time limits listing recipients that had exceeded time or age limit by over ninety days. The aid categories are used to classify program eligibility as well as managed care payment categories. This report was 63 pages long at June 2011 and 77 pages long by June 30, 2012. Many recipients were listed exceeding the time limit by over 1000 days. Some recipients may no longer be eligible due to cutoff ages such as foster care recipients, and others may incur additional Medicaid program costs if they are placed in an incorrect managed care age category.

42 CFR 435.903 states: "The agency must---(a) Have methods to keep itself currently informed of the adherence of local agencies to the State plan provisions and the agency's procedures for determining eligibility; and (b) Take corrective action to ensure their adherence." 42 CFR 435.952 sets forth requirements for the timely review of information received through data matches. 42 CFR 435.952(f) states: "The agency must use appropriate procedures to monitor the timeliness requirements of this section."

42 CFR 435.949 states: “(c) Except as specified in § 435.953 of this subpart and paragraph (d) of this section, for recipients, the agency must, within 45 days of receipt of an item of information, request verification (if appropriate), determine whether the information affects eligibility or the amount of medical assistance payment, and either initiate a notice of case action to advise the recipient of any adverse action the agency intends to take or make an entry in the case file that no further action is necessary.”

We recommended that FSSA design the control structure over monitoring eligibility for the Medicaid and Children's Health Insurance Program in order to provide control procedures and monitoring for processes which identify income and eligibility verifications. This would include providing corresponding detail match transaction reports to identify the recipients and written procedures for central office processes of monitoring case work for completion and accuracy. Responsible managers should be assigned to oversight of these key processes to include the data match results as well as the Medicaid fiscal agent's exception reporting.

Status as of June 30, 2014:

Staff training did occur in October 2013. The OMPP Eligibility Director monitors the GDE020RA report on a monthly basis and provides updates to OMPP managers on a quarterly basis.

FINDING 2012–FSSA(503)-5, LONG TERM CARE FACILITY AUDIT APPEALS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Joy Heim
Title of Contact Person:	
Phone Number:	
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Special Requirement, Inpatient Hospital and Long-Term Care Facility Audits
Internal Control:	Significant Deficiency

Finding:

The Family and Social Services Administration-Office of Medicaid Policy and Planning (FSSA OMPP) provides for the filing of uniform cost reports for each participating long term care facility. These cost reports are used to establish payment rates. OMPP provides for the periodic audits of the financial and statistical records of the long term care facilities in accordance with 42 CFR 447.253.

Prior to July 1, 2011, the rate reductions identified as a result of long term care facility audits could be appealed and the reduction would not be implemented pending the appeal decision, which often is a lengthy process. As a result, most audit results were appealed. The state law for these appeals, IC 12-15-13-3 was repealed in 2011, and replaced by IC 12-15-13-4, which incorporates repayment time limits within 300 days, pending results of the appeal.

In 2013 FSSA developed an appeal reduction plan. This was described in published FAQs as "OMPP is agreeing to permit reimbursement of certain historically denied nursing facility costs and resolve the liabilities associated with certain administrative audit appeals. To qualify for this arrangement, nursing facilities must withdraw both rate and audit appeals that relate to a Rate Effective Date (RED) prior to October 1, 2011 for rate appeals and prior to RED July 1, 2011 for audit appeals."

Approximately 5,000 annual facility audits, dating fro 1990 to 2011, are pending appeals on a listing provided by the rate setting contractor; the contractor estimates that total overpayments to these facilities could possibly be in excess of $20 million. An estimate of the federal share has not been calculated.

The appeal reduction plan is in the beginning stages. Following the submission of signed agreements to resolve administrative appeals, the FSSA Administrative Law Judge provides a dismissal order. The OMPP, by an accounting adjustment, will satisfy the liability identified in audit appeals on the providers' behalf using the state quality assessment fee funds and close the appeals files. It is estimated this process will be ongoing through 2014.

42 CFR 433.312 (a) states: "Except as provided in paragraph (b) of this section, the State Medicaid agency has 1 year from the date of discovery of an overpayment to a provider to recover or seek to recover the overpayment before the federal share must be refunded to CMS."

42 CFR 447.253 (g) states: (*Audit requirements)* "The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers."

42 CFR 447.253 (e) states: (*Provider appeals) "*The Medicaid agency must provide an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the agency determines appropriate, of payment rates."

We recommended that the FSSA maintain timely provider appeals in accordance with 42 CFR. The FSSA should implement the plan for the nursing facility appeal reduction and reimburse the federal share of Medicaid expenses overpaid.

Status of Finding as of June 2014:

FSSA continues to work through the appeals reduction plan. To date, there have been a total of 770 appeals (both rate and audit) that have been included in the appeals reduction plan. Out of those 770, 503 withdrawal requests have been sent. There are currently 267 still left to send. 190 separate appeals have been dismissed.

FINDING 2011-FSSA(503)-5 MANAGED CARE CONTRACTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Carol Briley
Title of Contact Person:	Operations Supervisor, OMPP
Phone Number:	317-234-5273
Internal Control:	Significant Deficiency - Allowable Costs/Cost Principles

Finding:

OMPP issued state contracts to three managed care organizations to provide Medicaid services to eligible recipients in exchange for specified monthly coverage rates. In response to previous audit findings, controls had been designed through the OMPP Care Programs Policies and Procedures Manual to ensure accurate contract rates. However, these controls were not updated when OMPP began the practice of contract rate withholdings for performance pay measures. The controls remained effective to ensure accurate payments at the withhold rates set, but no longer functioned to ensure accurate rates were entered into the contract documents. The following errors were noted as to the contracts with the managed care organizations effective January 1, 2011, for Hoosier Healthwise.

1. All three MCO contracts contained an error in the covered population --The MA – U Population is listed in Contract Exhibit 3, Program Descriptions and Covered Benefits, at section 2.1 for Hoosier Healthwise list of excluded from participation in Hoosier Healthwise managed care. Yet rates were calculated and paid for these. The contracts also do not define the MA-U rate category, which are paid at higher rates.

2. All statewide rate categories (MA-U) (except maternity) were overstated in two contracts (Anthem and Managed Health Services). These contract rates exceeded the actuary certification submitted to and approved by CMS.

3. Anthem East Central Region Preschool rate was entered at $700 more than the actuary listing. This was subsequently corrected in a letter signed by Pat Casanova and Anthem.

4. Separate contracts were in effect through December 31, 2010, with two managed care contract consideration maximums for the three year term, whereby payments were not to exceed $562 million for Anthem and $562.3 million for MdWise. Controls had not been designed to track the contract payments to ensure the maximum consideration was not exceeded.

"The CMS Regional Office must review and approve all MCO, PIHP, and PAHP contracts" [42 CFR 438.6 (a)] "All payments under risk contracts and all risk-sharing mechanisms in contracts must be actuarially sound." [42 CFR 438.6 (C)(2)(i)].

"Each agency, department, quasi, institution or office has the following accounting responsibilities:

- Operate within the confines of the established budget.
- Maintain an adequate internal control environment.
- Maintain adequate internal control procedures.
- Properly utilize the state accounting system as prescribed by the ENCOMPASS team.
- Maintain an effective and accurate accounting system for necessary subsidiary and supplementary records.
- Maintain, and make available for audit, documentation supporting the validity and accountability of monies received or disbursed.
- Perform duties in accordance with statute, regulations, state policy, contract provisions, and federal requirements as applicable."
  (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

We recommended that FSSA correct the managed care contracts and design internal control procedures to ensure contract terms are accurate. Controls should be implemented to ensure the contract maximum considerations are not exceeded.

Status as of June 30, 2014

Policies and procedures are currently in place to ensure contract compliance.

FINDING 2011-FSSA(503)-6, MEDICAID ADMINISTRATION GRANT

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles; Reporting
Internal Control:	Significant Deficiency

Finding:

FSSA receives an annual federal grant award for the Medicaid program administrative costs. When closing out the grant, the federal government reduces the grant award to the federal expenditures amount as reported by FSSA on the CMS-64. FSSA had not been reconciling the administrative costs reported to the grant accounting records it maintains. Several prior audit findings reported consistent under-reporting of the administrative costs. The cumulative effect when compared to the state's accounting records is a shortage of federal funds.

The federal awards status as of February 2012 for closed grant periods is shown in the following table:

Grant Period	Grant Award as of February 2012	Total Federal Expense -- Schedule of Federal Financial Assistance	Grant Award Over (Under) the Federal Expenses
10/01/06 to 9/30/07	115,127,076	122,591,000	$ (7,463,924)
10/01/07 to 9/30/08	166,922,433	175,389,777	(8,467,344)
10/01/08 to 9/30/09	170,873,738	232,330,607	(61,456,869)
10/01/09 to 9/30/10	188,017,908	140,132,408	47,885,500
Total Net Federal Administrative Grant Disbursements Exceeding Awards			$ (29,502,637)

The full balance of the 2010 administration grant does not appear to be available to cover the 2009 deficit, as FSSA advance-reported $15,242,152 in school clinic administrative costs for the federal fiscal year ended 2010, but has not paid these, as this is an item awaiting federal approval.

FSSA did not prepare reconciliations for the administrative grant period ended September 30, 2010, but subsequently began reconciling the 2011 grant to the state's accounting records.

Summary of prior report findings specifying administrative grant under-reported:

Prior Finding:	Administrative Expense Understatement:
2007-FSSA-1	$ (4,849,991)
2008-FSSA-4	(10,625,868)
2009-FSSA-8	(14,674,698)
Total Under-Reported:	$ (30,150,557)

The finding 2008-FSSA-4 also specified an error of unclaimed expense of $3,265,517 which further understated federal Medicaid administrative expense. Due to this finding, in the quarter ended September 30, 2010, FSSA did report increasing administration cost adjustments of $12,572,422.

FSSA typically matches its grant drawdowns to the state's accounting; therefore, the federal government's records also were overdrawn. On May 11, 2011, CMS notified FSSA that they discovered the negative balance of $41,898,234 in the Payment Management System (PMS) for Indiana for its administration grant for the grant year ended September 30, 2009. The federal government suggested that this may be caused by the state having made draws from the MT subaccount that pertained to program year 2010 expenditures, as the first draw in the 2010 administration grant account was not until December 23, 2009, and stated: "The state would need to determine exactly how much they drew in the MT subaccount that should have been in the XIXADM-10 (based on expenditures that they claimed in FY 2010. Then Indiana would simply transfer those draws to XIX-ADM10." The available balance in the 2010 grant was $45,071,011 at that time.

In response, FSSA returned the federal revenue on the federal PMS by recording a negative grant drawdown of $41,898,234 to the MT (2009) administration grant, as well as returning $2,742,306 to the 2010 administration grant. In the state accounting system, the negative federal drawdown of

$41,898,234 was recorded to the Medicaid Assistance grant project 503MDAST100FF09, instead of the 2009 administration grant.

45 CFR 92.20 states: "(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

"Each agency, department, institution or office has the following accounting responsibilities: 1. Operate within the confines of the established budget, 2. Maintain a control environment, 3. Maintain control procedures . . ." "The accounting system provides the basis for budgetary control. The operating budget should be viewed as a comprehensive planning and control device. Each agency must function within the budget limits." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We continue to recommend that FSSA ensure that all costs reported be reconciled to the grant accounting records. FSSA should examine the grant reporting made and identify adjustments necessary to have the grant records correspond to the federal reports. They should review the 2009 grant costs that may have been properly associated to the 2010 grant period. Upon identifying any federal reporting corrections, requests to reinstate grant awards to their prior levels should be made. Adjustments should be recorded to the state accounting records to correct the error made in recording the federal revenue adjustment.

Note: Unresolved sections of prior findings 2007-FSSA-1, 2008-FSSA-1, 2008-FSSA-4 and 2009-FSSA-8 are included as part of this current finding; thus, those prior findings are noted as resolved.

Status as of June 30, 2014:

There are no questioned costs where the State may have over-claimed federal funds. The CMS-64 is now compiled from the State accounting system and reviewed by CMS each quarter to minimize any differences between the grant balances at the end of each SFY.

FINDING 2011–FSSA(500,503)-7, MISSING CASE FILES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program, Childrens' Health Insurance Program, Temporary Assistance to Needy Families
CFDA Number:	93.778, 93.767, 93.558
Auditee Contact Person:	David Smalley
Title of Contact Person:	
Phone Number:	317-232-2010
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness

Finding:

The Family and Social Services Administration (FSSA) was unable to provide 23% (14 of 60) of TANF case files, 16% (19 of 122) of the Medicaid case files, and 18% (7 of 40) of the CHIP case files we requested in order to verify certain eligibility information in the Indiana Client Eligibility System (ICES). All files requested should have included documentation supporting residency, citizenship, family relationships, income and resources of recipients of benefits or medical services during State fiscal year 2011.

Numerous files had been moved from offices in the various counties into one of several centralized storage facilities, but were not inventoried and catalogued prior to storage, thus making it very difficult for FSSA employees to locate specific files. At least 1500 file cabinets containing uncatalogued case files are in one storage facility.

One Medicaid and one CHIP case not provided were processed in counties that were to have had the case documents retained as scanned into the Family Assistance and Care through Technology Services (FACTS) System; however, documents in the FACTS system were either nonexistent or incomplete. Other errors were discovered in TANF records that are noted in prior unresolved findings 2006-FSSA-11, 2006-FSSA-12, and 2006-FSSA-14.

42 CFR 435.907, which applies to Medicaid and CHIP states in part: "(a) The agency must require a written application from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant. (b) . . . the application must be on a form prescribed by the agency and signed under penalty of perjury." 42 CFR 435.913 states in (a): "The agency must include in each applicants case record facts to support the agency's decision on his application."

45 CFR 205.60, which applies to TANF, states in (a): "The state agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determinations of eligibility, the provisions of financial assistance, and the use of any information obtained under section 205.55, with respect to individuals denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of those denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date and basis of its disposition; facts essential to the determination of initial and continuing eligibility; and the basis for discontinuing assistance."

US OMB Circular A133, Subpart C, §.300) states in part: "The Auditee shall: . . . "b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

We recommended that control procedures be implemented to protect the retention and accessibility of case files.

SBOA UPDATE:

The Family and Social Services Administration (FSSA) was unable to provide 9% (8 out of 90) of the Medicaid recipient case files requested in order to verify certain eligibility information in the Indiana Client Eligibility System (ICES). All files requested should have included documentation supporting residency, citizenship, family relationships, income and resources of recipients of benefits or medical services during State fiscal year 2013.

Status of Finding as of June 2014:

Prior to the beginning of SFY12 all eligibility documentation files were maintained in paper form. FSSA/DFR recognized the challenges of storing and retrieving the numerous paper files for in excess of one million applicants and clients. As such, FSSA/DFR began the role out of the Family Assistance and Care through Technology Services (FACTS) system, an electronic document imaging system. Whereas the final county was completed by March 2012, all documents supporting residency, citizenship, family relationships, income and resources of recipients should now be available in FACTS for cases initiated after this time, and retrievable through ICES.

FINDING 2010–FSSA(503)-5, ERROR IN REPROCESSED ELIGIBILITY COSTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP); Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Eligibility; Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we found that the Office of Medicaid Policy and Planning (OMPP) was required by the Centers for Medicare and Medicaid Services (CMS) to report detailed costs per Medicaid waiver and demonstrate the required cost effectiveness since inception, to retain federal approval. In so doing, OMPP discovered an enrollment classification error had occurred for children with incomes up to 150% of poverty, who are classified as CHIP I. Children with insurance coverage had been enrolled as CHIP I members, when plans had been designed for their coverage in the Medicaid care select waiver.

According to section 4.1.7 of the approved plan for CHIP, Access to or coverage under other health coverage: "Children cannot have other creditable health care coverage. A three-month waiting period from the date the child was last covered will be imposed."

In order to correct the error, the Medicaid fiscal agent reran reports back to 2007, in a clone system environment. Comparative analysis was also made to the expected results as projected by the actuary. The CMS 64 federal reports were adjusted by the total expense change calculated in this process of $33,073,594 for the federal fiscal years ended September 30, 2008 and 2009, which increased the Medicaid program and decreased the CHIP.

The information provided for audit omitted any searches for insured CHIP C members, whose incomes are up to 250% of poverty level, who may then be ineligible.

In June 2010 the accounting entry was recorded which corresponded to the retroactive reclassifications as had been reported. We found that the entry incorrectly duplicated the costs for the quarters ended June and September 2009, by $9.3 million, and overstated the ARRA costs directly recorded by $585 thousand. In addition, we found that the ARRA costs were further overstated when the 2009 ARRA grant costs were subsequently calculated in full from the total 2009 Medicaid expenses posted, which included this adjusting entry at the total cost of $42.4 million. The federal share of the errors is summarized in the table below:

Description	Grant Number	Federal Costs Over (Under) Charged:
Medicaid Assistance charged 2 quarters twice	5 09 05 IN 5028	$ 5,983,707
ARRA cost included as 2009 grant calculation	0905INARRA	4,217,338
Excess ARRA posted directly	1005INARRA	585,039
Total Overstated Medicaid Costs		$ 10,786,084

Children's Health Insurance Program credited for 2 quarters' cost twice	5 09 05IN 5021	$ (7,090,869)
Total Net Federal Costs Over Charged		$ 3,695,215

We consider the total identified excess federal expense recorded of $10,786,084 as questioned cost that may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors . . ." 45 CFR 92.22 (a)

The Children's Health Insurance Program was authorized under section 21 of the Social Security Act. Sec. 2101. **[**42 U.S.C. 1397aa**]** "(a) Purpose.—The purpose of this title is to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children." (emphasis added)

"The agency must – (a) Have methods to keep itself currently informed of the adherence of local agencies to the State plan provisions and the agency's procedures for determining eligibility; and (b) Take corrective action to ensure their adherence." 42 CFR 435.903

We recommended that FSSA implement control procedures to regularly identify insured CHIP members who may thus be ineligible for coverage. We also recommended that preventative and detective internal controls for preparing and approving transactions be formally designed and implemented. The questioned costs identified above may have to be returned to the federal government.

Status as of June 30, 2014:

FSSA and SBOA agree that the financial portions of the finding have been resolved and current questioned cost balance is zero.

FSSA will work with the SBoA to explain the CHIP reporting process to achieve a resolution.

FINDING 2010–FSSA(503)-10, ARRA EXPENSE OVERSTATEMENTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Costs Balance:	$3,538,382

Finding:

Section 5001 of the American Recovery and Reinvestment Act (ARRA) provides States with an increased Federal Medical Assistance Percentage (FMAP) for 27 months between October 1, 2008 and December 31, 2010, with subsequent extensions. The ARRA specifies the eligible expenditures and conditions under which the State may claim the increased FMAP. As stated in FINDING 2009 - FSSA-4, ARRA GRANT ACCOUNTING, the material weaknesses of internal control which remained in place for the Medicaid grant accounting are also considered to apply to the ARRA Medicaid, as it was accounted for within those records. This includes <u>2008-FSSA-5 GRANT ACCOUNTING INTERNAL CONTROL ENVIRONMENT</u>.

In response to the identified increased risk from material weaknesses in internal controls, we performed additional audit procedures, which identified the following ARRA expense overstatements:

Description	Fed. Expense Overstated ARRA 2009	Fed. Expense Overstated ARRA 2010
August 2009 expense credits were not recorded to credit the ARRA project	$ 401,145	$
September 22, 2009 daily wire to fund Medicaid of $479,908 was also recorded fully to the ARRA '09 grant. The ARRA portion was $47,751.	432,157	
October 30, 2009 Medicaid expense credit totaling $ 2,796,892 for cost transfers to other programs was not recorded as a credit share to ARRA.		272,977
ARRA expense for the November 6, 2009 bank account transfer was duplicated, when included in an adjusting entry and also recorded directly.		163,111
October 15, 2009 Medicaid expense credit for CHIP package C costs transferred for August and September, did not have the ARRA credit recorded	557,810	
CHIP package A costs transferred from Medicaid for the period June through December 2009 totaling $52,482,171 were not credited to ARRA.	2,980,572	2,198,603
TOTAL	$ 4,371,684	$ 2,634,691

The total ARRA expense overstatements identified of $ 7,006,375 is considered questioned costs which may be required to be refunded to the federal government. These errors also overstated the expenses reported for the ARRA grants in the Schedule of Federal Financial Assistance.

"As indicated in the fourth attestation under the grant award, the State must ensure that claims for the increased FMAP include only those expenditures for which it is applicable. Under section 5001(e); the increased FMAP is applicable generally to title XIX, but is not applicable to certain enumerated expenditures. The following list includes those expenditures and certain others to which the increased FMAP is inapplicable for other reasons:

1. Expenditures for disproportionate share hospital (DSH) payments;

2. Expenditures for payments made under title XXI;

3. Expenditures that are claimed based on the enhanced FMAP (described in section 2105(b) of the Social Security Act);

4. Expenditures that are not paid based on the FMAP, such as family planning services . . ." (Center for Medicaid and State Operations, SMD #09-005, ARRA #5)

"Each agency, department, institution or office has the following accounting responsibilities: . . . 5. Maintain an effective and accurate accounting system for supplementary records, 6. Maintain and make available for audit, documentation supporting the validity and accountability of monies received or disbursed . . ." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended that FSSA finance implement procedures to analyze in a timely manner all entries in the grant accounting records to ensure that requests for ARRA funds are accurate and complete. Adjustments should be recorded to correct identified errors and to return the federal share of questioned costs.

Status as of June 30, 2014:

Reconciliation procedures are in place. Journal Entry 0003654785 made in April 2014 for the $557,809.97 and $2,980,570.38. Federal share returned on QE June 30 CMS-64.

FINDING 2009-FSSA(503)-2, CHIP PACKAGE C REPORTING

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP)
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

Finding:

The following conditions were identified as related to CHIP package C:

Balancing Package C Expenditures

CHIP Package C expenditures are reported to FSSA from their Fiscal Contractor, Hewlett Packard (HP), formerly known as EDS, on a weekly basis. FSSA uses these financial reports to record CHIP C expenditures in the State's financial system. Package C expenditures are reported on the quarterly CMS 21 reports to the federal government based upon HP issued reports from the reporting subsystem MAR. Neither HP, nor FSSA performs a balancing or reconciliation of the FIN and MAR reports specifically for the Package C. We compared the financial reports (FIN) to the MAR reports for the fiscal year ended June 30, 2009, and found the MAR report to be greater by $1,707,483. Timing differences between weekly report dates in the financial system and the monthly dates in the reporting system were not readily identifiable. We further questioned the accuracy of the expenses classified for CHIP due to an inconsistent recognition source for Package A, which uses monthly MAR reports. This causes uncertainty as to the accuracy and completeness of expenses claimed.

Premiums Reported

During state fiscal year 2009, we found that premiums were incorrectly reported during two quarters for CHIP II (Package C). Premiums are paid for children, whose parents make greater than 150% of poverty level. These premiums are recorded as a negative expenditure in accounting records and on the CMS 21 Federal Report to reflect a reduction of expenses for the program. Premiums are recorded in the CHIP Expend/Allots worksheets. These are totaled quarterly and given to the reporting staff for input on the CMS 21. The total premiums reported for quarter ending December 31, 2008, were underreported by $33,854, with the federal share underreported by $25,384. Total premiums for quarter ending June 30, 2009, were underreported by $54,953, with the federal share underreported by $41,204. The total federal share was underreported for the fiscal year by $66,588. Our testing found that incorrect amounts were provided to the reporting staff. Reporting staff did not verify formulas in the accounting records to ensure accurate amounts were reported.

The inaccurate reporting results in a significant control deficiency. The accounting activity for totaling premiums were not verified or reviewed by accounting staff, nor checked for accuracy by reporting staff.

45 CFR 92.20 (a) states: "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that FSSA Finance staff review the totals provided to the reporting staff for accuracy and have proper approval processes for ensuring all records provided for reporting are accurate. We also recommended the reporting staff review any grant accounting worksheet formulas for accuracy prior to preparing federal reports. Appropriate reporting adjustments should be made to reflect the reporting errors that were found. FSSA Finance should also balance or reconcile the FIN to MAR reports on a quarterly basis.

Status as of June 30, 2014:

FSSA will work with the SBoA to explain the CHIP reporting process to achieve a resolution.

FSSA has enlisted the assistance of FSSA Internal Audit to mediate potential issues related to the reconciliation process between the CMS-64 and the State accounting system. On-going discussions are being held between FSSA and the SBoA.

FINDING 2009-FSSA(503)-6, QUALITY ASSESSMENT FEE REFUNDS - INTERMEDIATE CARE AND NURSING FACILITIES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Cost Balance:	$1,198,888

Finding:

Intermediate Care facilities and Nursing facilities pay the State of Indiana quality assessment fees (QAF) as part of a program approved by the federal government. These fees are a source of state funding to provide for increased rates for recognized quality measures. Most of these fees are collected as deductions from Medicaid payments issued. Upon recording Medicaid expenditures, the net payment amount is recorded in the agency's grant records. The following quarter, the state records an adjustment to recognize the state fees collected, and increases the federal share to that of the gross payments issued. The adjustment amounts for both Intermediate Care facilities and Nursing facilities are taken from

Accounts Receivable Reports provided by EDS, the Medicaid claims contractor. As reported in our prior finding 2007-FSSA-3, Quality Assessment Fee Refunds, the total adjustment each quarter should include total quality assessments, less assessment overpayments refunded by the state. It was brought to the attention of EDS, that the Intermediate Care Facility reports provided to the State through the end of SFY 2008 did not include the associated refunds. In SFY 2009, EDS reissued the Intermediate Care facility reports from SFY 2006 to current to include refunds issued. Due to a lack of communication regarding this change, FSSA finance did not deduct the refund amounts from Intermediate Care facility total assessments. The total effect of not accounting for the Intermediate Care facility refunds from SFY 2006 through SFY 2009 is an overstatement of federal share of $772,090 to the Medicaid program, with the Medicaid ARRA overstated by $ 5,879. Additionally, clerical errors caused incorrect refund amounts to be subtracted from the Nursing Facility assessments resulting in a further overstatement of federal share of $420,919 to the Medicaid program. (See 2009-FSSA-4, ARRA GRANT ACCOUNTING, for explanation that ARRA was unclaimed for Nursing Facility assessment adjustments.)

We consider the total overstatement of federal expenditures of $1,198,888 ($1,193,009 for Medicaid and $5,879 for Medicaid ARRA), to be questioned costs which may be required to be repaid to the federal government.

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." (US OMB Circular A-87 (C) (1))

We recommended that FSSA record the Intermediate Care facility and Nursing facility QAF adjustments net of the refunds issued. The identified questioned costs should be returned to the federal government.

Status as of June 30, 2014:

Journal Entry 0003635148 in the amount of $1,198,888 made on 3/28/14. Federal share returned on QE March 31, 2014 CMS-64.

FINDING 2008-FSSA(503)-3, SCHIP DUPLICATE EXPENSE

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles; Reporting
Internal Control:	Material Weakness
Questioned Cost Balance:	$5,223,868

Finding:

The State Children's Health Insurance Program (SCHIP) claims are processed and paid together with Medicaid claims by EDS, the Medicaid fiscal contractor. At the end of the month, EDS issues a summary report of the SCHIP expense. FSSA Finance uses the summary report to reduce the Medicaid fund expenses and increase the SCHIP fund expenses, in order to properly classify the program expenses as well as to apply the higher SCHIP federal match rate. Adjusting entries to move SCHIP expenses from Medicaid Assistance to SCHIP Assistance were not made during the first five months of the state fiscal year 2008. When adjusting entries were made in December 2007, the May 2007 adjustment, which had already been made in June 2007, was duplicated. As a result, federal expenses in the SCHIP Assistance fund are overstated by $5,210,759. An additional $13,109 is also in question as the federal expense recorded for the months of June through September 2007 had the higher matching rate applied which became effective October 1, 2007. The overstated federal expenses of SCHIP total $5,223,868. The overstated expenses were also included in the total reported in the Schedule of Federal Financial Assistance as of June 30, 2008.

We consider the duplicate expense amount overcharged to the federal government to be material to the program. The error was neither prevented nor detected by an internal control. Controls were not present to ensure timely entries, with application of cutoff procedures to ensure prior period costs are not recorded twice in error.

The overstated federal SCHIP expenses of $5,223,868 are considered questioned costs which may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors . . ." (45 CFR 92.22 (a))

45 CFR 92.20 (a) states: "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that FSSA Finance reconcile and review supporting grant accounting records on a regular and timely basis during the fiscal year. Internal controls should be designed in order to apply cutoff procedures to ensure prior period costs are not recorded twice in error. FSSA should process the necessary accounting adjustments to correct the identified errors.

Status as of June 30, 2014:

FSSA will work with the SBoA to explain the CHIP reporting process to achieve a resolution.

FSSA has enlisted the assistance of FSSA Internal Audit to mediate potential issues related to the reconciliation process between the CMS-64 and the State accounting system. On-going discussions are being held between FSSA and the SBoA.

FINDING 2008-FSSA(503)-7, SURVEILLANCE AND UTILIZATION REVIEW AUDIT FILES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions 1 – Utilization Control and Program Integrity
Internal Control:	Significant Deficiency

Finding:

The FSSA Office of Medicaid Policy and Planning (OMPP) contracted with Health Care Excel (HCE) to conduct the required Surveillance and Utilization Review (SUR) audits. The contractor was to perform claims utilization analysis to identify aberrant behavior as an indication of potential fraud and abuse. On-site audits of provider medical records were also then performed. Following the contract expiration, December 31, 2008, all files, databases and records were transmitted to OMPP. While these were generally made available to us, the staff was no longer available when we tested this function in

2009. As such, we were unable to make appropriate inquiries of contractor staff to verify the continuance of prior controls.

We tested a sample of audits to ensure the reports issued were accurate and complete and that the audits had consistently applied control procedures and appropriate methodology. There were 263 audits started during our audit period, of which 15 were selected for testing. Several documents or information necessary to support the work performed and the effectiveness of the contractor's services were missing from files tested, as described below.

- Recoupment files were missing for 5 of 13 (38%) cases tested that were identified for recoupment. Recoupment files generally contain a case activity log, a Provider Repayment Election Form (PREF) completed and signed by the provider to indicate provider's intentions with regard to repayment of the identified overpayments and interest, copies of the check and the daily check log, and a date stamp indicating the date that payment is received.

- There was no evidence of internal supervisory review for 4 of 15 cases (27%). For one closed case, there was no supervisory review documented for any part of the case. For two cases, there was no documentation of supervisory review to approve closure of the case. For one case, there was no evidence of supervisory review for the final determination letter.

- Indiana Medicaid Fraud Control Unit (MFCU) releases were not documented for 2 of 15 cases (13%). The MFCU is a unit of the Office of the Indiana Attorney General. MFCU releases are obtained to allow HCE to proceed with a specified course of action (on-site audit, preliminary findings, recoupment, etc.) at each case milestone so that MFCU investigative activities are not jeopardized. According to the Memorandum of Understanding between FSSA's OMPP and the Office of the Indiana Attorney General, if HCE does not receive a response from MFCU within 10 business days after a list of proposed actions are sent, HCE may continue with the specified course of action. However, this practice is rare. There was no documentation in the files that this approach was taken.

- There was no evidence of the interest calculation to support the final determination letter for 3 of 13 cases (23%) which were identified for recoupment. For one of those cases, an OMPP employee also allowed the provider to change the interest due from $6,891.86 to $6,631.56 without any calculation or basis stated.

- One case did not contain evidence that the case objectives were met despite the case having been closed. The objectives of this type of case include the examination of medical records for early intervention of errors for new providers. There was no evidence that any medical records were either requested or reviewed. The extent of the information contained in the case file was a fax which stated that there was a phone interview to gain basic information regarding the operations and that the reviewer drove by the location after office hours.

At June 30, 2008, the contractor's records show a total of $24.4 million as outstanding balances for 145 providers. These include 99 provider cases listed as awaiting state hearings and appeals dating back to 1999. OMPP is currently conducting follow-up with cases which were active as of when the contract ended. Furthermore, the federally mandated SUR function was contracted to EDS, the Medicaid fiscal agent, which only required SUR review of only 1 audit per month beginning in January 2009.

42 CFR § 456.3 states that: "The Medicaid agency must implement a statewide surveillance and utilization control program that— (a) Safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments; . . ."

42 CFR § 456.4 states that: "(a) The agency must— (1) Monitor the statewide utilization control program; (2) Take all necessary corrective action to ensure the effectiveness of the program; (3) Establish methods and procedures to implement this section; (4) Keep copies of these methods and procedures on file; and (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program."

Per IC 12-15-13-3(g): "If interest on an overpayment to a provider is due from the provider, the secretary [defined in IC 12-7-2-172 as the Secretary of FSSA] may, in the course of negotiations with the provider regarding an appeal filed under subsection (b), reduce the amount of interest due from the provider."

Per IC 12-15-23-5: "If the administrator and a provider fail to enter into an agreement not more than sixty days after the administrator's discovery of an overpayment, the administrator shall immediately certify the facts of the case to the Medicaid fraud control unit established under IC 4-6-10."

We recommended that FSSA develop and document a full control structure for the required surveillance and utilization review function. The open case files should be reviewed to identify the accuracy of the information and action necessary to collect amounts due the program or properly document uncollectable amounts. Interest calculations should be in accordance with IC 12-15-13-3 and documented. Outstanding audit cases that are not awaiting appeal should be certified to the Medicaid Fraud Control Unit in accordance with IC 12-15-23-5.

Status as of June 30, 2014:

A new i-Sight Users Guide has been developed and was published on 4/21/14. Meetings and other items listed in corrective action plan continue to occur.

Program Integrity SUR continues to work collaboratively with the FADS data staff to validate all information is entered into the appropriate fields within the i-Sight case management tracking system. Regular meeting between PI managers and pertinent FADS staff continue, and will continue, to occur to review reports of current cases. PI and FADS staff are currently working to review information for aged cases in i-Sight and enter/update information as appropriate. Regular meetings with the Office of General Counsel will take place to address aged, outstanding audit cases in the Hearing & Appeals status to determine provider intention to continue to appeal or withdraw the appeal. Any discrepancies will be discussed with management and corrections of the case data will be pursued.

FINDING 2005-FSSA(503)-16, TRACKING OF CERTIFICATION & TRANSMITTAL (C&T)

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Joy Heim
Title of Contact Person:	
Phone Number:	
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

Finding:

In order to be eligible to receive Medicaid payments, long-term care facilities must meet prescribed health and safety standards. The Indiana State Department of Health (ISDH) is responsible for the issuance of Certification & Transmittal (C&T) documents. Among other purposes, C&Ts inform the Medicaid fiscal agent whether or not facilities have met prescribed health and safety standards. EDS may receive several C&Ts for each facility in the course of a year. Not all of the C&Ts received will be for the purpose of recertification. Other than Intermediate Care Facilities for the Mentally Retarded (ICF/MR), EDS does not have a system in place to ensure that only those facilities certified by the Indiana State Department of Health as having met prescribed health and safety standards receive Medicaid payments.

There is a lack of controls in place to ensure that all providers being paid have a current and satisfactory C&T. Upon receipt, C&T documents are logged in the Document Tracking System at EDS and filed in hardcopy facility files. No information is entered into AIMS for long-term care facilities other than ICF/MR. The papers inside provider files are loose-leaf, not in any specific order, and are not indexed. There is no process in place to ensure that all required C&Ts are received and to follow-up on those that are missing. The lack of controls increases the risk of paying providers who do not have a current and satisfactory C&T.

42 CFR §442.12 states: "Provider agreement: General requirements. (a) Certification and recertification. Except as provided in paragraph (b) of this section, a Medicaid agency may not execute a provider agreement with a facility for nursing facility services nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services."

The Social Security Act §1919 (g)(2)(A)(iii)(I) states: "Each nursing facility shall be subject to a standard survey not later than 15 months after the date of the previous standard survey conducted . . ."

We recommended that FSSA ensure that a process is implemented to make certain that the most current C&T is in the provider files and to examine files for completeness. If a provider's file does not have a recent C&T, follow-up should be performed with ISDH. The communication process should be enhanced to ensure that C&Ts are received in a timely manner. A list of finished surveys from ISDH should be periodically obtained and compared to hardcopy provider files.

Status of Finding as of June 2014:

FSSA Operations continues to monitor documentation from ISDH for all enrolled extended care facilities regarding results of compliance surveys by the following processes:

- Performance of an annual reconciliation (initiated in 2013) matching enrollment data with C&T documents received from ISDH to ensure that all enrolled facilities are surveyed and remain compliant as required.
- Validating that all copies of C&Ts have been added to the providers' enrollment files.

FINDING 2005-FSSA(503)-20, TIMELY FOLLOW-UP OF LICENSE TERMINATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778; 93.767
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility; Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Cost Balance:	$192,269

Finding:

AIMS does not provide a computer field to record the license termination date of providers. For providers with a license that is no longer valid, the end date of the license is not the end date used in AIMS. The end date used in AIMS is the date that the termination letter is sent out and may be several months after the date that the license became invalid.

As the system does not provide license termination dates, identification of services performed after a provider's license became invalid is not readily determinable. Manual processes are relied upon when making the determination as to whether the provider has performed services after the date that his or her license became invalid.

In our review of the license termination process, two providers were identified who received payments for services performed after the date which the provider's license became invalid. Action had not been initiated to recover the overpayments.

The first provider's eligibility was not terminated from AIMS until more than three months had passed after receiving an emergency suspension. The provider was identified in a newspaper article which stated that the provider was under a 90 day emergency suspension for committing possible fraud against Medicaid and private insurers. The emergency suspension has since been extended an additional 90 days. We are questioning claims which were paid for services performed after the date of the provider's emergency suspension in the amount of $2,356.14.

The second provider's eligibility was not terminated from AIMS until more than 16 months had passed after the date of the company's license expiration. The delays in terminating the eligibility of this provider in AIMS resulted in $298,604.37 paid for claims with dates of service subsequent to the license expiration.

42 CFR §440.50 states that the services of physicians and dentists must be "(2) By or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

45 CFR §92.22 state that: "Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type Contractors. . . ."

Under OMB Circular A-87, a cost must meet the following general criteria to be allowable under Federal awards: be necessary and reasonable for proper and efficient performance and administration of Federal awards and be authorized or not prohibited under State or local laws or regulations.

The total paid to these providers for services claimed beyond the date of license expiration or termination of $300,960.51 is considered a questioned cost. The federal share may be required to be repaid to the federal government with State funds.

We recommended that FSSA require that AIMS maintain the date on which a provider's license becomes invalid. FSSA should perform monitoring procedures to ensure that license changes are recorded in a timely manner. FSSA should also develop information and communication procedures to ensure timely AIMS eligibility terminations occur.

Status as of June 30, 2014:

Policies and procedures are in place. Journal Entry 0003679854 was posted with a date of 6/4/14 to return the federal share.

FINDING 2005-FSSA(503)-30, MEDICAID BANK RECONCILIATIONS

Federal Agency: Department of Health and Human Services
Federal Program: State Children's Health Insurance Program (SCHIP), Medical

	Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

Finding:

Indiana has a contracted fiscal agent for the Medicaid and SCHIP programs, EDS Corporation. The fiscal agent operates the AIMS, adjudicates and pays claims to providers, and maintains a bank account. We reviewed the bank statements and reconciliations performed by EDS for the period March through June 2005. The reconciliations were only of the monthly transactions and were not complete reconciliations using the total general ledger balance, outstanding checks and showing reconciliation to the bank balance. As a result, while monthly transactions are shown as compared between source records and the bank, we cannot ascertain that the records in total are in balance with the bank, or what the variance would be.

We further found that there is no process in place for FSSA to compare the state accounting transaction records maintained for the Medicaid program to the bank statements.

Reviews of bank statements were performed by FSSA budget section, but were not formally documented. In March 2006, we were informed that the EDS bank statements and reconciliations had not been reviewed since July 2005.

There are no written procedures for the process of monitoring the EDS bank and financial reporting.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20(a))

"In addition to supporting documentation required for the state accounting system, some agencies maintain additional subsidiary records. These records may be so extensive as to constitute the agency's accounting system, particularly for financial reporting requirements. The agency provision of an effective accounting system would entail internal control structure elements, as well as accurate and functional forms and reports. An agency's accounting system, forms, and records must be approved by the State Board of Accounts. It should be noted that the Auditor of State system and reports issued constitutes the official record of the budget, cash receipts and disbursements. As such, the agency's own accounting system should operate congruently with the state system with reconciliations of as much information as is practicable. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree . . ." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended to FSSA that complete bank reconciliations be performed for the account maintained by the fiscal agent. Written procedures should be developed regarding the review of the bank statements and reconciliations which include timely performance, documenting such reviews, assuring that identified errors are corrected, and comparisons to state accounting records for the Medicaid program.

Status as of June 30, 2014:

HP has documented their process for compiling the monthly bank reconciliation. FSSA receives, reviews, and verifies the cash transactions posted to the bank statement match the records in the State accounting system of transfers to HP for Medicaid and Indiana Health Care Plan payments.

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FINDING 2004-FSSA(503)–6, DEATH VERIFICATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767 and 93.778
Auditee Contact Person:	Ron Hendrickson
Title of Contact Person	
Phone Number:	
Compliance Requirement:	Allowability, Eligibility
Internal Control:	Significant Deficiency

Finding:

On a daily basis, the Family and Social Services Administration (FSSA) submits the Social Security numbers of new applicants for programs served by the local Offices of Family and Children (OFCs) to the Social Security Administration (SSA) for verification that the number is valid, has been assigned to the corresponding name, and the number/name are not in the SSA death registry. In addition, FSSA verifies data for active household members against the SSA death registry on a quarterly basis for all recipients above 13 years of age.

If SSA records indicate that a recipient has died, an alert is generated to the caseworker. The Indiana Client Eligibility System (ICES) permits caseworkers to authorize file changes once daily. Most changes can be batched prior to authorization, but death information must be authorized in two sequential steps for the recipient to be properly removed from the household and the remaining household members' eligibility to be recalculated.

If a recipient is properly removed, the recipient's case should become inactive and, therefore, not be included in the next quarter's death verification request. We requested a query of the ICES data to determine if any death matches were returned for the same recipient from one quarter to the next. A query was generated to compare results for the 4th quarter of 2004 to results for the 4th quarter of 2005. We found 133 matches statewide. Of these matches, 38 indicated some kind of benefit had been provided in 2005. Of these matches, 10 indicated a date of death prior to June 2002.

For these 10 matches, we obtained payment data for the audit period. Out of the 10 matches, 6 recipients were identified who received a combined total of more than $200,000 in services during SFY04. We also tested a match for a date of death from 1957 and discovered that Medicaid payments had been provided through 2001.

These results are not conclusive until additional research is conducted. For example, if services were provided under a stolen identity, the sum of inappropriate payments could potentially span a longer time-frame than SFY04. Even if each instance of discrepant data can be traced to an error rather than the intentional misuse of an identity, the failure to detect and correct the discrepancies in a timely manner indicates control weaknesses over the payment function. In addition, failure to fully complete the two-step authorization required by ICES for death data affects the accuracy of eligibility determinations for remaining household members.

42 CFR 430.0 states: "Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low income persons who are age 65 or older, blind, disabled, or members of families with dependent children or qualified pregnant women or children." Medical assistance cannot be provided to a person who is deceased.

We recommended that research be conducted to determine the cause of discrepant death verification data for repetitive data alerts. In addition, we requested that the ultimate disposition of each instance of discrepant data, whether correction of erroneous data, recoupment or referral to an appropriate investigative or law enforcement authority, be documented and reported to us.

We also recommended that adequate oversight be exercised to ensure timely and appropriate resolution of discrepant death data by local OFCs.

Status of Finding as of June 2014:

MR35 release did occur on the scheduled date in September and from this date forward FSSA/DFR has the functionality in place to process regular matches with the Indiana State Department of Health. The data from ISDH is certainly timelier than SSA data. The actual first match with ISDH occurred on 10/2/14. The alerts and tasking support were part of the implementation of MR 35 and are functioning as planned.

FSSA/DFR has confirmed that the management staff were retrained on July 18, 2013. As well, the flash bulletin noted for release was actually released on July 26, 2013. Management staff did follow through on the refresher training for staff and was completed by the deadline date.

FINDING 2003-FSSA(503)-16, ONGOING VERIFICATION OF PROVIDER MEDICAL LICENSE

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

Finding:

FSSA's Medicaid Program contracts with an outside contractor, EDS, for determining provider eligibility. During our audit of FSSA's Medicaid Program, we found that the current status of provider medical licenses was not verified by EDS on a consistent basis. The Indiana Health Professions Bureau (IHPB) maintains a centralized database of health profession licenses. IHPB transmits to EDS on a monthly basis an electronic list of active licenses. EDS used this file to verify that new Medicaid providers applying for enrollment were licensed. However, EDS did not use this file to verify that the licenses of active providers were current. In one instance, we discovered a provider that remained actively enrolled whose license had been revoked more than two years previously. Upon inquiry, we found that EDS performed a limited verification of license revocations using manual procedures. However, these manual procedures were insufficient to assure that providers without a current license would be determined ineligible on a consistent basis. This is a control weakness.

42 CFR 440 Subpart A includes definitions of the various medical services eligible for reimbursement under Medicaid. 42 CFR 440.50 defines physicians' services as "services furnished by a physician

. . . by or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

We recommended that FSSA implement procedures to ensure that providers whose medical licenses are not current do not remain eligible for participation in Medicaid.

Status as of June 30, 2014:

Requirement for ongoing monitoring of license status is met by HP's receipt and processing of monthly reports from IPLA and LexisNexis that includes information on license status for all providers that are required to have a license to support their enrollment as an IHCP provider. The process of receiving and working reports from IPLA has been in practice for several years for Indiana providers. HP added the license reports from LexisNexis to address monitoring of licenses for out-of-state providers in 2012.

AUDITOR OF STATE

Suzanne Crouch

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March 11, 2015

Mr. Paul D. Joyce, CPA, State Examiner
Indiana State Board of Accounts (SBOA)
302 W. Washington Street
Indiana Government Center South, Suite E418
Indianapolis, IN 46204

Dear Mr. Joyce:

This letter provides official responses for the financial statement findings for inclusion in the State's Single Audit Report for the fiscal year ended June 30, 2014.

FINDING 2014-001, INTERNAL CONTROLS OVER TAX REVENUES

The Department of Revenue (DOR) has stand-alone custom taxpayer account systems, spreadsheets and databases that were developed over time to support the core tax processes at DOR. The Department of Revenue's Returns Processing System (RPS) processes the majority of tax returns collected, refunds issued, and adjustments to taxpayer accounts, but other stand-alone taxpayer account systems and databases are used by DOR to support tax types not maintained in RPS. DOR posts tax revenue receipts to the State's ENCOMPASS financial accounting system based upon bank reports and other related deposit receipt information. At the time of posting the receipts to ENCOMPASS, DOR performs daily reconciliations between RPS, the bank and ENCOMPASS for EFT deposits; however, DOR did not consistently perform reconciliations between the taxpayer account systems and ENCOMPASS to ensure that all tax revenue transactions, including refunds and adjustments subsequently posted to taxpayer accounts were also properly posted to ENCOMPASS. Due to the lack of reconciliations, the following variances were identified:

- When comparing the total detail transactions provided as support from DOR's taxpayer account systems to ENCOMPASS for General Fund tax types tested, net revenue activity presented in ENCOMPASS was $51,977,067 greater than the total detail transactions. Conversely, for Non-Major Governmental Funds tax revenues tested, net revenue activity presented in ENCOMPASS was $271,003 less than the total detail transactions. These variances equated to less than 1% of the overall revenue activity tested. DOR was unable to present additional transactions or provide additional information to account for these differences. These variances were not considered material to the financial statements.

- As a result of our testing of General Fund tax revenue transactions, we identified specific variances between the transaction files and ENCOMPASS. Based on our audit procedures, we projected a variance of $29,924,014. This projected variance identified more activity reported in ENCOMPASS than was provided in the aforementioned detailed transactions. DOR was unable to present additional transactions or provide additional information to account for this difference. This projected variance, alone or in combination with the variance noted above, was not considered material to the financial statements.

Additionally, the State of Indiana issues tax refunds by high volume warrant and direct deposit, which are posted as a refund of tax revenues to ENCOMPASS. Tax refunds issued by high volume warrant are posted from RPS to ENCOMPASS through an automated process. Although DOR has controls in place to reduce the risk of improper release of tax refunds, adequate controls were not in place to ensure that tax refunds issued by high volume warrant were properly classified by tax type

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when posted to ENCOMPASS.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from the original source of entry into the system, through all system processing, through various levels of summarizations, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing and summarizations, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 14.3.5)

Corrective Action Plan:

The Department of Revenue (DOR) has conducted a review of its standalone applications used to administer a number of ancillary taxes, fees and other revenues in an effort to reduce or eliminate standalone applications and identify opportunities for consolidation into a single integrated tax system as a longer-term solution. As of January, 2015 the DOR has reduced the number of standalone systems by more than 45%.

DOR has a project underway to improve its traceability and recording of transactions from point of origin to the state's ENCOMPASS financial accounting system. This systematic transfer of payment data between our Returns Processing System and ENCOMPASS will reduce the risk of error due to multiple manual transfers of data. The 1st phase of this project was completed at the end of July 2013. The 2nd phase was completed in April 2014 and the 3rd (of 4 total phases) is underway and expected to be completed by July 2015. Reconciliation controls are also continuing to be enhanced and incorporated into an agency compliance program that will monitor the operating effectiveness of related processes and controls on a scheduled basis.

DOR began development of the compliance program, or Key Controls Catalogue program, during the later part of 2014. As part of this effort, the Department will be reviewing the system controls and tables utilized in our Returns Processing System for high volume refunds, identifying control gaps and implementing corrective actions to ensure that tax refunds issued through high volume processing are properly classified by tax type when posted to ENCOMPASS. The high volume refund process review and corrective action is anticipated to be completed by June 2015.

State Board of Accounts' concerns expressed within this audit regarding our internal controls, processes, and systems are similar to those issues brought forth in an audit conducted by Deloitte & Touche during 2012. DOR has incorporated these findings and recommendations into a formal, comprehensive project plan which commenced in 2012 and is continuing to implement this plan to improve our capability and accuracy in properly accounting for receipt and disbursement of revenues. As of December 2014, the DOR has completed projects to address 68% of the Deloitte & Touche observations and SBOA recommendations (compared with 42% completion a year ago) and have additional projects underway that will address an additional 21% of the issues by December 2015. The remaining issues will require implementation of a new integrated tax system, which will take multiple years.

Contact Person:

Valerie Hunt, Chief Financial Officer, Indiana Department of Revenue, 317-232-2177, vhunt@dor.in.gov

Anticipated Completion Date:

See dates noted above

FINDING 2014-002, INFRASTRUCTURE REPORTING

The Indiana Department of Transportation (INDOT) provides Infrastructure Fixed Asset Inventory reports for inclusion in the compilation of the Statement of Net Position, capital asset disclosures in the Notes to the Financial Statements, and Required Supplementary Information. Controls in place did not detect errors in the capital asset disclosures, included in the notes to the financial statements, presented for audit. The following classification and reporting errors were identified:

1. Our testing identified one project reported as complete to still be Construction in Progress (CIP), resulting in an error of $1.3 million. This error, when projected, would equate to a $61,668,855 overstatement of Infrastructure and understatement of Construction in Progress.

2. Our testing identified a project reporting $1.5 million of CIP additions to have been finished and should not have been included in CIP. This error, when projected, would equate to a $73,125,242 overstatement of CIP additions and understatement of Infrastructure.

3. INDOT review procedures failed to identify duplicate invoices in the Condemned and Secured land parcels compiled to calculate the reduction of Right of Way (ROW) CIP. This caused an understatement of ROW CIP and an overstatement of ROW Land of $3,594,691.

4. INDOT staff appropriately identified that the Infrastructure CIP beginning balance needed to be reduced; however, the reduction of the balance was not reported accurately within the Notes to the Financial Statement. Approximately $104 million in retired Infrastructure CIP should not have been classified as a retirement of CIP, but instead should have been a prior period adjustment reducing the beginning CIP balance.

Following our communication of the above noted errors, adjustments were recorded to correct the capital asset note disclosures in the financial statement.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

1. Corrective Action Plan:

One project reported as completed was found to be an isolated practice by one district which allowed the Project Engineer (PE) to enter an acceptance date to track when construction signs were removed. Added security features will make the field more restrictive. The Project Engineer will not have access to this field. The date will be entered by the District Construction Office. The change will be effective with the June 18, 2015 upgrade release for the Site Manager software program which handles this data. This upgrade will include additional security to prevent unauthorized users from using this field. Written instructions will be sent to the districts by March 6, 2015 advising that the field is not to be used to track construction sign removal. We believe this to be a onetime error and do not believe this to be an issue going forward.

Contact Person:

Joy A. Koester, Fiscal Analysis & Reporting Manager, Indiana Department of Transportation, 317-232-5367, jkoester@indot.in.gov

Anticipated Completion Date:

June 18, 2015

2. Corrective Action Plan:

Increased monitoring and more quality assurance checks of closed contracts will be used to ensure that projects that are closed are identified and reported as closed. The Construction section is also adding a quarterly District Quality Assurance review with oversight from Central Office staff. The purpose of the review is to identify that the system shows the correct project status in comparison to the status report provided by the District and the list provided by the Accounting division. A report will be generated that shows the difference in dates between the final acceptance and the final acceptance letter. The target is 5 days or less in order to ensure timely status updates.

The Construction section will increase their monitoring of open projects at both the Central Office and District level. In addition, The Accounting division will provide a list of open projects to the Construction section quarterly to assist with their review and isolate potential closed projects. The first quarterly review (Q3) will be completed by April 30, 2015

Contact Person:

Joy A. Koester, Fiscal Analysis & Reporting Manager, Indiana Department of Transportation, 317-232-5367, jkoester@indot.in.gov

Anticipated Completion Date:

April 30, 2015

3. Corrective Action Plan:

Former INDOT review procedures failed to notice duplicate invoices in the Condemned and Secured land parcels compiled to calculate the reduction of Right of Way (ROW) CIP. This occurred because the Land Acquisition section was using a legacy query on an updated database. Now that we are aware of the query limitation, we are reviewing the report results more thoroughly and we are enhancing the LRS system (Land Record System) to provide better reporting capability for FY2015.

MIS staff is writing a query that can be uploaded into the system, which will scrub the LRS data that was missed when reviewing ad-hoc queries previously. This was a onetime error that we do not believe will be repeated now that we are aware of the previous reporting limitation.

Contact Person:

Joy A. Koester, Fiscal Analysis & Reporting Manager, Indiana Department of Transportation, 317-232-5367, jkoester@indot.in.gov

Anticipated Completion Date:

July 24, 2015

4. Corrective Action Plan:

The $104 million of retired infrastructure incorrectly classified occurred because the work type assigned by the Project Engineers within INDOT's SPMS system was incorrect. Accounting staff use approved work type capitalization percentages to classify and calculate work in progress. Due to work type limitations, a team of INDOT engineers working with the Accounting staff will need to meet regularly to identify additional work types that need to be set up to ensure that projects are classified accurately upon inception of INDOT projects. In addition, INDOT engineering staff needs to assist with the review of projects included in work in progress to ensure that projects are classified accurately.

Contact Person:

Joy A. Koester, Fiscal Analysis & Reporting Manager, Indiana Department of Transportation, 317-232-5367, jkoester@indot.in.gov

Anticipated Completion Date:

June 30, 2015

FINDING 2014-003, PENSION REPORTING

The State of Indiana Comprehensive Annual Financial Report (CAFR) provided for audit did not include the required note disclosures and required supplementary information for the State Police Pension Fund in accordance with Governmental Accounting Standards Board (GASB) Statement 67. The excluded information from the notes consisted of annual money-weighted rate of return (1 year), components of net pension liability and net position as a percentage of Total Pension Liability (TPL) (1 year), and assumptions used to measure TPL. Excluded information from the RSI consisted of the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Investment Returns. Controls in place did not detect the omission prior to providing the statements for audit. Following our communication of this omission, the State of Indiana subsequently corrected and included the required note disclosures and RSI.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

Corrective Action Plan:

The Indiana Treasurer of State (TOS) is Trustee of the Indiana State Police Pension Trust under the Pension Trust Agreement with the Indiana Department of State Police. The TOS, as Trustee, prepares all required financial statements, notes, and schedules for inclusion in the CAFR. This was the first year that information required under GASB-S67 was to be reported in the CAFR.

TOS staff worked diligently with its actuaries and the AOS CAFR staff to clear up the omission once the auditors brought this to our attention. We believe this to be a one-time omission and do not believe it will be an issue going forward. We appreciate that our auditors brought this matter to our attention so that the corrections could be made. We believe this finding to be resolved since the 2014 CAFR was corrected to include the required note disclosures and RSI.

Contact Person:

Mike Frick, Deputy Treasurer and Investment Manager, Indiana Treasurer of State, 317-232-0140, mfrick@tos.in.gov

Stephen M. Daniels, Deputy Auditor of Operations, Indiana Auditor of State, 317-233-9817, sdaniels@auditor.in.gov

Anticipated Completion Date:

December 30, 2014

FINDING 2014-004, FSSA ACCOUNTS RECEIVABLE REPORTING

The State of Indiana Comprehensive Annual Financial Report (CAFR) provided for audit contained an overstatement of Accounts Receivable and Revenue totaling $51 million in Non-Major Governmental Funds. Controls in place did not detect this error prior to providing the statements for audit.

The Family and Social Services Administration transferred the records of benefit overpayments from a subsidiary system to the State Encompass accounting system in fiscal year 2014. A total of $51 million in recoupments due from these transferred records was recorded as an increase to accounts receivable and revenue. The benefit overpayments were from the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Medicaid programs. Once recovered, all but a small percentage of the recoupments must be returned to the federal government. Additionally, in any given year, only an estimated 1% of the total is considered recoverable. Since only a small percentage of the funds are recoverable every year and funds recovered do not ultimately belong to the State, this total is neither an asset of, nor revenue to, the State. Following our communication of this error, the State of Indiana recorded adjustments to correct accounts receivable and revenue totals in the financial statements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

Corrective Action Plan:

FSSA started recording these customer based accounts receivable in ENCOMPASS, the state accounting system, in January 2014. FSSA had previously accounted for these receivables in two FSSA subsidiary systems. FSSA wanting to be able to more effectively and efficiently manage these receivables in a single system was an impetus for moving them onto the state accounting system.

Prior to the setup of these receivables in ENCOMPASS, FSSA discussed this with the project and executive steering committees. Many of these receivables are decades old and none of them can be written off by federal regulations except for bankruptcy or the liable party being deceased.

These receivables were included in the State's financial statements as accounts receivable and revenue because FSSA recorded them in ENCOMPASS. The preparers recalled that the majority was not collectible but forgot to adjust the balances accordingly. We made the adjustment to remove the accrued receivables and revenues once this was brought to our attention by the auditors whom had discovered such from their conversation with FSSA staff.

We believe this to be a one-time error and do not believe it will be an issue going forward. We appreciate that our auditors brought this matter to our attention so that the adjustment could be made. We will work to strengthen and improve our communications with agencies reporting receivables so that the likelihood of such an error occurring in the future will be detected and in a timely manner. For receivables reported in the system, agencies will be requested to confirm their 100% collectability or to provide an allowance for uncollectible accounts at each fiscal year end.

Contact Persons:

Paul Bowling, Chief Financial Officer, Family and Social Services Administration, 317-233-4451, paul.bowling@fssa.in.gov

Stephen M. Daniels, Deputy Auditor of Operations, Auditor of State, 317-233-9817, sdaniels@auditor.in.gov

Anticipated Completion Date:

July 31, 2015

FINDING 2014-005 ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORTING – UNEMPLOYMENT INSURANCE

The Indiana Department of Workforce Development (IDWD) provides Unemployment Compensation Insurance Fund (UI Fund) financial statements for inclusion as a major enterprise fund in the Comprehensive Annual Financial Report (CAFR). Both the accounts receivable and accounts payable totals in the UI Fund financial statements presented for audit were understated by material amounts. Controls in place did not detect these errors prior to providing the statements for audit.

The accounts receivable total on the UI Fund statements represents delinquent Unemployment Insurance taxes owed by employers. The total accounts receivable presented for audit ($23.6 million) included delinquent employer taxes up to 15 months old. IDWD's policy on the collectability of delinquent taxes includes debt greater than 15 months old. Accounts receivable, after recalculation of delinquent UI taxes using the parameters of collectability set by IDWD management, was $83.9 million. The UI accounts receivable total presented for audit was understated by $60.3 million.

The accounts payable total on the UI Fund statements presented for audit ($3.3 million) represented benefit and other benefit related claims due, but not paid as of June 30, 2014. This total did not include employer tax overpayments held by IDWD. Employers that overpay UI taxes can leave the balance with IDWD to offset future taxes owed, or can request a refund. Overpayments over four years old are not refundable per IC 22-4-32-19. The balance of employer tax overpayments under four years of age is a liability of the State. Total overpayments held by IDWD, for less than four years as of June 30, 2014, totaled $18.5 million. The UI accounts payable presented for audit was understated by $18.5 million.

Following our communication of the above noted errors, adjustments were recorded to correct the financial statements.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

Corrective Action Plan:

DWD has developed new control procedures in order to ensure that the UI Fund financial statements are accurately presented for inclusion in the CAFR. These procedures were used to recalculate the accounts receivable and accounts payable amounts that were resubmitted and found to be materially correct in the 2014 UI Fund financial statements.

DWD's accounts receivable amount includes funds owed to DWD from two different sources, employer delinquent taxes and claimant benefit overpayments. DWD has developed control procedures for each of these sources. For employer delinquent taxes receivable, DWD has developed a query of employers' accounts within the Uplink system. This query creates a report of every employer with an outstanding balance that is due to DWD as of June 30th. DWD staff then reviews these accounts, determining which debt is collectible using the following protocol: Factual employer debt with a payment due date of seven years old or less and Estimated employer debt with a payment due date of four years old or less. These amounts will be included in the accounts receivable number that will be reported on the UI Fund financial statements. For benefit overpayments receivable, DWD is required to report all benefit overpayments on the ETA 227 federal report. The amount reported on the June 30th ETA 227 is abstracted by DWD staff and the claimant accounts that make up that amount are reviewed to determine if they meet the following protocol: Non fraud overpayments with a collection date of three years old or less and Fraud overpayments with a collection date of six years old or less. These amounts are considered collectible and will be included in the accounts receivable amount.

Going forward, DWD will include employer tax overpayments that are held by DWD in our calculation of the accounts payable. DWD has created a query of the Uplink employer accounts that generates a report of all employers' accounts that show a positive balance with a payment posting date of four years or less as of the date of the financial statements. This report will be reviewed by DWD staff to ensure it is accurate.

DWD will also implement additional control procedures in order to ensure that the UI Fund financial statements that we present for inclusion in the CAFR accurately reflect the financial position of the UI Fund. These procedures include, but are not limited to, a thorough review of the amounts presented on the financial statements by DWD financial staff, which will include re-performance of the control procedures detailed above. DWD will also continue, for the foreseeable future, to engage an external preparation service to ensure timely submission of the UI Fund financial statements.

DWD believes that the above control procedures will resolve all issues with the UI Fund financial statements and in 2015 these statements will be materially correct when presented for inclusion in the

2015 CAFR.

Contact Person:

William Nonte, Chief Financial Officer/Chief of Staff, Indiana Department of Workforce Development, 317-232-7675, wnonte@dwd.in.gov

Anticipated Completion Date:

June 30, 2015

If you have any questions or require further information, please contact Steve Daniels, Deputy Auditor of Operations, at 233-9817 or via email at sdaniels@auditor.in.gov.

Sincerely,

Suzanne Crouch

Suzanne Crouch
Auditor of State
State of Indiana

Chris Atkins
Director
Office of Management and Budget

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2014-006 Cash Management

Contact Person: Mitzi Moss

Anticipated Completion Date: 2/20/15

Corrective Action

The Lt Governor's Office has requested an amendment to the Cash Management Improvement Act (CMIA) Agreement to update the average clearance days for FY14 and FY15 to zero. The CMIA Clearance Pattern Report by Clearance Date from PeopleSoft is used to verify the accuracy of this clearance.

In addition, a policy has been put into place that draws shall not be entered into the US Department of Housing and Urban Development system prior to payment of the invoice/claim voucher by the Auditor of State's Office.

2014-007 Reporting

Contact Persons: Kathleen Weissenberger, Mitzi Moss

Anticipated Completion Date: 3/1/15

Corrective Action

The State CDBG Director will now document in writing the approval of the PER/CAPER report prior to sending it to the US Department of Housing and Urban Development. This will be done via email or form template and a hard copy placed in the file along with the PER/CAPER report.

2014-008 Subrecipient Monitoring

Contact Person(s): Kathleen Weissenberger, Mitzi Moss

Anticipated Completion Date: 3/1/15

Corrective Action

The State CDBG director will now review the sub-recipient A-133 spreadsheet for completion no less than quarterly. The director will document via email when the review is complete.

FINDING 2014-009 SPECIAL TESTS AND PROVISIONS - MATCH OF IRS 940 FUTA TAX FORM
Contact Person(s): Josh Richardson, Deputy Commissioner of UI Operations
Anticipate Completion Date: June 30,2015

DWD Corrective Action Plan

The Indiana Department of Workforce Development (DWD) currently has established internal controls consistent with IRS Publication 4485, Guide for the Certification of State FUTA Credits. These controls include a process whereby DWD IT staff verifies that the number of returned records matches the initial amount sent to DWD UI Tax staff for inclusion on the IRS 940 FUTA tax form. Also, DWD IT staff verify the proper placement of decimals for the monetary amounts to ensure that the merit rates are properly converted to a decimal and that non-numeric characters are not in the payment field prior to completion of the form.

Additionally, DWD UI Tax staff provide the first fifty zero and non-zero samples to DWD's Collections Enforcement Unit for their review prior to transmission to the IRS. We will ensure that all of the necessary steps to certify that the IRS 940 FUTA tax form are properly completed, reviewed by appropriate personnel, and that the review process is properly documented and maintained by DWD.

FINDING 2014-010 SPECIAL TESTS AND PROVISIONS – UC PROGRAM INTEGRITY – OVERPAYMENTS
Contact Person(s): Josh Richardson, Deputy Commissioner of UI Operations
Anticipate Completion Date: June 30, 2014

DWD Corrective Action Plan

Concerning benefits payments in general, and overpayments in particular, DWD has two types of internal control mechanisms to provide a reasonable assurance that DWD is managing Federal awards in compliance with laws, regulations, and the provisions of our grant agreements. First, we have a Benefit Accuracy Measurement program which is required by 20 CFR section 602.11(d) to assess the accuracy of UI benefit payments and denied claims. The BAM unit is required to draw a weekly sample of payments and denied claims, review the records, and contact the claimant, employers and third parties to verify all the information pertinent to the paid or denied claim that was sampled. The BAM program reviews cases for adherence to State law and policy. (See, OMB Circular A-133 Compliance Supplement, CFDA No. 17.225, Compliance Requirement N.2.) The existence of a BAM program is a key component of agency "internal controls".

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The second internal control is found through a reporting requirement to the United States Department of Labor, (USDOL). As part of the UI PERFORMS management system inaugurated in 1995, USDOL and DWD have put in place a series of timeliness and quality measures to allow a more accurate assessment of the functioning of the UI program called Benefits Timeliness and Quality (BTQ). DWD's BTQ program submits monthly reports to USDOL. According to the ET Handbook 301 (Revised March 2012),

> The BTQ review serves two distinct purposes. First, the review assesses the *overall quality* of the nonmonetary determination process using a set of prescribed evaluation criteria. Each sampled determination is measured against federally established minimum criteria, evaluating the quality elements of the determination. Second, the review includes a data validation component to ensure that the state UI agency is reporting its nonmonetary determination activities in accordance with UI Reports (UIR) instructions contained in ET Handbook 401, UIR Handbook.

Both the BAM and the BTQ programs are the types of internal controls that have been put in place to provide a "reasonable assurance" that DWD is maintaining "internal control over Federal programs".

Despite this level of internal control, this particular finding goes on to conclude that the BTQ Division review in place within DWD is "not properly designed to mitigate the risk of noncompliance for this compliance requirement. The audit finding misstates the DWD overpayment detection process by assuming that there is an "initial classification" of overpayment cases as either "regular" or "potential fraud". This constitutes a misunderstanding of the nature of overpayment cases and the agency fraud determination processes. Any and all overpayments are determined by automated computer processes. Those overpayments are then sent to an adjudicator who will review the automated determination. If an adjudicator determines there is some level of evidence of fraud, the case is referred to the Benefit Payment Control (BPC) Division for further investigation. There is no final "affirmative determination" by an adjudicator that a case is "not fraud". For instance, evidence of fraud could be discovered long after the adjudicator reviewed the case. Thus, overpayments which are not sent for further investigation cannot be misclassified. They simply are overpayments that have not been referred for further investigation. DWD has discretion in determining what type of evidence to rely upon when supporting a fraud allegation. The level of evidence required to support a fraud determination may change from case to case, based upon the specific facts of that case. Thus, a decision not to send a case to BPC for further investigation cannot be measured as "correct" or "incorrect. DWD believes it has adequate internal controls in place and therefore disagrees with this finding.

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FINDING 2014-011 SPECIAL TESTS AND PROVISIONS – UC PROGRAM INTEGRITY – OVERPAYMENTS
Contact Person(s): Josh Richardson, Deputy Commissioner of UI Operations
Anticipate Completion Date: June 30, 2015

DWD Corrective Action Plan

DWD disagrees with the aspect of this finding that states we have not implemented "a system that would prevent relieving employers of benefit charges against their accounts when they did not respond timely or did not provide accurate information."

Indiana State Law requires that an employer not be relieved of benefit charges if an overpayment was the result of a "pattern of failure" by an employer to respond to department information requests. (See, IC 22-4-11-1.5). The finding in this case indicates that DWD "has not implemented a system that would prevent relieving employers of benefit charges against their accounts when they did not respond timely or did not provide accurate information." However, that is not the legal standard that DWD must follow, in order to "non-charge" certain employers. DWD must, by law, be able to establish that a certain employer has a "pattern of failure" with respect to their non-responsiveness. DWD management is in the process of developing policies and procedures to determine and track a "pattern of failure" for employers in order to implement this law. Additionally, since the law's inception in July of 2013, this is the first full year of the non-charging provision application. DWD asserts that the law has not been in place long enough for an employer to establish a "pattern of failure" to respond to DWD information requests under the law.

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FINDING 2014-012 - CASH MANAGEMENT

Contact Person(s): Kathy Eaton McKalip

Anticipate Completion Date: March 31, 2015

Corrective Action:
Effective July 1, 2014, INDOT LPA District Coordinators were informed to ensure that they had a copy of the LPA's check prior to requesting reimbursement for the LPA. This policy was written into the Local Guidance and Standing Operating Procedures in December 2014, and added to the Finance AP Accounting Manual in March 2015.

FINDING 2014-013 – REPORTING

Contact Person(s): Karen Hicks

Anticipate Completion Date: January 28, 2015

Corrective Action:
INDOT in conjunction with FHWA began reporting sub recipient transactions through the federal portal 1/28/15. This is a monthly process.

FINDING 2014-014 DAVIS BACON

Contact Person(s): David Alyea, Mark Miller

Anticipate Completion Date: May 1, 2015

Corrective Action
Within the Site Manager construction software program there is a report feature that can generate a listing of all contractors and subcontractors with staff numbers that worked in a week. Training & instruction will be provided to field staff on how to correctly enter data and generate this report. This report will provide a check that all payrolls have been received.

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FINDING 2014-015 - SPECIAL TESTS AND PROVISIONS

Contact Person(s): Kenny Franklin, INDOT Director of Utilities and Railroads

Anticipate Completion Date: March 16, 2015

In response to the Audit finding INDOT provided certifications for every contract requested. The audit team needed to see the control in place that these certifications were submitted timely before the PS&E package is sent to FHWA for approval. INDOT researched our files for the PS&E checklist but the results were intermittent. In order to provide the verification/control of this process we have instituted the following formal procedures:

Corrective Action:

1) Fully Executed Utility certifications completed as of March 16, 2015 will be uploaded into ERMS by the project development team,
2) As of March 16, 2015, the PS&E checklist will be signed by the Project Manager indicating that all necessary forms and processes required for bid letting have been completed to specifically include the Utility Certification document.
3) As of March 16, 2015, the INDOT Construction Contracts section will receive the utility certification from ERMS and will review the PS&E checklist for compliance with requirement documents and sign the PS&E checklist before forwarding the package for FHWA approval.

This process will then ensure that the Utility coordination has been certified by an INDOT certified and trained coordinator, the Project Manager will sign that the PS&E checklist identifying the certification has been completed, the INDOT Contracts section will sign they have seen the certification and the checklist before requesting FHWA approval of the PS&E. This process will be effective for all projects in development as of March 16, 2015.

FINDING 2014-016 - SUBRECIPIENT MONITORING

Contact Person(s): Kathy Eaton McKalip/Roy Nunnally

Anticipate Completion Date: September 30, 2015

Corrective Action

INDOT has reached out to several sources to help get a better understanding of what it's requirements are as a pass thru entity to ensure that it is performing the sub recipient duties that are required.

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At a minimum INDOT is developing a plan to ensure that Sub Recipient's:

a) Audit Reports are reviewed annually
b) Sub-recipient's submit their Federal Financial Reports
c) That invoices for reimbursement are reviewed and approved for allowable expenses
d) That Sub Recipient's have an accounting system in place to allow for accurate reporting

There is language already in INDOT's LPA contract that needs to be added to the LPA Guidance Document and the SOP. In addition, new procedures will have to be discussed by all of INDOT and added to the LPA SOP and Guidance document. Lastly looking at the Audit and FA-133 each year is critical, not just at the contract stage.

FINDING 2014-017 SPECIAL TESTS AND PROVISIONS

Contact Person(s): John Leckie, Ron Walker

Anticipate Completion Date: April 30, 2015

Corrective Action

The Project Engineer/Supervisor will ensure that all project sampling/testing is done by personnel who meet the requirements of the Qualified Technician Program. If unqualified personnel conducts acceptance sampling and testing the test results cannot be used for acceptance.

If a Department employee knowingly conducts acceptance sampling or testing and has not been qualified in accordance with the Qualified Laboratory and Technician Program, the individual may be subject to disciplinary actions as deemed appropriate by the Qualified Laboratory and Technician Program Panel and the Human Resources Division.

If a Non-Department employee knowingly conducts acceptance sampling or testing and has not been qualified in accordance with the Qualified Laboratory and Technician Program, the individual's employer may face loss of their construction inspection prequalification.

The District Testing Engineers maintain a list of Qualified Technicians and which sampling or testing procedure the Qualified Technician is approved for. This information also is listed in Site Manager. The PE/PS is instructed to check prior to the contract beginning that the individual is a Qualified Technician for the sampling or testing procedures required for that contract. For Construction, that would be soils, concrete, profilograph, HMA sampling, and retro reflective testing for pavement markings. All other acceptance sampling and testing checked by the Independent Assurance Technicians is done by District Testing and the District Testing Engineers are responsible for assuring their personnel are Qualified Technicians for the tests required on each contract.

Michael R. Pence, Governor
Cameron F. Clark, Director

March 11, 2015

Mr. Paul Joyce
State Examiner
Indiana State Board of Accounts
302 W Washington St, Room E418
Indianapolis IN 46204-2765

Dear Mr. Joyce:

Auditors from your agency have completed their review of the Indiana Department of Natural Resources (DNR) Highway Planning and Construction - Recreational Trails Program (RTP), in conjunction with the Statewide audit of federal funds in compliance with the U.S. Office of Management and Budget through its Circular A-133 for the period July 1, 2013 to June 30, 2014.

This letter is intended to acknowledge the audit finding and provide our corrective action.

<u>2014-012-Reporting</u>

Contact Person:	Jeff Saucerman Chief Budget Officer (317) 234-1618
Completion Date:	March 9, 2015

Corrective Action:

Representatives from DNR and the Indiana Department of Transportation (INDOT) met on March 9, 2015 and established a process to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) and report the necessary federal RTP grants in the future. Since INDOT is the prime recipient of the funds, they will be responsible for reporting the RTP grants on the FFATA Subaward Reporting System (FSRS). INDOT will solicit any and all necessary information from DNR at the time the funds are obligated in the Federal Highway Administration's Fiscal Management Information System (FMIS) and become reportable items. The RTP grants will be reported within the standard allowable time period established within FFATA.

Sincerely,

Cameron F. Clark
Director

<u>Finding: 2014-018 Suspension and Debarment</u>
Contact Person(s): Cindy Hurst
Anticipate Completion Date: March 5, 2015

Corrective Action

An assurance regarding suspension and debarment has been added to the following: SY 2015-16 Application and SY 2015-16 Renewal Application.

<u>Finding: 2014-019 Eligibility, Earmarking, and Reporting</u>
Contact Person(s): Cindy Hurst
Anticipate Completion Date: March 5, 2105

Corrective Action

IDOE will establish controls related to the grant agreement and compliance requirements in the following ways:

- Revised SIG approval process for SY 2015-2016 (proposed)
- Revised SIG Renewal Application and Amendment process for SY 2015-2016
- Renewal Application and Amendment tracking sheet

<u>Finding: 2014-020 Subrecipient Monitoring</u>
Contact Person(s): Cindy Hurst; Beverly Flanagan
Anticipate Completion Date: June 1, 2015; March 9, 2015

Corrective Action

IDOE conducts regular program monitoring throughout the year. In addition, IDOE will ensure the following:

- Conduct fiscal monitoring at least one time per year for each year that a school is implementing the grant
- Add a fiscal review to onsite monitoring for SY 2015-2016; document will be updated by June 1, 2015

IDOE revised the current process for the tracking of A-133 audit reports for subrecipients. The revised policy requires the program staff to include the designated Finance Division staff when the subrecipient is notified of A-133 audit findings. The designated Finance staff will enter into the A-133 audit tracking spreadsheet the date the program staff notified the subrecipient of the findings. An email was sent to program staff on March 9, 2015 notifying them of this additional step and its immediate effective date.

<u>Finding: 2014-021 Reporting</u>
Contact Person(s): John Todd; Beverly Flanagan
Anticipate Completion Date: TBD; March 6, 2015

Corrective Action

IDOE SCN staff has built the file from CNPWeb to upload into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) for FFATA reporting. IDOE SCN staff will begin testing the upload to ensure the file built from CNPWeb is sufficient for the required reporting. Once testing is complete, IDOE SCN staff will perform the FFATA reporting on a monthly basis.

IDOE Finance Division has included in the current upload process the review and electronic approval of the appropriate controller prior to the upload. The revised current process also includes a review of the uploaded information on the USA Spending website to verify the correct information was uploaded into FSRS. This process was revised March 6, 2015 and immediately implemented.

Finding: 2014-022 Eligibility
Contact Person(s): Julie Sutton
Anticipate Completion Date: March 5, 2015

Corrective Action

CACFP staff will use the following procedure to document that each institution is eligible to participate in CACFP:

New Institutions:

1. CACFP office consultant will review each new institution's application file. Each document submitted must be checked to ensure it is complete and accurate. Use the Checklist for New CACFP Institutions to document required information has been received.
2. When the folder is complete, it will be reviewed by a second CACFP office consultant and the consultant will initial the Checklist to document second approval.
3. The CACFP Coordinator will sign each Program Approval Letter. A copy will be kept in the institution's permanent file.

Renewing Institutions:

1. CACFP field consultants will review the renewal information for each institution in their assigned territories.
2. These institutions have already proven program eligibility so second approval will not be required.
3. The CACFP Coordinator will sign each Program Approval Letter. A copy will be kept in the institution's permanent file.

Michael R. Pence, Governor
State of Indiana

Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

2014-023 ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, REPORTING

Contact Person(s): David Nelson

Anticipate Completion Date: December 2015

Corrective Action

FSSA has developed an Enterprise Data Warehouse to allow transactional level detail for all amounts reported on the CMS-64 to be easily obtainable. Development for a replacement of the core MMIS continues with a planned implementation date of December 2015. The new MMIS will have increased financial capabilities allowing greater internal controls and review of Medicaid expenditures.

2014-024 REPORTING

Contact Person(s): David Nelson

Anticipate Completion Date: July 2015

Corrective Action

FSSA will review the process for compiling the SSA-4514 report for personal service hours. Modification to the report compilation will be made as necessary and documentation of data sources will be included in reporting instructions. FSSA plans to parallel a new report process in April 2015 for the Quarter Ending 3/31/15 SSA-4514 report with the replacement process scheduled to go into effect July 2015.

<u>2014-025 *Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility*</u>

Contact Person(s): Dave Smalley

Anticipate Completion Date: In process

Corrective Action

As previously noted, FSSA would affirm that all case records from March 2012 are contained within the FACTS case management system. As part of the transition to FACTS, all hard copy case records were transferred to one site and it appears that the case record or records needed for this review could not be located. However, from March 2012 forward, we have electronic case files available through FACTS on a statewide basis. Thus, we would affirm that this finding is resolved.

Michael R. Pence, Governor
Mary Beth Bonaventura, Director
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www.in.gov/dcs
Child Support Hotline: 800-840-8757
Child Abuse and Neglect Hotline: 800-800-5556

March 23, 2015

State A133 – SFY 2014
Department of Child Services Corrective Action Plan

2014-026 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

Contact Person(s): Robin Degner, DCS Controller; Mary Ann West, Assistant Deputy Director Outcomes

Anticipate Completion Date: Emergency Assistance Program – April 30, 2015; Healthy Families Program - November 30, 2015

Corrective Action

DCS agrees that relative to TANF Emergency Assistance Program additional documentation is appropriate demonstrating DCS internal review and communication to FSSA/DFR. Documentation will include services delivered and service dates for clients served within the period of availability per the Terms and Conditions of the program. Effective April 1, 2015, DCS will institute this change in data delivered to FSSA in the Draw process and include reviewer signature and date.

DCS agrees to implement increased oversight of the TANF Healthy Families Program relative to the monitoring of the Provider and Quality Assurance Vendor activities in the areas of Client Eligibility determination/documentation and allowable/unallowable activities. We will place significant focus on services paid with federal funds. Effective July 1, 2015, DCS will institute two audit processes to test these two elements of program behavior:

1) independently test provider eligibility determination/documentation and allowable/unallowable activities of services funded by federal TANF funds; and
2) confirm or refute the findings of the Quality Assurance Vendor.

These tests will be performed quarterly, ensuring all Providers are tested at least annually. Review of the initial audit samplings are projected to be completed by November 30, 2015.

2014-027 Cash Management & Period of Availability

Contact Person(s): Robin Degner, DCS Controller; Terri Van Zant, DCS Assistant Controller - Grants

Anticipate Completion Date: April 2015

Corrective Action

DCS performs several reviews of the information that comprise the transactions compiled in the Title IVE Foster Care Federal Draws. We will begin memorializing the review and approval tasks by including a signoff and date of these actions within the Finance and Grants/Funding teams prior to executing claiming of Federal reimbursements for Title IVE, and all other Grant Awards the agency receives. Likewise this procedure will be extended to include activities with other Indiana Government Agencies relative to Federal funds. This will be implemented with Draw requests processed in April, 2015.

2014-028 Reporting

Contact Person(s): Robin Degner, DCS Controller; Terri Van Zant, DCS Assistant Controller - Grants

Anticipate Completion Date: First filing using additional controls July, 2015

Corrective Action

Grant Management in DCS Finance has been collaborating with the Regional partners for DHHS Federal awards to refine and improve our development process that produces the CB396 Quarterly Reports. In the past federal fiscal year, staff assigned to prepare and review this report expanded their education, developing improved data gathering tools for constructing this quarterly report. Additional staff will be included in this process to increase controls and mitigate opportunities for omissions and errors to occur with this report.

2014-029 Sub recipient Monitoring

Contact Person(s): Adam Norman

Anticipate Completion Date: Updated processes in place by 6/30/2015

Corrective Action

The Audit Group at CSB will begin reviewing subrecipient spending of county funds reimbursed in operating the IV-D program as well as federal incentive funds spent operating the IV-D program. CSB will review selected quarterly periods of our subrecipients' costs to ensure costs are IV-D related and properly documented. Presently, CSB contacts IV-D offices when variances are identified in the county's Monthly Expenditure Claim to clarify the reason for the variance. These reviews will continue as IV-D offices previously determined to be spending properly will be considered a lower risk when their spending levels are consistent. If spending levels increase or decrease, a IV-D office may be subject to more frequent review. Additionally, CSB plans to select the IV-D offices to begin our reviews based on a statistical analysis of offices and their total spending in relation to caseload. CSB expects to begin these reviews in the 2nd quarter of 2015. CSB will also investigate enhancements that can be made to the IV-D Expenditure Online Forms tool that may assist with our monitoring program.
Also during the 2nd quarter of 2015, the Audit Group will enhance review of the subrecipient A-133 audits. A supervisor will review the worksheet maintained and document the review within the worksheet. If findings related to the IV-D program are identified, a supervisor will document the finding was discussed with management or the monitoring core team as well as any management decisions made. CSB will

access Gateway to determine if a county was required to have a single audit based on the federal threshold. CSB will capture this information on the worksheet. For entities requiring a single audit that has not been completed, CSB will follow-up with the county office to ensure their audit is underway or has been scheduled.

2014-030 Cash Management

Contact Person(s): Robin Degner, DCS Controller; Terri Van Zant, DCS Assistant Controller - Grants

Anticipate Completion Date: Revision to CMIA Agreement via Auditor of State - April 2015; Monitoring tool – May, 2015

Corrective Action

DCS will report to the Indiana Auditor of State's Office a change to the DCS Average Clearance method and average days of clearance number. To fully prepare for this revision and future reporting, DCS will recalculate the SFY 2013 and SFY 2014 clearance data using calculations recommended and reviewed by St. Board of Accounts Audit personnel assigned to the recently completed A-133 review.

2014-031 – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

Contact Person(s): Rick Peterson, DCS CFO; Jennifer Haselwander, DCS Assistant Deputy Director - CEEU

Anticipate Completion Date: Report of pre-2009 Cases July, 2015; Centralization of files July, 2018

Corrective Action

DCS will report the number of Title IV-E adoption assistance cases initiated prior to 2009 and forecast their duration. This will identify the approximate proportion of the Title IV-E Adoption Assistance population comprised of pre-2009 cases in each future audit. In addition to this action, DCS will increase efforts to centralize copies of pre-2009 open adoption assistance case records that remain in Local Offices.