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STATE OF INDIANA

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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 the Annual Financial and Single Audit audit reports prepared by BKD LLP, Independent Public Accountants, for the period January 1, 2013 to December 31, 2013. 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, 2013, 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 11-17. Findings 2013-001 through 2013-002 are material weaknesses and Finding 2012-003 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 findings, 2013-004 and 2013-005 are 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 that is included in the Single Audit Report. They detail material weaknesses in internal control over compliance and noncompliance with the requirements of procurement for the Child Support Enforcement program and equipment and real property management for the Edward Byrne Memorial Justice Assistance Grant (JAG) Program. As a result, qualified opinions were issued for these programs. The other major program was 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

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, 2013

1822

COMMISSIONERS • MARION COUNTY, INDIANA

MARION COUNTY, INDIANA

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

ANNUAL
FINANCIAL REPORT

For the Year
Ended December 31, 2013

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2013 County Elected Officials

		TERM
Auditor	Billie J. Breaux	1-1-11 to 12-31-14
Treasurer	Claudia O. Fuentes	1-1-13 to 12-31-16
Clerk	Elizabeth L. White	1-1-11 to 12-31-14
Sheriff	John R. Layton	1-1-11 to 12-31-14
Recorder	Julie L. Voorhies	1-1-11 to 12-31-14
Assessor	Joseph P. O'Connor	1-1-11 to 12-31-14
Surveyor	Debra S. Jenkins	1-1-13 to 12-31-16
Coroner	Dr. Frank P. Lloyd, Jr.	1-1-13 to 12-31-16
Prosecutor	Terry Curry	1-1-11 to 12-31-14
County Chief Executive	Gregory A. Ballard	1-1-11 to 12-31-14
Board of County Commissioners (Ex-Officio)	Claudia O. Fuentes	1-1-13 to 12-31-16
Board of County Commissioners (Ex-Officio)	Billie J. Breaux	1-1-11 to 12-31-14
Board of County Commissioners (Ex-Officio)	Joseph P. O'Connor	1-1-11 to 12-31-14

2013 Department Heads

Voters Registration	Cindy Mowery LaDonna Freeman
Marion County Cooperative Extension	Steve Wagoner
Criminal Probation	Christine Kerl
Court Administrator	Andrea Newsom
Community Corrections	John Deiter
Forensic Services	Michael Medler
Chief Public Defender	Robert Hill
Chief Information Officer	Beth Howen
Prosecutor – Child Support	John Owens

2013 City-County Council Members

President, Maggie Lewis
Vice President, John Barth
Zach Adamson
Vernon Brown
Virginia J. Cain
Jose Evans
Aaron Freeman
William Gooden
Monroe Gray, Jr.
Pamela Hickman
Jason Holliday
Ben 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
Jefferson Shreve
Joseph Simpson
Steve Talley

2013 Judiciary

CIRCUIT COURT.. Louis Rosenberg

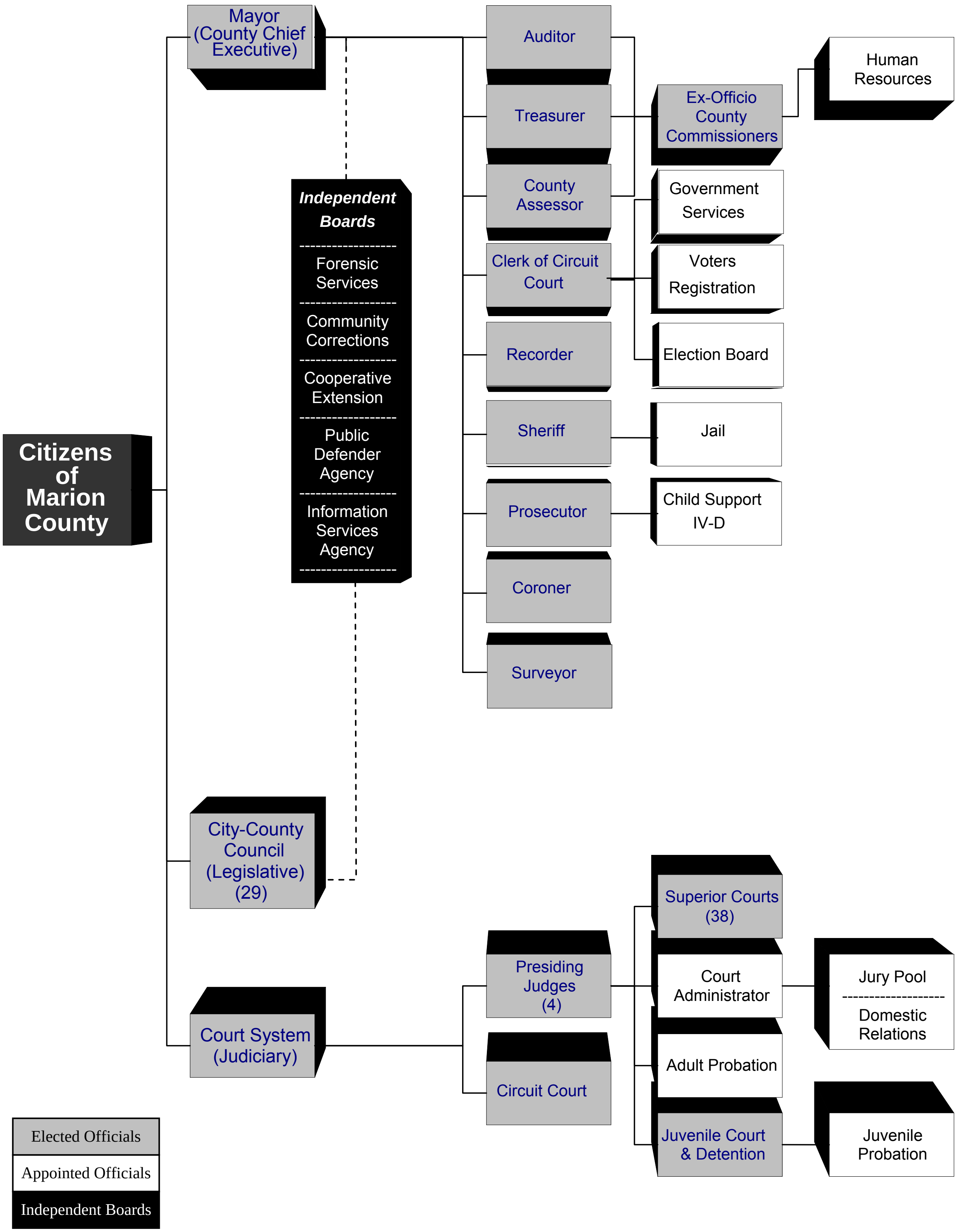
SUPERIOR COURT

Criminal Division:	Court 1		Kurt Eisgruber	
	Court 2		Marc Rothenberg	**
	Court 3		Sheila A. Carlisle	
	Court 4		Lisa Borges	
	Court 5		Grant Hawkins	
	Court 6		Mark D. Stoner	
	Court 7	Misdemeanor	Kimberly Brown	
	Court 8	Misdemeanor	Amy Jones	
	Court 9	D-Felony	Barbara Crawford	
	Court 10	Misdemeanor	Linda E. Brown	
	Court 11	Initial Hearing/APC	Commissioners	
	Court 12	Community Court	David Certo	*
	Court 13	Traffic/Misdemeanor	James Joven	
	Court 14	D-Felony Drug Court/Re-entry Court	Jose D. Salinas	
	Court 15	Felony	John Chavis	
	Court 16	Domestic Violence	Helen Marchal	
	Court 17	Domestic Violence	Clayton Graham	
	Court 18	D-Felony	William Nelson	
	Court 19	Misdemeanor	R. F. Pierson-Treacy	**
	Court 20	Felony Drug	Steve Eichholtz	
	Court 21	Domestic Violence	Gary L. Miller	
	Court 22	Major Felony	Clark Rogers	
	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		Robert Altice, Jr.	
	Court 6		Thomas J. Carroll	
	Court 7		Michael Keele	
	Court 8	Probate Division	Gerald 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		James Osborn	**

*   Presiding Judge
**Associate Presiding Judge

Marion County, Indiana
Government Organization Chart



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Independent Auditor's Report

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 basic financial statements of the governmental 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, 2013, and the related notes to the basic 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.

Opinions

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, each major fund and the aggregate remaining fund information of Marion County, Indiana as of December 31, 2013, 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, 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 and schedules of cash receipts and disbursements - budget and actual (other supplementary information) listed in the table of contents are presented for purposes of additional analysis and are 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 29, 2014, 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 29, 2014

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BASIC
FINANCIAL STATEMENTS

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COMMISSIONERS • MARION COUNTY, INDIANA

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, 2013

		Program Cash Receipts		Net Cash Receipts (Disbursements)
Functions/Programs	**Cash Disbursements**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Administration and finance	$ 30,254,443	$ 24,493,136	$ 845,032	$ (4,916,275)
Protection of people and property	10,735,335	7,075,180	696,512	(2,963,643)
Corrections	118,628,882	4,653,206	8,398,855	(105,576,821)
Judicial	106,902,149	15,288,715	14,597,902	(77,015,532)
Culture and recreation	222,535	—	—	(222,535)
Real estate and assessments	8,676,600	3,561,661	—	(5,114,939)
Health and welfare	5,290,624	—	556,076	(4,734,548)
Total governmental activities	280,710,568	55,071,898	25,094,377	(200,544,293)
General receipts:				
Property taxes				116,563,544
Financial institution tax				1,706,821
Excise tax				9,914,910
County option income tax				69,062,576
Other state and local taxes				1,418,576
State wagering taxes				2,430,125
Unrestricted investment earnings				789,955
Other				629,345
Total general cash receipts				202,515,852
Change in cash and cash equivalents				1,971,559
Cash and cash equivalents – beginning of year				41,136,323
Cash and cash equivalents – end of year				$ 43,107,882

Cash and cash equivalents of governmental activities - December 31, 2013:

Restricted for:	
Debt service	$ 10,781
Capital projects	1,398,391
Grantor purposes	6,981,781
Statutory purposes	15,602,536
Unrestricted	19,114,393
Total cash and cash equivalents	$ 43,107,882

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, 2013

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Receipts				
Taxes	$ 169,662,307	$ 22,708,582	$ 8,725,665	$ 201,096,554
Intergovernmental	12,478,003	—	12,616,899	25,094,902
Interest	789,955	—	—	789,955
Charges for services	13,474,601	—	20,296,630	33,771,231
Miscellaneous	333,803	1,388	283,155	618,346
Total receipts	196,738,669	22,709,970	41,922,349	261,370,988
Disbursements				
Current:				
General government	100,490,849	10,448,659	22,339,925	133,279,433
Public safety	87,325,315	15,697,472	26,180,472	129,203,259
Culture and recreation	225,271	—	—	225,271
Capital outlay	224,990	—	1,183,162	1,408,152
Total disbursements	188,266,425	26,146,131	49,703,559	264,116,115
Excess (deficiency) of receipts over (under) disbursements	8,472,244	(3,436,161)	(7,781,210)	(2,745,127)
Other Financing Sources (Uses)				
Transfers in (out)	(12,008,947)	—	12,008,947	—
Sales of capital assets	72,118	—	9,115	81,233
Total other financing sources (uses)	(11,936,829)	—	12,018,062	81,233
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,464,585)	(3,436,161)	4,236,852	(2,663,894)
Cash and cash equivalents - beginning of year	16,344,165	3,596,446	17,819,175	37,759,786
Cash and cash equivalents - end of year	$ 12,879,580	$ 160,285	$ 22,056,027	$ 35,095,892

Cash and cash equivalents of governmental funds - December 31, 2013:

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Restricted - Special Revenue Funds	$ —	$ 160,285	$ 22,424,032	$ 22,584,317
Restricted - Debt Service Funds	—	—	10,781	10,781
Restricted - Capital Project Funds	—	—	1,398,391	1,398,391
Unassigned- General Fund	12,879,580	—	—	12,879,580
Unassigned- Special Revenue Funds	—	—	(1,706,095)	(1,706,095)
Unassigned- Capital Project Funds	—	—	(71,082)	(71,082)
Total cash and cash equivalents	$ 12,879,580	$ 160,285	$ 22,056,027	$ 35,095,892

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, 2013

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

Cash and cash equivalents – total governmental funds	$	35,095,892
Cash and cash equivalents of internal service fund		8,011,990
Cash and cash equivalents – government-wide	$	43,107,882

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, 2013

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

Deficiency of receipts and other financing sources under disbursements and other financing uses - total governmental funds	$	(2,663,894)
Excess of operating receipts over operating disbursements - internal service fund		4,635,453
Change in cash and cash equivalents – government-wide	$	1,971,559

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, 2013

		Governmental Activities
		Internal Service Funds
Operating receipts:		
Charges for services	$	21,217,990
Other reimbursements		13,319,046
Miscellaneous		11,916
Total operating receipts		34,548,952
Operating disbursements:		
Services and charges		26,403,385
Administration including salaries and wages		2,554,373
Other		955,741
Total operating disbursements		29,913,499
Excess of operating receipts over operating disbursements		4,635,453
Cash and cash equivalents – beginning of year		3,376,537
Cash and cash equivalents – end of year	$	8,011,990
Cash and cash equivalents of proprietary funds - December 31, 2013:		
Unrestricted cash and cash equivalents	$	8,011,990

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, 2013

	Pension Trust Funds	Agency Funds
Additions		
Contributions:		
Employer	$ 8,642,695	
Employee	212,459	
Total contributions	8,855,154	
Investment income:		
Interest and dividends	3,047,390	
Realized gain on sales, net	29,774,044	
Net investment income	32,821,434	
Miscellaneous	51,800	
Total additions	41,728,388	
Deductions		
Investment management fees	748,592	
Benefits paid	12,604,028	
Total deductions	13,352,620	
Excess of total additions over total deductions	28,375,768	
Cash, cash equivalents and investments – beginning of year	142,541,667	
Cash, cash equivalents and investments – end of year	$ 170,917,435	
Cash, cash equivalents and investments of fiduciary funds - December 31, 2013:		
Restricted cash and cash equivalents	$ 2,485,257	$ 99,310,220
Restricted investments (cost basis):		
Mutual funds	168,432,178	—
Total cash, cash equivalents and investments	$ 170,917,435	$ 99,310,220

See accompanying notes to the basic financial statements.

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") and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* ("GASB Statement No. 61), 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 and GASB Statement No. 61, 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 this statement. 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 is a major governmental fund and elected to report the Public Safety Income Tax Fund as a major governmental fund. 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.

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.

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 County 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 2013 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2012, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2013 property taxes was March 1, 2012 ("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 2013 taxes were due and payable to the Treasurer in May 2013, while the second half of the year 2013 taxes were due and payable to the Treasurer in November 2013.

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.

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.

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, 2013, the County's cash, cash equivalents and investment balances included the following:

Cash deposits	$	78,984,040
Money market mutual funds		2,485,257
Overnight repurchase agreements		62,797,219
Mutual funds - equity		99,107,022
Mutual funds - international equity		11,814,912
Mutual funds - bond		57,510,244
External investment pool		636,843
	$	313,335,537

A reconciliation of all cash, cash equivalents and investment balances as reflected in the financial statements as of December 31, 2013 is as follows:

Cash and cash equivalents--governmental funds	$	35,095,892
Cash and cash equivalents--internal service fund		8,011,990
Cash and cash equivalents--pension trust funds		2,485,257
Investments--pension trust funds		168,432,178
Cash and cash equivalents--agency funds		99,310,220
	$	313,335,537

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.

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.

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

At December 31, 2013, the County had the following investments and maturities:

				Investment maturities (in years)		
Investment type		**Cost**		**Less than 1**		**Fair value**
Money market mutual funds	$	2,485,257	$	2,485,257	$	2,485,257
Overnight repurchase agreements		62,797,219		62,797,219		62,797,219
External investment pool		636,843		636,843		636,843
Mutual funds - bond		57,510,244		57,510,244	$	56,851,676
Mutual funds - equity		99,107,022		99,107,022		115,303,854
Mutual funds - international equity		11,814,912	$	11,814,912	$	12,900,286
	$	234,351,497	$	234,351,497	$	250,975,135

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.

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.

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").

At December 31, 2013, 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
Money market mutual funds	$ 2,485,257	Aaa/AAA	$ 2,485,257
Overnight repurchase agreements	62,797,219	P-1/A-1	62,797,219
External investment pool	636,843	Not rated	636,843
Mutual funds-bond	57,510,244	Not rated	56,851,676
	$ 123,429,563		$ 122,770,995

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, 2013, 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, 2013, the County had $15,010,000 in negotiable certificates of deposit, which are included within cash deposits.

As of December 31, 2013, the County's investments in overnight repurchase agreements of JPMorgan Chase constituted approximately 21% of total investments.

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, 2013 consisted of the following:

	Transfer from General governmental funds
Transfer to nonmajor governmental funds	$ 12,008,947

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, 2013, there are 81 fully vested employees (over 20 years of service), 159 partially vested (between 10 and 20 years of services), and 43 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, 2013, there are 344 retirees and beneficiaries receiving benefits, 2 terminated members entitled to benefits but not yet receiving benefits, and 283 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, 2013, there are 99 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.

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 9.5% as of June 30, 2013.

The annual required contribution and actual contribution made for each plan is as follows for the year ended December 31, 2013:

Plan	Annual required contribution (ARC)	Actual contribution
Retirement	$ 7,318,631	$ 7,318,631
Disability	1,324,064	1,324,064
PERF	10,024,833	9,562,709

C. Concentration of Investments

As of December 31, 2013, investments that represent 5% or more of the assets of the Retirement and Disability Plans include the following:

Investment		Retirement
Mutual funds:		
US Short-Term Government/Credit Bond Index	$	24,326,063
Blackrock Total Return-BR		11,627,977
Loomis Sales Strategic Alpha		12,643,442
Vanguard STK Mkt Inst		34,817,259
Vanguard Total International Stock Index Instl		11,121,689
Mainstay Epoch Global EQ YLD-I		10,641,875
Ivy Asset Strategy Fund-I		10,706,271
Putnam Capital Spectum Fund CLY		9,918,063
Pimco Unconstrained Bonds - Ins		13,280,455
Janus Flexible Bond Fund		12,553,209
	$	151,636,303

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, 2013 is being provided:

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, 2013

	Retirement	Disability	Total
Additions			
Contributions:			
Employer	$ 7,318,631	$ 1,324,064	$ 8,642,695
Employee	212,459	—	212,459
Total contributions	7,531,090	1,324,064	8,855,154
Investment income:			
Interest and dividends	2,788,476	258,914	3,047,390
Realized gain on sales, net	24,665,349	5,108,695	29,774,044
Net investment income	27,453,825	5,367,609	32,821,434
Miscellaneous	13,949	37,851	51,800
Total additions	34,998,864	6,729,524	41,728,388
Deductions			
Investment management fees	699,605	48,987	748,592
Benefits paid	11,154,720	1,449,308	12,604,028
Total deductions	11,854,325	1,498,295	13,352,620
Excess of total additions over total deductions	23,144,539	5,231,229	28,375,768
Cash, cash equivalents and investments – beginning of year	130,591,564	11,950,103	142,541,667
Cash, cash equivalents and investments – end of year	$ 153,736,103	$ 17,181,332	$ 170,917,435

Cash, cash equivalents and investments - December 31, 2013:			
Cash and cash equivalents	$ 2,099,799	$ 385,458	$ 2,485,257
Investments (cost basis):			
Mutual funds	151,636,304	16,795,874	168,432,178
Total cash, cash equivalents and investments	$ 153,736,103	$ 17,181,332	$ 170,917,435

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:

	Retirement Plan	Disability Plan	PERF
Valuation date	1/1/12	1/1/12	6/30/13
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% corridor
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

Marion County Law Enforcement Personnel Retirement Plan

For the fiscal year 2013, based on the January 1, 2012 actuarial study, 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		458,306
Annual pension cost		7,590,636
Actual contribution made		(7,318,631)
Decrease in net pension asset		(272,005)
Net pension asset at beginning of year		2,484,019
Net pension asset at end of year	$	2,212,014

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the fiscal year 2013, based on the January 1, 2012 actuarial study, 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		1,613
Annual pension cost		1,325,021
Actual contribution made		(1,324,064)
Decrease in net pension asset		(957)
Net pension asset at beginning of year		8,743
Net pension asset at end of year	$	7,786

PERF

For the plan year 2013, the County's annual pension cost of $9,976,705 for PERF was less than the required annual contribution of $10,024,833 and more than the actual County contribution of $9,562,709. The required contribution was determined as part of the July 1, 2013 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)	$	10,024,833
Interest on net pension asset		293,410
Adjustment to ARC		(341,538)
Annual pension cost		9,976,705
Actual contribution made		(9,562,709)
Decrease in net pension asset		(413,996)
Net pension asset at beginning of year		(4,346,821)
Net pension obligation at end of year	$	(4,760,817)

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, 2013, 2012, and 2011 is as follows:

Valuation date		Annual pension cost	Percentage contributed			Net pension asset/(obligation)
Marion County Law Enforcement Personnel:						
Retirement plan						
1/01/10	$	6,539,997	101	%	$	2,781,600
1/01/11		7,591,605	96			2,484,019
1/01/12		7,590,636	96			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)						
6/30/11		10,258,861	72			(1,683,797)
6/30/12		10,914,490	76			(4,346,821)
6/30/13		9,976,705	96			(4,760,817)

C. Funded Status

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

Valuation date		Actuarial value of assets		Actuarial accrued liability (AAL)		(Unfunded) overfunded AAL	Funded ratio		Annual covered payroll	UAAL as percentage of covered payroll
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)										
6/30/2013		78,317,719		131,241,313		(52,923,594)	59.7%		108,805,884	48.6%

*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 2013, the County paid $5,651,988 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.

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 2013, the County paid $3,418,951 in Fixed Rentals and $1,305,765 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 2013, the County paid the Building Authority $4,971,142 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 $20,492,440 in 2013. In 2013, the County received $3,043,230 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 certain administrative services to the City, including payroll, accounts payable and other general administration. 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 received from the City during 2013.

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 2013, the County made $1,481,240 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 2013, the County received the final contribution of $1,250,000.

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, 2013, the following nonmajor governmental funds had a deficit cash position:

Nonmajor Capital Projects Funds		
Public Safety Capital Projects	$	(12,244)
Capital Improvement Lease	$	(58,838)
Nonmajor Special Revenue Funds		
Prosecutor's Law Enforcement	$	(260,482)
Prosecutor Equitable Sharing	$	(23,384)
Supplemental Public Defender Fee	$	(16,312)
Federal Stimulus	$	(128,927)
Marion County Sheriff's Civil Division Fees	$	(1,276,990)

The County intends to reduce the deficit in the Public Safety Capital Projects Fund and the Capital Improvement Lease Fund by a transfer from the General Fund. The Prosecutor's Law Enforcement Fund and Prosecutor Equitable Sharing Fund will be covered from reimbursements from the City. The deficit for the Marion County Sheriff's Civil Division Fees Fund and Supplemental Public Defender Fee Fund will be covered by future charges for services. The Federal Stimulus will be covered by future federal grant reimbursements.

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, 2013, 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)

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COMMISSIONERS • MARION COUNTY, INDIANA

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, 2013
(UNAUDITED)

	Budgeted Amounts			Variance with Final Budget –
	Original	Final	Actual Amounts	Positive (Negative)
Receipts				
Taxes	$ 137,290,728	$ 166,159,170	$ 169,663,482	$ 3,504,312
Intergovernmental	12,068,746	12,068,746	7,202,057	(4,866,689)
Charges for services	13,997,693	13,989,045	12,633,244	(1,355,801)
Interest	1,000,000	1,005,445	687,572	(317,873)
Miscellaneous	599,025	593,580	1,370,548	776,968
Total receipts	164,956,192	193,815,986	191,556,903	(2,259,083)
Disbursements				
Current:				
General government	102,617,743	101,673,331	100,931,078	742,253
Public safety	85,854,552	86,814,552	86,428,778	385,774
Culture and recreation	756,306	756,306	225,271	531,035
Total disbursements	189,228,601	189,244,189	187,585,127	1,659,062
Excess (deficiency) of receipts over (under) disbursements	(24,272,409)	4,571,797	3,971,776	(600,021)
Other financing sources (uses):				
Sales of capital assets	—	8,648	70,354	61,706
Transfers in (out)	(12,008,947)	(12,008,947)	(11,908,947)	100,000
Total other financing sources (uses)	(12,008,947)	(12,000,299)	(11,838,593)	161,706
Deficiency of receipts and other financing sources under disbursements and other financing uses	$ (36,281,356)	$ (7,428,502)	$ (7,866,817)	$ (438,315)

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 OFCASH RECEIPTS AND CASH DISBURSEMENTS – BUDGET AND ACTUAL –
PUBLIC SAFETY INCOME TAX FUND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

	Budgeted Amounts			Variance with Final Budget – Positive (Negative)
	Original	**Final**	**Actual Amounts**	
Receipts				
Taxes	$ 22,609,599	$ 22,558,880	$ 22,708,582	$ 149,702
Miscellaneous	—	—	1,388	1,388
Total receipts	22,609,599	22,558,880	22,709,970	151,090
Disbursements				
Current:				
General government	10,464,980	10,464,980	10,448,659	16,321
Public safety	15,697,472	15,697,472	15,697,472	—
Total disbursements	26,162,452	26,162,452	26,146,131	16,321
Deficiency of receipts under disbursements	$ (3,552,853)	$ (3,603,572)	$ (3,436,161)	$ 167,411

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, 2013

Valuation date	(1) Net assets available for benefits	(2) Actuarial accrued liability (AAL)	(3) (Unfunded) overfunded (AAL) (1)-(2)	(4) Funded ratio (1)/(2)	(5) Annual covered payroll	UAAL as a percentage of covered payroll (3)/(5)
Marion County Law Enforcement Personnel:						
Retirement Plan						
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
1/1/13***	159,841,079	217,952,137	(58,111,058)	73.3	19,510,540	297.8
Disability Plan**						
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
1/1/13***	19,584,990	23,020,781	(3,435,791)	85.1	19,510,540	17.6
County Employees:*						
6/30/11	$ 71,163,599	$ 121,819,837	$ (50,656,238)	58.4 %	$ 116,820,536	43.4 %
6/30/12	67,902,911	132,795,069	(64,892,158)	51.1	116,706,113	55.6
6/30/13	78,317,719	131,241,313	(52,923,594)	59.7	108,805,884	48.6

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

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

*** Annual required contributions are made in the next fiscal year due to the timing differences in the receipt of the actuary report and the County budgeting process.

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, 2013

Valuation date	Annual required contributions	Percentage contributed
Marion County Law Enforcement Personnel:		
Retirement Plan		
1/1/08	$ 3,648,340	103.6 %
1/1/09	6,068,805	104.0
1/1/10	6,244,452	106.1
1/1/11	7,287,015	100.1
1/1/12	7,318,631	100.0
1/1/13	7,511,023	n/a*
Disability Plan		
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
1/1/13	1,543,675	n/a*
County Employees (PERF)		
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
6/30/13	10,024,833	95.4

* Annual required contributions are made in the next fiscal year due to the timing differences in the receipt of the actuary report and the County budgeting process.

See notes to the required supplementary information.

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, Clerk's Title IV D ARRA, General Title IV D ARRA, Sheriff Commissary, Prosecutor's Title IV D Incentive, Prosecutor's Title IV D ARRA, Campaign Finance Fines, County Auditor Ineligible Deductions, and Court Violations Bureau, all Special Revenue Funds, which are not legally required to do so.

Public Safety Interest Escrow (Capital Projects Fund) and Public Safety Capital Projects (Capital Projects Fund) were not budgeted during 2013 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:

	General Fund	Public Safety Income Tax
Original appropriation	$ 189,228,601	$ 26,162,452
Revisions	15,588	—
Revised appropriation	$ 189,244,189	$ 26,162,452

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.

NOTE 2—BUDGET / CASH AND INVESTMENT BASIS REPORTING DIFFERENCES

Adjustments required to convert the results of the 2013 operations from a budgetary basis (actual) to a modified cash basis (actual) are as follows:

	General Fund	Public Safety Income Tax
Deficiency of receipts and other financing sources under disbursements and other financing uses (budgetary basis)	$ (7,866,817)	$ (3,436,161)
Adjustments:		
Prior year receipts	5,388,684	—
Prior year disbursements	(7,190,219)	—
Disbursements from prior year encumbrances	6,824,948	—
Vouchers payable outstanding	(621,181)	—
Deficiency of receipts and other financing sources under disbursements and other financing uses (modified cash basis)	$ (3,464,585)	$ (3,436,161)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES–OTHER SUPPLEMENTARY INFORMATION

COMMISSIONERS • MARION COUNTY, INDIANA

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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. (IC 36-2-7-10(d))

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. (IC 35-33-14)

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. (IC 11-12-6-6)

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. (IC 11-2-7-1)

(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.

PROSECUTOR'S LAW ENFORCEMENT EQUITABLE SHARE—Established in accordance with federal guidelines to track all funds received under the Equitable Sharing Program.

COUNTY SEX-VIOLENT OFFENDER ADMINISTRATION- Established to account for the annual sex or violent offender registration fees. (IC 36-2-13-5.6 (a) (2)) Revised Code of the Consolidated City and County Indianapolis/Marion, Indiana – Title I Chapter 131 Article I Sec. 131-112.

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. (IC 33-40-3-1, 3 & 4)

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. (IC 5-2-11-2)

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. (IC 5-14-3-8.3) Revised Code of the Consolidated City and County Indianapolis/Marion, Indiana – Title I Chapter 135 Article V Sec. 135-511.

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. Revised Code of the Consolidated City and County Indianapolis/Marion, Indiana – Title I Chapter 135 Article II Sec. 135-281 (c).

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. (IC 36-2-11-14) Revised Code of the Consolidated City and County Indianapolis/Marion, Indiana – Title I Chapter 135 Article II Sec. 135-222.

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.

(Continued)

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.

OTHER**—**Used to account for activities of 18 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.

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.

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, 2013

	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	$ —	$ —	$ —	$ —	$ —	$ 1,617,075	$ —	$ —
Intergovernmental	—	—	—	—	—	—	—	—
Charges for services	78,358	1,878,340	—	176,645	866,738	—	526,975	390,813
Miscellaneous	—	60	28,500	113	—	—	—	—
Total receipts	78,358	1,878,400	28,500	176,758	866,738	1,617,075	526,975	390,813
Disbursements:								
Current:								
General government	25,182	1,348,757	—	453,956	863,058	1,459,135	731,333	404,901
Public safety	—	—	—	—	—	—	—	—
Capital outlay	100,000	—	—	4,058	100,853	—	—	—
Total disbursements	125,182	1,348,757	—	458,014	963,911	1,459,135	731,333	404,901
Excess (deficiency) of receipts over (under) disbursements	(46,824)	529,643	28,500	(281,256)	(97,173)	157,940	(204,358)	(14,088)
Other financing sources:								
Transfers in	—	—	—	—	—	—	—	—
Sale of capital assets	—	—	—	—	9,115	—	—	—
Total other financing sources over expenditures	—	—	—	—	9,115	—	—	—
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(46,824)	529,643	28,500	(281,256)	(88,058)	157,940	(204,358)	(14,088)
Cash and cash equivalents - beginning of year	1,674,161	40,033	11	872,468	1,272,027	717,530	270,829	(246,394)
Cash and cash equivalents - end of year	$ 1,627,337	$ 569,676	$ 28,511	$ 591,212	$ 1,183,969	$ 875,470	$ 66,471	$ (260,482)
Cash and Cash Equivalents - December 31, 2013								
Restricted	$ 1,627,337	$ 569,676	$ 28,511	$ 591,212	$ 1,183,969	$ 875,470	$ 66,471	$ —
Unassigned	—	—	—	—	—	—	—	(260,482)
Total cash and cash equivalents - December 31, 2013	$ 1,627,337	$ 569,676	$ 28,511	$ 591,212	$ 1,183,969	$ 875,470	$ 66,471	$ (260,482)

	Supplemental Public Defender Fee	Deferral Program Fee	County Drug Free Community	Conditional Release	State and Federal Grants	Federal Stimulus	Enhanced Access	Prosecutor's Title IV D Incentive
Receipts:								
Taxes	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Intergovernmental	—	—	33,267	—	9,503,371	394,354	—	678,720
Charges for services	310,357	3,503,993	441,428	5,591	—	—	362,126	—
Miscellaneous	—	4,356	14,746	—	12,120	16,180	—	53,573
Total receipts	310,357	3,508,349	489,441	5,591	9,515,491	410,534	362,126	732,293
Disbursements:								
Current:								
General government	299,857	3,623,387	236,003	—	3,454,458	39,817	143,179	352,590
Public safety	—	—	14,802	—	5,091,785	134,531	—	—
Capital outlay	—	1,332	—	—	485,379	413,271	—	7,007
Total disbursements	299,857	3,624,719	250,805	—	9,031,622	587,619	143,179	359,597
Excess (deficiency) of receipts over (under) disbursements	10,500	(116,370)	238,636	5,591	483,869	(177,085)	218,947	372,696
Other financing sources :								
Transfers in	—	—	—	—	—	—	—	—
Sale of capital assets	—	—	—	—	—	—	—	—
Total other financing sources over expenditures	—	—	—	—	—	—	—	—
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	10,500	(116,370)	238,636	5,591	483,869	(177,085)	218,947	372,696
Cash and cash equivalents - beginning of year	(26,812)	1,535,513	(11,449)	11,994	1,435,206	48,158	1,210,736	1,886,319
Cash and cash equivalents - end of year	$ (16,312)	$ 1,419,143	$ 227,187	$ 17,585	$ 1,919,075	$ (128,927)	$ 1,429,683	$ 2,259,015
Cash and cash equivalents - December 31, 2013:								
Restricted	$ —	$ 1,419,143	$ 227,187	$ 17,585	$ 1,919,075	$ —	$ 1,429,683	$ 2,259,015
Unassigned	(16,312)	—	—	—	—	(128,927)	—	—
Total cash and cash equivalents - December 31, 2013	$ (16,312)	$ 1,419,143	$ 227,187	$ 17,585	$ 1,919,075	$ (128,927)	$ 1,429,683	$ 2,259,015

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, 2013

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	Prosecutor Equitable Sharing	County Sex-Violent Offender Administration
$ —	$ —	$ —	$ —	$ —	$ —	$ 1,190,095	$ —	$ —
556,142	—	—	600,601	—	—	—	—	—
—	4,032,156	35,084	—	476,912	748,545	—	—	69,092
—	—	397	—	—	100,184	—	—	—
556,142	4,032,156	35,481	600,601	476,912	848,729	1,190,095	—	69,092
336,486	—	—	—	142,605	—	38,281	23,384	—
—	4,004,159	57,203	403,359	—	939,674	—	—	—
6,946	—	—	—	—	—	—	—	—
343,432	4,004,159	57,203	403,359	142,605	939,674	38,281	23,384	—
212,710	27,997	(21,722)	197,242	334,307	(90,945)	1,151,814	(23,384)	69,092
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
212,710	27,997	(21,722)	197,242	334,307	(90,945)	1,151,814	(23,384)	69,092
1,420,241	692,990	79,155	53,939	615,027	218,463	1,846,443	—	—
$ 1,632,951	$ 720,987	$ 57,433	$ 251,181	$ 949,334	$ 127,518	$ 2,998,257	$ (23,384)	$ 69,092
$ 1,632,951	$ 720,987	$ 57,433	$ 251,181	$ 949,334	$ 127,518	$ 2,998,257	$ —	$ 69,092
—	—	—	—	—	—	—	(23,384)	—
$ 1,632,951	$ 720,987	$ 57,433	$ 251,181	$ 949,334	$ 127,518	$ 2,998,257	$ (23,384)	$ 69,092

MC Sheriff's Civil Division Fees	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
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,807,170
—	—	—	—	—	540,149	—	310,295	12,616,899
1,479,809	184,117	110,313	—	—	—	1,401,332	3,217,906	20,296,630
—	—	—	—	—	—	—	52,926	283,155
1,479,809	184,117	110,313	—	—	540,149	1,401,332	3,581,127	36,003,854
—	300,000	81,163	—	—	350,000	661,581	4,217,420	19,586,533
1,900,000	—	—	—	—	—	—	11,746,176	24,291,689
—	—	—	—	—	—	—	46,856	1,165,702
1,900,000	300,000	81,163	—	—	350,000	661,581	16,010,452	45,043,924
(420,191)	(115,883)	29,150	—	—	190,149	739,751	(12,429,325)	(9,040,070)
—	—	—	—	—	—	—	12,008,947	12,008,947
—	—	—					—	9,115
—	—	—	—	—	—	—	12,008,947	12,018,062
(420,191)	(115,883)	29,150	—	—	190,149	739,751	(420,378)	2,977,992
(856,799)	122,975	92,928	174,735	57,443	528,678	906,816	1,096,581	17,739,945
$ (1,276,990)	$ 7,092	$ 122,078	$ 174,735	$ 57,443	$ 718,827	$ 1,646,567	$ 676,203	$ 20,717,937
$ —	$ 7,092	$ 122,078	$ 174,735	$ 57,443	$ 718,827	$ 1,646,567	$ 676,203	$ 22,424,032
(1,276,990)	—	—	—	—	—	—	—	(1,706,095)
$ (1,276,990)	$ 7,092	$ 122,078	$ 174,735	$ 57,443	$ 718,827	$ 1,646,567	$ 676,203	$ 20,717,937

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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Identification Security Protection			
Receipts:			
Charges for services	$ 66,833	$ 72,058	$ 5,225
Disbursements:			
General government	72,000	—	72,000
Excess (deficiency) of receipts over (under) disbursements	$ (5,167)	$ 72,058	$ 77,225
Adult Probation			
Receipts:			
Charges for services	$ 1,600,000	$ 1,737,813	$ 137,813
Miscellaneous	—	60	60
Total receipts	1,600,000	1,737,873	137,873
Disbursements:			
General government	1,620,667	1,348,758	271,909
Excess (deficiency) of receipts over (under) disbursements	$ (20,667)	$ 389,115	$ 409,782
Section 102 HAVA Reimbursement			
Receipts:			
Miscellaneous	$ —	$ 28,500	$ 28,500
Disbursements:			
General government	—	—	—
Excess of receipts over under disbursements	$ —	$ 28,500	$ 28,500
Surveyor's Corner Perpetuation			
Receipts:			
Charges for services	$ 140,000	$ 161,440	$ 21,440
Miscellaneous	—	113	113
Total receipts	140,000	161,553	21,553
Disbursements:			
General government	454,407	443,451	10,956
Deficiency of receipts under disbursements	$ (314,407)	$ (281,898)	$ 32,509
County Records Perpetuation			
Receipts:			
Charges for services	$ 860,350	$ 802,257	$ (58,093)
Disbursements:			
General government	1,186,428	846,549	339,879
Deficiency of receipts under disbursements	(326,078)	(44,292)	281,786
Other financing sources:			
Sale of capital assets	—	9,115	9,115
Deficiency of receipts under disbursements and other financing sources	$ (326,078)	$ (35,177)	$ 290,901
Property Reassessment			
Receipts:			
Taxes	$ 1,599,065	$ 1,617,075	$ 18,010
Disbursements:			
General government	1,843,675	1,433,871	409,804
Excess (deficiency) of receipts over (under) disbursements	$ (244,610)	$ 183,204	$ 427,814

(Continued)

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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Prosecutor's Diversion			
Receipts:			
Charges for services	$ 611,172	$ 489,991	$ (121,181)
Disbursements:			
General government	785,468	731,333	54,135
Deficiency of receipts under disbursements	$ (174,296)	$ (241,342)	$ (67,046)
County Sex-Violent Offender Administration			
Receipts:			
Charges for services	$ —	$ 12,030	$ 12,030
Disbursements:			
General government	—	—	—
Excess of receipts over disbursements	$ —	$ 12,030	$ 12,030
Prosecutor's Law Enforcement			
Receipts:			
Charges for services	$ —	$ 390,813	$ 390,813
Disbursements:			
General government	404,901	404,901	—
Deficiency of receipts under disbursements	(404,901)	(14,088)	390,813
Other financing sources:			
Transfers in	300,000	—	300,000
Deficiency of receipts and other financing sources under disbursements	$ (104,901)	$ (14,088)	$ 690,813
County Extradition			
Receipts:			
Charges for services	$ —	$ 35,084	$ 35,084
Miscellaneous	29,000	397	(28,603)
Total receipts	29,000	35,481	6,481
Disbursements:			
Public safety	57,658	57,203	455
Deficiency of receipts under disbursements	$ (28,658)	$ (21,722)	$ 6,936
County Misdemeanant			
Receipts:			
Intergovernmental	$ 600,600	$ 600,601	$ 1
Disbursements:			
Public safety	600,600	600,599	1
Excess of receipts over disbursements	$ —	$ 2	$ 2
Alcohol and Drug Services			
Receipts:			
Charges for services	$ 450,000	$ 443,330	$ (6,670)
Disbursements:			
General government	573,049	142,605	430,444
Excess (deficiency) of receipts over (under) disbursements	$ (123,049)	$ 300,725	$ 423,774

(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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Community Corrections Home Detention			
Receipts:			
Charges for services	$ 820,750	$ 728,449	$ (92,301)
Miscellaneous	86,000	95,940	9,940
Total receipts	906,750	824,389	(82,361)
Disbursements:			
Public safety	905,894	864,804	41,090
Excess (deficiency) of receipts over (under) disbursements	$ 856	$ (40,415)	$ (41,271)
Supplemental Public Defender Fee			
Receipts:			
Charges for services	$ 345,000	$ 289,860	$ (55,140)
Disbursements:			
General government	345,000	299,857	45,143
Deficiency of receipts under disbursements	$ —	$ (9,997)	$ (9,997)
Deferral Program Fees			
Receipts:			
Charges for services	$ 3,282,000	$ 3,273,851	$ (8,149)
Miscellaneous	—	50	50
Total receipts	3,282,000	3,273,901	(8,099)
Disbursements:			
General government	3,649,140	3,630,560	18,580
Deficiency of receipts under disbursements	$ (367,140)	$ (356,659)	$ 10,481
County Drug Free Community			
Receipts:			
Intergovernmental	$ 60,000	$ 19,468	$ (40,532)
Disbursements:			
General government	81,500	71,104	10,396
Public safety	20,000	17,973	2,027
Total disbursements	101,500	89,077	12,423
Deficiency of receipts under disbursements	(41,500)	(69,609)	(28,109)
Other financing uses:			
Transfers out	(450,000)	(377,694)	72,306
Deficiency of receipts under disbursements and other financing uses	$ (491,500)	$ (447,303)	$ 44,197
Conditional Release			
Receipts:			
Charges for services	$ —	$ 5,167	$ 5,167
Disbursements:			
General government	—	—	—
Excess of receipts over disbursements	$ —	$ 5,167	$ 5,167
State and Federal Grants			
Receipts:			
Intergovernmental	$ 11,667,936	$ 7,314,343	$ (4,353,593)
Miscellaneous	—	57	57
Total receipts	11,667,936	7,314,400	(4,353,536)
Disbursements:			
General government	5,595,213	3,801,647	1,793,566
Public safety	7,209,700	5,218,984	1,990,716
Total disbursements	12,804,913	9,020,631	3,784,282
Deficiency of receipts under disbursements	$ (1,136,977)	$ (1,706,231)	$ (569,254)

(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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Federal Stimulus			
Receipts:			
Intergovernmental	$ 128,000	$ 451,333	$ 323,333
Disbursements:			
General government	116,881	116,244	637
Public safety	215,800	107,256	108,544
Total disbursements	332,681	223,500	109,181
Excess (deficiency) of receipts over (under) disbursements	$ (204,681)	$ 227,833	$ 432,514
Prosecutor's Law Enforcement Equitable Share			
Receipts:			
Total receipts	$ —	$ —	$ —
Disbursements:			
General government	100,000	23,384	76,616
Deficiency of receipts under disbursements	$ (100,000)	$ (23,384)	$ 76,616
Enhanced Access			
Receipts:			
Charges for services	$ 242,220	$ 362,126	$ 119,906
Disbursements:			
General government	443,900	423,096	20,804
Deficiency of receipts under disbursements	$ (201,680)	$ (60,970)	$ 140,710
MC Sheriff's Civil Division Fees			
Receipts:			
Charges for services	$ 1,906,000	$ 1,341,210	$ (564,790)
Disbursements:			
Public safety	1,900,000	1,900,000	—
Excess (deficiency) of receipts over (under) disbursements	$ 6,000	$ (558,790)	$ (564,790)
Endorsement Fee			
Receipts:			
Charges for services	$ 162,405	$ 183,767	$ 21,362
Disbursements:			
General government	300,000	300,000	—
Deficiency of receipts under disbursements	$ (137,595)	$ (116,233)	$ 21,362
County Sales Disclosure			
Receipts:			
Charges for services	$ 84,692	$ 109,743	$ 25,051
Disbursements:			
General government	82,830	81,163	1,667
Excess of receipts over disbursements	$ 1,862	$ 28,580	$ 26,718
Commissioner & Guardian Ad Litem			
Receipts:			
Charges for services	$ 1,850,000	$ 2,352,285	$ 502,285
Disbursements:			
General government	3,763,945	3,511,581	252,364
Deficiency of receipts under disbursements	(1,913,945)	(1,159,296)	754,649
Other financing sources:			
Transfers in	1,250,000	1,250,000	—
Excess (deficiency) of receipts over (under) disbursements and other financing sources	$ (663,945)	$ 90,704	$ 754,649

(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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Other – MC Sheriff Medical Care for Inmates			
Receipts:			
Intergovernmental	$ 1,250,000	$ —	$ (1,250,000)
Charges for services	—	1,251,880	1,251,880
Total receipts	1,250,000	1,251,880	1,880
Disbursements:			
Public safety	11,939,669	11,939,669	—
Deficiency of receipts under disbursements		(10,687,789)	1,880
Other financing sources:			
Transfers in	10,660,841	10,660,841	—
Deficiency of receipts under disbursements and other financing sources	$ 10,660,841	$ (26,948)	$ 1,880
Other – County Grants			
Receipts:			
Intergovernmental	$ 25,000	$ 169,191	$ 144,191
Disbursements:			
General government	188,600	113,253	75,347
Excess (deficiency) of receipts over (under) disbursements	$ (163,600)	$ 55,938	$ 219,538
County Elected Officials Training			
Receipts:			
Charges for services	$ 66,833	$ 72,058	$ 5,225
Disbursements:			
General government	3,500	600	2,900
Excess of receipts over disbursements	$ 63,333	$ 71,458	$ 8,125
Other – Clerk's Perpetuation Fund			
Receipts:			
Intergovernmental	$ 12,100	$ 3,269	$ (8,831)
Charges for services	525,763	417,322	(108,441)
Total receipts	537,863	420,591	(117,272)
Disbursements:			
General government	688,065	617,819	70,246
Deficiency of receipts under disbursements	$ (150,202)	$ (197,228)	$ (47,026)
Other-Marion Superior Court Equipment			
Receipts:			
Charges for services	$ 1,000	$ 9,522	$ 8,522
Miscellaneous	47,500	8,740	(38,760)
Total receipts	48,500	18,262	(30,238)
Disbursements:			
General government	40,000	36,779	3,221
Excess (deficiency) of receipts over (under) disbursements	$ 8,500	$ (18,517)	$ (27,017)
Other – Drug Treatment Diversion			
Receipts:			
Charges for services	$ 26,000	$ 20,405	$ (5,595)
Miscellaneous	—	2,000	2,000
Total receipts	26,000	22,405	(3,595)
Disbursements:			
General government	49,520	19,143	30,377
Excess (deficiency) of receipts over (under) disbursements	$ (23,520)	$ 3,262	$ 26,782

(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, 2013

	Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
Other – Juvenile Probation			
Receipts:			
Charges for services	$ 100,000	$ 57,612	$ (42,388)
Disbursements:			
General government	162,182	97,964	64,218
Deficiency of receipts under disbursements	$ (62,182)	$ (40,352)	$ 21,830
Other – Sheriff's Continuing Education			
Receipts:			
Miscellaneous	$ 2,000	$ —	$ (2,000)
Disbursements:			
General government	—	—	—
Excess of receipts over disbursements	$ 2,000	$ —	$ (2,000)
Other – Jury Pay			
Receipts:			
Charges for services	$ 160,000	$ 185,434	$ 25,434
Disbursements:			
General government	300,000	299,850	150
Deficiency of receipts under disbursements	(140,000)	(114,416)	25,584
Other financing sources:			
Transfers in	98,106	98,106	—
Deficiency of receipts under disbursements and other financing sources	$ (41,894)	$ (16,310)	$ 25,584
Other – Alternate Dispute Resolution			
Receipts:			
Charges for services	$ 70,000	$ 81,276	$ 11,276
Miscellaneous	—	3,030	3,030
Total receipts	70,000	84,306	14,306
Disbursements:			
General government	148,798	141,358	7,440
Deficiency of receipts under disbursements	$ (78,798)	$ (57,052)	$ 21,746
Other – Local Emergency Planning			
Receipts:			
Miscellaneous	$ 25,000	$ 37,041	$ 12,041
Disbursements:			
General government	110,000	95,310	14,690
Deficiency of receipts under disbursements	$ (85,000)	$ (58,269)	$ 26,731

See accompanying independent auditor's report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
INDIVIDUAL STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND CASH EQUIVALENTS –
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Debt Service Funds
	County Sinking
Receipts:	
Taxes	$ —
Total receipts	—
Disbursements:	
Current:	
General government	—
Total disbursements	—
Excess (deficiency) of receipts over (under) disbursements	—
Cash and cash equivalents - beginning of year	10,781
Cash and cash equivalents - end of year	$ 10,781
Cash and cash equivalents - December 31, 2013:	
Restricted	$ 10,781
Total cash and cash equivalents	$ 10,781

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, 2013

	Capital Projects Funds				
	Public Safety Capital Projects	**Cumulative Capital Development**	**Public Safety Interest Escrow**	**Capital Improvement Lease**	**Total Capital Projects**
Receipts:					
Taxes	$ —	$ 4,139,712	$ —	$ 1,778,783	$ 5,918,495
Total receipts	—	4,139,712	—	1,778,783	5,918,495
Disbursements:					
Current:					
General government	—	2,753,392	—	—	2,753,392
Public safety	—	1,783	—	1,887,000	1,888,783
Capital outlay	—	17,460	—	—	17,460
Total disbursements	—	2,772,635	—	1,887,000	4,659,635
Excess (deficiency) of receipts over (under) disbursements	—	1,367,077	—	(108,217)	1,258,860
Cash and cash equivalents - beginning of year	(12,244)	29,630	1,684	49,379	68,449
Cash and cash equivalents - end of year	$ (12,244)	$ 1,396,707	$ 1,684	$ (58,838)	$ 1,327,309
Cash and cash equivalents - December 31, 2013:					
Restricted	$ —	$ 1,396,707	$ 1,684	$ —	$ 1,398,391
Unassigned	(12,244)	—	—	(58,838)	(71,082)
Total cash and cash equivalents	$ (12,244)	$ 1,396,707	$ 1,684	$ (58,838)	$ 1,327,309

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, 2013

	Final	Actual Amounts	Variance with Final Budget – Positive (Negative)
Cumulative Capital Development - Capital Projects Fund			
Receipts:			
Taxes	$ 4,085,327	$ 4,139,712	$ 54,385
Disbursements:			
Public safety	905,470	889,834	15,636
General government	253,392	253,392	—
Total disbursements	1,158,862	1,143,226	15,636
Excess of receipts over disbursements	2,926,465	2,996,486	70,021
Other financing uses:			
Transfers out	(2,500,000)	(2,500,000)	—
Excess of receipts over disbursements and other financing uses	$ 426,465	$ 496,486	$ 70,021
Capital Improvement Lease - Capital Projects Fund			
Receipts:			
Taxes	$ 1,712,892	$ 1,778,782	$ 65,890
Disbursements:			
Public safety	1,887,000	1,887,000	—
Deficiency of receipts under disbursements	$ (174,108)	$ (108,218)	$ 65,890

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)

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, 2013

	Retirement	Disability	Total
Additions			
Contributions:			
Employer	$ 7,318,631	$ 1,324,064	$ 8,642,695
Employee	212,459	—	212,459
Total contributions	7,531,090	1,324,064	8,855,154
Investment income:			
Interest and dividends	2,788,476	258,914	3,047,390
Realized gain on sales, net	24,665,349	5,108,695	29,774,044
Net investment income	27,453,825	5,367,609	32,821,434
Miscellaneous	13,949	37,851	51,800
Total additions	34,998,864	6,729,524	41,728,388
Deductions			
Investment management fees	699,605	48,987	748,592
Benefits paid	11,154,720	1,449,308	12,604,028
Total deductions	11,854,325	1,498,295	13,352,620
Excess of total additions over total deductions	23,144,539	5,231,229	28,375,768
Cash, cash equivalents and investments – beginning of year	130,591,564	11,950,103	142,541,667
Cash, cash equivalents and investments – end of year	$ 153,736,103	$ 17,181,332	$ 170,917,435

Cash, cash equivalents and investments - December 31, 2013:

	Retirement	Disability	Total
Cash and cash equivalents	$ 2,099,799	$ 385,458	$ 2,485,257
Investments (cost basis):			
Mutual funds	151,636,304	16,795,874	168,432,178
Total cash, cash equivalents and investments	$ 153,736,103	$ 17,181,332	$ 170,917,435

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, 2013

	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	$ 219	$ 97,961,880	$ 27,278,277	$ 7,272,025	$ 37,412,099	$ 1,221,014	$ 8,281,720	$ 3,566,453	$ 288,814	$ 2,339
Deductions:										
Agency fund deductions	219	96,585,611	27,278,277	7,417,018	21,705,780	1,488,000	8,623,722	3,492,312	—	3,431
Excess (deficiency) of total additions over (under) total deductions	—	1,376,269	—	(144,993)	15,706,319	(266,986)	(342,002)	74,141	288,814	(1,092)
Cash and cash equivalents - beginning of year	(9,845)	(2,520,708)	(3,222)	489,934	17,480,997	289,526	(288,691)	1,076,937	1,741,994	4,675,655
Cash and cash equivalents - end of year	$ (9,845)	$ (1,144,439)	$ (3,222)	$ 344,941	$ 33,187,316	$ 22,540	$ (630,693)	$ 1,151,078	$ 2,030,808	$ 4,674,563

	Local Option Income Tax	Treasurer's Tax Collection	Delinquent Business Personal Property	Law Enforcement Continuing Education	Payroll	Clerk of Circuit Court	Sheriff	Other	Total
Additions:									
Agency fund additions	$ 122,949,088	$ 3,559,461,176	$ 3,313,413	$ 406,315	$ 265,819,610	$ 73,039,809	$ 75,954,879	$ 12,593,306	$ 4,296,822,436
Deductions:									
Agency fund deductions	122,312,091	3,566,763,562	2,735,935	269,530	270,212,149	71,489,101	71,913,117	12,277,111	4,284,566,966
Excess (deficiency) of total additions over (under) total deductions	636,997	(7,302,386)	577,478	136,785	(4,392,539)	1,550,708	4,041,762	316,195	12,255,470
Cash and cash equivalents - beginning of year	(9,964)	37,850,400	312,368	920,851	6,970,367	14,122,014	2,027,040	1,929,097	87,054,750
Cash and cash equivalents - end of year	$ 627,033	$ 30,548,014	$ 889,846	$ 1,057,636	$ 2,577,828	$ 15,672,722	$ 6,068,802	$ 2,245,292	$ 99,310,220

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, 2013

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
December 31, 2013

Contents

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, 2013

Federal Grantor/Pass-Through Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
Indiana Department of Education	49-K160	School Breakfast Program	10.553	$ 26,590
Indiana Department of Education	49-K160	National School Lunch Program	10.555	45,286
Total Child Nutrition Cluster and Total U.S. Department of Agriculture				71,876
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				
Indiana Criminal Justice Institute	10-JB-013, 10-JB-014, 11-JB-1843, 09-JB-017, 10-JB-FX-0086	Juvenile Accountability Block Grants	16.523	200,132
Indiana Criminal Justice Institute	12-VA-1697, 11-VA-1712, 11-VAPR-154, 2013-VA-GX-0036	Crime Victim Assistance - Victim Advocate	16.575	320,866
		Drug Court Discretionary Grant Program - Family Drug Treatment Court	16.585	9,485
Indiana Supreme Court	N/A	Drug Court Discretionary Grant Program	16.585	42,381
			Total 16.585	51,866
City of Indianapolis, Indiana	2010-WE-AX-0009	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	126,781
Indiana Criminal Justice Institute	10RT-008, 11RT-001	Residential Substance Abuse Treatment - Male Offender Aftercare	16.593	42,295
		State Criminal Alien Assistance Program	16.606	94,275
Indiana Criminal Justice Institute	11-GPS-005	Project Safe Neighborhoods - Gun Crime Reduction	16.609	33,430
		Public Safety Partnership and Community Policing Grants - Child Sexual Predator Program	16.710	70,210
		Forensic DNA Backlog Reduction Program	16.741	463,043
		Paul Coverdell Forensic Sciences Improvement Grant Program 2011	16.742	338
Edward Byrne Memorial Justice Assistance Grant Cluster:				
Indiana Criminal Justice Institute	10-DJ-063, 11-DJ-015, 1451, 1642, 1772, 11-DJ-040, 11-DJ-020, 1321, 1556, 1700, 11-DJ-012, 1638	Edward Byrne Memorial Justice Assistance Grant Program	16.738	639,570
City of Indianapolis, Indiana	N/A	Edward Byrne Memorial Justice Assistance Grant Program - Local Solicitation	16.738	814,546
			Total 16.738	1,454,116

See Notes to Schedule of Expenditures of Federal Awards

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, 2013

Federal Grantor	Pass-Through Grantor Number	Program Title	CFDA Number	Total Federal Expenditures
City of Indianapolis, Indiana	N/A	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program	16.804	$ 587,619
Total Edward Byrne Memorial Justice Assistance Grant Cluster				2,041,735
Total U.S. Department of Justice				3,444,971
U.S. Department of Labor				
Indiana Dept. of Workforce Dvlp.	UI-23890-13-55-A-18	Unemployment Insurance Fraud Prosecutor Grant	17.225	72,707
National Highway Traffic Safety Administration				
State and Community Highway Safety Program Cluster:				
Indiana Criminal Justice Institute	1106, 1251, D3-13-7946	State and Community Highway Safety	20.600	217,042
Indiana Criminal Justice Institute	1309, 1528, D3-14-8274	Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	352,759
Total State and Community Highway Safety Program Cluster and Total National Highway Traffic Safety Administration				569,801
U.S. Department of Health and Human Services				
		Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	288,560
Indiana Department of Child Services	NA	Child Support Enforcement	93.563	5,153,921
State of Indiana	CIP-2012B, CIP-2013B	State Court Improvement Program	93.586	72,394
State of Indiana	49-11-99-2177-01	Social Service Block Grant	93.667	5,000
Total U.S. Department of Health and Human Services				5,519,875
Total Expenditures of Federal Awards				$ 9,759,230

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, 2013

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.

BKD LLP
CPAs & Advisors

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

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, 2013 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 29, 2014, 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 deficiencies, significant deficiencies or material weaknesses 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 2013-001 and 2013-002 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 2013-003 to be a significant deficiency.

Compliance and Other Matters

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.

We also noted certain matters that we reported to the County's management in a separate letter dated September 29, 2014.

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
September 29, 2014

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards

Independent Auditor's Report

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, Indiana (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, 2013. 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

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

Auditor's Responsibility

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

Basis for Qualified Opinion on Child Support Enforcement and Edward Byrne Memorial Justice Assistance Grant Cluster

As described in items 2013-004 and 2013-005 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding procurement for its Child Support Enforcement program and with equipment and real property management for its Edward Byrne Memorial Justice Assistance Grant cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

Qualified Opinions on Child Support Enforcement and Edward Byrne Memorial Justice Assistance Grant Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 its Child Support Enforcement and Edward Byrne Memorial Justice Assistance Grant Cluster programs for the year ended December 31, 2013.

Unmodified Opinion on the Other Major Federal Program

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 its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Other Matter

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 compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-004 and 2013-005 to be material weaknesses.

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 compliance and, accordingly, we express no opinion on the responses.

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.

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

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 29, 2014, 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
September 29, 2014

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

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:

Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Material weakness(es) identified?	☒ Yes	☐ None

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major programs:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☒ Yes	☐ None

5. Types of auditor's report issued on compliance for major programs:
   ☒ Unmodified ☒ Qualified ☐ Adverse ☐ Disclaimer

Justice Assistance Grant Cluster (CFDA 16.738 and 16.804)	Qualified
Highway Safety Cluster (CFDA 20.600 and 20.601)	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? ☒ Yes ☐ No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
16.738 and 16.804	Justice Assistance Grant (JAG) Program Cluster, including ARRA
20.600 and 20.601	Highway Safety Cluster
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, 2013

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2013-001	**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining effective internal controls over financial reporting.

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)

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, the County made material adjustments that decreased cash by approximately $21.7 million. In addition, support for reconciling items was not always available.

Effect: Misstatements in the financial statements.

Cause: County personnel do not reconcile cash balances/activity to the financial system of record (PeopleSoft), but instead reconcile only to subsidiary records. Furthermore, many of the reconciliations that are completed are not done timely and no daily cash balance reconciliations are completed, with some reconciliations only completed at year end. This is evidenced by the fact that several of the County's various December 31, 2013 cash balances were not reconciled (with an unidentified difference of approximately $300,000) to PeopleSoft until eight months after the fiscal year end.

Recommendation: The County needs to consistently apply and further enhance its accounting procedures and internal controls over financial reporting so as to ensure the timeliness, availability and integrity of the financial information it is charged with producing. Ideally, each department should reconcile its cash to PeopleSoft every month, at a minimum, and provide the reconciliation to the Office of Finance and Management (OFM). Two cornerstones of this reconciliation and review process are timeliness and accuracy. This is imperative, given the County's desire to return to reporting in conformity with Generally Accepted Accounting Principles (GAAP). The latter is not possible without significant attention being given to the consistent application and establishment of adequate accounting procedures and internal controls. This, in turn, cannot be accomplished without addressing the following: (1) moving all accounting and reporting functions onto PeopleSoft and away from manual and non-integrated systems; (2) identifying and assigning further personnel resources from within the City or County to assist with the County's accounting and reporting functions; (3) examining the skillsets of existing personnel resources to facilitate the realignment of resources; and (4) performing more timely (daily/weekly/monthly) account reconciliations and period closings. Until such actions are taken, the County risks continued financial reporting difficulties in the future. Further, without timely and accurate financial information, management cannot make informed decisions that affect the financial health and viability of the County.

Reference Number	Finding

Views of Responsible Officials and Planned Corrective Action: The Office of Finance and Management (OFM) is responsible for the preparation of the County's Annual Financial Report and the audits of that report and the Single Audit. The Marion County Auditor is responsible for the day to day accounting of the County and the monthly reconciliation of the System of Record (PeopleSoft). The Marion County Treasurer is responsible for depositing the cash for the County and reconciling the bank statements to their cashbook system and balancing the cashbook to their fundbook system. Based on OFM's responsibility for financial reporting and the recommendation of the auditors, OFM shall require a monthly reconciliation be performed between the Treasurer's records and the Auditor's with corrections being made to each set of records. Because of the reliance the OFM must place on the recordkeeping of the County both for financial reporting purposes and for budgeting (which is also the responsibility of OFM), their offices must provide, monthly, copies of the monthly reconciliations to OFM for review and follow-up in order to ensure timely and accurate information. Because of their importance, the monthly reconciliations must be current by the end of the first quarter of 2015. It will then be expected that the offices will continue to stay current by ensuring the monthly reconciliations are completed by the end of the subsequent month.

This action along with moving towards getting all cash, for which the various offices in Marion County have accountability, entered in the System of Record would allow for more timely and more accurate information for both reporting and public information.

All of the other aspects of the recommendation must also be addressed in order to permit the issuance of the County's report in accordance with GAAP rather than the modified cash basis of accounting.

Reference Number	Finding
2013-002	**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining effective internal controls over financial reporting.

Condition: The Treasurer's Tax Collection agency fund and the Sheriff Commissary special revenue fund are not maintained on the County's general ledger. In addition, the Clerk of Circuit Court and the Sheriff agency funds daily activity is not maintained within the County's general ledger. (Material Weakness)

Context: The Treasurer's Tax Collection agency fund and Sheriff Commissary funds must be manually inserted into the year-end financial statements, and a journal is posted once per year to record the entire annual activity for the Clerk and Sheriff agency funds. 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.

Effect: Potential misstatements in the financial statements. Potential improprieties may also occur within these funds and not be identified timely or ever be caught.

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.

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.

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, Indiana Code and guidelines established by the State Board of Accounts allow for these funds to be maintained separately. Currently, management receives all the monthly reconciliations at the end of each fiscal year. The reconciliations are then utilized to record the annual activity within the financial statements. Beginning in 2015, management will request to receive these reconciliations every month versus receiving them all at the end of the year. This change will allow OFM, to make a monthly journal entry to record the account activity. OFM will continue to work with the elected officials to establish that the City/County PeopleSoft system is the system of record in regards to financial reporting and that the appropriate officials, at a minimum, need to provide inputs to that system so that all cash received by Marion County will be recorded in PeopleSoft. In addition, the County is currently implementing an accounts receivable module associated with our ERP system. During this process, the Treasurer is looking into transitioning the Treasurer's Tax Collection accounts to the ERP system.

Reference Number	Finding
2013-003	**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining effective internal controls over financial reporting.

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)

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.

Effect: Potential misstatements and/or fraud could occur in the financial statements.

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.

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.

Views of Responsible Officials and Planned Corrective Action: To clarify, super-users are those people who know the most about the financial system, PeopleSoft. They are able to advise City and County agencies on how to best use the system. It does not mean that these users can perform all activities that would result in inappropriate payments. They have the ability to create and post journal entries to the general ledger without further review by the agencies. The transactions themselves are readily identifiable in the accounting system by specific source codes. Further review needs to be done to determine where circumstances will allow for creation of the journal entries by one person with review and approval by a second person. This would reduce the transactions where obtaining a secondary review is not possible due to the timing and urgency of the transaction. A review will then be periodically completed by a responsible party for appropriateness of those transactions where no secondary review was done.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding
2013-004	**Finding:** Procurement

CFDA No. 93.563 - Child Support Enforcement
Department of Health and Human Services, passed through Indiana Department of Child Services; Award Numbers Not Available

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.

Condition: We selected two vendors with total expenditures of $361,541 under this program deemed subject to this compliance requirement for the Prosecuting Attorney. These vendors 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.

Questioned Costs: Known questioned costs are $361,541 and represent the amount paid to the vendors selected for testing as noted above.

Context: Of a total of twelve contracts entered into by the Prosecuting Attorney during 2013, we tested two and those contracts did not have documentation to support that appropriate procurement requirements had been met.

Effect: The County did not fulfill the procurement requirements for this contract entered into.

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.

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 the contract files as required.

Reference Number	Finding

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 and have been reminded annually since the policy was first distributed. 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 Child Support Division of the Prosecuting Attorney is aware of the compliance requirement and is working to correct the issue as they enter into new contracts in late 2014 early 2015.

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, 2015

Reference Number	Finding
2013-005	**Finding:** Equipment and Real Property Management

CFDA No. 16.738, 16.804 - Justice Assistance Grant (JAG) Cluster
Department of Justice, passed through ICJI and City of Indianapolis; multiple award numbers

Criteria: Per the federal compliance supplement, equipment should conform to the following criteria; 1) Property records should exist and contain detailed information about the equipment; 2) Equipment purchased with federal funds should be appropriately safeguarded and maintained.

Condition: We selected two equipment purchases with total expenditures of $239,089 under this program deemed subject to this compliance requirement. Each asset purchased with federal funds was not capitalized, included in the fixed asset module or tagged as federally funded equipment.

Questioned Costs: All equipment selected for testing as noted above was deemed an allowable purchase. No known questioned costs.

Context: Of a total of fourteen equipment purchases made during 2013, we tested two and those assets were not properly capitalized or recorded within the County's financial system.

Effect: The County did not fulfill the equipment requirements for these equipment purchases.

Cause: The County did not appropriately identify these equipment purchases when capitalizing fixed assets in 2013.

Recommendation: We recommend that the County implement additional internal controls to ensure that all equipment acquired with federal funds adheres to compliance requirements.

Views of Responsible Officials and Planned Corrective Actions:
Response: Effective in 2013, the Office of Finance and Management’s (OFM) Fixed Asset Division, began conducting an annual inventory for assets purchased with federal grants. Federal grant compliance requires an inventory be completed every two years, however; we have made it a policy to complete the inventory annually, which should help alleviate issues with assets not being properly capitalized. In addition, OFM’s Fixed Asset Division will send out quarterly reminders to agencies utilizing grant funds of those items that still need to be capitalized in the Asset Management system. These reminders will include the capitalization requirements that exist for assets purchased with federal dollars.

Person(s) responsible for implementing: Robert Erney, Fixed Asset Manager

Implementation date: In progress

Marion County, Indiana
(A Component Unit of the Consolidated City of Indianapolis - Marion County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

Reference Number	Summary of Finding	Status
2012-007	**Procurement - Child Support Program** We selected one vendor with total expenditures of $116,955 under this program deemed subject to this compliance requirement for the Prosecuting Attorney. The 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.	Unresolved - see finding 2013-004

MARION COUNTY, INDIANA
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS—MARION COUNTY)

Corrective Action Plan
Year Ended December 31, 2013

Reference	Finding and Corrective Action	Contact Person(s)
2013-004	**Procurement – Child Support Program** Two vendors were selected with total expenditures of $194,015 under this program deemed subject to this compliance requirement for the Prosecuting Attorney. These vendors 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. ***Corrective Action***: 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 and have been reminded annually since the policy was first distributed. 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 Child Support Division of the Prosecuting Attorney is aware of the compliance requirement and is working to correct the issue as they enter into new contracts in late 2014 early 2015.	Jeanene Swiezy (317) 327-4143 Jeanene.Swiezy@indy.gov
2013-005	**Equipment and Real Property Management - Justice Assistance Grant (JAG) Cluster** Two equipment purchases selected for testing totaling $239,089, were not properly included in the property records of the County and were not appropriately identified as equipment purchases acquired with federal funding. ***Corrective Action***: Effective in 2013, the Office of Finance and Management's (OFM) Fixed Asset Division, began conducting an annual inventory for assets purchased with federal grants. Federal grant compliance requires an inventory be completed every two years, however; we have made it policy to complete the inventory annually, which should help alleviate issues with assets not being properly capitalized. In addition, OFM's Fixed Asset Division will send out quarterly reminders to agencies utilizing grant funds of those items that still need to be capitalized in the Asset Management system. These reminders will include the capitalization requirements that exist for assets purchased with federal dollars.	Jeanene Swiezy (317) 327-4143 Jeanene.Swiezy@indy.gov