

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Fiduciary in Nature Component Unit-----						
		SPRF	PERF - State	EGC	JRS	PARF	LRS	TRF - Pre- 1996 Account
Valuation Date: July 1, 2013								
Actuarial value of assets	\$	465,961	\$ 4,415,371	\$ 98,608	\$ 381,240	\$ 48,762	\$ 3,428	\$ 5,235,104
Actuarial accrued liability (AAL)		523,216	5,690,281	118,097	453,110	61,940	4,295	16,462,379
Excess of assets over (unfunded) AAL		(57,255)	(1,274,910)	(19,489)	(71,870)	(13,178)	(867)	(11,227,275)
Funded ratio		89%	78%	83%	84%	79%	80%	32%
Covered payroll		64,347	1,647,454	26,201	46,967	21,217	*	1,383,428
Excess (unfunded) AAL as a percentage of covered payroll		-89%	-77%	-74%	-153%	-62%	*	-812%
Valuation Date: July 1, 2012								
Actuarial value of assets	\$	372,177	\$ 4,141,524	\$ 76,007	\$ 260,096	\$ 27,501	\$ 3,377	\$ 4,978,107
Actuarial accrued liability (AAL)		504,814	5,542,414	113,283	437,854	56,080	4,503	16,522,015
Excess of assets over (unfunded) AAL		(132,637)	(1,400,890)	(37,276)	(177,758)	(28,579)	(1,126)	(11,543,908)
Funded ratio		74%	75%	67%	59%	49%	75%	30%
Covered payroll		66,083 **	1,648,023	25,752	45,138	21,705	*	1,637,066
Excess (unfunded) AAL as a percentage of covered payroll		-201%	-85%	-145%	-394%	-132%	*	-705%
Valuation Date: July 1, 2011								
Actuarial value of assets	\$	361,457	\$ 4,158,786	\$ 72,599	\$ 248,623	\$ 25,651	\$ 3,634	\$ 5,227,402
Actuarial accrued liability (AAL)		470,852	5,264,131	101,534	400,274	53,252	4,621	16,318,404
Excess of assets over (unfunded) AAL		(109,395)	(1,105,345)	(28,935)	(151,651)	(27,601)	(987)	(11,091,002)
Funded ratio		77%	79%	72%	62%	48%	79%	32%
Covered payroll		64,948	1,641,686	24,028	45,764	18,082	*	1,762,750
Excess (unfunded) AAL as a percentage of covered payroll		-168%	-67%	-120%	-331%	-153%	*	-629%
<p>SPRF - State Police Retirement Fund (Administered by the Treasurer of the State of Indiana) PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees) EGC - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the INPRS Board of Trustees) JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees) LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees) TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees)</p>								
<p>* The benefit formula is determined based on service rather than compensation. July 1, 2013: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was \$36,139; July 1, 2012: The unfunded liability is expressed per active participant and there were 6 active participants. The unfunded liability per active participant was \$187,726; July 1, 2011: The unfunded liability is expressed per active participant and there were 7 active participants. The unfunded liability per active participant was \$141,021.</p>								
<p>** 2013 schedule information is corrected from that reported in the 2012 schedule.</p>								

Schedule of Funding Progress Other Postemployment Benefits

(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
State Personnel Healthcare Plan						
6/30/2013	\$ 44,011	\$ 39,999	\$ (4,012)	110.0%	\$ 1,208,402	-0.3%
6/30/2012	44,008	36,643	(7,365)	120.1%	1,166,823	-0.6%
6/30/2011	14,007	37,733	23,726	37.1%	1,187,028	2.0%
Legislature's Healthcare Plan						
6/30/2013	-	12,078	12,078	0.0%	1,696	712.1%
6/30/2012	-	11,956	11,956	0.0%	1,787	669.1%
6/30/2011	-	9,092	9,092	0.0%	1,696	536.1%
Indiana State Police Healthcare Plan						
6/30/2013	21,133	297,104	275,971	7.1%	87,040 *	317.1%
6/30/2012	17,033	291,148	274,115	5.9%	87,040	314.9%
6/30/2011	5,280	306,132	300,852	1.7%	86,192	349.0%
Conservation and Excise Police Healthcare Plan						
6/30/2013	7,446	38,810	31,364	19.2%	25,532	122.8%
6/30/2012	5,773	41,804	36,031	13.8%	24,931 **	144.5%
6/30/2011	-	49,510	49,510	0.0%	24,595 **	201.3%

Notes:

* Covered payroll is from the June 30, 2012 actuarial results.

** 2012 and 2011 covered payroll for Conservation and Excise Police Healthcare Plan are corrected from prior year.

Schedule of Employer Contributions Other Postemployment Benefits

(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan			Legislature's Healthcare Plan			Indiana State Police Healthcare Plan			Conservation and Excise Police Healthcare Plan			Retiree Health Benefit Trust Fund		
	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	
2013	\$ 941	446.9%	\$ 827	64.5%	\$ 27,419	42.6%	\$ 3,053	94.8%	\$ 34,400	*	100.0%				
2012	2,964	1141.9%	815	59.9%	27,794	67.0%	3,675	187.5%	34,400		100.0%				
2011	4,664	362.8%	561	62.8%	30,155	45.7%	4,423	30.2%	52,075		100.0%				

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

Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) and the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (medical service payments, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 5,743,344	\$ 5,743,344	\$ 5,516,096	\$ (227,248)
Sales	6,796,200	6,796,200	6,799,250	3,050
Gaming	673,800	673,800	77,572	(596,228)
Inheritance	145,000	145,000	165,479	20,479
Alcohol and tobacco	282,700	282,700	300,698	17,998
Insurance	177,200	177,200	207,775	30,575
Other	279,167	279,167	242,575	(36,592)
Total taxes	14,097,411	14,097,411	13,309,445	(787,966)
Current service charges	147,464	147,464	200,062	52,598
Investment income	25,000	25,000	28,203	3,203
Sales/rents	615	615	1,391	776
Grants	-	-	11,733	11,733
Other	134,482	134,482	57,524	(76,958)
Total revenues	14,404,972	14,404,972	13,608,358	(796,614)
Expenditures:				
Current:				
General government	1,284,544	2,403,649	1,766,895	636,754
Public safety	808,271	826,438	763,974	62,464
Health	39,008	51,243	38,805	12,438
Welfare	3,828,218	3,303,849	805,593	2,498,256
Conservation, culture and development	114,475	113,789	54,613	59,176
Education	9,135,294	9,190,852	8,914,685	276,167
Transportation	43,891	44,814	1,071	43,743
Total expenditures	15,253,701	15,934,634	12,345,636	3,588,998
Excess of revenues over (under) expenditures	(848,729)	(1,529,662)	1,262,722	(2,792,384)
Other financing sources (uses):				
Total other financing sources (uses)	(1,516,357)	(1,516,357)	(1,516,357)	-
Net change in fund balances	\$ (2,365,086)	\$ (3,046,019)	(253,635)	\$ 2,792,384
Fund balances July 1, as restated			2,646,859	
Fund balances June 30			\$ 2,393,224	

Public Welfare-Medicaid Assistance				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
677,313	677,313	1,001,125	323,812	-	-	-	-
-	-	-	-	59,144	59,144	24,639	(34,505)
4,573,095	4,573,095	5,947,972	1,374,877	-	-	-	-
20,552	20,552	33,630	13,078	-	-	-	-
5,270,960	5,270,960	6,982,727	1,711,767	59,144	59,144	24,639	(34,505)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	11,503,438	8,781,256	2,722,182	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	50,000	86,000	10,153	75,847
-	11,503,438	8,781,256	2,722,182	50,000	86,000	10,153	75,847
5,270,960	(6,232,478)	(1,798,529)	(4,433,949)	9,144	(26,856)	14,486	(41,342)
1,598,243	1,598,243	1,598,243	-	(412,706)	(412,706)	(412,706)	-
<u>\$ 6,869,203</u>	<u>\$ (4,634,235)</u>	<u>(200,286)</u>	<u>\$ 4,433,949</u>	<u>\$ (403,562)</u>	<u>\$ (439,562)</u>	<u>(398,220)</u>	<u>\$ 41,342</u>
		620,909				1,176,732	
		<u>\$ 420,623</u>				<u>\$ 778,512</u>	

Budget/GAAP Reconciliation Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	GENERAL FUND	PUBLIC WELFARE- MEDICAID ASSIS	MAJOR MOVES CONSTRUCTION FUND	Total
Net change in fund balances (budgetary basis)	\$ (253,635)	\$ (200,286)	\$ (398,220)	\$ (852,141)
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:				
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(81,240)	(358,108)	(8,832)	(448,180)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	281,981	519,224	(303)	800,901
Net change in fund balances (GAAP basis)	\$ (52,894)	\$ (39,170)	\$ (407,356)	\$ (499,420)

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

Roads

Average International Roughness Index (IRI)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Roads (excluding Rest Areas and Weigh Stations)	79.1%	82.8%	82.6%
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	87.3%	84.4%	83.6%
Non-NHS Roads	95.7%	94.2%	94.3%

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (above 170). It is the State's policy to maintain a network average of no more than 95 IRI. Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

Bridges

Average Sufficiency Rating

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Bridges	90.1%	89.1%	88.9%
NHS Bridges - Non-Interstate	89.7%	89.9%	89.9%
Non-NHS Bridges	88.8%	88.0%	87.4%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

Infrastructure - Modified Reporting
Comparison of Needed-to-Actual Maintenance/Preservation
(amounts expressed in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 189,542	\$ 205,878	\$ 222,707	\$ 241,935	\$ 263,764
Actual	123,699	165,740	194,727	226,401	246,089
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	282,843	296,337	314,282	381,433	391,641
Actual	298,356	337,507	364,173	423,949	571,000
Roads at State Institutions and Properties					
Needed	1,030	1,699	2,046	2,073	1,734
Actual	3,132	5,183	3,386	1,635	4,884
Total					
Needed	473,415	503,914	539,035	625,441	657,139
Actual	425,187	508,430	562,286	651,985	821,973
Bridges					
Interstate Bridges					
Needed	\$ 46,568	\$ 55,371	\$ 62,746	\$ 75,181	\$ 82,668
Actual	36,820	58,245	54,505	51,416	37,931
NHS Bridges - Non-Interstate					
Needed	51,418	41,395	27,240	25,706	24,438
Actual	28,553	26,733	27,085	24,299	7,794
Non-NHS Bridges					
Needed	76,918	106,891	84,736	79,055	48,214
Actual	80,470	102,491	73,713	60,861	39,707
Bridges at State Institutions and Properties					
Needed	-	1	-	5	-
Actual	752	108	-	354	253
Total					
Needed	174,904	203,658	174,722	179,947	155,320
Actual	146,595	187,577	155,303	136,930	85,685

Data provided by Comparative Report of Preservation Costs