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September 24, 2015

Ms. Julie L. Voorhies
Marion County Auditor
200 East Washington St., Suite 801
Indianapolis, IN 46204

We have reviewed both the Annual Financial and Single Audit audit reports prepared by BKD LLP, Independent Public Accountants, for the period January 1, 2012 to December 31, 2012. In our opinion, the audit reports were prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the Annual Financial Report present fairly the financial condition of Marion County, as of December 31, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the Single Audit Report on pages 13-20. Findings 2012-001 through 2012-005 are material weaknesses and Finding 2012-006 is a significant deficiency in internal control over financial reporting and are referenced in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* which is included in the Single Audit Report.

The remaining finding (2012-007) is referenced in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards which is included in the Single Audit Report. It details a material weakness in internal control over compliance and noncompliance with the requirements of procurement for the Child Support Enforcement program. As a result, a qualified opinion was issued for this program. All other major programs were issued an unmodified opinion with regards to compliance with the types of compliance requirement that could have a direct and material effect on each one.

The Independent Public Accountants' reports are filed with this letter in our office as a matter of public record.

Paul D. Joyce, CPA
State Examiner



MARION COUNTY, INDIANA

(Component Unit of the Consolidated City of Indianapolis – Marion County)

ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2012



MARION COUNTY, INDIANA

(Component Unit of the Consolidated City of Indianapolis – Marion County)

ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2012



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2012 County Elected Officials

	TERM
Auditor.....	Billie J. Breaux
Treasurer.....	Claudia O. Fuentes
Clerk	Elizabeth L. White
Sheriff	John R. Layton
Recorder.....	Julie L. Voorhies
Assessor.....	Joseph P. O'Connor
Surveyor.....	Debra S. Jenkins
Coroner.....	Dr. Frank P. Lloyd, Jr.
Prosecutor	Terry Curry
County Chief Executive.....	Gregory A. Ballard
Board of County Commissioners (Ex-Officio).....	Claudia O. Fuentes
Board of County Commissioners (Ex-Officio).....	Billie J. Breaux
Board of County Commissioners (Ex-Officio).....	Joseph P. O'Connor
	1-1-11 to 12-31-14
	2-11-12 to 12-31-12
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14
	1-1-09 to 12-31-12
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14
	2-11-12 to 12-31-12
	1-1-11 to 12-31-14
	1-1-11 to 12-31-14

2012 Department Heads

Voters Registration	Cindy Mowery
	John Riordan
Marion County Cooperative Extension	Ronald Hoyt
Criminal Probation.....	Robert Bingham
Court Administrator.....	Glenn Lawrence
Community Corrections.....	Thomas Marendt
Forensic Services	Michael Medler
Chief Public Defender	Robert Hill
Chief Information Officer.....	Kevin Ortell
Prosecutor – Child Support.....	John Owens

2012 City-County Council Members

President, Maggie Lewis
 Vice President, John Barth
 Zach Adamson
 Vernon Brown
 Virginia J. Cain
 Jeffrey Cardwell
 Jose Evans
 Aaron Freeman
 William Gooden
 Monroe Gray, Jr.
 Pamela Hickman
 Jason Holliday
 Benjamin Hunter

Robert Lutz
 Brian Mahern
 Angela Mansfield
 Frank Mascari
 Janice McHenry
 Michael McQuillen
 Jeff Miller
 Mary Bridget Moriarty Adams
 William C. Oliver
 Vop Osili
 Marilyn Pfisterer
 Leroy Robinson
 Jack Sandlin

Christine Scales
 Joseph Simpson
 Steve Talley

2012 Judiciary

CIRCUIT COURT Louis Rosenberg

SUPERIOR COURT

Criminal Division:

Court 1.....	Kurt Eisgruber	
Court 2.....	Robert Altice, Jr.	*
Court 3.....	Sheila A. Carlisle	
Court 4.....	Lisa Borges	
Court 5.....	Grant Hawkins	
Court 6.....	Mark D. Stoner	
Court 7 Misdemeanor	William J. Nelson	
Court 8 Misdemeanor	Barbara Collins	
Court 9 D-Felony.....	Marc Rothenberg	**
Court 10 Misdemeanor	Linda E. Brown	
Court 11 Initial Hearing/APC.....	Commissioners	
Court 12 Community Court.....	David Certo	
Court 13 Traffic/Misdemeanor.....	William Young	
Court 14 D-Felony Drug Court/Re-entry Court	Jose D. Salinas	
Court 15 Felony.....	James Osborn	
Court 16 Domestic Violence	Kimberly Brown	
Court 17 Domestic Violence	Clark Rogers	
Court 18 D-Felony.....	Reuben Hill	
Court 19 Misdemeanor	R. F. Pierson-Treacy	**
Court 20 Felony Drug.....	Steve Eichholtz	
Court 21 Domestic Violence	Barbara Crawford	
Court 22 Major Felony	Carol J. Orbison	
Court 24 D-Felony	Annie Christ-Garcia	

Civil Division:

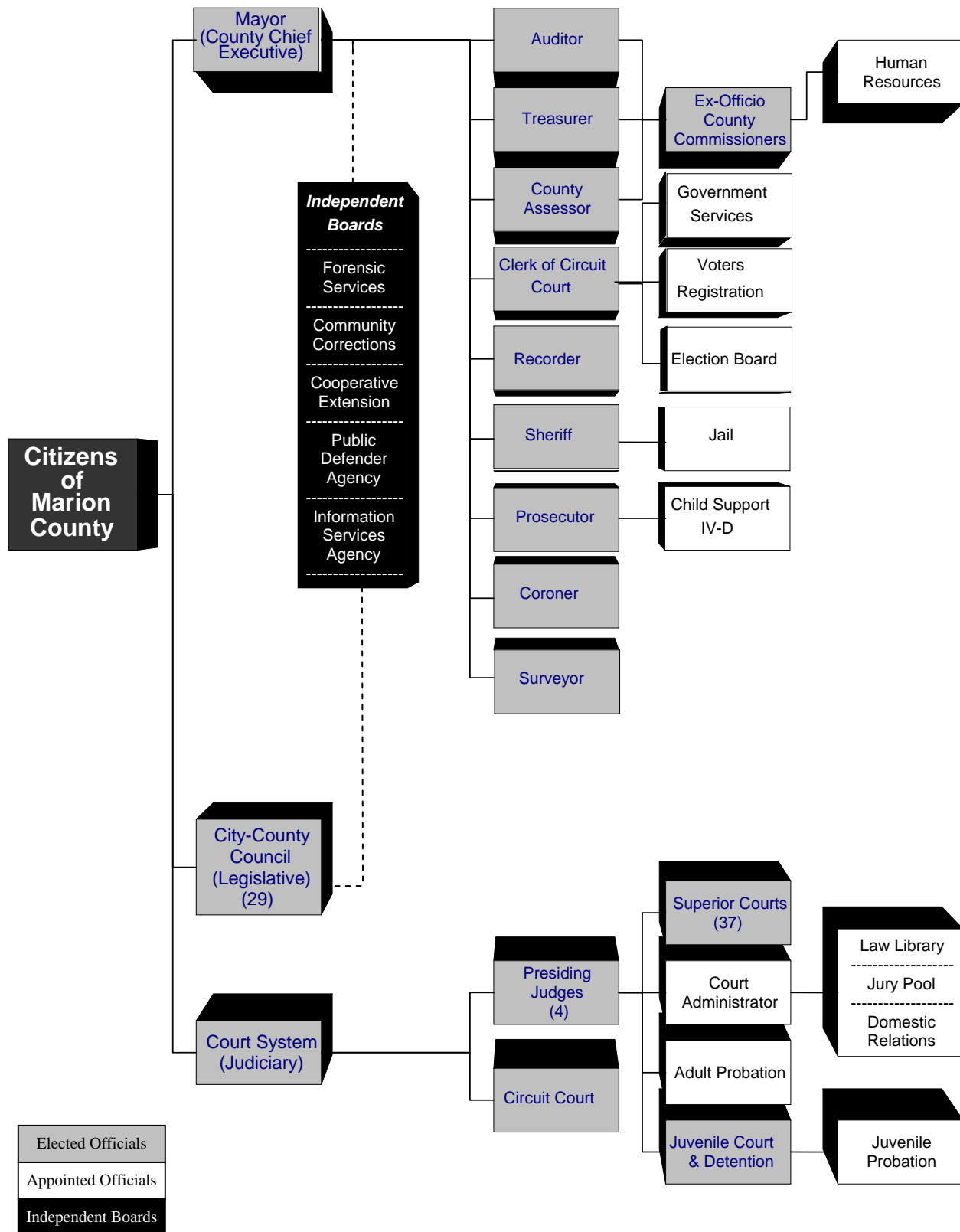
Court 1.....	David Shaheed	
Court 2.....	Theodore Sosin	
Court 3.....	Patrick L. McCarty	
Court 4.....	Cynthia J. Ayers	
Court 5.....	Vacant	
Court 6.....	Thomas J. Carroll	
Court 7.....	Michael Keele	
Court 8 Probate Division	Gerold Zore	
Court 9 Juvenile Division	Marilyn Moores	
Court 10.....	David Dreyer	
Court 11.....	John Hanley	*
Court 12.....	Heather Welch	
Court 13.....	Timothy Oakes	
Court 14.....	S. K. Reid	

* Presiding Judge

** Associate Presiding Judge

Marion County, Indiana

Government Organization Chart





Independent Auditor's Report on Financial Statements and Supplementary Information

The Honorable Gregory A. Ballard
Mayor, City of Indianapolis
and the City - County Audit Committee
Marion County, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash, cash equivalents and investments of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Indiana as of December 31, 2012, and the respective changes in cash, cash equivalents and investments thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the County on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information including combining and individual fund financial statements and schedules and budget to actual information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, on our consideration of the County's internal control over financial reporting and 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 the 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 County's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
September 30, 2013





BASIC FINANCIAL STATEMENTS



MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
GOVERNMENT-WIDE
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Cash Receipts			Net Cash Receipts (Disbursements)
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Administration and finance program	\$ 34,887,364	\$ 19,071,977	\$ 874,651	\$ (14,940,736)
Protection of people and property program	10,228,737	5,289,007	717,730	(4,222,000)
Corrections program	112,825,809	6,580,210	10,158,071	(96,087,528)
Judicial program	108,761,104	15,940,287	12,331,147	(80,489,670)
Culture and recreation program	199,209	—	—	(199,209)
Real estate and assessments program	8,755,734	3,462,557	—	(5,293,177)
Health and welfare program	10,389,461	—	417,022	(9,972,439)
Total governmental activities	<u>286,047,418</u>	<u>50,344,038</u>	<u>24,498,621</u>	<u>(211,204,759)</u>
General receipts:				
Property taxes				120,736,663
Financial institution tax				1,381,830
Excise tax				10,631,711
County option income tax				67,019,990
Other state and local taxes				3,819,606
State wagering taxes				2,430,126
Unrestricted investment earnings				962,348
Other				<u>2,859,081</u>
Total general cash receipts				<u>209,841,355</u>
Change in cash and cash equivalents				(1,363,404)
Cash and cash equivalents – beginning of year				<u>42,499,727</u>
Cash and cash equivalents – end of year				<u>\$ 41,136,323</u>
<u>Cash and cash equivalents of governmental activities - December 31, 2012:</u>				
Restricted for:				
Debt service				\$ 10,781
Capital projects				80,693
Grantor purposes				5,576,101
Statutory purposes				16,901,744
Unrestricted				<u>18,567,004</u>
Total cash and cash equivalents				<u>\$ 41,136,323</u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Receipts				
Taxes	\$ 168,325,192	\$ 22,962,665	\$ 14,731,786	\$ 206,019,643
Intergovernmental	10,886,362	—	13,612,698	24,499,060
Interest	2,363,684	—	—	2,363,684
Charges for services	15,590,091	—	18,749,665	34,339,756
Miscellaneous	1,131,528	—	365,661	1,497,189
Total receipts	<u>198,296,857</u>	<u>22,962,665</u>	<u>47,459,810</u>	<u>268,719,332</u>
Disbursements				
Current:				
General government	102,563,747	7,956,068	31,212,937	141,732,752
Public safety	95,057,995	11,358,573	15,670,765	122,087,333
Culture and recreation	199,208	—	—	199,208
Capital outlay	145,822	—	560,118	705,940
Total disbursements	<u>197,966,772</u>	<u>19,314,641</u>	<u>47,443,820</u>	<u>264,725,233</u>
Excess (deficiency) of receipts over (under) disbursements	<u>330,085</u>	<u>3,648,024</u>	<u>15,990</u>	<u>3,994,099</u>
Other Financing Sources				
Sales of capital assets	<u>52,603</u>	<u>—</u>	<u>—</u>	<u>52,603</u>
Total other financing sources	<u>52,603</u>	<u>—</u>	<u>—</u>	<u>52,603</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	382,688	3,648,024	15,990	4,046,702
Cash and cash equivalents - beginning of year	<u>15,961,477</u>	<u>(51,578)</u>	<u>17,803,185</u>	<u>33,713,084</u>
Cash and cash equivalents - end of year	<u>\$ 16,344,165</u>	<u>\$ 3,596,446</u>	<u>\$ 17,819,175</u>	<u>\$ 37,759,786</u>

Cash and cash equivalents of governmental funds - December 31, 2012:

Restricted - Special Revenue Funds	\$ —	\$ 3,596,446	\$ 18,881,399	\$ 22,477,845
Restricted - Debt Service Funds	—	—	10,781	10,781
Restricted - Capital Project Funds	—	—	80,693	80,693
Unassigned- General Fund	16,344,165	—	—	16,344,165
Unassigned- Special Revenue Funds	—	—	(1,141,454)	(1,141,454)
Unassigned- Capital Project Funds	<u>—</u>	<u>—</u>	<u>(12,244)</u>	<u>(12,244)</u>
Total cash and cash equivalents	<u>\$ 16,344,165</u>	<u>\$ 3,596,446</u>	<u>\$ 17,819,175</u>	<u>\$ 37,759,786</u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
Reconciliation of Cash and Cash Equivalents – End of Year per the Statement of Cash Receipts,
Cash Disbursements and Changes in Cash and Cash Equivalents – Governmental Funds
to Cash and Cash Equivalents – End of Year per the Statement of Cash Receipts,
Cash Disbursements and Changes in Cash and Cash Equivalents – Government-wide
As of December 31, 2012

Amounts reported for governmental activities in the statement of cash receipts and disbursements are different because:

Cash and cash equivalents – total governmental funds	\$ 37,759,786
Cash and cash equivalents of internal service fund	<u>3,376,537</u>
Cash and cash equivalents – government-wide	<u><u>\$ 41,136,323</u></u>

MARION COUNTY, INDIANA
Reconciliation of the Excess (Deficiency) of Receipts and Other Financing Sources Over (Under)
Disbursements and Other Financing Uses per the Statement of Cash Receipts, Cash
Disbursements, and Changes in Cash and Cash Equivalents – Governmental Funds to the
Change in Cash and Cash Equivalents per the Statement of Cash Receipts, Cash Disbursements,
and Changes in Cash and Cash Equivalents - Government-wide
For the Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of cash receipts and disbursements are different because:

Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses - total governmental funds	\$ 4,046,702
Deficiency of operating receipts under operating disbursements - internal service fund	<u>(5,410,106)</u>
Change in cash and cash equivalents – government-wide	<u><u>\$ (1,363,404)</u></u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN CASH AND CASH EQUIVALENTS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Activities
	Internal Service Funds
Operating receipts:	
Charges for services	\$ 15,238,258
Other reimbursements	11,450,134
Miscellaneous	673,821
Total operating receipts	<u>27,362,213</u>
Operating disbursements:	
Services and charges	28,954,575
Administration including salaries and wages	2,967,927
Other	849,817
Total operating disbursements	<u>32,772,319</u>
Deficiency of operating receipts under operating disbursements	(5,410,106)
 Cash and cash equivalents – beginning of year	 <u>8,786,643</u>
Cash and cash equivalents – end of year	\$ <u><u>3,376,537</u></u>
 <u>Cash and cash equivalents of proprietary funds - December 31, 2012:</u>	
Unrestricted cash and cash equivalents	\$ <u><u>3,376,537</u></u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH, CASH EQUIVALENTS AND INVESTMENTS –
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Additions		
Contributions:		
Employer	\$ 8,616,063	
Employee	<u>816,360</u>	
Total contributions	<u>9,432,423</u>	
Investment income:		
Interest and dividends	2,342,546	
Realized gain on sales, net	<u>7,280,386</u>	
Net investment income	<u>9,622,932</u>	
Miscellaneous	<u>119,530</u>	
Total additions	<u>19,174,885</u>	
Deductions		
Investment management fees	423,331	
Benefits paid	<u>12,463,858</u>	
Total deductions	<u>12,887,189</u>	
Excess of total additions over total deductions	6,287,696	
Cash, cash equivalents and investments – beginning of year	<u>136,253,971</u>	
Cash, cash equivalents and investments – end of year	<u>\$ 142,541,667</u>	
 <u>Cash, cash equivalents and investments of fiduciary funds - December 31, 2012:</u>		
Restricted cash and cash equivalents	\$ 4,372,715	\$ 87,054,750
Restricted investments (cost basis):		
Common stocks	10,672,911	—
Mutual funds	<u>127,496,041</u>	<u>—</u>
Total cash, cash equivalents and investments	<u>\$ 142,541,667</u>	<u>\$ 87,054,750</u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATE CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Marion County (County) is a unit of local government created by the State of Indiana, governed by the following officials, each of whom is granted certain independent executive authority under the State Constitution:

County Auditor	County Prosecutor	County Surveyor
County Treasurer	County Recorder	Clerk of the Circuit Court
County Coroner	County Sheriff	Judge of the Circuit Court

The legislature of the State of Indiana has provided for certain additional elected officials who are not mentioned in the Constitution to exercise certain independent executive authority. These are the county assessor and superior court judges.

In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity* (“GASB Statement No. 14”), the County is considered a component unit of the Consolidated City of Indianapolis - Marion County. The County and the Consolidated City (“City”) share a common executive and legislative body. Otherwise, the County is considered a separate legal entity, with its elected officials directly and separately (from City officials) responsible for financial independence, operations, and accountability for fiscal matters.

Based on the criteria established in GASB Statement No. 14, the County has no component units under the current financial reporting requirements.

B. Government-wide and Fund Financial Statements

The government-wide financial statement (i.e., statement of cash receipts, cash disbursements and changes in cash and cash equivalents) reports information on all of the nonfiduciary activities of the County. The effect of significant interfund activity has been removed from these statements. As applicable, governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of cash receipts, cash disbursements and changes in cash and cash equivalents demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes and other items not properly included among program receipts.

Following the government-wide financial statement are separate financial statements for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statement since their resources are not available to fund County operations. Major individual governmental funds are reported as separate columns in the fund financial statements. The County has determined that the General Fund, and the Public Safety Income Tax Fund are major governmental funds. All other governmental funds are aggregated in one column labeled “Nonmajor Governmental Funds.” Additionally, the County has one internal service fund (governmental activities) that accounts for the operations of the Information Services Agency. The County also has two fiduciary fund types: pension trust funds and agency funds.

C. Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are presented using a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Receipts are recorded when received and disbursements are recorded when paid. Investments are recorded at historical cost.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATE CITY OF INDIANAPOLIS – MARION COUNTY)
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The cash and investment basis of accounting differs from U.S. generally accepted accounting principles in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when the liability is incurred.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for fiduciary fund types would use the accrual basis of accounting. The government-wide financial statement would be presented on the accrual basis of accounting.

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its cash and investment basis assets, receipts and disbursements. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the County's expendable financial resources on the modified cash basis are accounted for through governmental funds.

The following are the County's major governmental funds:

The General Fund is used to account for all receipts and disbursements applicable to the general operations of governmental agencies of the County, except those required to be accounted for in another fund. All operating receipts that are not restricted as to use by sources external to the County are recorded in the General Fund.

The Public Safety Income Tax Special Revenue Fund accounts for public safety income tax receipts that are to be appropriated for use by public safety related agencies.

The other governmental funds of the County are considered nonmajor. They are special revenue funds, which account for the proceeds of specific receipts that are restricted to disbursements for specific purposes; debt service funds, which account for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs; and capital projects funds, which account for resources designated to construct or acquire major capital facilities.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector.

The following represents the County's only proprietary fund type:

Internal Service – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis. An internal service fund has been established for the County's Information Services Agency, which provides information technology services to other agencies of the County, or to other governmental units on a cost reimbursement basis.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating disbursements for the internal service fund primarily include the cost of services and charges and administrative disbursements. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

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Fiduciary Fund Types

Fiduciary – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Marion County Law Enforcement Personnel Retirement Plan and the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan. Agency funds are custodial in nature and do not present results of operations. These funds account for the collection, distribution, and escrow of various tax types, fees, and set aside funding.

D. Cash and Investments

Investments are stated at cost. Any changes in the fair value of investments are reported as realized gains or losses in the year of the sale of the investment as investment earnings or losses.

Cash and cash equivalents (including those that are restricted) are defined as all highly liquid investments, including certificates of deposit with an original maturity of three months or less at the date of purchase.

E. Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana (“Treasurer”). These taxes are then distributed by the Auditor of Marion County, Indiana (“Auditor”) to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The County’s 2012 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2011, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2012 property taxes was March 1, 2011 (“assessment date”); the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. The first half of the year 2012 taxes were due and payable to the Treasurer in May 2012, while the second half of the year 2012 taxes were due and payable to the Treasurer in November 2012.

F. Capital Assets

Cash expenditures for capital assets are reported as capital outlays of the applicable disbursing fund.

G. Interfund Transactions

In the process of aggregating the financial information for the government-wide statement cash receipts, cash disbursements and changes in cash and cash equivalents, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Transfers

Legally authorized transfers are reported as transfers in by the recipient fund and as transfers out by the disbursing fund.

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Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as receipts (interfund services provided) of the recipient fund and disbursements (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as receipts and disbursements if they involved organizations external to the County.

Certain internal payments are treated as program receipts, such as internal services provided and used.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statement.

H. Receipts and Disbursements

Program Receipts

In the government-wide financial statement, amounts reported as program receipts include (1) collection of cash from customers or applicants for goods, services, or privileges provided by the County and (2) operating grants and contributions. Internally dedicated resources are reported as general cash receipts rather than program cash receipts. Likewise, general cash receipts include all taxes.

I. Cash and Investment Position

In the government-wide and proprietary fund financial statements, the components of cash and cash equivalents are categorized as follows:

- 1) Restricted – consisting of resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. Such resources are classified as restricted for capital projects, grantor purposes, debt service, and statutory purposes on the government-wide financial statement.
- 2) Unrestricted – All other resources that do not meet the definition of “restricted.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

Within the governmental fund financial statements, cash and cash equivalents are classified in the following manner:

- 1) Restricted – This consists of resources that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.
- 2) Unassigned – This consists of residual resources that do not meet the criteria of nonspendable, restricted, committed, or assigned.

J. Pensions

The County has separate defined benefit pension plans that cover substantially all employees. The Public Employees’ Retirement Fund of Indiana (“PERF”), administered by the Indiana Public Retirement System (“INPRS”), applies to County employees. The Marion County Law Enforcement Personnel Retirement Plan (“Retirement Plan”) and the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan (“Disability Plan”) cover employees of the Sheriff’s Department. The policy of the County is to fund accrued pension costs for these plans.

The Retirement and Disability Plans are accounted for under the modified cash basis of accounting as pension trust funds of the County. Employee and employer contributions are recognized as receipts in the period received, pursuant to final commitments, as well as statutory or contractual requirements; and disbursements, including benefits paid and refunds, are recorded when the corresponding payments are made. Investments are recorded at cost.

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NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a budgetary basis. All annual appropriations lapse at the end of the calendar year, except for capital project funds, which are budgeted on a project basis.

Prior to the first required publication, the Mayor submits to the City-County Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the City-County Council to obtain taxpayer comments. In October of each year, the City-County Council, through the passage of an ordinance, approves the budget for the next year. The budget becomes legally certified after approval from the State of Indiana Department of Local Government Finance.

Revisions to transfer appropriations between agencies or character of expenditure require approval of the City-County Council. Revisions to increase the appropriations for tax-supported funds require approval of the City-County Council and the State of Indiana Department of Local Government Finance.

NOTE 3—CASH DEPOSITS AND INVESTMENTS

At December 31, 2012, the County's cash, cash equivalents and investment balances included the following:

Cash deposits	\$ 97,635,041
Money market mutual funds	4,372,715
Overnight repurchase agreements	29,919,823
Common stocks	10,672,911
Mutual funds - equity	66,235,417
Mutual funds - international equity	13,908,371
Mutual funds - bond	47,352,253
External investment pool	636,209
	<u>\$ 270,732,740</u>

A reconciliation of all cash, cash equivalents and investment balances as reflected in the financial statements as of December 31, 2012 is as follows:

Cash and cash equivalents--governmental funds	\$ 37,759,786
Cash and cash equivalents--internal service fund	3,376,537
Cash and cash equivalents--pension trust funds	4,372,715
Investments--pension trust funds	138,168,952
Cash and cash equivalents--agency funds	87,054,750
	<u>\$ 270,732,740</u>

Deposits

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

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

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Investments

Investment Policy - Primary Government (excluding Marion County Retirement and Disability Plans)

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

It is the policy of the County to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County and conforming to all state/local statutes governing the investment of public funds.

The primary objectives, in priority order, of the County's investment activities are as follows:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that might be reasonably anticipated.

Return on Investments: The County's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the County's investment risk constraints and the cash flow characteristics of the portfolio.

State statutes authorize the County to invest in certificates of deposit, obligations of the U.S. government and U.S. government agencies, and repurchase agreements. The statutes further require that repurchase agreements must be collateralized at 100% of market value on the day of trade by U.S. government or U.S. government agency obligations. These investments are required by statute to have a stated final maturity of no more than two years.

Investment Policy – Marion County Retirement and Disability Plans

The primary objectives for the investment activities of the Marion County Retirement and Disability Plans shall be the following:

Time Horizon: Investment guidelines are based upon an investment horizon of greater than five years.

Risk Tolerances: To achieve the long-term objectives of the plans, the following factors are considered when establishing the risk tolerance.

1. Each plan's financial condition.
2. Liquidity reserves are established, and any remaining assets are fully invested at all times.
3. The Marion County Sheriff's Pension Board ("Board") has set a shortfall constraint that current plan assets must be equal to 90% of the annual benefit obligation.

Performance Expectations: The desired investment objective is a long-term rate of return on assets that is at least 8.00%. Additionally, it is expected the return will be at least 4.75% greater than the anticipated rate of inflation as measured by the Consumer Price Index.

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Asset Allocation Constraints: The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing risks and rewards and has selected the following asset classes for allowable investments:

1. Domestic large-capitalization equities
2. Domestic small-capitalization equities
3. International equities
4. Domestic fixed income
5. Cash equivalents

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The County's investment policy provides that the County seeks to minimize the risk that the fair value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

At December 31, 2012, the County's investment balances subject to interest rate risk had the following maturities and fair values:

Investment Type	Cost	Investment maturities (in years)	Fair value (unaudited)
		Less than 1	
Money market mutual funds	\$ 4,372,715	\$ 4,372,715	\$ 4,372,715
Overnight repurchase agreements	29,919,823	29,919,823	29,919,823
External investment pool	636,209	636,209	636,209
Mutual funds - equity	55,527,776	55,527,776	70,767,206
Mutual funds - international equity	13,908,371	13,908,371	16,437,295
Mutual funds - bond	58,059,894	58,059,894	62,914,325
	<u>\$ 162,424,788</u>	<u>\$ 162,424,788</u>	<u>\$ 185,047,573</u>

The money market mutual funds and external investment pool are presented as investments with a maturity of less than one year because they are redeemable in full immediately. The fair values reported above for investments are determined by closing market prices at year-end as reported by the investment custodian.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies. The County uses the highest integrity when choosing an instrument of investment. The County keeps its credit risk as it pertains to investments at a low rate by requiring all investments of the County to be rated in the three highest ratings categories by Moody's Investor Service ("Moody's"), Standard & Poor's Corporation ("Standard & Poor's"), or Fitch's Ratings Service ("Fitch").

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At December 31, 2012, the County's investments subject to credit risk were rated by Moody's, Standard & Poor's, or Fitch as follows:

Investments	Cost	Rating	Fair value (unaudited)
Money market mutual funds	\$ 4,372,715	Aaa/AAA	\$ 4,372,715
External investment pool	636,209	Not rated	636,209
Mutual funds - bond	58,059,894	Not rated	62,914,325
	<u>\$ 63,068,818</u>		<u>\$ 67,923,249</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty. The County's policy requires that repurchase agreements be covered by adequate pledge collateral. In order to anticipate market changes and provide a level of security for all funds, the fair value (including accrued interest) of the collateral should be at least 102%.

The County's investment in money market mutual funds and its investment in an external investment pool are not exposed to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form. At December 31, 2012, all of the County's remaining investments and collateral securities pledged against County investments are held by the counterparty's trust department or agent in the County's name and are therefore subject to custodial credit risk.

Concentration of Credit Risk

The County's policy provides that the County may invest up to 30% of its investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars, providing that market yields on such certificates of deposit exceed U.S. Treasury bills of comparable maturity duration. As of December 31, 2012, the County had no negotiable certificates of deposit.

As of December 31, 2012, the County's investments in overnight repurchase agreements of JPMorgan Chase and National Bank of Indianapolis constituted approximately 11% and 6% of total investments, respectively.

NOTE 4—INTERFUND TRANSACTIONS AND BALANCES

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund.

Interfund transfers for the year ended December 31, 2012 consisted of the following:

	<u>Transfer from Nonmajor governmental funds</u>
Transfer to nonmajor governmental funds	\$ 1,159,088

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NOTE 5—PENSIONS

As disclosed earlier in these notes, the County maintains two benefit plans for law enforcement personnel, which are reported as pension trust funds. Additionally, the County contributes to INPRS.

A. Plan Description

Marion County Law Enforcement Personnel Retirement Plan

The Retirement Plan is a single-employer contributory defined benefit retirement plan covering certain employees of the Marion County Sheriff's Department other than those deputies that are employed by the Civil Sheriff. The Retirement Plan is administered in accordance with state statutes, which require the County to make minimum contributions necessary to keep the plan sound on an actuarial basis according to state law. The Retirement Plan provides that each employee contributes 4.25% of their earnings to the plan, which is maintained in a reserve for member contributions and accumulates at a rate of 3.00% compounded annually. Contributions required of the employee may cease, at the election of the employee, following the completion of 20 years or more of credited service and prior to termination of employment.

Retirement Plan benefits begin to vest after 10 years of service. As of December 31, 2012, there are 82 fully vested employees (over 20 years of service), 158 partially vested (between 10 and 20 years of services), and 54 nonvested employees. Law enforcement employees who retire at or after age 55 with 10 years of credited services are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of the highest monthly average of consecutive five-year salary per year of service up to a maximum of 20 years; plus 2.00% of such salary per year of service in excess of 20 years, if any, up to an additional 12 years; plus \$1 for each year of service up to a maximum of \$20. Full benefits do not commence before attainment of age 50; however, employees with 20 years of service can elect earlier benefits at a reduced rate. As of December 31, 2012, there are 341 retirees and beneficiaries receiving benefits, 3 terminated members entitled to benefits but not yet receiving benefits, and 294 current active members.

Although it has not expressed any intent to do so, the County has the right to discontinue its contributions to the Retirement Plan at any time. Doing so in three consecutive years terminates the plan. In the event of plan termination, participants are entitled to their amount of contributions and a proportionate amount of any excess after certain benefits and expenses.

The County does not issue a separate financial report for this plan, which is included as a pension trust fund in this report.

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

The Disability Plan is a single-employer defined benefit plan covering all participants in the Retirement Plan. The Disability Plan provides benefits to the beneficiaries of disabled employees and payments of pensions to dependent parents, surviving spouses, and dependent children under age 18 for deceased employees. This plan is accounted for in a single fund in accordance with state statutes, which require the County to make minimum contributions necessary to keep the Disability Plan sound on an actuarial basis. At December 31, 2012, there are 95 benefit recipients and no vested employees.

Effective January 1, 1998, and each year thereafter, all participants in payment status (both current and future) are eligible for a cost-of-living increase. Benefit increases are not available to terminated vested participants or the beneficiaries of participants. Applicable increases, if any, may be payable on the July 1 following the later of retirement date or attaining of age 55. The amount of the annual increase, if any, will depend on the change in the Consumer Price Index and will never exceed 2.00%.

The County does not issue a separate financial report for this plan, which is included as a pension trust fund in this report.

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PERF

PERF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana, in accordance with Indiana Codes 5-10.2 and 5-10.3. Substantially all County employees are covered by the plan except those covered by the Retirement and Disability Plans.

PERF retirement benefits vest after 10 years of service. Under the defined benefit component, County employees who retire at or after age 65 with 10 or more years of creditable service; age 60 with 15 or more years creditable service; or if the sum of age and creditable service is greater than or equal to 85 (but not earlier than age 55) are entitled to an annual retirement benefit, payable monthly for life with 60 months guaranteed. Employees who have reached 50 years of age and have 15 years of credited service will qualify for early retirement with reduced benefits. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and county ordinance.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing INPRS, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204.

B. Funding Policy

The County is obligated by state law to make all required contributions to the Retirement and Disability Plans. The required contributions are actuarially determined. The costs of administering the plan are financed through plan assets. There are no long-term contracts for contributions to the plan. For PERF, the County pays the employee contribution portion, 3.00% of annual salary, which is mandated by state statute, in addition to the employer contribution amount, which is 6.75% as of June 30, 2012.

The annual required contribution and actual contribution made for each plan is as follows for the year ended December 31, 2012:

<u>Plan</u>	<u>Annual required contribution (ARC)</u>	<u>Actual contribution</u>
Retirement	\$ 7,318,631	\$ 7,318,631
Disability	1,324,064	1,324,064
PERF	10,932,316	8,251,466

C. Concentration of Investments

As of December 31, 2012, investments that represent 5% or more of the assets of the Retirement and Disability Plans include the following:

<u>Investment</u>	<u>Retirement</u>	<u>Disability</u>
Mutual funds:		
Fidelity Diversified International Fund 325	\$ 13,908,371	\$ -
Vanguard Institutional Index Fund 94	35,202,889	-
Hartford Retirement Fund	9,507,923	-
U.S. Short-Term Government/Credit Bond Index	8,107,513	-
Passive Bond Market Fund	-	13,611,023
Blackrock Total Return	10,707,641	-
Loomis Sales Strategic Alpha Trust	11,500,000	-
PIMCO Unconstrained Bond	6,922,836	-
	<u>\$ 95,857,173</u>	<u>\$ 13,611,023</u>

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D. Financial Statements

Since separately issued financial statements are not available for the Retirement and Disability Plans, the following summarized, combining statement of additions, deductions and changes in cash, cash equivalents and investments – modified cash basis – pension trust funds as of and for the year ended December 31, 2012 is being provided:

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
Additions			
Total contributions	8,103,375	1,329,048	9,432,423
Net investment income	9,622,850	82	9,622,932
Miscellaneous	107,475	12,055	119,530
Total additions	<u>17,833,700</u>	<u>1,341,185</u>	<u>19,174,885</u>
Deductions			
Investment management fees	403,929	19,402	423,331
Benefits paid	<u>11,102,789</u>	<u>1,361,069</u>	<u>12,463,858</u>
Total deductions	<u>11,506,718</u>	<u>1,380,471</u>	<u>12,887,189</u>
Excess of total additions over total deductions	6,326,982	(39,286)	6,287,696
Cash, cash equivalents and investments – beginning of year	<u>124,264,582</u>	<u>11,989,389</u>	<u>136,253,971</u>
Cash, cash equivalents and investments – end of year	<u>\$ 130,591,564</u>	<u>\$ 11,950,103</u>	<u>\$ 142,541,667</u>
<u>Cash, Cash Equivalents and Investments - December 31, 2012</u>			
Cash and cash equivalents	\$ 4,033,635	\$ 339,080	\$ 4,372,715
Investments	<u>126,557,929</u>	<u>11,611,023</u>	<u>138,168,952</u>
Total cash, cash equivalents and investments	<u>\$ 130,591,564</u>	<u>\$ 11,950,103</u>	<u>\$ 142,541,667</u>

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NOTE 6—ADDITIONAL PENSION DISCLOSURES

The County obtains an actuarial valuation of the Retirement, Disability and PERF plans each year. Although information related to the actuarial valuation is not required to be presented under the modified cash basis of accounting, the following disclosures are presented for additional information.

A. Annual Pension Cost and Net Pension Asset (Obligation)

The significant actuarial assumptions used to determine the annual pension cost for each pension plan are summarized below:

	<u>Retirement Plan</u>	<u>Disability Plan</u>	<u>PERF</u>
Valuation date	1/1/12	1/1/12	6/30/12
Actuarial cost method	Frozen initial liability	Aggregate	Entry age normal
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4-year smoothing of gains/losses on market value with a 20%
Investment return	7.5%	7.5%	6.75%
Inflation rate	4.0%	4.0%	3.0%
Projected salary increases	5.0%*	5.0%*	3.25 - 4.50% *****
Postretirement increases	**	**	1.0% compounded annually after retirement
Amortization method	Fixed period level annual installments	N/A*****	Level dollar
Amortization period	Open 20-year period		Open 30-year period***

* 4.0% increase due to inflation and 1.0% due to merit/seniority.

** Assumed during the first 10 years of retirement, none thereafter.

*** 30 - year period phased in commencing July 1, 1998.

***** The aggregate actual cost method is used to determine the annual required contribution. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

***** Based on 2005-2010 experience

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Marion County Law Enforcement Personnel Retirement Plan

For the plan year 2012, the County's annual pension cost of \$7,590,636 for the Retirement Plan was more than the required annual contribution and actual County contribution of \$7,318,631. The required contribution was determined as part of the January 1, 2012 valuation using frozen entry age actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the net pension asset ("NPA") is as follows for the Retirement Plan:

Annual required contribution (ARC)	\$ 7,318,631
Interest on net pension asset	(186,301)
Adjustment to ARC	<u>458,306</u>
Annual pension cost	7,590,636
Actual contribution made	<u>(7,318,631)</u>
Decrease in net pension asset	(272,005)
Net pension asset at beginning of year	<u>2,484,019</u>
Net pension asset at end of year	\$ <u><u>2,212,014</u></u>

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the plan year 2012, the County's annual pension cost of \$1,325,021 for the Disability Plan was more than the required annual contribution and actual County contribution of \$1,324,064. The required contribution was determined as part of the January 1, 2012 valuation using aggregate actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the NPA is as follows for the Disability Plan:

Annual required contribution (ARC)	\$ 1,324,064
Interest on net pension asset	(656)
Adjustment to ARC	<u>1,613</u>
Annual pension cost	1,325,021
Actual contribution made	<u>(1,324,064)</u>
Decrease in net pension asset	(957)
Net pension asset at beginning of year	<u>8,743</u>
Net pension asset at end of year	\$ <u><u>7,786</u></u>

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATE CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

PERF

For the plan year 2012, the County's annual pension cost of \$10,914,490 for PERF was less than the required annual contribution of \$10,932,316 and more than the actual County contribution of \$8,251,466. The required contribution was determined as part of the July 1, 2012 valuation using entry age normal cost liability method. Under the accrual basis of accounting, the calculation of the annual pension cost and the net pension obligation is as follows for PERF:

Annual required contribution (ARC)	\$ 10,932,316
Interest on net pension asset	117,866
Adjustment to ARC	<u>(135,692)</u>
Annual pension cost	10,914,490
Actual contribution made	<u>(8,251,466)</u>
Increase in net pension obligation	(2,663,024)
Net pension obligation at beginning of year	<u>(1,683,797)</u>
Net pension obligation at end of year	<u><u>\$ (4,346,821)</u></u>

The above calculations are determined under the accrual basis of accounting and are not reflected within the accompanying financial statements due to the financial statements being prepared under the modified cash basis of accounting.

B. Trend Information

Selected trend information for the years ended December 31, 2012, 2011, and 2010 is as follows:

<u>Valuation date</u>	<u>Annual pension cost</u>	<u>Percentage contributed</u>	<u>Net pension asset/(obligation)</u>
Marion County Law Enforcement Personnel:			
Retirement plan			
1/01/10	\$ 6,539,997	101 %	\$ 2,781,600
1/01/11	7,591,605	100	2,484,019
1/01/12	7,590,636	100	2,212,014
Disability plan			
1/01/10	1,210,344	100	9,819
1/01/11	1,330,124	100	8,743
1/01/12	1,325,021	100	7,786
County employees (PERF)			
6/30/10	7,796,478	86	1,181,292
6/30/11	10,258,861	72	(1,683,797)
6/30/12	10,914,490	76	(4,346,821)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATE CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

C. Funded Status

The funded status of the plans as of the most recent actuarial valuation date is as follows:

<u>Valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL)</u>	<u>(Unfunded) overfunded AAL</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as percentage of covered payroll</u>
Marion County Law Enforcement Personnel:						
Retirement Plan						
1/1/2012	\$ 153,179,976	\$ 206,553,625	\$ (53,373,649)	74.2%	\$ 21,493,543	248.3%
Disability Plan*						
1/1/2012	18,704,377	21,376,536	(2,672,159)	87.5	21,493,543	12.4
County Employees (PERF)						
6/30/2012	67,902,911	132,795,069	(64,892,158)	51.1	116,706,113	55.6

*Funded status for the Disability Plan was calculated using the entry age actuarial cost method.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 7—RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured for vehicle, workers' compensation, general liability, and high-deductible health insurance. Additionally, the County purchases commercial insurance for claims for all other risks of loss. Settled claims have not exceeded the insurance coverage in any of the past three years. Additionally, the County participates in the City's self-insurance fund for high-deductible health insurance plan that is offered to current and eligible retired employees. In 2012, the County paid \$2,406,744 relating to these self-insured risks. Due to the modified cash basis of accounting, unpaid claims are not recorded within the accompanying financial statements.

NOTE 8—DEFERRED COMPENSATION PLAN

Employees of Marion County are eligible to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code ("IRC") Section 457. The deferred compensation plan is available to all employees of the County. Under this plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust by an independent trustee for the exclusive benefit of participants and their beneficiaries and are not included within the accompanying financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATE CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9—JOINT BUILDING AUTHORITY

The County and the City lease the office building and parking lot facilities they share, among other properties, from the Indianapolis-Marion County Building Authority (“Building Authority”). The Building Authority is a separate municipal corporation, acting as a joint building authority, whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain, and manage land, governmental buildings, and communication systems for governmental entities within the County. Such facilities are sometimes financed by the Building Authority through the issuance of bonded debt. The Building Authority enters into long-term lease agreements, primarily with the County and the City, which provide for sufficient rent to service the debt (Fixed Rentals) and offset budgeted operating costs (Additional Rentals) of the leased facilities. All of the leases contain renewal and purchase options and provide for annual adjustment to the Additional Rentals based upon the operating expense budgets for the facilities. If the purchase options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the facilities to the lessee governments free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority’s leases provides that the lessee governments shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. During 2012, the County paid \$3,475,000 in Fixed Rentals and \$1,311,567 in Additional Rentals. The County’s lease agreements with the Building Authority expire on various dates through 2024.

The County and the City have also entered into a number of management contracts with the Building Authority. Such contracts provide for the construction, operation and/or maintenance of facilities for use by various departments of the County and the City. In some instances, the County and the City advance funds to the Building Authority for construction of new facilities. In other instances, management contracts are established for existing facilities. Under each of their management contracts, the County and City designate the Building Authority as their agent and manager for purposes of constructing, maintaining and/or managing the facilities. Like Additional Rentals, annual Maintenance Fees are payable to the Building Authority for facilities covered under management contracts and vary each year based on the operating expense budgets for the facilities. During 2012, the County paid the Building Authority \$5,501,979 in Maintenance Fees. The County’s management contracts expire on various dates through 2015.

NOTE 10—RELATED-PARTY TRANSACTIONS

The legislative body of the County is the same in several respects as that of the City, and the position of chief executive is held by the Mayor of the City. The County provides certain information technology and telephone services to the City. Receipts from these services were \$14,389,752 in 2012. In 2012, the County received \$3,533,049 of 911 dispatch fees from the City.

The County and City purchase certain insurance policies that cover risks of both entities. The County and City pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County, including purchasing, legal, and other general administration. The City funds such services through a countywide tax levy. The County does not compensate the City for these services, except for legal services. Conversely, the County provides, at no compensation, criminal, civil, juvenile, and probate court services to all municipalities and unincorporated areas in Marion County, administers the property tax administration and collection system for the same jurisdictions, and operates the County jail and lockup.

The County acted as either a subrecipient or a pass-through agent for various state and federal grant programs with the City during 2012.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

In 2006, the County entered into various contracts with Health and Hospital Corporation of Marion County (“HHC”). HHC is a separate municipal corporation and is considered to be a component unit of the Consolidated City of Indianapolis – Marion County. HHC has its own governing board separate from the County’s legislative body. HHC has within it the division of public health and the division of public hospitals. In 2012, the County made \$1,510,907 in mental health distributions to HHC as allowed by law. In addition, effective in 2010, HHC began making a yearly contribution to the County for the cost of inmate care. In 2012, the County received \$2,500,000 and in 2013 HHC has promised to contribute \$1,250,000. The contributions end in 2013.

NOTE 11—COMMITMENTS AND CONTINGENCIES

The County has various lawsuits pending against it. Indiana law limits the liability of municipalities to \$700,000 per person and \$5,000,000 per occurrence. It is the opinion of management that losses from pending litigation will not have a material adverse effect on its cash position or liquidity.

The County participates in a number of federal and state financial assistance programs. These programs are subject to financial and compliance audits by federal agencies. The amount, if any, of disbursements that may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 12—DEFICIT CASH POSITION

At December 31, 2012, the following nonmajor governmental funds had a deficit cash position:

Nonmajor Capital Projects Funds

Public Safety Capital Projects	\$ <u>(12,244)</u>
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Nonmajor Special Revenue Funds

Prosecutor's Law Enforcement	\$ <u>(246,394)</u>
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Supplemental Public Defender Fee	\$ <u>(26,812)</u>
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County Drug Free Community	\$ <u>(11,449)</u>
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Marion County Sheriff's Civil Division Fees	\$ <u>(856,799)</u>
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The County intends to reduce the deficit in the Public Safety Capital Projects Fund by a transfer from the General Fund. The deficit for The Marion County Sheriff’s Civil Division Fees Fund, Prosecutor’s Law Enforcement Fund, Supplemental Public Defender Fee Fund, and County Drug Free Community Fund will be covered by future charges for services.

NOTE 13—SUBSEQUENT EVENTS

The County evaluated subsequent events through the date the financial statements were issued. The County is not aware of any significant events, that occurred subsequent to December 31, 2012, but prior to the issuance of this report that would have a material impact on the financial statements, or that required recognition or disclosure in the financial statements under the modified cash basis of accounting.



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS – BUDGET AND ACTUAL –
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	Final Budget –
					Positive
					(Negative)
Receipts					
Taxes	\$	170,108,297	\$ 174,147,930	\$ 168,158,877	\$ (5,989,053)
Intergovernmental		13,839,617	13,856,617	9,505,994	(4,350,623)
Charges for services		8,483,369	8,483,369	15,109,321	6,625,952
Interest		3,023,187	3,023,187	1,870,676	(1,152,511)
Miscellaneous		110,845	110,845	266,355	155,510
Total receipts		<u>195,565,315</u>	<u>199,621,948</u>	<u>194,911,223</u>	<u>(4,710,725)</u>
Disbursements					
Current:					
General government		103,706,499	104,812,622	101,835,136	2,977,486
Public safety		99,389,535	101,234,959	102,333,580	(1,098,621)
Culture and recreation		753,971	753,971	199,209	554,762
Total disbursements		<u>203,850,005</u>	<u>206,801,552</u>	<u>204,367,925</u>	<u>2,433,627</u>
Deficiency of receipts under disbursements		<u>(8,284,690)</u>	<u>(7,179,604)</u>	<u>(9,456,702)</u>	<u>(2,277,098)</u>
Other financing sources (uses):					
Sales of capital assets		53,130	53,130	13,408	(39,722)
Transfers in (out)		<u>(2,065,667)</u>	<u>(2,065,667)</u>	<u>(676,143)</u>	<u>1,389,524</u>
Total other financing sources (uses)		<u>(2,012,537)</u>	<u>(2,012,537)</u>	<u>(662,735)</u>	<u>1,349,802</u>
Deficiency of receipts and other financing sources					
under disbursements and other financing uses	\$	<u>(10,297,227)</u>	\$ <u>(9,192,141)</u>	\$ <u>(10,119,437)</u>	\$ <u>(927,296)</u>

See accompanying independent auditor's report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS – BUDGET AND ACTUAL –
PUBLIC SAFETY INCOME TAX FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

		Budgeted Amounts			Variance with Final Budget – Positive (Negative)
		Original	Final	Actual Amounts	
Receipts					
Taxes	\$	18,611,395	\$ 22,962,665	\$ 22,962,665	\$ —
Total receipts		18,611,395	22,962,665	22,962,665	—
Disbursements					
Current:					
General government		7,994,558	7,994,558	7,956,068	38,490
Public safety		11,358,573	11,358,573	11,358,573	—
Total disbursements		19,353,131	19,353,131	19,314,641	38,490
Excess (deficiency) of receipts over (under) disbursements		(741,736)	3,609,534	3,648,024	38,490
Other financing sources:					
Transfers in		498,381	498,381	—	(498,381)
Total other financing sources		498,381	498,381	—	(498,381)
Excess (deficiency) of receipts and other financing sources over (under) disbursements		\$ (243,355)	\$ 4,107,915	\$ 3,648,024	\$ (459,891)

See accompanying independent auditor's report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
(UNAUDITED)
DECEMBER 31, 2012

<u>Valuation date</u>	<u>(1) Net assets available for benefits</u>	<u>(2) Actuarial accrued liability (AAL)</u>	<u>(3) (Unfunded) overfunded (AAL) (1)-(2)</u>	<u>(4) Funded ratio (1)/(2)</u>	<u>(5) Annual covered payroll</u>	<u>UAAL as a percentage of covered payroll (3)/(5)</u>
Marion County Law Enforcement Personnel:						
Retirement Plan						
1/1/07	\$ 153,072,407	\$ 164,402,575	\$ (11,330,168)	93.1 %	\$ 21,774,201	52.0 %
1/1/08	160,461,469	170,363,749	(9,902,280)	94.2	21,337,954	46.4
1/1/09	136,565,438	176,464,368	(39,898,930)	77.4	20,966,053	190.3
1/1/10	140,682,426	182,046,693	(41,364,267)	77.3	21,173,883	195.4
1/1/11	147,681,169	199,967,007	(52,285,838)	73.9	21,877,586	239.0
1/1/12	153,179,976	206,553,625	(53,373,649)	74.2	21,493,543	248.3
Disability Plan**						
1/1/10	\$ 16,795,458	\$ 19,386,340	\$ (2,590,882)	86.6 %	\$ 21,173,883	12.2 %
1/1/11	17,645,744	20,518,542	(2,872,798)	86.0	21,877,586	13.1
1/1/12	18,704,377	21,376,536	(2,672,159)	87.5	21,493,543	12.4
County Employees:*						
6/30/2010	\$ 84,033,093	\$ 122,802,445	\$ (38,769,352)	68.4 %	\$114,756,252	34.0 %
6/30/2011	71,163,599	121,819,837	(50,656,239)	58.4	116,820,536	43.0
6/30/2012	67,902,911	132,795,069	(64,892,158)	51.1	116,706,113	55.6

* Information required for only most recent actuarial valuation and the two preceding valuations.

** Funded status for the Disability Plan was calculated using the aggregate actuarial cost method for the 1/1/10 valuation and the entry age actuarial cost method for the 1/1/11 and 1/1/12 valuations.

Analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and excess of actuarial accrued liability (assets in excess of actuarial accrued liability) in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of the County's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Trends in funding status and annual covered payroll are both affected by inflation. Expressing the funding status as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the County's progress made in accumulating sufficient assets to pay benefits when due.

See notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
DECEMBER 31, 2012

<u>Valuation date</u>	<u>Annual required contributions</u>	<u>Percentage contributed</u>
Marion County Law Enforcement Personnel:		
Retirement Plan		
1/1/07	\$ 3,804,775	115.4 %
1/1/08	3,648,340	96.5
1/1/09	6,068,805	96.0
1/1/10	6,244,452	101.0
1/1/11	7,287,015	100.1
1/1/12	7,318,631	100.0
Disability Plan		
1/1/07	\$ 1,045,907	100.0 %
1/1/08	1,152,718	100.0
1/1/09	1,440,932	100.0
1/1/10	1,209,136	100.0
1/1/11	1,329,048	100.0
1/1/12	1,324,064	100.0
County Employees (PERF)		
6/30/07	\$ 4,925,141	91.3 %
6/30/08	5,066,799	92.9
6/30/09	6,017,948	96.8
6/30/10	7,773,624	86.0
6/30/11	10,246,355	72.2
6/30/12	10,932,316	75.5

See notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
DECEMBER 31, 2012

NOTE 1—BUDGETS AND BUDGETARY ACCOUNTING

Budgets:

Budgets, detailed to the agency (i.e., department) and character level, are adopted for all governmental funds except Clerk's Title IV D Incentive (Special Revenue Fund), Clerk's Title IV D ARRA (Special Revenue Fund), General Title IV D ARRA (Special Revenue Fund), Sheriff Commissary (Special Revenue Fund), Prosecutor's Title IV D Incentive (Special Revenue Fund), Prosecutor's Title IV D ARRA (Special Revenue Fund), Campaign Finance Fines (Special Revenue Fund), County Auditor Ineligible Deductions (Special Revenue Fund), and Court Violations Bureau (Special Revenue Fund) which are not legally required to do so. Public Safety Interest Escrow (Capital Projects Fund), Public Safety Capital Projects (Capital Projects Fund), and County Elected Officials Training (Special Revenue Fund) were not budgeted during 2012 due to no expenditure activity.

A separate budgetary report has been prepared, which is detailed to the agency and character level and is available upon request. The budgetary basis of accounting is essentially the cash basis with the exception of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

The timetable for the budgetary process is as follows:

June 1	Office of Finance and Management provides guidelines to County agencies
July 1	County officials submit budgets
August	Office of Finance and Management recommends budget to City-County Council
September	Council committees review/amend budgets based on public testimony
October	Council approves budget by last meeting of October
December	State of Indiana, Department of Local Government Finance reviews/adjusts and gives final approval to budget
January 1	Budget becomes effective

Revisions to transfer appropriations between agencies or character of expenditure require approval of the City-County Council. Revisions to increase the appropriations require approval of the City-County Council, and if the increased appropriation occurs in a fund that has a tax rate, then the State of Indiana Department of Local Government Finance also must approve the increase.

During the year, the following supplementary appropriations were properly approved for the General Fund:

	<u>General Fund</u>	<u>Public Safety Income Tax</u>
Original appropriation	\$ 203,850,005	\$ 19,353,131
Revisions	<u>2,951,547</u>	<u>—</u>
Revised appropriation	<u><u>\$ 206,801,552</u></u>	<u><u>\$ 19,353,131</u></u>

Unencumbered appropriations lapse at year-end and represent fund balances available for future commitment, except for capital projects funds, which are budgeted on a project basis.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED) (CONTINUED)
DECEMBER 31, 2012

NOTE 2—BUDGET / CASH AND INVESTMENT BASIS REPORTING DIFFERENCES

Adjustments required to convert the results of the 2012 operations from a budgetary basis (actual) to a modified cash basis (actual) are as follows:

	<u>General Fund</u>	<u>Public Safety Income Tax</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses (budgetary basis)	\$ (10,119,437)	\$ 3,648,024
Adjustments:		
Prior year receipts	3,121,743	—
Prior year disbursements	(2,110,329)	—
Disbursements from prior year encumbrances	8,789,066	—
Vouchers payable outstanding	<u>701,645</u>	<u>—</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses (modified cash basis)	\$ <u><u>382,688</u></u>	\$ <u><u>3,648,024</u></u>



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES—OTHER SUPPLEMENTARY INFORMATION**



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for operating revenues that are restricted for particular purposes by state or federal statute or that are designated by authority of the City-County Council to be maintained in separate funds.

IDENTIFICATION SECURITY PROTECTION—This fund was created by IC 36-2-7.5-11 for the purpose of purchasing, upgrading, implementing, or maintaining redacting technology used in the office of the County Recorder.

ADULT PROBATION—Established to account for receipt of adult probation fees to be appropriated by the City-County Council for the courts' use in providing probation services to adults.

SECTION 102 HAVA REIMBURSEMENT—Established by City-County Council Special Resolution No. 54 for the reimbursement of outstanding obligations relating to the purchase of the County's voting system. If the obligations are paid in full, the funds will be used for the improvement of elections for federal office in the County.

SURVEYOR'S CORNER PERPETUATION—Established to account for receipt of fees collected by the County Recorder to be appropriated by the City-County Council for establishing or relocating corners and the keeping of the corner record book.

COUNTY RECORDS PERPETUATION—Established to account for certain fees that are collected by the County Recorder for the preservation of records and the improvement of recording systems and equipment.

PROPERTY REASSESSMENT—Used for the purpose of receiving and holding in escrow tax distribution for the funding for the next property reassessment. Funds held in escrow until distributions are authorized by the State Legislature, whereby the distribution is made to the Marion County Assessor.

PROSECUTOR'S DIVERSION—Established to account for collection of user fees related to the operation of pretrial diversion programs. All money collected in this fund must be appropriated by the City-County Council and can be used only as the Prosecuting Attorney directs for pretrial diversion programs.

PROSECUTOR'S LAW ENFORCEMENT—Established to account for the payment of restitution by certain offenders.

CLERK'S TITLE IV D INCENTIVE—This fund was created by IC 12-17-2-26. The revenues received in this fund are an incentive from the state/federal government for enhancing child support enforcement. These funds per the statute are eligible to be spent without appropriation.

SHERIFF COMMISSARY—Established to account for money collected in the jail commissary, which is required to be spent according to IC 36-8-10-21.

COUNTY EXTRADITION—Established to account for the collection of certain court fees to be appropriated by the City-County Council to offset extradition expense.

COUNTY MISDEMEANANT—Established by the State of Indiana to provide incentive to counties to locally house misdemeanants. This fund may be used only for funding the operation of a county jail, jail programs, or other local correctional facilities.

ALCOHOL AND DRUG SERVICES—Established to account for the collection of court fees to be appropriated by the City-County Council for the operation of alcohol and drug services program.

COMMUNITY CORRECTIONS HOME DETENTION—Established to collect user fees related to the supervision of home detention.

(Continued)

COUNTY AUDITOR'S INELIGIBLE DEDUCTIONS – This fund was created by IC 6-1.1-12-17. Monies in the fund may be used only for specific purposes outlined under IC 6-1.1-36-17 (e) and may be expended upon appropriation by the county fiscal body.

SUPPLEMENTAL PUBLIC DEFENDER FEE—Established to account for the collection of fees assessed, at the discretion of the judge, on a defendant to cover costs incurred by the County as a result of court appointed legal services rendered to the defendant.

DEFERRAL PROGRAM FEE—Established to account for the collection of traffic violation process fees for people who are released on their own recognizance.

COUNTY DRUG FREE COMMUNITY—Established to promote comprehensive local alcohol and drug abuse prevention initiatives by supplementing local funding for treatment, education, and criminal justice efforts.

CONDITIONAL RELEASE—Established to account for the pretrial diversion program fees collected by the Clerk.

STATE AND FEDERAL GRANTS—Established to account for state and federal grant programs received from the U.S. Marshal, U.S. Department of Justice, U.S. Department of Health and Human Services, State of Indiana Department of Corrections, Indiana Criminal Justice Institute, Indiana Division of Family and Children, City of Indianapolis, and various other state and federal agencies.

FEDERAL STIMULUS—Established to account for federal grant programs received under the American Recovery and Reinvestment Act, which was signed into law by President Obama on February 17, 2009.

ENHANCED ACCESS—Established for the replacement, improvement, and expansion of capital expenditures and the reimbursement of operating expenses incurred in providing enhanced access to public information.

PROSECUTOR'S TITLE IV D INCENTIVE—Created by IC 12-17-2-26, the receipts received in this fund are an incentive from the state/federal government for enhancing child support enforcement. These funds per the statute are eligible to be spent without appropriation.

MC SHERIFF'S CIVIL DIVISION FEES—Created by the City-County Council, Ordinance No. 86 (2004), the fund shall consist of fees collected in the processing of real estate foreclosures and orders of eviction. Receipts received in this fund are for the purpose of carrying out the functions of the Marion County Sheriff's Department. Amounts shall be paid from this fund only pursuant to appropriations authorized by the City-County Council.

AUDITOR'S ENDORSEMENT FEE—Established to account for the receipt of fees charged on documents for endorsing a document affecting an interest in real property. This fund is to be used for the improvement and maintenance of the real property records systems and equipment.

COUNTY SALES DISCLOSURE—Established to account for the receipt of fees charged on the filing of a sales disclosure form. This fund is to be used for the administration of the sales disclosure function, training of assessing officials, or the purchasing of computer software or hardware for a property record system.

PROSECUTOR'S TITLE IV D ARRA—Established to account for child support incentive receipts related to the American Recovery and Reinvestment Act.

CLERK'S TITLE IV D ARRA—Established to account for child support incentive receipts related to the American Recovery and Reinvestment Act.

GENERAL TITLE IV D INCENTIVE – Created by IC 31-25-4-23.5 (a). Receipts received will come from incentive payments outlined in 23(a)(1) of the above chapter referenced above. Monies may be used solely for child support enforcement purposes.

COMMISSIONER & GUARDIAN AD LITEM – Created by IC 34-28-5-4 (h) and IC 34-28-5-5 (e). This fund was created to collect an additional infraction judgment fee of \$35 on traffic violations. Funds may be used solely for the purposes of funding compensation of commissioners and the cost of the County's Guardian Ad Litem program.

(Continued)

OTHER—Used to account for activities of 16 other less significant revenue sources and related expenditures.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources devoted to the payment of principal, interest, and related costs on long-term general obligation debt.

COUNTY SINKING—Established to account for the resources devoted to the payment of interest and principal on long-term general obligation debt issued by the County.

WELFARE SINKING—Established to account for the resources devoted to the payment of interest and principal on long-term debt issued by the County.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for resources designated to construct or acquire major capital facilities.

PUBLIC SAFETY CAPITAL PROJECTS—Established to account for the development of the County integrated justice system and the upgrade of equipment for the County Forensic Services lab and County Sheriff's Department.

CUMULATIVE CAPITAL DEVELOPMENT—Used to account for financial resources to be used for the renovation and/or construction of major capital facilities as approved by the City-County Council, other than those financed by proprietary funds.

PUBLIC SAFETY INTEREST ESCROW—Established to account for the development of the County integrated justice system and the upgrade of equipment for the County Forensic Services lab and County Sheriff's Department.

CAPITAL IMPROVEMENT LEASE—Established for the purpose of funding capital lease obligations of County offices. The fund shall consist of all taxes and miscellaneous receipts allocated to the capital lease fund. Amounts may be paid from this fund from appropriations authorized by the City-County Council.

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Identification Security Protection	Adult Probation	Section 102 HAVA Reimburse- ment	Surveyor Corner Perpetu- ation	County Records Perpetuation	Property Reassessment	Prosecutor's Diversion	Prosecutor's Law Enforce- ment
Receipts:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	1,693,072	\$ —	\$ —
Intergovernmental	—	—	—	—	—	—	—	—
Charges for services	71,743	1,879,171	—	160,585	1,031,882	—	653,625	—
Miscellaneous	—	2,945	10,000	4	—	—	—	—
Total receipts	71,743	1,882,116	10,000	160,589	1,031,882	1,693,072	653,625	—
Disbursements:								
Current:								
General government	13,400	1,869,757	—	368,335	909,659	2,097,827	698,593	243,124
Public safety	—	—	—	—	—	—	—	—
Capital outlay	33,414	—	9,989	30,394	59,358	—	—	3,270
Total disbursements	46,814	1,869,757	9,989	398,729	969,017	2,097,827	698,593	246,394
Excess (deficiency) of receipts over (under) disbursements	24,929	12,359	11	(238,140)	62,865	(404,755)	(44,968)	(246,394)
Cash and cash equivalents - beginning of year	1,649,232	27,674	—	1,110,608	1,209,162	1,122,285	315,797	—
Cash and cash equivalents - end of year	\$ 1,674,161	\$ 40,033	\$ 11	\$ 872,468	\$ 1,272,027	\$ 717,530	\$ 270,829	\$ (246,394)
<u>Cash and Cash Equivalents - December 31, 2012</u>								
Restricted	\$ 1,674,161	\$ 40,033	\$ 11	\$ 872,468	\$ 1,272,027	\$ 717,530	\$ 270,829	\$ —
Unassigned	—	—	—	—	—	—	—	(246,394)
Total cash and cash equivalents - December 31, 2012	\$ 1,674,161	\$ 40,033	\$ 11	\$ 872,468	\$ 1,272,027	\$ 717,530	\$ 270,829	\$ (246,394)
	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	State and Federal Grants	Federal Stimulus	Enhanced Access	Prosecutor's Title IV D Incentive
Receipts:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	264	7,000	—	8,287,610	693,408	—	627,406
Charges for services	301,529	4,120,082	366,884	7,105	—	—	306,787	—
Miscellaneous	—	25	—	13	33,068	—	—	89,436
Total receipts	301,529	4,120,371	373,884	7,118	8,320,678	693,408	306,787	716,842
Disbursements:								
Current:								
General government	337,916	3,083,187	728,914	—	3,474,479	—	25,480	487,902
Public safety	—	—	13,918	—	4,489,179	139,215	—	—
Capital outlay	—	3,257	—	—	349,094	—	—	538
Total disbursements	337,916	3,086,444	742,832	—	8,312,752	139,215	25,480	488,440
Excess (deficiency) of receipts over (under) disbursements	(36,387)	1,033,927	(368,948)	7,118	7,926	554,193	281,307	228,402
Other financing sources (uses):								
Transfers in (out)	—	—	—	—	—	—	—	—
Total other financing sources (uses) over expenditures	—	—	—	—	—	—	—	—
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(36,387)	1,033,927	(368,948)	7,118	7,926	554,193	281,307	228,402
Cash and cash equivalents - beginning of year	9,575	501,586	357,499	4,876	1,427,280	(506,035)	929,429	1,657,917
Cash and cash equivalents - end of year	\$ (26,812)	\$ 1,535,513	\$ (11,449)	\$ 11,994	\$ 1,435,206	\$ 48,158	\$ 1,210,736	\$ 1,886,319
<u>Cash and cash equivalents - December 31, 2012:</u>								
Restricted	\$ —	\$ 1,535,513	\$ —	\$ 11,994	\$ 1,435,206	\$ 48,158	\$ 1,210,736	\$ 1,886,319
Unassigned	(26,812)	—	(11,449)	—	—	—	—	—
Total cash and cash equivalents	\$ (26,812)	\$ 1,535,513	\$ (11,449)	\$ 11,994	\$ 1,435,206	\$ 48,158	\$ 1,210,736	\$ 1,886,319

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Clerk's Title IV D Incentive	Sheriff Commissary	County Extradition	County Misdemeanant	Alcohol and Drug Services	Community Corrections Home Detention	County Auditor's Ineligible Deductions
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,651,977
417,022	—	—	600,601	—	—	—
—	3,733,895	57,800	—	511,307	762,283	—
—	—	—	—	23,568	81,809	—
<u>417,022</u>	<u>3,733,895</u>	<u>57,800</u>	<u>600,601</u>	<u>534,875</u>	<u>844,092</u>	<u>1,651,977</u>

376,400	—	—	—	317,762	—	—
—	3,563,551	57,197	628,412	—	1,056,342	—
<u>18,291</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>394,691</u>	<u>3,563,551</u>	<u>57,197</u>	<u>628,412</u>	<u>317,762</u>	<u>1,056,342</u>	<u>—</u>

22,331	170,344	603	(27,811)	217,113	(212,250)	1,651,977
1,397,910	522,646	78,552	81,750	397,914	430,713	194,466
<u>\$ 1,420,241</u>	<u>\$ 692,990</u>	<u>\$ 79,155</u>	<u>\$ 53,939</u>	<u>\$ 615,027</u>	<u>\$ 218,463</u>	<u>\$ 1,846,443</u>

\$ 1,420,241	\$ 692,990	\$ 79,155	\$ 53,939	\$ 615,027	\$ 218,463	\$ 1,846,443
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

<u>\$ 1,420,241</u>	<u>\$ 692,990</u>	<u>\$ 79,155</u>	<u>\$ 53,939</u>	<u>\$ 615,027</u>	<u>\$ 218,463</u>	<u>\$ 1,846,443</u>
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MC Sheriff's Civil Division Fees	Auditor's Endorsement Fee	County Sales Disclosure	Prosecutor's Title IV D ARRA	Clerk's Title IV D ARRA	General Title IV D Incentive	Commissioner & Guardian Ad Litem	Other	Total Special Revenue
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,345,049
—	—	—	—	—	417,022	—	2,562,365	13,612,698
1,282,100	165,725	94,310	—	—	—	1,457,154	1,785,698	18,749,665
—	—	—	—	—	—	—	124,793	365,661
<u>1,282,100</u>	<u>165,725</u>	<u>94,310</u>	<u>—</u>	<u>—</u>	<u>417,022</u>	<u>1,457,154</u>	<u>4,472,856</u>	<u>36,073,073</u>
—	403,596	277,323	—	—	349,143	575,000	3,870,466	20,508,263
1,335,951	—	—	—	—	—	—	2,500,000	13,783,765
—	—	—	—	—	—	—	52,513	560,118
<u>1,335,951</u>	<u>403,596</u>	<u>277,323</u>	<u>—</u>	<u>—</u>	<u>349,143</u>	<u>575,000</u>	<u>6,422,979</u>	<u>34,852,146</u>
(53,851)	(237,871)	(183,013)	—	—	67,879	882,154	(1,950,123)	1,220,927
—	—	—	—	—	—	(1,049,088)	1,049,088	—
—	—	—	—	—	—	(1,049,088)	1,049,088	—
(53,851)	(237,871)	(183,013)	—	—	67,879	(166,934)	(901,035)	1,220,927
<u>(802,948)</u>	<u>360,846</u>	<u>275,941</u>	<u>174,735</u>	<u>57,443</u>	<u>460,799</u>	<u>1,073,750</u>	<u>1,997,616</u>	<u>16,519,018</u>
<u>\$ (856,799)</u>	<u>\$ 122,975</u>	<u>\$ 92,928</u>	<u>\$ 174,735</u>	<u>\$ 57,443</u>	<u>\$ 528,678</u>	<u>\$ 906,816</u>	<u>\$ 1,096,581</u>	<u>\$ 17,739,945</u>

\$ —	\$ 122,975	\$ 92,928	\$ 174,735	\$ 57,443	\$ 528,678	\$ 906,816	\$ 1,096,581	\$ 18,881,399
<u>(856,799)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,141,454)</u>

<u>\$ (856,799)</u>	<u>\$ 122,975</u>	<u>\$ 92,928</u>	<u>\$ 174,735</u>	<u>\$ 57,443</u>	<u>\$ 528,678</u>	<u>\$ 906,816</u>	<u>\$ 1,096,581</u>	<u>\$ 17,739,945</u>
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MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF CASH RECEIPTS AND CASH DISBURSEMENTS – BUDGET AND ACTUAL –
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Identification Security Protection			
Receipts:			
Charges for services	\$ —	\$ 65,202	\$ 65,202
Disbursements:			
General government	216,089	211,479	4,610
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (216,089)</u>	<u>\$ (146,277)</u>	<u>\$ 69,812</u>
 Adult Probation			
Receipts:			
Charges for services	\$ 2,000,000	\$ 1,732,849	\$ (267,151)
Interest	—	2,945	2,945
Total receipts	<u>2,000,000</u>	<u>1,735,794</u>	<u>(264,206)</u>
Disbursements:			
General government	1,875,572	1,869,758	5,814
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 124,428</u>	<u>\$ (133,964)</u>	<u>\$ (258,392)</u>
 Section 102 HAVA Reimbursement			
Receipts:			
Interest	\$ —	\$ 10,000	\$ 10,000
Disbursements:			
General government	10,000	9,989	11
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (10,000)</u>	<u>\$ 11</u>	<u>\$ 10,011</u>
 Surveyor's Corner Perpetuation			
Receipts:			
Charges for services	\$ 153,238	\$ 151,595	\$ (1,643)
Disbursements:			
General government	422,253	389,845	32,408
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (269,015)</u>	<u>\$ (238,250)</u>	<u>\$ 30,765</u>
 County Records Perpetuation			
Receipts:			
Charges for services	\$ 561,440	\$ 729,337	\$ 167,897
Interest	—	(42)	(42)
Total receipts	<u>561,440</u>	<u>729,295</u>	<u>167,855</u>
Disbursements:			
General government	1,261,928	1,109,106	152,822
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (700,488)</u>	<u>\$ (379,811)</u>	<u>\$ 320,677</u>
 Property Reassessment			
Receipts:			
Taxes	\$ 1,695,530	\$ 1,693,072	\$ (2,458)
Disbursements:			
General government	2,594,483	2,119,715	474,768
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (898,953)</u>	<u>\$ (426,643)</u>	<u>\$ 472,310</u>
 Prosecutor's Diversion			
Receipts:			
Charges for services	\$ 556,800	\$ 601,135	\$ 44,335
Disbursements:			
General government	785,921	698,594	87,327
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (229,121)</u>	<u>\$ (97,459)</u>	<u>\$ 131,662</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Prosecutor's Law Enforcement			
Receipts:			
Total receipts	\$ —	\$ —	\$ —
Disbursements:			
General government	250,000	246,394	3,606
Excess (deficiency) of receipts over (under) disbursements	<u>(250,000)</u>	<u>(246,394)</u>	<u>3,606</u>
Other financing sources:			
Transfers in	450,000	—	450,000
Total other financing sources	<u>450,000</u>	<u>—</u>	<u>450,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	<u>\$ 200,000</u>	<u>\$ (246,394)</u>	<u>\$ 453,606</u>
County Extradition			
Receipts:			
Charges for services	\$ —	\$ 50,800	\$ 50,800
Disbursements:			
Public safety	57,657	56,143	1,514
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (57,657)</u>	<u>\$ (5,343)</u>	<u>\$ 52,314</u>
County Misdemeanant			
Receipts:			
Intergovernmental	\$ 600,600	\$ 600,600	\$ —
Disbursements:			
Public safety	600,600	550,740	49,860
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ 49,860</u>	<u>\$ 49,860</u>
Alcohol and Drug Services			
Receipts:			
Charges for services	\$ 700,000	\$ 470,193	\$ (229,807)
Interest	—	23,568	23,568
Total receipts	<u>700,000</u>	<u>493,761</u>	<u>(206,239)</u>
Disbursements:			
General government	848,050	317,762	530,288
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (148,050)</u>	<u>\$ 175,999</u>	<u>\$ 324,049</u>
Community Corrections Home Detention			
Receipts:			
Charges for services	\$ 1,193,000	\$ 748,657	\$ (444,343)
Interest	87,000	75,443	(11,557)
Total receipts	<u>1,280,000</u>	<u>824,100</u>	<u>(455,900)</u>
Disbursements:			
Public safety	1,249,494	1,137,524	111,970
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 30,506</u>	<u>\$ (313,424)</u>	<u>\$ (343,930)</u>
Supplemental Public Defender Fee			
Receipts:			
Charges for services	\$ 345,000	\$ 280,007	\$ (64,993)
Disbursements:			
General government	345,000	337,916	7,084
Deficiency of receipts under disbursements	<u>\$ —</u>	<u>\$ (57,909)</u>	<u>\$ (57,909)</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Deferral Program Fees			
Receipts:			
Charges for services	\$ 3,282,000	\$ 3,842,933	\$ 560,933
Interest	—	25	25
Total receipts	<u>3,282,000</u>	<u>3,842,958</u>	<u>560,958</u>
Disbursements:			
General government	3,263,180	3,082,009	181,171
Excess of receipts over disbursements	<u>\$ 18,820</u>	<u>\$ 760,949</u>	<u>\$ 742,129</u>
 County Drug Free Community			
Receipts:			
Intergovernmental	\$ 60,000	\$ 7,000	\$ (53,000)
Charges for services	450,000	341,094	(108,906)
Total receipts	<u>510,000</u>	<u>348,094</u>	<u>(161,906)</u>
Disbursements:			
General government	107,000	75,136	31,864
Public safety	20,000	15,238	4,762
Total disbursements	<u>127,000</u>	<u>90,374</u>	<u>36,626</u>
Excess (deficiency) of receipts over (under) disbursements	<u>383,000</u>	<u>257,720</u>	<u>(125,280)</u>
Other financing uses:			
Transfers out	(450,000)	(297,313)	152,687
Total other financing uses	<u>(450,000)</u>	<u>(297,313)</u>	<u>152,687</u>
Excess (deficiency) of receipts over (under) disbursements and other financing uses	<u>\$ (67,000)</u>	<u>\$ (39,593)</u>	<u>\$ 27,407</u>
 Conditional Release			
Receipts:			
Charges for services	\$ —	\$ 6,565	\$ 6,565
Interest	—	13	13
Total receipts	<u>—</u>	<u>6,578</u>	<u>6,578</u>
Disbursements:			
Total disbursements	—	—	—
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ 6,578</u>	<u>\$ 6,578</u>
 State and Federal Grants			
Receipts:			
Intergovernmental	\$ 12,209,255	\$ 6,609,789	\$ (5,599,466)
Interest	—	25,575	25,575
Miscellaneous	—	7,493	7,493
Total receipts	<u>12,209,255</u>	<u>6,642,857</u>	<u>(5,566,398)</u>
Disbursements:			
General government	5,554,440	3,825,647	1,728,793
Public safety	6,964,934	5,072,223	1,892,711
Total disbursements	<u>12,519,374</u>	<u>8,897,870</u>	<u>3,621,504</u>
Deficiency of receipts under disbursements	<u>\$ (310,119)</u>	<u>\$ (2,255,013)</u>	<u>\$ (1,944,894)</u>
 Federal Stimulus			
Receipts:			
Intergovernmental	\$ 156,191	\$ 525,062	\$ 368,871
Disbursements:			
General government	14,187	—	14,187
Public safety	207,348	138,050	69,298
Total disbursements	<u>221,535</u>	<u>138,050</u>	<u>83,485</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (65,344)</u>	<u>\$ 387,012</u>	<u>\$ 452,356</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Enhanced Access			
Receipts:			
Charges for services	\$ 245,000	\$ 299,950	\$ 54,950
Disbursements:			
General government	141,334	141,334	—
Excess of receipts over disbursements	<u>\$ 103,666</u>	<u>\$ 158,616</u>	<u>\$ 54,950</u>
MC Sheriff's Civil Division Fees			
Receipts:			
Charges for services	\$ 1,906,550	\$ 1,282,100	\$ (624,450)
Disbursements:			
Public safety	1,335,951	1,335,951	—
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 570,599</u>	<u>\$ (53,851)</u>	<u>\$ (624,450)</u>
Auditor's Endorsement Fee			
Receipts:			
Charges for services	\$ 163,400	\$ 163,925	\$ 525
Disbursements:			
General government	400,000	400,000	—
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (236,600)</u>	<u>\$ (236,075)</u>	<u>\$ 525</u>
County Sales Disclosure			
Receipts:			
Charges for services	\$ 84,690	\$ 92,850	\$ 8,160
Disbursements:			
General government	352,830	277,323	75,507
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (268,140)</u>	<u>\$ (184,473)</u>	<u>\$ 83,667</u>
Commissioner & Guardian Ad Litem			
Receipts:			
Charges for services	\$ 1,000,000	\$ 1,457,154	\$ 457,154
Disbursements:			
General government	575,000	575,000	—
Excess of receipts over disbursements	<u>\$ 425,000</u>	<u>\$ 882,154</u>	<u>\$ 457,154</u>
Other financing uses:			
Transfers out	(623,714)	(1,049,088)	(425,374)
Total other financing uses	<u>(623,714)</u>	<u>(1,049,088)</u>	<u>(425,374)</u>
Excess (deficiency) of receipts over (under) disbursements and other financing uses	<u>\$ (198,714)</u>	<u>\$ (166,934)</u>	<u>\$ 31,780</u>
Other – MC Sheriff Medical Care for Inmates			
Receipts:			
Intergovernmental	\$ —	\$ 2,500,000	\$ 2,500,000
Charges for services	8,859	868	(7,991)
Total receipts	8,859	2,500,868	2,492,009
Disbursements:			
Public safety	2,500,000	2,500,000	—
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (2,491,141)</u>	<u>\$ 868</u>	<u>\$ 2,492,009</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Other – County Grants			
Receipts:			
Intergovernmental	\$ 251,500	\$ 24,000	\$ (227,500)
Interest	—	15,000	15,000
Total receipts	<u>251,500</u>	<u>39,000</u>	<u>(212,500)</u>
Disbursements:			
General government	251,500	114,006	137,494
Deficiency of receipts under disbursements	<u>\$ —</u>	<u>\$ (75,006)</u>	<u>\$ (75,006)</u>
 Other – Child Advocacy			
Receipts:			
Charges for services	\$ —	\$ 2,343	\$ 2,343
Disbursements:			
Total disbursements	—	—	—
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ 2,343</u>	<u>\$ 2,343</u>
 Other – Clerk's Perpetuation Fund			
Receipts:			
Intergovernmental	\$ 10,000	\$ 3,365	\$ (6,635)
Charges for services	<u>677,000</u>	<u>445,139</u>	<u>(231,861)</u>
Total receipts	687,000	448,504	(238,496)
Disbursements:			
General government	696,099	571,651	124,448
Deficiency of receipts under disbursements	<u>\$ (9,099)</u>	<u>\$ (123,147)</u>	<u>\$ (114,048)</u>
 Other-Marion Superior Court Equipment			
Receipts:			
Charges for services	\$ 8,000	\$ 13,440	\$ 5,440
Interest	—	50,251	50,251
Total receipts	<u>8,000</u>	<u>63,691</u>	<u>55,691</u>
Disbursements:			
General government	10,000	—	10,000
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (2,000)</u>	<u>\$ 63,691</u>	<u>\$ 65,691</u>
 Other – Drug Treatment Diversion			
Receipts:			
Charges for services	\$ 26,000	\$ 25,406	\$ (594)
Disbursements:			
General government	32,583	29,620	2,963
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (6,583)</u>	<u>\$ (4,214)</u>	<u>\$ 2,369</u>
 Other – Juvenile Probation			
Receipts:			
Charges for services	\$ 95,000	\$ 83,865	\$ (11,135)
Disbursements:			
General government	155,000	140,249	14,751
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (60,000)</u>	<u>\$ (56,384)</u>	<u>\$ 3,616</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
Other – Sheriff's Continuing Education			
Receipts:			
Miscellaneous	\$ —	\$ 2,452	\$ 2,452
Disbursements:			
Total disbursements	—	—	—
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ 2,452</u>	<u>\$ 2,452</u>
 Other – Jury Pay			
Receipts:			
Charges for services	\$ 125,000	\$ 189,015	\$ 64,015
Disbursements:			
General government	433,500	433,481	19
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (308,500)</u>	<u>\$ (244,466)</u>	<u>\$ 64,034</u>
 Other – Alternate Dispute Resolution			
Receipts:			
Charges for services	\$ 85,000	\$ 79,065	\$ (5,935)
Interest	—	3,778	3,778
Total receipts	<u>85,000</u>	<u>82,843</u>	<u>(2,157)</u>
Disbursements:			
General government	148,598	145,310	3,288
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (63,598)</u>	<u>\$ (62,467)</u>	<u>\$ 1,131</u>
 Other – Local Emergency Planning			
Receipts:			
Interest	\$ 25,239	\$ 49,064	\$ 23,825
Disbursements:			
General government	110,000	93,242	16,758
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (84,761)</u>	<u>\$ (44,178)</u>	<u>\$ 40,583</u>

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Debt Service Funds		
	County Sinking	Welfare Sinking	Total Debt Service
Receipts:			
Taxes	\$ —	\$ 5,377,992	\$ 5,377,992
Total receipts	—	5,377,992	5,377,992
Disbursements:			
Current:			
General government	—	5,377,992	5,377,992
Total disbursements	—	5,377,992	5,377,992
Excess (deficiency) of receipts over (under) disbursements	—	—	—
Cash and cash equivalents - beginning of year	10,781	—	—
Cash and cash equivalents - end of year	<u>\$ 10,781</u>	<u>\$ —</u>	<u>\$ —</u>
<u>Cash and cash equivalents - December 31, 2012:</u>			
Restricted	\$ 10,781	\$ —	\$ —
Total cash and cash equivalents	<u>\$ 10,781</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Capital Projects Funds				
	Public Safety Capital Projects	Cumulative Capital Development	Public Safety Interest Escrow	Capital Improvement Lease	Total Capital Projects
Receipts:					
Taxes	\$ —	\$ 4,249,278	\$ —	\$ 1,759,467	\$ 6,008,745
Total receipts	—	4,249,278	—	1,759,467	6,008,745
Disbursements:					
Current:					
General government	—	5,326,682	—	—	5,326,682
Public safety	—	—	—	1,887,000	1,887,000
Total disbursements	—	5,326,682	—	1,887,000	7,213,682
Excess (deficiency) of receipts over disbursements	—	(1,077,404)	—	(127,533)	(1,204,937)
Other financing sources (uses):					
Transfers in (out)	—	(110,000)	—	110,000	—
Total other financing sources (uses)	—	(110,000)	—	110,000	—
Deficiency of receipts and other financing sources under disbursements and other financing uses	—	(1,187,404)	—	(17,533)	(1,204,937)
Cash and cash equivalents - beginning of year	(12,244)	1,217,034	1,684	66,912	1,273,386
Cash and cash equivalents - end of year	<u>\$ (12,244)</u>	<u>\$ 29,630</u>	<u>\$ 1,684</u>	<u>\$ 49,379</u>	<u>\$ 68,449</u>
<u>Cash and cash equivalents - December 31, 2012:</u>					
Restricted	\$ —	\$ 29,630	\$ 1,684	\$ 49,379	\$ 80,693
Unassigned	<u>(12,244)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,244)</u>
Total cash and cash equivalents	<u>\$ (12,244)</u>	<u>\$ 29,630</u>	<u>\$ 1,684</u>	<u>\$ 49,379</u>	<u>\$ 68,449</u>

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF CASH RECEIPTS AND CASH DISBURSEMENTS – BUDGET AND ACTUAL –
CAPITAL PROJECTS FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
<u>Cumulative Capital Development - Capital Projects Fund</u>			
Receipts:			
Taxes	\$ 2,930,552	\$ 4,249,278	\$ 1,318,726
Disbursements:			
General government	<u>1,841,392</u>	<u>1,754,957</u>	<u>86,435</u>
Excess of receipts over disbursements	1,089,160	2,494,321	1,405,161
Other financing uses:			
Transfers out	<u>(1,500,000)</u>	<u>(3,646,073)</u>	<u>(2,146,073)</u>
Deficiency of receipts under disbursements and other financing uses	<u>\$ (410,840)</u>	<u>\$ (1,151,752)</u>	<u>\$ (740,912)</u>
<u>Capital Improvement Lease - Capital Projects Fund</u>			
Receipts:			
Taxes	\$ 1,883,392	\$ 1,759,467	\$ (123,925)
Disbursements:			
Public safety	<u>1,887,000</u>	<u>1,887,000</u>	<u>—</u>
Deficiency of receipts under disbursements	(3,608)	(127,533)	(123,925)
Other financing sources:			
Transfers in	<u>—</u>	<u>110,000</u>	<u>110,000</u>
Deficiency of receipts and other financing sources under disbursements	<u>\$ (3,608)</u>	<u>\$ (17,533)</u>	<u>\$ (13,925)</u>

See accompanying independent auditor's report.

FIDUCIARY FUND TYPES

PENSION TRUST FUNDS

Pension Trust Funds are those funds held in trust for disbursement to covered employees.

MARION COUNTY LAW ENFORCEMENT PERSONNEL RETIREMENT PLAN (RETIREMENT)—To account for assets held in the Marion County Law Enforcement Personnel Retirement Plan for eligible employees of the Marion County Sheriff's Department.

MARION COUNTY LAW ENFORCEMENT PERSONNEL DEPENDENTS AND DISABILITY BENEFITS PLAN (DISABILITY)—To account for assets held in the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan for eligible employees of the Marion County Sheriff's Department.

AGENCY FUNDS

Agency Funds are used to account for transactions related to assets of others held on their behalf by the County.

EXCISE TAX REFUNDS—Established to refund money to taxpayers where an error or overpayment has occurred in the payment of excise tax.

PROPERTY TAX REFUNDS—Established to refund money to taxpayers where an error has occurred in the assessment of property tax.

STATE TAXES—Established to account for inheritance taxes, forfeiture of bonds, and fines paid in all courts, which are collected by the County and remitted to the State of Indiana.

TAX SALE REDEMPTION—Established as an escrow account for funds received from property sold in a tax sale.

TAX SALE SURPLUS—Established to account for funds received over and above delinquent taxes received from property sold in a tax sale.

STATE PUBLIC SAFETY FEES—Established to account for various fees collected by the Courts and then remitted to the state. These include domestic violence fees, judicial fees, infraction judgments, state prosecutor fees, state docket fees, judicial salary fees, and victims of violent crimes fees.

SALE OF COUNTY-OWNED PROPERTY—Established to record funds received from the sale of County properties that were claimed for delinquent taxes.

TREASURER'S SURPLUS—Established to account for overpayment of taxes or misapplication of tax payments received.

COURT COSTS TO MUNICIPALITIES—Established to account for the portion of court costs collected and subsequently disbursed to various municipalities within Marion County.

HOMESTEAD CREDIT REBATE—Established to account for monies related to the property tax relief approved by the Indiana General Assembly in 2007. The rebates were distributed to homeowners who had a valid homestead deduction and were not delinquent on their property taxes.

LOCAL OPTION INCOME TAX—Established to account for monies received from local option income taxes.

TREASURER'S TAX COLLECTION—Established to account for advancement and final distribution of taxes collected by the County Treasurer for all taxing units within the County (including entities outside of Marion County's reporting entity).

(Continued)

FAMILY AND CHILDREN SERVICES—Established to fund the Children in Need of Services program and for delinquent children.

DELINQUENT BUSINESS PERSONAL PROPERTY—Established to account for monies collected on delinquent business personal property tax returns. The monies collected shall be to pay the contract for the audit of the business personal property returns, with any remaining balance distributed to the appropriate taxing units.

LAW ENFORCEMENT CONTINUING EDUCATION—Established to account for fees collected by the County and subsequently disbursed to various law enforcement agencies for continuing education programs.

PAYROLL—Established to account for the receipt of the gross payroll transfers from all County funds having personal services expenditures and the subsequent disbursements of net payroll checks and withholdings.

CLERK OF CIRCUIT COURT—Represent various custodial and fiduciary bank accounts maintained by the designated department in the course of normal operations.

SHERIFF—Represent various custodial and fiduciary bank accounts maintained by the designated department in the course of normal operations.

OTHER—Represents 22 other less significant fiduciary funds that are maintained by Marion County on behalf of others.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH, CASH EQUIVALENTS AND INVESTMENTS –
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 7,287,015	\$ 1,329,048	\$ 8,616,063
Employee	816,360	—	816,360
Total contributions	<u>8,103,375</u>	<u>1,329,048</u>	<u>9,432,423</u>
Investment income:			
Interest and dividends	2,342,464	82	2,342,546
Realized gain on sales, net	<u>7,280,386</u>	<u>—</u>	<u>7,280,386</u>
Net investment income	9,622,850	82	9,622,932
Miscellaneous	107,475	12,055	119,530
Total additions	<u>17,833,700</u>	<u>1,341,185</u>	<u>19,174,885</u>
Deductions			
Investment management fees	403,929	19,402	423,331
Benefits paid	<u>11,102,789</u>	<u>1,361,069</u>	<u>12,463,858</u>
Total deductions	<u>11,506,718</u>	<u>1,380,471</u>	<u>12,887,189</u>
Excess of total additions over total deductions	6,326,982	(39,286)	6,287,696
Cash, cash equivalents and investments – beginning of year	<u>124,264,582</u>	<u>11,989,389</u>	<u>136,253,971</u>
Cash, cash equivalents and investments – end of year	<u>\$ 130,591,564</u>	<u>\$ 11,950,103</u>	<u>\$ 142,541,667</u>

Cash, cash equivalents and investments - December 31, 2012:

Cash and cash equivalents	\$ 4,033,635	\$ 339,080	\$ 4,372,715
Investments (cost basis):			
Common stocks	10,672,911	—	10,672,911
Mutual funds	<u>115,885,018</u>	<u>11,611,023</u>	<u>127,496,041</u>
Total cash, cash equivalents and investments	<u>\$ 130,591,564</u>	<u>\$ 11,950,103</u>	<u>\$ 142,541,667</u>

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH AND CASH EQUIVALENTS – AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Excise Tax Refunds	Property Tax Refunds	State Taxes	Tax Sale Redemption	Tax Sale Surplus	State Public Safety Fees	Sale of County- Owned Property	Treasurer's Surplus	Court Costs to Municipalities	Homestead Credit Rebate
Additions:										
Agency fund additions	\$ 233	\$ 108,933,433	\$ 31,751,877	\$ 8,251,582	\$ 26,676,209	\$ 2,279,203	\$ 5,870,309	\$ 2,878,384	\$ 301,682	\$ 13,373
Deductions:										
Agency fund deductions	233	107,708,679	31,751,877	7,629,247	26,911,758	2,062,116	6,857,891	3,253,965	—	18,056
Excess (deficiency) of total additions over (under) total deductions	—	1,224,754	—	622,335	(235,549)	217,087	(987,582)	(375,581)	301,682	(4,683)
Cash and cash equivalents - beginning of year	(9,845)	(3,745,462)	(3,222)	(132,401)	17,716,546	72,439	698,891	1,452,518	1,440,312	4,680,338
Cash and cash equivalents - end of year	<u>\$ (9,845)</u>	<u>\$ (2,520,708)</u>	<u>\$ (3,222)</u>	<u>\$ 489,934</u>	<u>\$ 17,480,997</u>	<u>\$ 289,526</u>	<u>\$ (288,691)</u>	<u>\$ 1,076,937</u>	<u>\$ 1,741,994</u>	<u>\$ 4,675,655</u>
	Local Option Income Tax	Treasurer's Tax Collection	Family and Children Services	Delinquent Business Personal Property	Law Enforcement Continuing Education	Payroll	Clerk of Circuit Court	Sheriff	Other	Total
Additions:										
Agency fund additions	\$ 113,780,666	\$ 2,863,539,247	\$ 5,418,327	\$ 13,431,147	\$ 509,893	\$ 161,017,540	\$ 203,281,022	\$ 53,848,960	\$ 14,320,698	\$ 3,616,103,785
Deductions:										
Agency fund deductions	115,403,558	2,862,495,873	—	13,133,438	487,214	158,274,033	202,234,357	54,269,574	13,883,503	3,606,375,372
Excess (deficiency) of total additions over (under) total deductions	(1,622,892)	1,043,374	5,418,327	297,709	22,679	2,743,507	1,046,665	(420,614)	437,195	9,728,413
Cash and cash equivalents - beginning of year	1,612,928	36,807,026	(5,418,327)	14,659	898,172	4,226,860	13,075,349	2,447,654	1,491,902	77,326,337
Cash and cash equivalents - end of year	<u>\$ (9,964)</u>	<u>\$ 37,850,400</u>	<u>\$ —</u>	<u>\$ 312,368</u>	<u>\$ 920,851</u>	<u>\$ 6,970,367</u>	<u>\$ 14,122,014</u>	<u>\$ 2,027,040</u>	<u>\$ 1,929,097</u>	<u>\$ 87,054,750</u>

See accompanying independent auditor's report.

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

Single Audit Report
Year Ended December 31, 2012

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
December 31, 2012

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Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis
Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Child Nutrition Cluster:</i>				
Indiana Department of Education	49-K160	School Breakfast Program	10.553	\$ 24,662
Indiana Department of Education	49-K160	National School Lunch Program	10.555	49,774
				<u>74,436</u>
U.S. Department of Housing and Urban Development				
Indianapolis Housing Agency	NA	Section 8 Housing Choice Vouchers	14.871	80,000
U.S. Department of Justice				
		Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	19,559
ICJI***	10-JB-013	Juvenile Accountability Block Grants	16.523	22,035
ICJI***	10-JB-014	Juvenile Accountability Block Grants	16.523	27,100
ICJI***	10-JB-027	Juvenile Accountability Block Grants	16.523	4,500
ICJI***	09-JB-016	Juvenile Accountability Block Grants	16.523	16,959
ICJI***	09-JB-017	Juvenile Accountability Block Grants	16.523	77,223
		Total 16.523		<u>147,817</u>
ICJI***	11-JF-011	Juvenile Justice and Delinquency Prevention - Allocation to States - Reception, Assessment, and Intervention	16.540	53,329
ICJI***	12-VA-1697	Crime Victim Assistance - Victim Advocate	16.575	63,856
ICJI***	11-VA1712	Crime Victim Assistance - Child Advocacy Center	16.575	9,400
ICJI***	11-VAPR-153	Crime Victim Assistance - Child Interviewer 2012	16.575	75,502
ICJI***	11-VAPR-154	Crime Victim Assistance - Victim Advocate 11/12	16.575	213,914
		Total 16.575		<u>362,672</u>
		Drug Court Discretionary Grant Program - Family Drug Treatment Court	16.585	141,827
Indiana Supreme Court	2010-DC-BX-0123	Drug Court Discretionary Grant Program	16.585	51,295
		Total 16.585		<u>193,122</u>
City of Indianapolis, Indiana	2010-WE-AX-0009	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	116,138
		State Criminal Alien Assistance Program	16.606	54,583
		State Criminal Alien Assistance Program	16.606	6,228
		State Criminal Alien Assistance Program 05/06	16.606	2,480
		State Criminal Alien Assistance Program 07/08	16.606	47,548
		Total 16.606		<u>110,839</u>

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis (Continued)
Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
		Bulletproof Vest Partnership Program 2011	16.607	\$ 6,163
ICJI ***	09-GPS-008	Project Safe Neighborhoods - Firearms Reduction A	16.609	3,437
ICJI ***	10-GPS-006	Project Safe Neighborhoods - Firearms Reduction B	16.609	4,563
		Total 16.609		<u>8,000</u>
U.S. Department of Justice				
		Public Safety Partnership and Community Policing Grants - Child Sexual Predator Program	16.710	100,808
		Forensic DNA Backlog Reduction Program 11	16.741	330,532
		Forensic DNA Backlog Reduction Program 10	16.741	83,316
		Forensic DNA Backlog Reduction Program 09	16.741	30,919
		Total 16.741		<u>444,767</u>
		Paul Coverdell Forensic Sciences Improvement Grant Program - Computerized Database Application System	16.742	172,996
		Paul Coverdell Forensic Sciences Improvement Grant Program 2011	16.742	61,335
		Total 16.742		<u>234,331</u>
Edward Byrne Memorial Justice Assistance Grant Cluster:				
City of Indianapolis, Indiana	10-DJ-057	Edward Byrne Memorial Justice Assistance Grant Program - Metro Drug Task Force 2012	16.738	22,597
ICJI ***	10-DJ-063	Edward Byrne Memorial Justice Assistance Grant Program - Multi-Jurisdiction Offender	16.738	189,389
ICJI ***	11-DJ-015	Edward Byrne Memorial Justice Assistance Grant Program - 2012 Prosecutor Case Management	16.738	45,794
ICJI ***	11-DJ-024	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile/Adult Alternative Placement	16.738	45,138
ICJI ***	10-DJ-035	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile/Adult Placement 2011	16.738	(20)
City of Indianapolis, Indiana	2010-DJ-BX-0812	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile JAG 2010	16.738	151,128
ICJI ***	10-DJ-049	Edward Byrne Memorial Justice Assistance Grant Program - Burglary Enforcement Team	16.738	11,994
ICJI ***	11-DJ-026	Edward Byrne Memorial Justice Assistance Grant Program - Drug Treatment Court 2012	16.738	70,040
ICJI ***	10-DJ-088	Edward Byrne Memorial Justice Assistance Grant Program - 2012 JAG \$10,000 and Under	16.738	4,850

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis (Continued)
Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
ICJI ***	11-DJ-025	Edward Byrne Memorial Justice Assistance Grant Program - Re-entry Court 2012	16.738	\$ 99,776
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - JAG Local	16.738	58,521
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - JAG STAR Team Equipment	16.738	11,672
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - JAG Surveillance Vehicle	16.738	28,902
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - JAG Female Work Release	16.738	33,175
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - INFORMER Upgrade	16.738	72,000
ICJI ***	11-DJ-040	Edward Byrne Memorial Justice Assistance Grant Program - Indianapolis JDAI Project 2012	16.738	36,563
ICJI ***	11-DJ-020	Edward Byrne Memorial Justice Assistance Grant Program - Community Court 2012	16.738	36,288
ICJI ***	10-DJ-034	Edward Byrne Memorial Justice Assistance Grant Program - Community Court 2011	16.738	1,162
ICJI ***	11-DJ-012	Edward Byrne Memorial Justice Assistance Grant Program - Improved Efficiency and Backlog Reduction	16.738	112,118
City of Indianapolis, Indiana	2011-DJ-BX-3475	Edward Byrne Memorial Justice Assistance Grant Program - 2012 Justice Assistance Grant	16.738	9,121
		Total 16.738		<u>1,040,208</u>
ICJI ***	09-JRA-025	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	72,270
ICJI ***	10-DJ-065	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	68,418
		Total 16.803		<u>140,688</u>
City of Indianapolis, Indiana	2009-SB-B9-1482	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	66,944
Total Edward Byrne Memorial Justice Assistance Grant Cluster				<u>1,247,840</u>
Total U.S. Department of Justice				<u>3,045,385</u>
U.S. Department of Labor				
Indiana Dept. of Workforce Dvlp.	UI-23890-13-55-A-18	Unemployment Insurance Fraud Prosecutor Grant	17.225	9,488
Recycle Force	NA	Department of Labor ETJD Recycle Force Grant	17.261	6,072
Total U.S. Department of Labor				<u>15,560</u>

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis (Continued)
Year Ended December 31, 2012

Federal Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
National Highway Traffic Safety Administration				
ICJI***	1106	State and Community Highway Safety - Dangerous Driving Enforcement	20.600	\$ 26,297
ICJI***	1251	State and Community Highway Safety - Operation Pull Over Enforcement	20.600	3,910
ICJI***	PT12-11-04-06	State and Community Highway Safety - Big City County Belts 11/12/2013	20.600	151,155
ICJI***	K4-2012-09-03-21	State and Community Highway Safety - OPO Equipment Award 2012	20.600	19,455
		Total 20.600		<u>200,817</u>
ICJI***	K8-2011-03-02-05	Alcohol Impaired Driving Countermeasures Incentive Grants - Fatal Alcohol Crash Team 11/12	20.601	107,288
ICJI***	1309	Alcohol Impaired Driving Countermeasures Incentive Grants - TSP DUI 12/13	20.601	5,096
ICJI***	1528	Alcohol Impaired Driving Countermeasures Incentive Grants - TSP FACT 12/13	20.601	19,205
ICJI***	K8-2012-03-03-22	Alcohol Impaired Driving Countermeasures Incentive Grants - DUI Task Force Enforcement 2012	20.601	199,471
		Total 20.601		<u>331,060</u>
Total National Highway Traffic Safety Administration				<u>531,877</u>
U.S. Department of Health and Human Services				
Indiana Department of Child Services	NA	Substance Abuse and Mental Health Services Projects of Regional and National Significance - Women's Assistance Program Child Support Enforcement	93.243 93.563	66,850 5,039,364
State of Indiana	MARION-CIP-2012B	State Court Improvement Program – Juvenile 12/13	93.586	14,823
State of Indiana	Marion CIP08/11B	State Court Improvement Program – Juvenile 11/12	93.586	44,417
		Total 93.586		<u>59,240</u>
Total U.S. Department of Health and Human Services				<u>5,165,454</u>
Total Expenditures of Federal Awards				<u>\$ 8,912,712</u>

See accompanying notes to schedule of expenditures of federal awards and independent auditor's reports.

***Indiana Criminal Justice Institute (ICJI)

NA - Pass-through grantor number not available

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

Notes to Schedule of Expenditures of Federal Awards - Modified Cash Basis
Year Ended December 31, 2012

Notes to Schedule

1. This schedule includes the federal awards activity of Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis - Marion County. The County's reporting entity is defined in note 1 to the County's financial statements. For the purposes of the schedule of expenditures of federal awards, federal awards include grants and contracts entered into directly between the County and agencies and departments of the federal government or passed through other government agencies or other organizations. The County's federal awards are defined as being those administered directly by the County. The schedule of expenditures of federal awards also includes awards under the American Recovery and Reinvestment Act of 2009 (ARRA) and such awards are identified in the program title column.
2. The accompanying schedule of expenditures of federal awards has been prepared on a modified cash basis of accounting as permitted by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under the modified cash basis of accounting, expenditures are reported when paid by the County. The County provided no federal awards to subrecipients.

**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**

The Honorable Gregory A. Ballard
Mayor, City of Indianapolis
and the City-County Audit Committee
Marion County, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis - Marion County, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2013, which contained an "emphasis of matter" paragraph for the County's financial statements which are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report also disclosed that management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the County's 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-001 through 2012-005 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-006 to be a significant deficiency.

Compliance

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

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Other Matter

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

BKD, LLP

Indianapolis, Indiana
September 30, 2013

**Independent Auditor's Report on Compliance With Requirements That
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance With OMB Circular A-133
and Schedule of Expenditures of Federal Awards**

The Honorable Gregory A. Ballard
Mayor, City of Indianapolis
and the City-County Audit Committee
Marion County, Indiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Marion County (County) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 County'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. Our audit does not provide a legal determination on the County's compliance with those requirements.

Basis for Qualified Opinion on Child Support Enforcement

As described in item 2012-007 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding procurement for its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Qualified Opinion on Child Support Enforcement

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County 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 December 31, 2012.

Report on Internal Control Over Compliance

The management of the County 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 County's internal control over compliance with the 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 County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and therefore, material weaknesses may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-007 to be a material weakness.

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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 30, 2013, which contained an unmodified opinion on those financial statements. Our report included an "emphasis of matter" paragraph for the County's financial statements, which are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our report also disclosed that management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our audit was performed 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, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matter

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

BKD, LLP

Indianapolis, Indiana
September 30, 2013

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

3. Noncompliance material to the financial statements noted?

	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Federal Awards

4. Internal control over major programs:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. Types of auditor's report issued on compliance for major programs:

<input checked="" type="checkbox"/> Unmodified	<input checked="" type="checkbox"/> Qualified	<input type="checkbox"/> Adverse	<input type="checkbox"/> Disclaimer
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Crime Victim Assistance (CFDA 16.575)	Unmodified
Justice Assistance Grant Cluster (CFDA 16.738, 16.803 and 16.804)	Unmodified
Forensic DNA Backlog Reduction Program (CFDA 16.741)	Unmodified
Child Support Enforcement (CFDA 93.563)	Qualified

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

	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
16.575	Crime Victim Assistance
16.738, 16.803, 16.804	Justice Assistance Grant (JAG) Program Cluster, including ARRA
16.741	Forensic DNA Backlog Reduction Program
93.563	Child Support Enforcement

8. Dollar threshold used to distinguish between Type A and Type B: \$300,000

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2012-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The County's third-party information technology (IT) vendor did not have appropriate controls in place to actively monitor automated, scheduled jobs for proper posting to the PeopleSoft system. In addition, the files that were to be systematically picked up and posted were over-written by the next day's file. (Material Weakness)</p> <p>Context: The County's third-party IT vendor is primarily responsible for monitoring the successful completion of automated scheduled jobs between legacy systems and the PeopleSoft general ledger.</p> <p>Effect: \$7 million in cash receipts did not get posted to the general ledger timely. Other financial activity maintained in non-integrated application systems may not get posted to the general ledger.</p> <p>Cause: An adequate process was not in place to actively monitor the successful completion of scheduled jobs.</p> <p>Recommendation: Effective daily controls should be established and maintained that would include a verification process to ensure the successful completion of all scheduled jobs that interface with the general ledger system. Management should periodically validate that its IT vendor is performing these tasks as required.</p> <p>Views of Responsible Officials and Planned Corrective Action: During the installation of the Enterprise Resource Planning (ERP) system, the County lost some of its tools (controls) that were used under the legacy system to monitor the revenues posting to the general ledger. Under the legacy system, there were reports that were run from the interface process that allowed the County's end-users (Auditor's Office) to assure that the revenue files were posting to the general ledger. Under the ERP system, there was no such report and control over the interface file became the responsibility of the County's technology (IT) vendor. Upon the discovery of the problem, the IT vendor worked directly with the Auditor's Office to assure that all revenues that should have posted to the general ledger actually were posted prior to the issuance of the financial statements. The IT vendor has subsequently created an alert that is sent to three individuals within the Auditor's Office notifying them when a file is not received from the revenue database (Quietus). This alert is e-mailed to the Deputy Auditor, Accounting Manager and Accounts Receivable Technician and immediate steps are taken to determine if additional action is needed. After review, one of these three individuals notifies the IT vendor whether or not there should have been a file received. With the installation of the accounts receivable module of the ERP system, this process will change completely and eliminate the external database and associated interface.</p>

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-002	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The County's internal control system did not detect unrecorded cash receipts that were subsequently identified in connection with the audit. (Material Weakness)</p> <p>Context: The Office of Finance and Management (OFM) for the City of Indianapolis (City) is primarily responsible for the financial reporting process for the County; however, the County is ultimately responsible for ensuring the accuracy and completeness of the financial information that is reported to OFM.</p> <p>Effect: Revenue was understated in the County's general ledger. The understatement was subsequently corrected during the year-end closing process.</p> <p>Cause: The County's internal controls did not identify these missing receipts because monthly reconciliations between the bank and the general ledger were not performed on a timely basis due to resource and system constraints.</p> <p>Recommendation: Management should establish and maintain an effective monthly reconciliation process for all cash activity and also perform a daily validation process to ensure receipts are posted to the general ledger as intended.</p> <p>Views of Responsible Officials and Planned Corrective Action: As was indicated in finding 2012-001, during the implementation of the ERP system, the County lost many of the tools that were used in its day to day functions. One such tool was a report that was created monthly to allow for the Auditor's Office to balance its funds to the Treasurer's Office on a monthly basis. The Auditor's Office worked with the ERP team to create the report that was needed, however, it has taken several iterations to create the query that includes all cash transactions. It has only been over the last few months that the query has been finalized. It was through the various versions of this query that the unposted revenues were discovered. Subsequently, all revenues were reviewed and steps were taken to ensure all transactions were properly posted to the general ledger and done so prior to the issuance of the financial statements. The County is currently working toward bringing all reconciliations with the Treasurer's Office up to date and maintaining this reconciliation process on an on-going basis. One of the reasons the County struggles with this is the cumbersome reconciliations required to balance the Auditor's cash book to PeopleSoft and then balancing with the Treasurer's separately maintained fund and cash books that are balanced to the bank statements. We are reviewing the possibility of changing this process as part of the implementation of the PeopleSoft Accounts Receivable/Revenue module.</p>

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-003	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The County's internal control environment over cash reconciliations did not identify adjustments that were needed to prevent the financial statements from being materially misstated. (Material Weakness)</p> <p>Context: The County financial records are maintained on a cash basis throughout the year and reconciliations are completed by various City/County personnel. During the audit, there was one instance noted in which the general ledger balance and financial statement balance did not agree and could not be reconciled. Additionally, an adjustment was proposed to correct an improperly reconciled cash balance.</p> <p>Effect: Misstatements in the financial statements.</p> <p>Cause: During 2012, the County implemented a new accounting system, which led to several challenges that were not completely cured prior to the preparation of the December 31, 2012, financial statements. Additionally, County personnel are not actually reconciling to the financial system of record (PeopleSoft), but instead are reconciling only to subsidiary records.</p> <p>Recommendation: Management should establish and maintain effective reconciliation and review processes over financial reporting and across all departments.</p> <p>Views of Responsible Officials and Planned Corrective Action: As was mentioned in the response to Finding 2012-002, the County lost various tools related to its day to day functions which included those tools necessary to accurately reconcile to the system of record on a timely basis. During the course of the conversion, the County was aware that the payroll account was an issue and specifically chose to move forward by utilizing the cash balance of the bank statement and adjust the records accordingly. Under the current system, the payroll bank account maintains only the net payroll transactions and is balanced monthly to the balance in PeopleSoft. The reconciliation process for the County's general bank account is handled differently. Subsidiary ledgers are used to reconcile the individual funds maintained on the system between the Auditor's and Treasurer's Offices. The Treasurer's Office then balances the cash in total to the bank by bringing together the total of all funds on the system and those accounts which are not maintained on PeopleSoft and reconciling them in total to the bank accounts. With the implementation of the accounts receivable module of the ERP system, the County is working toward moving all bank accounts to the system to allow for a more streamlined and efficient reconciliation of overall cash. This implementation is planned for late 2013.</p>

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-004	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The Treasurer's Tax Collection, Clerk of Circuit Court and the Sheriff agency funds and the Sheriff Commissary special revenue fund are not maintained on the County's general ledger. (Material Weakness)</p> <p>Context: These four funds must be manually inserted into the year-end financial statements. Although bank accounts are reconciled on a monthly basis, daily activities of these funds are not subject to the County's overall internal control structure.</p> <p>Effect: Potential misstatements in the financial statements. Potential improprieties may also occur within these funds and not be identified timely or ever be caught.</p> <p>Cause: The statutory basis upon which these funds were established has resulted in a decentralized approach to managing, monitoring and reporting the activities within these funds.</p> <p>Recommendation: To assist in financial statement preparation and strengthen internal controls, management should require all financial activity be recorded within the PeopleSoft general ledger system.</p> <p>Views of Responsible Officials and Planned Corrective Action: Management agrees that the optimum is to have all funds recorded in the County's financial system. For two funds in question, under Indiana Code and guidelines established by the State Board of Accounts, allows for these funds to be maintained separately. The County is currently implementing an accounts receivable module associated with the ERP system. During this process, it is planned for the Treasurer's Tax Collection accounts to be transitioned to the ERP system. The Sheriff's Commissary, under IC 36-8-10-21, allows for the Sheriff to maintain the records for this fund. Under this same code, the Sheriff is to report semiannually a record of receipts and disbursements to the County fiscal body. OFM and the Marion County Auditor will work with the elected officials and the City County Council to establish that the City/County PeopleSoft system is the system of record in regards to financial reporting and that the appropriate officials need to provide inputs to that system so that all cash received by Marion County will be recorded in PeopleSoft.</p>

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-005	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: In May 2012, a \$2 million receipt belonging to the retirement fund was incorrectly deposited into the disability fund. This error was not discovered until 2013. An audit entry was necessary to properly reflect the transaction in the financial statements. (Material Weakness)</p> <p>Context: The \$2 million error was discovered upon review of the actuarial report. Although the initial financial statements draft received from OFM had the correct cash/investment balance by fund, the entry proposed to adjust for this error was not correct.</p> <p>Effect: Misstatements in the financial statements.</p> <p>Cause: The reconciliation process for the pension and disability funds was not sufficient to detect and correct the deposit error in a timely manner.</p> <p>Recommendation: Pension and disability funds' activity should be reviewed and reconciled on a monthly basis by a member of County management who is knowledgeable in pension funds to ensure that any errors are timely discovered and corrected.</p> <p>Views of Responsible Officials and Planned Corrective Action: In 2012, there was a transaction that was inadvertently posted to the wrong fund that was not found timely. The Sheriff's Office and OFM will continue to work with the third-party contractor to assure that the funds are reviewed and reconciled timely in order to detect possible errors.</p>

Marion County, Indiana
(A Component Unit of the Consolidated City of
Indianapolis - Marion County)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Reference Number	Finding
2012-006	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The City's internal control environment allows certain "super-users" the ability to prepare, approve and post journal entries with no secondary review required. (Significant Deficiency)</p> <p>Context: Effective January 1, 2012, the County began using a new accounting system (PeopleSoft). In connection with the implementation of this new system, the County established permissions within the system that allow certain individuals to prepare, approve and post journal entries within the system without further system or non-system approvals.</p> <p>Effect: Potential misstatements and/or fraud could occur in the financial statements.</p> <p>Cause: The individuals that have the ability to record journal entries without a secondary review or approval bear the responsibility to prepare the financial statements and work closely with each other in their financial reporting capacity.</p> <p>Recommendation: A secondary review of a complete listing of super-user generated journal entries should be performed on a monthly (or at least quarterly) basis by an individual at least one level above that of the super-user. The listing of journal entries should be generated by someone other than one of the super-users. This review should be performed on a timely basis and the reviewer should sign or initial the listing of journal entries to evidence his/her review and ultimate approval.</p> <p>Views of Responsible Officials and Planned Corrective Action: The role of super-user is limited to only two positions in the Auditor's Office and two in OFM. There are two source codes in the system; one for the Auditor and one for OFM. All other journals go through the normal approval process. This access allows for journal entries to the general ledger to be posted without further approvals. These same individuals cannot create a requisition, purchase order or voucher without further approvals being required. While we understand the concern with this access, to remove such would severely restrict the ability of these individuals to perform their jobs during critical points throughout the year, such as year-end close. We will work with our support team to create a report that can be reviewed and approved by upper management for those transactions that are created, approved and posted by one of the super-users. We will also review the approval process to determine the appropriateness of the transactions that are being posted via these source codes to ensure they are either extraordinary or time-sensitive transactions.</p>

Marion County, Indiana
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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding
2012-007	<p>Finding: Procurement</p> <p>CFDA No. 93.563 - Child Support</p> <p>Department of Health and Human Services, passed through Indiana Department of Child Services; Award Numbers Not Available</p> <p>Criteria: Per the federal compliance supplement, procurements should conform to the following criteria; 1) The contract file should document the significant history of the procurement, including rationale for the method of procurement, selection of contract type, contractor selection and the basis of contract price.</p> <p>Condition: We selected one vendor with total expenditures of \$116,955 under this program deemed subject to this compliance requirement for the Prosecuting Attorney. This vendor did not have sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. Additionally, there was no documentation that indicated a rationale to limit competition.</p> <p>Questioned Costs: Known questioned costs are \$116,955 and represent the amount paid to the vendor selected for testing as noted above.</p> <p>Context: Of a total of six contracts entered into by the Prosecuting Attorney during 2012, we tested one and that contract did not have documentation to support appropriate procurement requirements had been met.</p> <p>Effect: The County did not fulfill the procurement requirements for this contract entered into.</p> <p>Cause: The Prosecuting Attorney within the County asserts that the procurements are for professional services, and thus, a competitive bid process is not necessary. However, there was no documentation available to support the County's rationale for limiting competition.</p>

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Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2012

**Reference
Number**

Finding

Recommendation: We recommend that the County implement additional internal controls to ensure that all procurements follow federal and state requirements as applicable. Rationale for limiting competition should also be documented within contract files as required.

Views of Responsible Officials and Planned Corrective Actions:

Response: All County agencies have been previously notified of the requirements associated with public purchases made with federal funds via an e-mail that was distributed in January of 2011. Indiana code (I.C. 5-22-6-2) grants the authority to the purchasing agency of a governmental body to determine the policy on the purchase of services. For Marion County, the Purchasing Division within the Office of Finance and Management of the City of Indianapolis is the purchasing agent. The Purchasing Division encourages agencies to seek competition for services. County agencies have been notified, however, that when federal funds are used for the purchase of services and competition has been restricted or was not sought, justification of the lack of competition must be documented or proof of approval from the awarding federal agency must be presented. This documentation should be included as part of the contract summary sheet, which was also distributed to all County agencies in January of 2011. The County will again notify the Child Support Division of the Prosecuting Attorney of these requirements and work with them to assure understanding and implementation of this policy.

Person(s) responsible for implementing: John Owens, Chief Deputy Marion County Prosecutor's Office-Child Support; Cindy Craig, Chief of Operations, Marion County Prosecutor's Office; and Shirley Mizen, Deputy Auditor, Marion County Auditor's Office

Implementation date: January 1, 2014

Marion County, Indiana
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Summary Schedule of Prior Audit Findings
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-01	<p>Financial Reporting and Year-End Closing</p> <p>The County's financial reporting and year-end closing processes does not include enough financial personnel to establish thorough review procedures over all of the account reconciliations and financial schedules that are prepared as part of the closing and financial reporting process. Additionally, when the process is considered across all County agencies, there is not a process or methodology that is followed consistently across all of the agencies outside of the Office of Finance and Management (OFM).</p>	Unresolved - see findings 2012-003, 2012-004 and 2012-005.
11-02	<p>IT System Program Change Management and User Access</p> <p>Key components of the Production Implementation Plan are who requested, prepared, reviewed, approved and implemented the requested program change. However, many times, the components of who reviewed, approved and implemented the plan are not completed. Additionally, developers have access to migrate changes to source code into production using batch processing by e-mailing a change request directly to Production Analysts. The Production Analysts place the code in a staging library, and a job is run automatically to move to production. No formal authorization is obtained for this process and evidence of approvals is not obtained and reviewed by the Production Analysts prior to making the change. Additionally, the County did not have effective controls around the provisioning and monitoring of end-user access. This includes activities such as removing terminated employees from Mainframe systems, conducting a formal review of user access on a periodic basis and identifying and eliminating segregation of duties conflicts.</p>	<p>Partially resolved. According to our review of the design of the related ITGC controls, the IT vendors appear to be managing and updating the IT systems in accordance with the tasks assigned to them under the contracts. However, we observed that the process to maintain legacy systems supported by DAI are not well documented. We observed that only one person knows how to monitor the completion of scheduled jobs and that this task was not being done during 2012.</p> <p>With regard to user access, the process for removing or adding access is being managed adequately by Northrop Grumman, according to our review of the design of the related ITGC controls. However, there are still no periodic reviews of user access being performed or documented.</p> <p>See current year finding 2012-001 and separate deficiencies relating to change management.</p>
11-03	<p>Reporting - Crime Victim Assistance</p> <p>The County was not able to provide us with any information to support the statistical amounts reported in its performance reports for the Crime Victim Assistance program.</p>	Resolved.

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Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-04	<p>Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Edward Byrne Memorial Justice Assistance Grant Program, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster, and Child Support Enforcement</p> <p>No personnel activity reports were maintained to support time charged to the grant for employees that spent less than 100% of their time on the program. Unable to obtain time certification on some of the employees sampled, and time certifications for the Courts were not executed timely and done so only upon request for them.</p>	Resolved.
11-05	<p>Reporting Section 1512 - Edward Byrne Memorial Justice Assistance Grant Program and ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster</p> <p>The County does not have adequate internal controls that were designed and implemented to assure accurate reporting under Section 1512 of ARRA. We were not able to test the operating effectiveness of any internal controls for Section 1512 reporting. The City of Indianapolis, Indiana (City) is the prime recipient of this award and is responsible for the actual Section 1512 report submissions. We determined that many of the sampled reports submitted to the City, the amounts reported by the County to the City for the data element of "Total Sub-Award Funds Received" was incorrect when comparing such amounts to the County's accounting records.</p>	Resolved.
11-06	<p>Matching, Level of Effort, Earmarking - Edward Byrne Memorial Justice Assistance Grant Program, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster</p> <p>Some of the grants within this program have matching requirements for which the County utilizes payroll and payroll-related charges as the matching source. The County was unable to provide certification statements for match amounts totaling \$95,422 that were reported in 2011.</p>	Resolved.

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Summary Schedule of Prior Audit Findings (Continued)
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Reference Number	Summary of Finding	Status
11-07	<p>Equipment and Real Property Management - <i>Edward Byrne Memorial Justice Assistance Grant Program, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster</i></p> <p>The requirements for equipment are contained in the A-102 Common Rule (§_.32). This guidance requires that a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records. The County had previously taken a physical inventory of equipment in the fall of 2009. Total capitalized equipment recorded in the property records at the end of 2011 for this program was \$788,347. During our audit, the County initiated and completed a physical inventory for this program's equipment.</p>	Resolved.
11-08	<p>Equipment and Real Property Management - <i>Conservation Research and Development - ARRA - Recovery Act</i></p> <p>The County had a total of \$115,500 of expenditures under this program in 2011, all of which were utilized for equipment. None of these costs were entered into the County's property records.</p>	This program terminated during 2011.
11-09	<p>Equipment and Real Property Management - <i>Forensic DNA Backlog Reduction Program</i></p> <p>The County maintains a property system to track equipment purchased with federal funds. On a county-wide basis, physical inventories are required to be taken every two years; however, the last one was conducted in September 2009. The management of this specific program conducts their own physical inventory every year; however, the results are not reconciled to the County's overall property records. A physical inventory was eventually taken utilizing the property records as a population (i.e., from the accounting records) in August 2012.</p>	Resolved.
11-10	<p>Reporting - <i>Forensic DNA Backlog Reduction Program</i></p> <p>We determined that one of the quarters sampled (out of ten) underreported expenditures. These underreported expenditures were identified by the Forensic Services Agency and corrected in the fourth quarter 2011 SF-425 financial report. We obtained that report verifying that the expenditures were reported. Additionally, we noted expenditures from the fourth quarter of 2010 were also reported on this SF-425 financial report due to an oversight in reporting these amounts in the correct quarter.</p>	Resolved.

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Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2012

Reference Number	Summary of Finding	Status
11-11	<p>Procurement and Suspension and Debarment - <i>Forensic DNA Backlog Reduction Program</i></p> <p>Four (4) of the eight (8) vendors tested did not have sufficient information in the contract file to detail the rationale to limit competition as these were all sole sourced procurements. Based on subsequent documentation/explanation provided from the Forensic Services Agency, the sole source procurements appeared to be justified and thus no noncompliance was identified.</p>	Resolved.
11-12	<p>Procurement and Suspension and Debarment - <i>Child Support Enforcement</i></p> <p>We selected two (2) vendors under this program subject to the compliance requirement for the Prosecuting Attorney. Of these vendors, neither of the two (2) had sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. There was also no formal documentation that indicated a rationale to limit competition.</p>	Unresolved - see current year finding 2012-007.