

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

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

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

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

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

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

Schedule of Funding Progress Other Postemployment Benefits

(amounts expressed in thousands)

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

Note:

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

Schedule of Contributions for the State Police Retirement Fund

(amounts expressed in thousands)

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Actuarially determined contribution	\$ 13,869	\$ 14,509	\$ 14,517	\$ 12,267	\$ 14,230	\$ 10,362	\$ 9,174	\$ 9,472	\$ 12,666	\$ 12,070
Contributions in relation to the actuarially determined contribution	10,603	12,367	44,040	9,450	9,471	9,472	9,412	12,114	7,535	7,544
Contribution deficiency (excess)	(3,266)	(2,142)	29,523	(2,817)	(4,759)	(690)	238	2,642	(5,131)	(4,526)
Covered employee payroll	68,490	64,347	66,083	64,948	66,603	66,283	65,421	59,863	54,156	53,897
Contributions as a percentage of covered employee payroll	15.5%	19.2%	66.6%	14.6%	14.2%	13.9%	14.4%	20.2%	13.9%	14.0%

Notes to Schedule:

Valuation date:
 Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
 Methods and assumptions used to determine contribution rates:
 Actuarial cost method: Entry age normal cost
 Amortization method: Level percentage of payroll, closed
 Remaining amortization period: 26 years
 Asset valuation method: 4 year smoothed value
 Inflation: 3.5%
 Salary increases: 3.5% for the pre-1987 plan; 9% at ages 26 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older.
 Investment rate of return: 6.75%, net of pension plan investment expense, including inflation
 Mortality: For the 7/1/14 actuarial valuation, the mortality tables were revised from the 2013 IRS separate non-annuitant and annuitant mortality tables to the 2014 IRS separate non-annuitant and annuitant mortality tables.

Schedule of Employer Contributions Other Postemployment Benefits

(amounts expressed in thousands)

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

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

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

(amounts expressed in thousands)

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

Notes to Schedule:

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

Schedule of Investment Returns for the State Police Retirement Fund

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

Budgetary Information

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

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

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

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

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

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

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

Budget/GAAP Reconciliation Major Funds

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

(amounts expressed in thousands)	GENERAL FUND	PUBLIC WELFARE- MEDICAID ASSIS	MAJOR MOVES CONSTRUCTION FUND	Total
Net change in fund balances (budgetary basis)	\$ 1,784	\$ (72,316)	\$ (141,211)	\$ (211,743)
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:				
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(4,594)	113,905	4,388	113,700
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	137,634	(26,832)	(453)	110,349
Net change in fund balances (GAAP basis)	\$ 134,824	\$ 14,757	\$ (137,276)	\$ 12,305

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

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

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (above 170). It is the State's policy to maintain a network average of no more than 101 IRI (RWP). Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

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

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

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

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

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

Data provided by Comparative Report of Preservation Costs