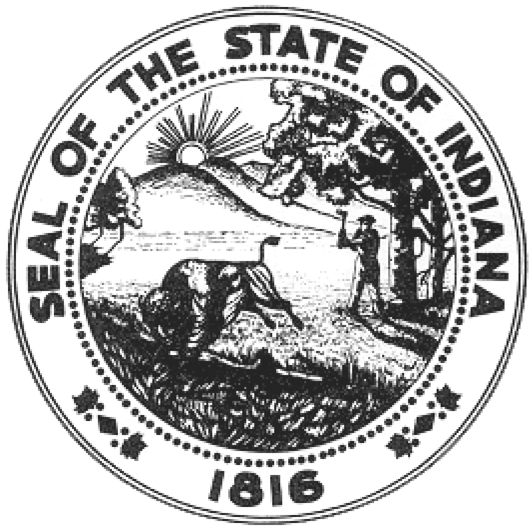
FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo provided by the Indiana Adjutant General's Office.
U.S. Army photo by Sgt. John Crosby.

Indiana National Guard Soldiers of Battery A, 2nd Battalion, 150th Field Artillery Regiment, headquartered in Greencastle, Ind., fire the M777 Howitzer during a live-fire exercise at Camp Atterbury Joint Maneuver Training Center in central Indiana.


SEAL OF THE STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: The Honorable Mitchell E. Daniels, Jr.
The Members of the General Assembly, and
The Citizens of the State of Indiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana, as of and for the year ended June 30, 2012, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Indiana's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the local government investment pool which represent 100% of the assets and revenues of the investment trust fund. We also did not audit certain component units of the State, as discussed in Note I(A), which represent 22.9% of the assets and 3.1% of the revenues of the colleges and universities and 99.6% of the assets and 99% of the revenues of the proprietary discretely presented component units. The financial statements of the investment trust fund and these component units were audited by other auditors whose reports thereon have been furnished to us and, our opinions, insofar as they relate to those units, are based upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Indiana Bond Bank, Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, and Indiana Public Retirement System were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the State of Indiana's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I(A) to the financial statements, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association and the Indiana Political Subdivision Risk Management Commission, discretely presented component units, report on a December 31, 2011, year-end.

As discussed in Note IV(G) to the financial statements, the State of Indiana has restated certain beginning fund balances and net assets.

In accordance with Government Auditing Standards, we will also issue our report on our consideration of the State of Indiana'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 at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedules of Funding Progress for Employee Retirement Systems and Plans and Other Postemployment Benefit Plans, Schedule of Employer Contributions for Other Postemployment Benefits, and Budgetary Information and Comparison Schedule, and the Infrastructure Condition Rating and Needed-to-Actual Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's financial statements. The combining and individual nonmajor and discretely presented component unit fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and discretely presented component unit fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's basic financial statements. The introductory and statistical sections are presented for the 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.

STATE BOARD OF ACCOUNTS

State Board of Accounts

December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE OF INDIANA
Management's Discussion and Analysis
June 30, 2012

The following discussion and analysis of the State of Indiana's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the State's financial statements, which follow this section. Because of prior period adjustments and reclassifications as described in Note IV(G) in the Notes to the Financial Statements, fiscal year (FY) 2011 numbers have been restated.

Financial Highlights

- For FY 2012, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by $17.7 billion. This compares with $17.2 billion for FY 2011, as restated. Of this amount, $4.7 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $2.3 billion, or 20.0% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of $14.5 billion, which are offset by general revenues totaling $14.8 billion, giving an increase in net assets of $0.5 billion.
- General revenue for the primary government decreased by $0.2 billion, or 1.1%, from FY 2011. The driving force was an increase in the allowance for doubtful accounts percentage for taxes. The State's unemployment rate dropped by 6.5% and sales tax revenues increased by $154.4 million indicating the Indiana economy continued to recover from the recession.
- The State of Indiana closed FY 2012 with $2.2 billion in total reserves. This resulted in the distribution of more than $360 million to various pension funds and an Automatic Taxpayer Refund of an equal amount.
- In FY 2010 and FY 2011, states raised taxes by more than $30 billion according to the National Association of State Budget Officers. While other states raised taxes, Indiana provided Hoosiers with the largest tax cut in state history through more than $600 million of net property tax relief as well as a phased reduction of the corporate income tax and a phase-out of the inheritance tax.
- According to State Budget Solutions, Indiana had the 3rd lowest debt per capita and the 2nd lowest debt per private sector worker in 2011.
- Indiana is one of only nine states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Standard & Poor's Ratings Service (S&P), the rating "reflects the state's continued strong management that has led to the property tax reform that has realigned state and local spending and is not expected to impact the state's long-term financial performance. As well, the state's commitment to attract diverse jobs through its economic development efforts has translated into a shift away from traditional manufacturing employment." The report said the administration has made significant financial management changes and strengthened budgeting practices.

Key Economic Indicators

	Dec. 31, 2011	Dec. 31, 2010	% Change
Total Employed Labor Force	3,189,619	2,814,409	13.3%
Total Goods and Service Employment	2,864,400	2,805,800	2.1%
Service-Providing Employment	2,262,100	2,241,600	0.9%
Goods-Producing Employment	602,300	564,200	6.8%
Unemployment Rate	8.6%	9.2%	-6.5%
Median Household Income	46,438	46,322	0.3%

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

Salaries and benefits for State employees represent approximately 7.9% of governmental fund expenditures. The following table shows a ten year history of the count of full time State employees.

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

	Governor's Authority	Judiciary	Other Elected Officials	On Disability Leave - In Pay Status	On Disability Leave - Not in Pay Status	Total
2012	28,525	835	1,049	545	349	31,303
2011	28,472	830	1,067	610	351	31,330
2010	29,911	846	1,056	647	341	32,801
2009	31,254	835	1,093	624	358	34,164
2008	32,606	811	1,139	727	339	35,622
2007	31,524	772	1,123	789	313	34,521
2006	31,822	753	1,102	941	279	34,897
2005	34,673	743	1,058	1,077	269	37,820
2004	35,794	756	1,020	1,012	266	38,848
2003	34,909	741	1,003	988	248	37,889

For more information on people paid through the Auditor of State’s Office, please read the Statistical Section.

Overview of the Financial Statements

This Financial Section consists of four parts: management's discussion and analysis (this part), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the State. The first two statements are government-wide financial statements that provide both long-term and short-term information about the State's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements.

- The governmental fund statements tell how general government services such as public safety, education, and welfare were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Unemployment Compensation Fund.
- Fiduciary fund statements provide information about the financial relationships in which the State acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong, such as the retirement plan for the State's employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* and *other supplementary information* that further explain and support the information in the financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the State as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the State's net assets and how they have changed. Net assets, the difference between the State's assets and liabilities, is one way to measure the State's financial health, or position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State of Indiana is improving or deteriorating. To assess the overall health of the State, additional non-financial factors should be considered, such as changes in the State's tax base, the condition of the State's roads and the State's student population. The government-wide financial statements of the State are divided into three categories:

- **Governmental activities**. Most of the State's basic services are included here, such as the State's roads and bridges, and health and environmental programs. State sales and income taxes and federal grants finance most of these activities.
- **Business-type activities**. The State provides goods and services through these activities that are financed or recovered primarily through fees and user charges. The Unemployment Compensation Fund, the Inns and Concessions Fund, and the Indiana Residual Malpractice Insurance Authority are included here.
- **Discretely Presented Component Units**. These are legally separate discretely presented entities for which the State is financially accountable. These include, among others, the Indiana Finance Authority, the Indiana Bond Bank, the Board for Depositories, the Indiana Housing and Community Development Authority, and colleges and universities that receive State funding.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds, not the State as a whole. Funds are accounting devices that the State uses to keep track of specific sources of funding and spending for particular purposes. The State of Indiana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The State has three kinds of funds: governmental funds, proprietary funds, and fiduciary funds.

1. **Governmental funds**. Most of the State's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer

financial resources that can be spent in the near future to finance the State's programs.

Relationship and Reconciliation. Because the information provided in the governmental funds statements does not encompass the additional long-term focus of the government-wide statements, reconciliation pages are provided. On the page following each governmental fund's financial statement, these reconciliations explain the differences between the government-wide and the fund financial statement. Government-wide statements use full accrual accounting. Revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of related cash inflows and outflows. Governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized when earned so long as they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. Debt service payments and a number of specific accrued liabilities are recognized as expenditures when payment is due because that is when they are normally liquidated with expendable available financial resources.

Non-current assets such as infrastructure, land, and property, plant and equipment appear on the government-wide statements but not on the governmental fund statements where they are expensed as acquired rather than capitalized. Non-current liabilities such as revenue bonds payable and net pension obligations also appear on the government-wide statements but not on the fund statements. Internal service funds are included as part of the governmental activities in the government-wide statements but not the governmental fund financial statements because they provide services to the governmental funds.

2. **Proprietary funds**. Services for which the State charges customers a fee are generally reported in proprietary funds. These funds use the economic resources measurement focus and the accrual basis of accounting. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the State's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows. The State uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the State's other programs and activities. An example would be the State Employee Health Insurance Fund.

3. **Fiduciary funds**. The State is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. All of the State's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

Financial Analysis of the State as a Whole

Net Assets

The following is condensed from the Statement of Net Assets:

State of Indiana
Condensed Schedule of Net Assets
(in millions of dollars)

	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 11,314.1	$ 11,336.5	$ 209.0	$ 217.9	$ 11,523.1	$ 11,554.4
Capital assets	13,360.1	12,573.9	0.1	0.1	13,360.2	12,574.0
Total assets	24,674.2	23,910.4	209.1	218.0	24,883.3	24,128.4
Current liabilities	2,660.8	2,329.6	1,727.0	1,878.9	4,387.8	4,208.5
Long-term liabilities	2,795.2	2,683.4	26.5	29.6	2,821.7	2,713.0
Total liabilities	5,456.0	5,013.0	1,753.5	1,908.5	7,209.5	6,921.5
Net assets:						
Invested in capital assets, net of related debt	12,150.1	11,344.7	0.1	0.1	12,150.2	11,344.8
Restricted	864.3	573.1	-	-	864.3	573.1
Unrestricted	6,203.8	6,979.7	(1,544.5)	(1,690.6)	4,659.3	5,289.1
Total net assets	$ 19,218.2	$ 18,897.5	$ (1,544.4)	$ (1,690.5)	$ 17,673.8	$ 17,207.0

At the end of the current fiscal year, net assets for the primary government were $17.7 billion as compared to $17.2 billion in 2011. There was an increase of $0.5 billion.

Current and other assets decreased by $31.3 million with decreases in taxes receivable and securities lending collateral making up the bulk of this.

Capital assets increased by $786.2 million. The principal reason for the increase in capital assets was the increase in land, infrastructure, and construction in progress at the Indiana Department of Transportation due to the State's Major Moves initiative.

Total liabilities increased by $288.0 million. This increase is explained principally by an increase in accounts payable for Medicaid claims of $643.0 million. This increase was offset in a reduction of the amount due to the federal government for unemployment compensation benefits of $152.0 million and a decrease in securities lending payables of $142.6 million.

Changes in Net Assets

The following is condensed from the Statement of Activities:

State of Indiana
Condensed Schedule of Change in Net Assets
(in millions of dollars)

	Primary Government					
	Governmental Activities Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 2,258.2	$ 1,471.6	$ 1,009.9	$ 1,654.5	$ 3,268.1	$ 3,126.1
Operating grants and contributions	11,087.5	10,939.0	1,002.3	1,496.7	12,089.8	12,435.7
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Individual and corporate income taxes	5,411.3	5,781.3	-	-	5,411.3	5,781.3
Sales taxes	6,519.5	6,365.1	-	-	6,519.5	6,365.1
Other	2,903.9	2,840.3	3.8	11.8	2,907.7	2,852.1
Total revenues	28,180.4	27,397.3	2,016.0	3,163.0	30,196.4	30,560.3
Program Expense						
General government	2,642.5	2,261.2	-	-	2,642.5	2,261.2
Public safety	1,352.7	1,357.7	-	-	1,352.7	1,357.7
Health	305.3	344.1	-	-	305.3	344.1
Welfare	11,157.9	9,805.8	-	-	11,157.9	9,805.8
Conservation, culture and development	589.2	530.0	-	-	589.2	530.0
Education	10,277.8	10,367.0	-	-	10,277.8	10,367.0
Transportation	1,535.7	1,748.6	-	-	1,535.7	1,748.6
Interest expense	0.7	0.8	-	-	0.7	0.8
Unemployment compensation fund	-	-	1,844.7	3,217.6	1,844.7	3,217.6
Other	-	-	23.1	23.2	23.1	23.2
Total expenses	27,861.8	26,415.2	1,867.8	3,240.8	29,729.6	29,656.0
Excess (deficiency) before transfers	318.6	982.1	148.2	(77.8)	466.8	904.3
Transfers	2.1	2.6	(2.1)	(2.6)	-	-
Change in net assets	320.7	984.7	146.1	(80.4)	466.8	904.3
Beginning net assets, as restated	18,897.5	17,912.8	(1,690.5)	(1,610.1)	17,207.0	16,302.7
Ending net assets	$ 19,218.2	$ 18,897.5	$ (1,544.4)	$ (1,690.5)	$ 17,673.8	$ 17,207.0

Governmental Activities

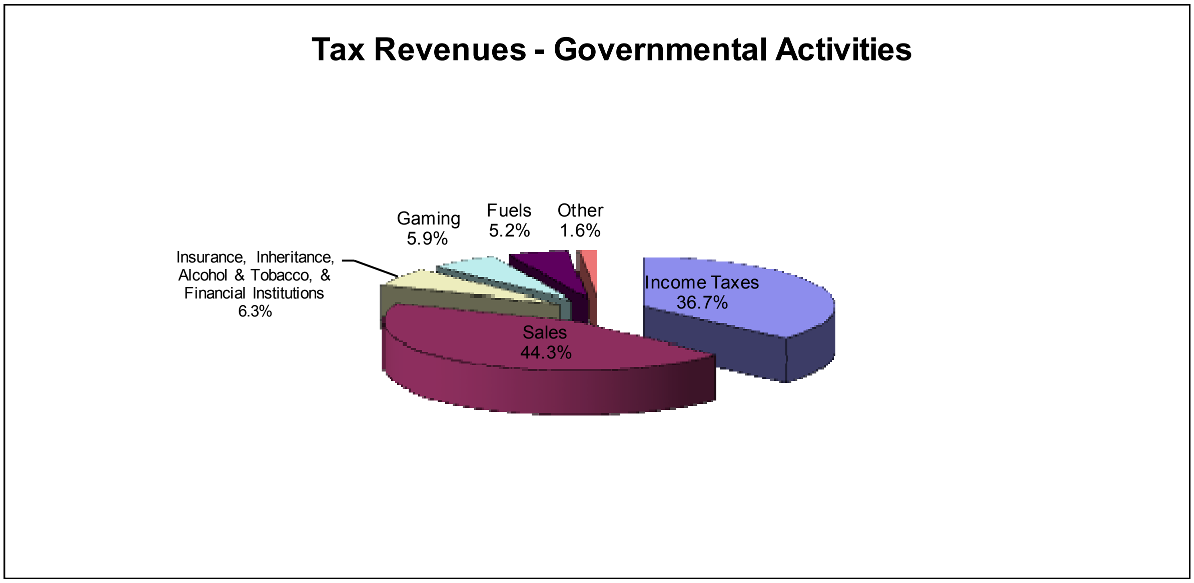
Program expenses exceeded program revenues by $14.5 billion. General revenues and transfers were $14.8 billion. The increase in net assets was $0.3 billion, which is 1.1% of total revenues and 1.2% of total expenses.

The increase to excess (deficiency) before transfers was $318.6 million.

Revenues increased mainly because of the increase in program revenues from charges for services (PR-CS) of $786.6 million. Medicaid PR-CS revenues increased from a new hospital assessment fee which generated $554.0 million and from an increase to the accrual to recognize accounts receivable of $139.1 million. Also contributing to the increase in revenues was the increase in sales tax revenues of $154.4 million.

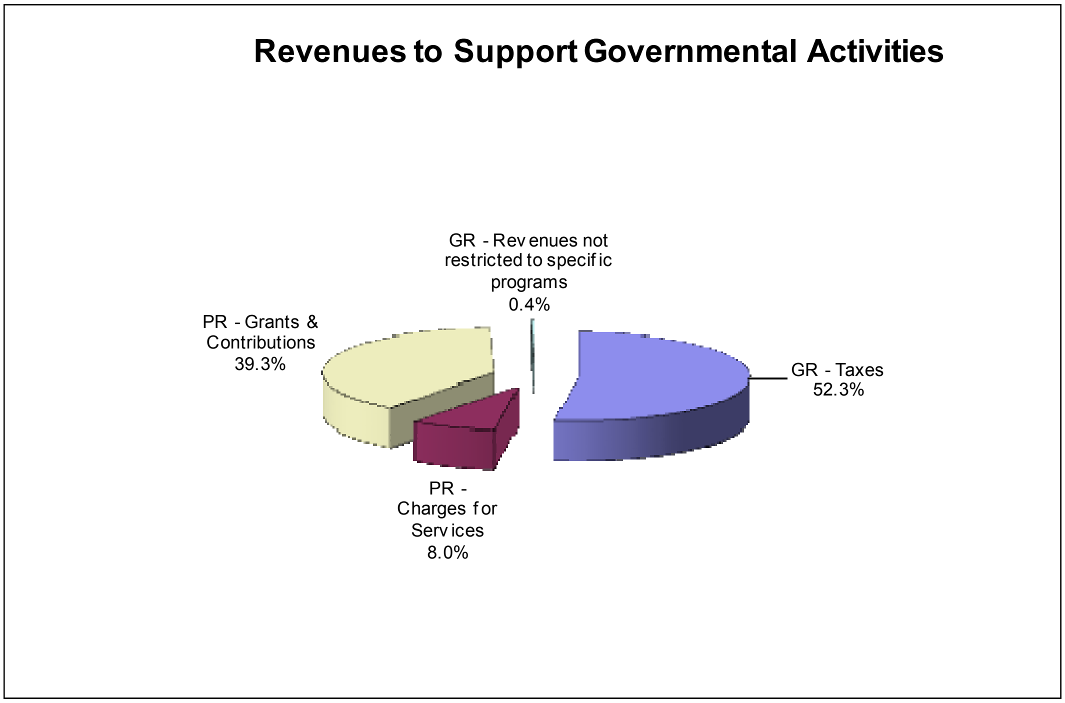
Expenses increased by $1.4 billion or 5.5%. Although General Government expenses increased by $381.3 million, these expenses represent just 62% of the fiscal year 2009 level. Welfare expenses increased by $1.4 billion due to increases in Medicaid assistance.

Tax revenues for governmental activities were broken down as follows:



Tax revenues of $14.7 billion represent 52.3% of total revenues for governmental activities. This compares to $14.9 billion in FY 2011 or 54.5% of total revenues in FY 2011. Program revenues accounted for $13.3 billion or 47.4% of total revenues. In FY 2011, program revenues accounted for $12.4 billion or 45.3% of total revenues. General revenues other than tax revenues were $106.4 million or 0.4% of total revenues. Of this $16.3 million was investment earnings. This compares to 2011, when general revenues other than taxes were $57.8 million or 0.2% of total revenues and $22.5 million was investment earnings. Investment earnings decreased by $6.2 million from FY 2011 to FY 2012 or 27.6% due to lower interest rates.

Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

Total revenues were 101.1% of expenses which was a decrease from 103.7% in FY 2011. Total revenues increased 2.9% from \$27.4 billion in FY 2011 to \$28.2 billion in FY 2012. Expenses grew 5.5% from \$26.4 billion in FY 2011 to \$27.9 billion in FY 2012.

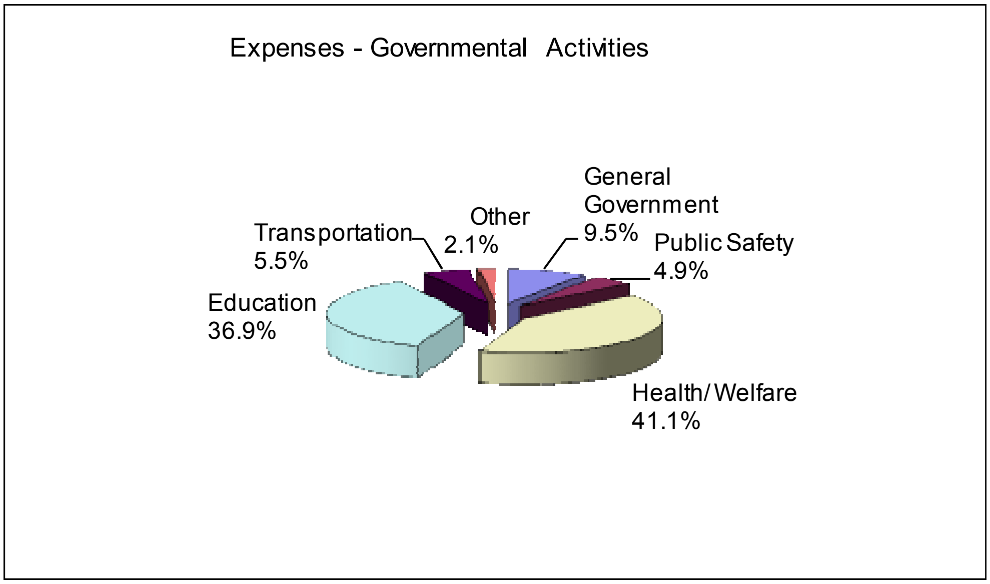
The largest portion of the State's expenses is for Welfare, which is \$11.2 billion, or 40.0% of total expenses. This compares with \$9.8 billion, or 37.1% of total expenses in FY 2011. The change in expenses was an increase of \$1.4 billion or 13.8%. \$2.7 billion of Welfare expenses in FY 2012 were funded from general revenues.

Some of the major expenses were Medicaid assistance, \$7.2 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, \$1.5 billion, and the U.S. Department of Health and Human Services Fund, \$1.3 billion.

Education comprises 36.9%, or \$10.3 billion of the State's expenses. In FY 2011, Education accounted for 39.2%, or \$10.4 billion, of expenses. The change in expenses was a decrease of \$0.1 billion, or 0.9%. Some of the major expenses were tuition support, \$6.3 billion, General Fund appropriations for State colleges and universities, \$1.4 billion, Teachers' Retirement Pension, \$660.1 million, federal grant programs from the U.S. Department of Education Fund, \$633.3 million, federal grant programs from the U.S. Department of Agriculture Fund, \$358.9 million, State Student Assistance Commission, which awards grants and scholarships to Hoosier students, \$287.2 million, full day kindergarten, \$82.0 million, and post-retiree pensions, \$65.3 million.

\$2.6 billion, or 9.5% of expenses, was spent for General Government. General Government comprised \$2.3 billion or 8.6% of expenses in FY 2011. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. Some reasons for the increase were increases in expenditures for pensions, lease payments for state office buildings, and for grants made through the Lieutenant Governor's Office and to component units for housing and urban development projects.

Total expenses for governmental activities were broken down as follows:



Business-type Activities

Business-type activities represent 6.7% of the Primary Government's revenues and 6.3% of the expenses. The Unemployment Compensation Fund accounts for 98.7% of business-type activities' operating revenues and 99.0% of operating expenses. The change in net assets for business-type activities was an increase of $146.0 million.

The Unemployment Compensation Fund collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals and the fund covers general and administrative expenses. Revenue in the fund exceeded benefits and administrative expenses paid by $141.2 million. This compares to FY 2011 when this fund's expenses exceeded revenue by $92.4 million. Employer contributions into the fund decreased by $0.6 billion, from $1.6 billion in FY 2011 to $1.0 billion in FY 2012. Federal revenues into the fund decreased by $0.5 billion, from $1.5 billion in FY 2011 to $1.0 billion in FY 2012. The increase in net assets is due primarily to the decrease in unemployment benefits paid to Hoosiers resulting from an improving economy. The amount due to the federal government also decreased to contribute to the increase in net assets.

Net Cost of Primary Government
(in millions)

	June 30, 2012	June 30, 2011	% Change
Governmental Activities:			
General government	$ 1,600.7	$ 1,430.9	11.9%
Public safety	720.4	725.9	-0.8%
Health	53.6	121.0	-55.7%
Welfare	2,654.1	2,207.8	20.2%
Conservation, culture, and development	160.4	96.9	65.5%
Education	9,069.3	8,942.3	1.4%
Transportation	257.0	479.0	-46.3%
Unallocated interest expense	0.7	0.8	-12.5%
Other	-	-	100.0%
Business-type Activities:			
Unemployment Compensation Fund	(141.2)	92.4	-252.8%
Malpractice Insurance Authority	(0.1)	(0.3)	-66.7%
Inns and Concessions	(3.1)	(2.7)	14.8%
TOTAL	$ 14,371.8	$ 14,094.0	2.0%

This schedule shows the net expense (revenue) attributable to each function of government. Each function of Indiana government is either self-supporting (a negative number) or requires additional general revenues to cover expenses (a positive number).

Financial Analysis of the State's Funds

The following is an analysis of the State's major governmental funds. Please note that transfers in and transfers out for these funds are explained in much greater detail in note IV(B) in the Notes to the Financial Statements.

General Fund

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund. The fund balance of the General Fund at June 30, 2012 was $3.4 billion, which is 79.8% of assets. This compares to a fund balance at June 30, 2011 of $3.0 billion, which was 67.8% of assets. This indicates that the State's financial position in the General Fund increased from the prior year by $341.6 million. The fund balance of $3.4 billion is composed of restrictions of $363.2 million, commitments of $20.9 million, and assignments of $652.0 million, leaving an unassigned balance of $2.3 billion. The restricted amount consists of the State's Rainy Day Fund. For more information on the components of fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 5.4%, or $0.7 billion, from FY 2011, because of the increase in total tax revenue which included a $386.0 million (6.2%) increase in sales tax and a $265.0 million (4.8%) increase in income tax. Sales tax revenues increased 6.2%, from FY 2011. The increase in tax revenues is explained by the continuing recovery in the State's economy.

General Fund expenditures increased $536.0 million, or 4.8% from FY 2011. Distributions to local units of government were a reason for the increase in expenditures.

The General Fund had transfers in of $1.4 billion compared to $1.7 billion in FY 2011. Transfers out were $3.1 billion and were the same in FY 2011. More detail on these transfers can be found in the Notes to the Financial Statements IV(B).

Overall, the increased position of the General Fund in the amount of $341.6 million can be attributed to increases in the program revenues of the State.

Public Welfare-Medicaid Assistance Fund

Medicaid is an insurance program for low-income people. It is jointly funded by the Federal government and the State. The Medicaid Assistance Fund received $4.9 billion in Federal revenue as compared to $4.5 billion in FY 2011. State funding comes through the $2.0 billion of transfers in from the General Fund and was the same in FY 2011. Transfers out were $177.7 million compared with $198.3 million in FY 2011. The Fund distributed $7.2 billion in Medicaid assistance during the year, which is an increase of $1.3 billion over FY 2011. Hospital rates were increased in FY 2012 in coordination with the hospital assessment fee program accounting for the increase. The change in fund balance increased by $275.1 million from FY 2011 to FY 2012.

Major Moves Construction Fund

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

The Major Moves Construction Fund transferred $543.3 million to the State Highway Fund. The fund received $37.3 million in investment income and made distributions of $31.8 million to IFA's toll subsidy account and $10.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2011 to FY 2012 was a decline of $548.1 million.

ARRA of 2009 Fund

The ARRA of 2009 Fund was created in FY 2009 upon the American Recovery and Reinvestment Act of 2009 becoming law on February 17, 2009. The objective for ARRA of 2009 Fund spending is to stimulate the economy and create jobs. The programs that received the largest amount of funds included Medicaid, Education, Infrastructure, and Energy/Environment.

The ARRA of 2009 Fund received $348.3 million in federal grants revenues compared to $1.1 billion in FY 2011. The fund expended $304.9 million during the year, compared with $1.1 billion in FY 2011. Grant revenues and expenditures of the fund decreased primarily due to the completion of grant programs under the act. The largest decreases in expenditures were for General Government of $236.2 million, Transportation of $218.4 million, Welfare of $217.6 million, and for Education of $111.4 million.

The fund balance increased by $43.5 million from FY 2011 to FY 2012.

U.S. Department of Transportation Fund

The U.S. Department of Transportation Fund is a fund created during fiscal year 2010 with the implementation of the new statewide accounting system to implement State transportation programs. The fund collected $1.1 billion in grants and received $168.6 million in transfers in, which are taxes and revenues collected in other funds, compared with $882.0 million and $395.7 million in FY 2011, respectively. The fund expended $1.3 billion during the year, which is an increase of $0.3 billion from FY 2011. The fund balance decreased by $173.9 million from FY 2011 to FY 2012. The decrease is principally from the increase in transportation expenditures.

U.S. Department of Health and Human Services Fund

The U.S. Department of Health and Human Services Fund is a fund created during fiscal year 2010 with the implementation of the new statewide accounting system to account for federal grants that are used to carry out health and human services programs.

The US DHHS Fund received $934.1 million in federal grant revenues and expended $1.4 billion. The US DHHS Fund received transfers in of $352.2 million mostly from the General Fund for various health and human services programs. The change in fund balance from FY 2011 to FY 2012 was a decrease of $124.7 million.

General Fund Budgetary Highlights

Actual State general fund revenue collections increased by $850.9 million, or 6.4%, in FY 2012. Actual expenditure growth was 0.54% in FY 2012 compared with FY 2011, after remaining essentially flat (0.03%) in FY 2011 compared with FY 2010. Annual expenditure growth has averaged 1.3% over the past seven years in comparison to growth of nearly 5.9% between FY 1996 and FY 2004. At year-end, the State had $2.2 billion in reserves, with $1.8 billion residing in the general fund and $351.6 million residing in the Rainy Day Fund.

Capital Asset and Debt Administration

Capital Assets

Capital assets were $13.4 billion, which was 53.7% of total assets for the primary government. Related debt was $1.2 billion. Total capital assets net of related debt for the primary government was $12.2 billion. Related debt was 9.1% of capital assets. Total capital assets increased by $786.1 million or 6.3% and is attributable to increases in the Indiana Department of Transportation's land, infrastructure, and construction in progress (CIP). The net increase in capital assets is comprised of increases for INDOT's capital assets of $839.9 million, software in development of $19.9 million, and $3.0 million in DOA Public Works CIP with decreases of $61.8 million for the primary government, $13.2 million in capital lease assets, and $1.7 million in internal service funds' capital assets. CIP consisting of right of way and work in progress increased $211.5 million, infrastructure consisting of interstate roads, non-interstate roads, and bridges increased $538.5 million, and land increased by $89.9 million. More detailed information about the State's capital assets is presented in Note IV(D) to the Financial Statements.

The following table shows the percentage change from fiscal year 2011 to fiscal year 2012.

State of Indiana
Capital Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2012	2011	2012	2011	2012	2011	
Land	$ 1,710.0	$ 1,671.5	$ -	$ -	$ 1,710.0	$ 1,671.5	2.3%
Infrastructure	8,946.8	8,408.5	-	-	8,946.8	8,408.5	6.4%
Construction in Progress	1,806.0	1,571.6	-	-	1,806.0	1,571.6	14.9%
Property, plant and equipment	2,110.7	2,119.6	0.4	0.4	2,111.1	2,120.0	-0.4%
Computer software	40.1	37.8	-	-	40.1	37.8	6.1%
Less accumulated depreciation	(1,253.5)	(1,235.1)	(0.4)	(0.3)	(1,253.9)	(1,235.4)	1.5%
Total	**$ 13,360.1**	**$ 12,573.9**	**$ -**	**$ 0.1**	**$ 13,360.1**	**$ 12,574.0**	**6.3%**

Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100% of total long-term liabilities and 39.1% of total liabilities.

The following table shows the percentage change from fiscal year 2011 to fiscal year 2012.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	
Accrued liability for compensated absences	$ 63.8	$ 62.4	$ 0.3	$ 0.3	$ 64.1	$ 62.7	2.2%
Intergovernmental payable	20.0	30.0	-	-	20.0	30.0	-33.3%
Capital lease payable	1,158.8	1,182.3	-	-	1,158.8	1,182.3	-2.0%
Claims payable	-	-	26.2	29.3	26.2	29.3	-10.6%
Net pension obligations	1,344.3	1,207.9	-	-	1,344.3	1,207.9	11.3%
Other postemployment benefits	119.6	118.2	-	-	119.6	118.2	1.2%
Pollution remediation	38.7	32.6	-	-	38.7	32.6	18.7%
Due to component units	50.0	50.0	-	-	50.0	50.0	0.0%
Total	**$ 2,795.2**	**$ 2,683.4**	**$ 26.5**	**$ 29.6**	**$ 2,821.7**	**$ 2,713.0**	**4.0%**

Total long-term liabilities increased by 4.0% or $108.7 million. The largest increase was in net pension obligations of $136.4 million. Other long-term liabilities to increase were pollution remediation by $6.1 million, accrued liability for compensated absences by $1.4 million, and OPEB by $1.4 million.

The increase in net pension obligations is because there were increases of $89.3 million in the TRF Pre-1996 Plan and $45.0 million in the PERF-State Plan.

The increase in the pollution remediation liability was because of increases of $5.4 million for IDEM's Superfund and State Cleanup pollution sites and of $1.3 million for DNR's pollution sites. INDOT's liability for pollution sites decreased by $0.6 million.

Other postemployment benefits increased by $1.4 million. This increase in OPEB liability is based on the OPEB financial report for the fiscal year ending June 30, 2012. The Indiana State Police Plan's (ISPP) liability increased by $7.7 million and the Legislature Plan (LP) increased by $0.3 million. The Indiana State Personnel Plan (SPP) decreased by $3.2 million and the Conservation Excise Police Plan (CEPP) decreased by $3.4 million. The CEPP joined the SPP and ISPP in pre-funding retiree health benefits.

Significant decreases in long-term liabilities were for capital leases payable of $23.5 million and intergovernmental payables of $10.0 million. The decrease in capital leases payable is because there was a decrease of $42.7 million in the direct financing lease with the highway revenue bonds of the Indiana Finance Authority along with a net decrease in other capital assets of $3.0 million which were offset by an increase of $22.3 million in the direct financing lease with the State Office Building Commission revenue bonds of the Indiana Finance Authority. The $10.0 million decrease in intergovernmental payables resulted from the fulfillment of the statutory obligation to the Northwest Indiana Regional Development Authority.

Claims payable for business activities decreased by $3.1 million. This was the amount of decrease in claims payable for the Indiana Residual Malpractice Insurance Authority.

More detailed information about the State's long term obligations is presented in Note IV(F) to the Financial Statements.

Infrastructure

As required by GASB Statement No. 34, the State has capitalized its infrastructure. This amounts to $8.9 billion in roads and bridges using the modified approach, $1.5 billion in right of way classified as land, and $22.6 million in property (septic, sewer, and water systems; and streets/sidewalks/curbs) and dams being depreciated. In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

Under the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 11,000 centerline miles of pavement on 214 routes and approximately 5,300 bridges that the State is responsible to maintain.

The State has consistently maintained the assessed conditions of roads over the past three years. It is the State's policy to maintain a network average International Roughness Index (IRI) of no more than 95 for Interstate Roads, NHS Non-Interstate and Non-NHS Roads (a good rating is in the range of 80–115). The most recent condition assessment, completed for FY 2012, indicated that the average IRI for roads was in an acceptable range.

The State has maintained the assessed conditions of bridges at levels which are above the established benchmarks. It is the State's policy to maintain Interstate bridges at an average sufficiency rating of 87%, NHS Non-Interstate bridges at an average sufficiency rating of 85%, and Non-NHS bridges at an average sufficiency rating of 83% (a good rating is 80% - 90%). The most recent condition assessment, completed in FY 2012, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

Total actual maintenance and preservation costs for roads exceeded plan. Actual maintenance costs for interstate roads were lower than planned due to moving some projects to fiscal year 2013; however, this roadway type maintained a good condition rating.

Total actual maintenance and preservation costs for bridges were lower than planned including on the NHS and non-NHS road classes. Several; bridge projects were postponed to fiscal year 2013. Total actual maintenance and preservation costs for bridges on interstate roads exceeded plan. Bridge sufficiency ratings were within the State's policy for the maintenance of bridges in all road classes

Economic Factors

The economic and revenue forecasts upon which the FY 2012 – FY 2013 State budget was based were presented to the State Budget Committee on April 15, 2011. At that time, real Gross Domestic Product (real GDP) was forecast to increase by 3.1% in FY 2012, while nominal GDP was forecast to increase by 4.8%. Corporate profits were forecast to increase by 2.7% and the S&P 500 was forecast to increase by 10.7%. Indiana personal income and Indiana personal income net of transfer payments were forecast to increase by 3.9% and 4.2%, respectively. The Indiana unemployment rate was forecast to average 8.5% for FY 2012.

The April 2011 forecast was last updated on December 14, 2011. Real GDP was forecast to increase by 1.7% in FY 2012. Corporate profits were forecast to increase by 6.5% and the S&P 500 was forecast to decrease by 0.2%. For FY 2012, the US personal savings rate was forecast to average 3.8%. Indiana personal income was forecast to increase by 3.2% in FY 2012, while transfer payments as a percent of Indiana personal income were forecasted to average 20.1%.

The U.S. Bureau of Economic Analysis (BEA) currently estimates that real GDP increased by 2.0% in FY 2012. Corporate profits and the S&P 500 increased by 7.7% and 4.7%, respectively, in FY 2012. The US personal savings rate averaged 3.7% during this time. BEA currently estimates that Indiana personal income increased by 4.4%. Transfer payments as a percent of Indiana personal income averaged 19.6% in FY 2012. The Indiana unemployment rate averaged 8.7% in FY 2012.

Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Auditor of State, Room 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793, telephone (317) 232-3300.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE

FINANCIAL STATEMENTS

State of Indiana
Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current assets:				
Cash, cash equivalents and investments	$ 7,358,669	$ 108,674	**$ 7,467,343**	$ 4,054,799
Securities lending collateral	142,338	-	**142,338**	129,632
Receivables (net)	2,737,998	99,677	**2,837,675**	604,502
Intergovernmental receivables	-	-	**-**	264,750
Inventory	5,274	555	**5,829**	17,033
Prepaid expenses	-	90	**90**	8,577
Loans	70,308	-	**70,308**	216,685
Due from component unit	4,786	-	**4,786**	-
Investment in direct financing lease	-	-	**-**	66,934
Funds held in trust by others	-	-	**-**	23,402
Other current assets	-	-	**-**	84,739
Total current assets	10,319,373	208,996	**10,528,369**	5,471,054
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	-	**-**	3,520,770
Taxes, interest, and penalties receivable	552,466	-	**552,466**	-
Pollution remediation recovery	17,855	-	**17,855**	-
Other receivables	129	-	**129**	438,551
Investments - unrestricted	-	-	**-**	4,648,386
Loans	367,528	-	**367,528**	3,185,101
Bond issuance costs net of amortization	-	-	**-**	40,667
Intergovernmental loans	-	-	**-**	1,652,945
Due from primary government	-	-	**-**	50,000
Investment in direct financing lease	-	-	**-**	2,196,175
Deferred outflow - derivative instrument	-	-	**-**	288,454
Net pension assets	29,042	-	**29,042**	1,727
Other postemployment benefits	27,728	-	**27,728**	26,407
Other noncurrent assets	-	-	**-**	33,535
Capital assets:				
Land	1,709,958	-	**1,709,958**	606,532
Infrastructure	8,946,814	-	**8,946,814**	910,621
Construction in progress	1,806,023	-	**1,806,023**	581,107
Property, plant, and equipment	2,110,654	410	**2,111,064**	11,126,238
Computer software	40,113	-	**40,113**	-
Less accumulated depreciation/amortization	(1,253,453)	(350)	**(1,253,803)**	(4,991,354)
Total capital assets, net of depreciation/amortization	13,360,109	60	**13,360,169**	8,233,144
Total noncurrent assets	14,354,857	60	14,354,917	24,315,862
Total assets	**24,674,230**	**209,056**	**24,883,286**	**29,786,916**
Liabilities:				
Current liabilities:				
Accounts payable	2,022,256	536	**2,022,792**	362,062
Claims payable	-	3,888	**3,888**	18,736
Interest payable	-	-	**-**	147,065
Current portion of long-term debt	-	-	**-**	908,398
Intergovernmental payable	169,670	-	**169,670**	-
Due to primary government	-	-	**-**	4,786
Capital lease payable	51,198	-	**51,198**	1,885
Accrued prize liability	-	-	**-**	70,408
Salaries, health, disability, and benefits payable	143,274	356	**143,630**	118,748
Tax refunds payable	41,536	-	**41,536**	-
Unearned revenue	43	4,552	**4,595**	376,588
Accrued liability for compensated absences	77,295	205	**77,500**	85,684
Due to federal government (net)	-	1,716,825	**1,716,825**	-
Pollution remediation payable	7,260	-	**7,260**	766
Securities lending payable	52	-	**52**	-
Securities lending collateral	142,338	-	**142,338**	129,632
Deposits held in custody for others	-	-	**-**	91,400
Other current liabilities	6,003	598	**6,601**	10,013
Total current liabilities	2,660,925	1,726,960	**4,387,885**	2,326,170

State of Indiana
Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Long-term liabilities:				
Accrued liability for compensated absences	63,754	251	**64,005**	69,890
Claims payable	-	26,283	**26,283**	-
Intergovernmental payable	20,000	-	**20,000**	-
Accrued prize liability	-	-	**-**	124,241
Net pension obligations	1,344,297	-	**1,344,297**	-
Other postemployment benefits	119,631	-	**119,631**	75,475
Pollution remediation payable	38,691	-	**38,691**	2,797
Due to component unit	50,000	-	**50,000**	-
Unearned revenue	-	-	**-**	3,439,716
Capital lease payable	1,158,779	-	**1,158,779**	2,611
Funds held in trust for others	-	-	**-**	181,223
Advances from federal government	-	-	**-**	30,653
Revenue bonds/notes payable	-	-	**-**	11,292,774
Derivative instrument liability	-	-	**-**	288,454
Other noncurrent liabilities	-	-	**-**	87,662
Total long-term liabilities	2,795,152	26,534	2,821,686	15,595,496
Total liabilities	**5,456,077**	**1,753,494**	**7,209,571**	**17,921,666**
Net Assets:				
Invested in capital assets net of related debt	12,150,131	60	**12,150,191**	4,209,228
Restricted-nonexpendable:				
Grants/constitutional restrictions	-	-	**-**	58,973
Permanent funds	501,125	-	**501,125**	72,442
Future debt service	-	-	**-**	192,798
Public safety programs	-	-	**-**	2,713
Capital projects	-	-	**-**	5,231
Pension fund distribution	-	-	**-**	425
Instruction and research	-	-	**-**	700,842
Student aid	-	-	**-**	740,945
Other purposes	-	-	**-**	298,717
Total restricted-nonexpendable	501,125	-	**501,125**	2,073,086
Restricted-expendable:				
Instruction and research	-	-	**-**	587,321
Grants/constitutional restrictions	363,212	-	**363,212**	8,418
Endowments	-	-	**-**	407,214
Future debt service	-	-	**-**	307,722
Public safety programs	-	-	**-**	6,599
Student aid	-	-	**-**	705,529
Auxiliary enterprises	-	-	**-**	2,396
Capital projects	-	-	**-**	223,210
Repairs and rehabilitation	-	-	**-**	167
Water pollution and drinking water projects	-	-	**-**	1,189,748
Other purposes	-	-	**-**	474,160
Total restricted-expendable	363,212	-	**363,212**	3,912,484
Unrestricted	6,203,685	(1,544,498)	**4,659,187**	1,670,451
Total net assets	**$ 19,218,153**	**$ (1,544,438)**	**$ 17,673,715**	**$ 11,865,249**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Activities
For the Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 2,642,538	$ 705,733	$ 335,985	$ -	$ (1,600,820)	$ -	$ (1,600,820)	$ -
Public safety	1,352,723	467,629	164,712	-	(720,382)	-	(720,382)	-
Health	305,292	8,407	243,295	-	(53,590)	-	(53,590)	-
Welfare	11,157,862	861,089	7,642,677	-	(2,654,096)	-	(2,654,096)	-
Conservation, culture and development	589,248	155,943	272,867	-	(160,438)	-	(160,438)	-
Education	10,277,808	4,381	1,204,174	-	(9,069,253)	-	(9,069,253)	-
Transportation	1,535,689	54,977	1,223,744	-	(256,968)	-	(256,968)	-
Unallocated interest expense	662	-	-	-	(662)	-	(662)	-
Total governmental activities	27,861,822	2,258,159	11,087,454	-	(14,516,209)	-	(14,516,209)	-
Business-type activities								
Unemployment Compensation Fund	1,844,794	983,708	1,002,329	-	-	141,243	141,243	-
Malpractice Insurance Authority	2,045	2,098	-	-	-	53	53	-
Inns and Concessions	21,018	24,088	-	-	-	3,070	3,070	-
Total business-type activities	1,867,857	1,009,894	1,002,329	-	-	144,366	144,366	-
Total primary government	$ 29,729,679	$ 3,268,053	$ 12,089,783	$ -	(14,516,209)	144,366	(14,371,843)	-
Component units:								
Governmental	43,162	240	11,309	-	-	-	-	(31,613)
Proprietary	2,045,267	1,465,160	758,801	324	-	-	-	179,018
Colleges and universities	6,203,281	3,293,396	1,120,681	56,755	-	-	-	(1,732,449)
Total component units	$ 8,291,710	$ 4,758,796	$ 1,890,791	$ 57,079	-	-	-	(1,585,044)
General Revenues:								
Income tax					$ 5,411,333	$ -	$ 5,411,333	$ -
Sales tax					6,519,533	-	6,519,533	-
Fuels tax					760,991	-	760,991	-
Gaming tax					867,055	-	867,055	1,005
Unemployment tax					102	-	102	-
Inheritance tax					169,769	-	169,769	-
Alcohol & Tobacco tax					478,794	-	478,794	-
Insurance tax					206,733	-	206,733	-
Financial Institutions tax					73,194	-	73,194	-
Other tax					240,854	-	240,854	-
Total taxes					14,728,358	-	14,728,358	1,005
Revenue not restricted to specific programs								
Investment earnings					16,345	3,753	20,098	202,790
Payments from State of Indiana					-	-	-	1,490,999
Other					90,078	-	90,078	662,400
Transfers within primary government					2,101	(2,101)	-	-
Total general revenues and transfers					14,836,882	1,652	14,838,534	2,357,194
Changes in net assets					320,673	146,018	466,691	772,150
Net assets - beginning, as restated					18,897,480	(1,690,456)	17,207,024	11,093,099
Net assets - ending					$ 19,218,153	$ (1,544,438)	$ 17,673,715	$ 11,865,249

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

State of Indiana
Balance Sheet
Governmental Funds
June 30, 2012
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Major Moves Construction Fund	ARRA of 2009
Assets:				
Cash, cash equivalents and investments-unrestricted	$ 2,401,239	$ 579,016	$ 1,181,875	$ 14,146
Securities lending collateral	82,386	-	49,938	-
Receivables:				
Taxes (net of allowance for uncollectible accounts)	1,630,025	-	-	-
Securities lending	24	-	24	-
Accounts	13,913	164,738	-	39
Grants	2	541,307	-	3,945
Interest	6,387	-	-	-
Interfund loans	81,915	-	-	-
Due from component unit	1,693	-	-	-
Loans	12,026	-	-	-
Total assets	$ 4,229,610	$ 1,285,061	$ 1,231,837	$ 18,130
Liabilities:				
Accounts payable	$ 146,766	$ 871,027	$ 38	$ 4,177
Salaries and benefits payable	43,261	-	-	-
Interfund loans	-	-	-	-
Interfund services used	2,489	-	-	22
Intergovernmental payable	40,913	-	-	-
Tax refunds payable	27,807	-	-	-
Deferred revenue	508,304	-	-	-
Accrued liability for compensated absences-current	2,965	-	-	-
Pollution remediation payable	3	-	-	-
Securities lending payable	24	-	24	-
Securities lending collateral	82,386	-	49,938	-
Total liabilities	854,918	871,027	50,000	4,199
Fund balance:				
Nonspendable	-	-	-	-
Restricted	363,212	-	-	-
Committed	20,859	-	-	-
Assigned	652,032	414,034	1,181,837	13,931
Unassigned	2,338,589	-	-	-
Total fund balances	3,374,692	414,034	1,181,837	13,931
Total liabilities and fund balances	$ 4,229,610	$ 1,285,061	$ 1,231,837	$ 18,130

The notes to the financial statements are an integral part of this statement.

US Department of Transportation	US Department of Health & Human Services	Non-Major Governmental Funds	Total
$ -	$ -	$ 3,111,098	**$ 7,287,374**
-	-	10,014	**142,338**
-	-	148,502	**1,778,527**
-	-	4	**52**
6,062	-	41,405	**226,157**
95,684	78,370	159,015	**878,323**
-	-	85	**6,472**
-	-	-	**81,915**
-	-	3,093	**4,786**
-	-	425,809	**437,835**
$ 101,746	$ 78,370	$ 3,899,025	**$ 10,843,779**
$ 163,869	$ 91,173	207,581	**$ 1,484,631**
51	7,663	40,816	**91,791**
18,582	58,560	4,773	**81,915**
7	1,042	3,391	**6,951**
-	-	118,757	**159,670**
-	-	13,729	**41,536**
-	-	49,997	**558,301**
3	530	2,750	**6,248**
-	-	72	**75**
-	-	4	**52**
-	-	10,014	**142,338**
182,512	158,968	451,884	**2,573,508**
-	-	501,125	**501,125**
-	-	-	**363,212**
-	-	1,058,919	**1,079,778**
-	-	1,984,283	**4,246,117**
(80,766)	(80,598)	(97,186)	**2,080,039**
(80,766)	(80,598)	3,447,141	**8,270,271**
$ 101,746	$ 78,370	$ 3,899,025	**$ 10,843,779**

State of Indiana
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2012
(amounts expressed in thousands)

Total fund balances-governmental funds		$ 8,270,271
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 1,709,958	
Infrastructure assets	8,946,814	
Construction in progress	1,806,023	
Property, plant, and equipment	2,081,440	
Accumulated depreciation	(1,202,846)	
Total capital assets, net of depreciation		13,341,389
The State's pension funds have net pension assets not reported as assets in the funds.		29,042
Some of the state's receivables will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Taxes receivable	558,263	
Accounts receivable	64,837	
		623,100
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Accounts payable	(249,607)	
Litigation liabilities	(6,000)	
Pollution remediation	(28,021)	
		(283,628)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		56,204
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued liability for compensated absences	(130,120)	
Other postemployment benefits	(91,903)	
Loan from the Indiana Board for Depositories	(50,000)	
Capital lease payable	(1,201,905)	
Net pension obligations	(1,344,297)	
Total long-term liabilities		(2,818,225)
Net assets of governmental activities		$ 19,218,153

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	Major Moves Construction Fund	ARRA of 2009
Revenues:				
Taxes:				
Income	$ 5,759,944	$ -	$ -	$ -
Sales	6,643,529	-	-	-
Fuels	-	-	-	-
Gaming	88,806	-	-	-
Unemployment	-	-	-	58
Inheritance	169,792	-	-	-
Alcohol and tobacco	299,117	-	-	-
Insurance	202,437	-	-	-
Financial Institutions	-	-	-	-
Other	229,771	-	-	-
Total taxes	13,393,396	-	-	58
Current service charges	219,472	771,336	-	-
Investment income	16,344	-	37,340	-
Sales/rents	5,503	-	-	-
Grants	12,151	4,920,546	-	348,329
Other	84,576	20,552	-	1
Total revenues	13,731,442	5,712,434	37,340	348,388
Expenditures:				
Current:				
General government	1,599,461	-	-	85,667
Public safety	708,233	-	-	8,778
Health	42,650	-	-	4,335
Welfare	601,031	7,243,646	-	88,645
Conservation, culture and development	53,859	-	-	6,067
Education	8,696,505	-	-	61,345
Transportation	1,295	-	42,108	50,027
Total expenditures	11,703,034	7,243,646	42,108	304,864
Excess (deficiency) of revenues over (under) expenditures	2,028,408	(1,531,212)	(4,768)	43,524
Other financing sources (uses):				
Transfers in	1,401,233	1,984,049	-	-
Transfers (out)	(3,116,679)	(177,712)	(543,342)	(36)
Proceeds from capital lease	28,650	-	-	-
Total other financing sources (uses)	(1,686,796)	1,806,337	(543,342)	(36)
Net change in fund balances	341,612	275,125	(548,110)	43,488
Fund Balance July 1, as restated	3,033,080	138,909	1,729,947	(29,557)
Fund Balance June 30	**$ 3,374,692**	**$ 414,034**	**$ 1,181,837**	**$ 13,931**

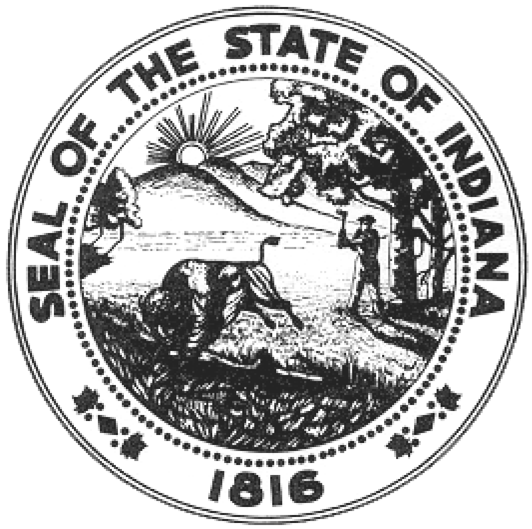
The notes to the financial statements are an integral part of this statement.

US Department of Transportation	US Department of Health & Human Services	Non-Major Governmental Funds	Total
$ -	$ -	$ 178	**$ 5,760,122**
-	-	9,347	**6,652,876**
-	-	779,081	**779,081**
-	-	778,267	**867,073**
-	-	44	**102**
-	-	-	**169,792**
-	-	177,561	**476,678**
-	-	4,297	**206,734**
-	-	94,490	**94,490**
-	-	20,622	**250,393**
-	-	1,863,887	**15,257,341**
5	1,510	1,225,239	**2,217,562**
-	-	31,783	**85,467**
-	-	23,020	**28,523**
1,073,489	934,124	3,561,659	**10,850,298**
40	17	55,585	**160,771**
1,073,534	935,651	6,761,173	**28,599,962**
1,529	17,346	893,361	**2,597,364**
20,206	7,531	598,467	**1,343,215**
-	101,581	160,428	**308,994**
13	1,268,961	1,869,878	**11,072,174**
2,044	-	476,324	**538,294**
-	2,175	1,429,001	**10,189,026**
1,299,742	-	1,051,418	**2,444,590**
1,323,534	1,397,594	6,478,877	**28,493,657**
(250,000)	(461,943)	282,296	**106,305**
168,635	352,170	2,160,656	**6,066,743**
(92,541)	(14,951)	(2,079,931)	**(6,025,192)**
-	23	3,144	**31,817**
76,094	337,242	83,869	**73,368**
(173,906)	(124,701)	366,165	**179,673**
93,140	44,103	3,080,976	**8,090,598**
$ (80,766)	**$ (80,598)**	**$ 3,447,141**	**$ 8,270,271**

State of Indiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	$	179,673
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report net capital outlays for infrastructure as expenditures. However in the statement of activities these outlays are capitalized and under the modified approach not depreciated. This is the amount of the net capital outlays for infrastructure under the modified approach in the current period.		839,935
Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays ($119,771) exceeds depreciation of $67,639 in the current period.		(52,132)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tax revenue		(529,271)
Non-tax revenue		205
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		
Operating expenses		30,567
Statutory expenses		10,000
Amounts due to component units		15,145
The change in net pension assets and net pension obligations do not provide or require the use of current financial resources:		
Decrease in net pension assets		(1,572)
Increase in net pension obligations		(136,393)
The change in other postemployment benefits do not provide or require the use of current financial resources.		26,326
Internal service funds are used by management to charge the costs of certain activities, such as insurance, data processing, telecommunications, fleet management, and printing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.		(61,810)
Change in net assets of governmental activities.	$	320,673

The notes to the financial statements are an integral part of this statement.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State of Indiana
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	$ 34,658	$ 74,016	**$ 108,674**	$ 71,293
Receivables:				
Accounts	96,359	786	**97,145**	25,354
Interest	-	541	**541**	-
Grants	1,991	-	**1,991**	-
Interfund services provided	-	-	**-**	6,951
Inventory	-	555	**555**	5,274
Prepaid expenses	-	90	**90**	-
Total current assets	133,008	75,988	**208,996**	108,872
Noncurrent assets:				
Capital assets:				
Property, plant, and equipment	-	410	**410**	69,327
Less accumulated depreciation	-	(350)	**(350)**	(50,607)
Total capital assets, net of depreciation	-	60	**60**	18,720
Total noncurrent assets	-	60	**60**	18,720
Total assets	**133,008**	**76,048**	**209,056**	**127,592**
Liabilities				
Current liabilities:				
Accounts payable	-	536	**536**	7,144
Claims payable	-	3,888	**3,888**	-
Salaries and benefits payable	-	356	**356**	2,688
Capital lease payable	-	-	**-**	306
Health/disability benefits payable	-	-	**-**	48,795
Accrued liability for compensated absences	-	205	**205**	2,554
Due to federal government (net)	1,716,825	-	**1,716,825**	-
Deferred revenue	-	4,552	**4,552**	5
Other liabilities	-	598	**598**	3
Total current liabilities	1,716,825	10,135	**1,726,960**	61,495
Noncurrent liabilities:				
Accrued liability for compensated absences	-	251	**251**	2,127
Capital lease payable	-	-	**-**	7,766
Claims payable	-	26,283	**26,283**	-
Total noncurrent liabilities	-	26,534	**26,534**	9,893
Total liabilities	**1,716,825**	**36,669**	**1,753,494**	**71,388**
Net assets				
Invested in capital assets net of related debt	-	60	**60**	10,647
Unrestricted	(1,583,817)	39,319	**(1,544,498)**	45,557
Total net assets	**$ (1,583,817)**	**$ 39,379**	**$ (1,544,438)**	**$ 56,204**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Sales/rents/premiums	$ -	$ 25,993	**$ 25,993**	$ 509,972
Employer contributions	983,708	-	**983,708**	-
Charges for services	-	-	**-**	7,874
Federal revenues	996,911	-	**996,911**	-
Other	-	193	**193**	1,129
Total operating revenues	1,980,619	26,186	**2,006,805**	518,975
Cost of sales	-	4,248	**4,248**	23,670
Gross margin	1,980,619	21,938	**2,002,557**	495,305
Operating expenses:				
General and administrative expense	2,183	17,256	**19,439**	142,710
Claims expense	-	1,501	**1,501**	-
Health / disability benefit payments	-	-	**-**	353,753
Unemployment compensation benefits	1,782,305	-	**1,782,305**	-
Depreciation and amortization	-	24	**24**	6,726
Other	-	34	**34**	14,029
Total operating expenses	1,784,488	18,815	**1,803,303**	517,218
Operating income (loss)	196,131	3,123	**199,254**	(21,913)
Nonoperating revenues (expenses):				
Interest and other investment income	-	3,753	**3,753**	1
Interest and other investment expense	(60,306)	-	**(60,306)**	(662)
Gain (Loss) on disposition of assets	-	-	**-**	204
Federal grants	5,418	-	**5,418**	-
Other	-	-	**-**	10
Total nonoperating revenues (expenses)	(54,888)	3,753	**(51,135)**	(447)
Income before contributions and transfers	141,243	6,876	**148,119**	(22,360)
Transfers in	-	-	**-**	550
Transfers (out)	-	(2,101)	**(2,101)**	(40,000)
Change in net assets	141,243	4,775	**146,018**	(61,810)
Total net assets, July 1, as restated	**(1,725,060)**	**34,604**	**(1,690,456)**	**118,014**
Total net assets, June 30	**$ (1,583,817)**	**$ 39,379**	**$ (1,544,438)**	**$ 56,204**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 1,046,126	$ 26,229	**$ 1,072,355**	$ 515,476
Cash paid for general and administrative	(2,183)	(17,383)	**(19,566)**	(156,065)
Cash paid for salary/health/disability benefit payments	-	-	**-**	(347,979)
Cash paid to suppliers	-	(4,251)	**(4,251)**	(24,957)
Cash paid for claims expense	(2,728,160)	(4,393)	**(2,732,553)**	-
Net cash provided (used) by operating activities	(1,684,217)	202	**(1,684,015)**	(13,525)
Cash flows from noncapital financing activities:				
Transfers in	-	-	**-**	550
Transfers out	-	(2,101)	**(2,101)**	(40,000)
Loan from federal government	2,639,785	-	**2,639,785**	-
Repayment of loan from federal government	(922,958)	-	**(922,958)**	-
Federal grants	6,890	-	**6,890**	-
Net cash provided (used) by noncapital financing activities	1,723,717	(2,101)	**1,721,616**	(39,450)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	-	**-**	(5,409)
Proceeds from sale of assets	-	-	**-**	555
Principal payments -- capital leases	-	-	**-**	(306)
Interest paid	-	-	**-**	(662)
Net cash provided (used) by capital and related financing activities	-	-	**-**	(5,822)
Cash flows from investing activities:				
Proceeds from sales of investments	-	5,000	**5,000**	-
Purchase of investments	-	(2,758)	**(2,758)**	-
Interest income (expense) on investments	(60,306)	2,473	**(57,833)**	1
Net cash provided (used) by investing activities	(60,306)	4,715	**(55,591)**	1
Net increase (decrease) in cash and cash equivalents	(20,806)	2,816	**(17,990)**	(58,796)
Cash and cash equivalents, July 1	55,464	5,235	**60,699**	130,089
Cash and cash equivalents, June 30	**$ 34,658**	**$ 8,051**	**$ 42,709**	**$ 71,293**
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	$ 34,658	$ 8,051	**$ 42,709**	$ 71,293
Investments unrestricted	-	65,965	**65,965**	-
Cash, cash equivalents and investments per balance sheet	**$ 34,658**	**$ 74,016**	**$ 108,674**	**$ 71,293**
Noncash investing, capital and financing activities:				
Increase (Decrease) in fair value of investments	$ -	$ 1,351	**$ 1,351**	$ -

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	$ 196,131	$ 3,123	**$ 199,254**	$ (21,913)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	24	**24**	6,726
(Increase) decrease in receivables	(11,533)	68	**(11,465)**	(2,913)
(Increase) decrease in interfund services provided	-	-	**-**	(242)
(Increase) decrease in inventory	-	(3)	**(3)**	(851)
(Increase) decrease in prepaid expenses	-	(15)	**(15)**	-
Increase (decrease) in claims payable	-	(2,892)	**(2,892)**	-
Increase (decrease) in health and disability benefits payable	-	-	**-**	5,775
Increase (decrease) in accounts payable	(1,868,815)	(15)	**(1,868,830)**	(1,034)
Increase (decrease) in deferred revenue	-	(62)	**(62)**	(304)
Increase (decrease) in salaries payable	-	(116)	**(116)**	746
Increase (decrease) in compensated absences	-	(16)	**(16)**	484
Increase (decrease) in other payables	-	106	**106**	1
Net cash provided (used) by operating activities	**$ (1,684,217)**	**$ 202**	**$ (1,684,015)**	**$ (13,525)**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund	Agency Funds
Assets:				
Cash, cash equivalents and non-pension investments	$ 292,365	$ 54,441	$ -	$ 369,259
Securities lending collateral	902,596	-	-	-
Repurchase agreements	97,490	-	-	-
Receivables:				
Taxes	-	4,384	-	143,583
Contributions	201,334	-	-	-
Interest	87,664	3	49	-
Member loans	228	-	-	-
From investment sales	1,700,515	-	-	-
Other	1,213	-	-	53
Total receivables	1,990,954	4,387	49	143,636
Pension and other employee benefit investments at fair value:				
Short term investments	2,494,039	-	-	-
Equity Securities	6,318,255	-	-	-
Debt Securities	11,911,678	-	-	-
Mutual Funds and Collective Trust Funds	131,336	-	-	-
Other	6,219,243	-	-	-
Total investments	27,074,551	-	-	-
Pool Investments at Amortized Cost:				
Cash and cash equivalents	-	-	224,075	-
U.S. Government Agencies	-	-	39,079	-
Commercial Paper	-	-	110,667	-
Total investments	-	-	373,821	-
Other assets	125	-	-	-
Property, plant and equipment net of accumulated depreciation	10,929	-	-	-
Total assets	**30,369,010**	**58,828**	**373,870**	**$ 512,895**
Liabilities:				
Accounts/escrows payable	6,309	1,497	-	$ 497,737
Salaries and benefits payable	2,116	-	-	-
Management fee payable	-	-	31	-
Benefits payable	1,195	-	-	-
Distributions payable	-	-	4	-
Intergovernmental payable	-	2,451	-	-
Investment purchases payable	3,067,466	-	-	-
Securities purchased payable	155,631	-	-	-
Securities lending collateral	902,596	-	-	-
Other	-	-	16	15,158
Total liabilities	**4,135,313**	**3,948**	**51**	**$ 512,895**
Net assets:				
Held in trust for:				
Employees' pension benefits	25,935,649	-	-	
OPEB benefits	281,161	-	-	
Future death benefits	12,366	-	-	
Local units	4,521	-	-	
Trust beneficiaries	-	54,880	-	
Local government investment pool participants	-	-	373,819	
Total net assets	**$ 26,233,697**	**$ 54,880**	**$ 373,819**	

The notes to the financial statements are an integral part of this statement.

State of Indiana
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Investment Trust Fund
Additions:			
Member contributions	$ 341,611	$ 3,988	$ 428,966
Employer contributions	1,695,631	-	-
Contributions from the State of Indiana	89,763	-	-
Net investment income (loss)	300,315	48	1,164
Taxes	-	84,243	-
Less investment expense	(119,318)	-	(1)
Federal reimbursements	481	-	-
Donations/escheats	-	112,083	-
Transfers in	20,339	-	-
Reinvestment of distributions	-	-	564
Other	300	-	-
Total additions	2,329,122	200,362	430,693
Deductions:			
Pension and disability benefits	2,063,840	-	-
Retiree health benefits	13,163	-	-
Death benefits	938	-	-
Payments to participants/beneficiaries	-	187,625	565
Refunds of contributions and interest	95,431	-	675,382
Administrative	31,984	-	414
Pension relief distributions	224,220	-	-
Capital projects	9,359	-	-
Transfers out	20,339	-	-
Other	250	-	186
Total deductions	2,459,524	187,625	676,547
Net increase (decrease) in net assets	(130,402)	12,737	(245,854)
Net assets held in trust, July 1, as restated	26,364,099	42,143	619,673
Net assets held in trust, June 30	**$ 26,233,697**	**$ 54,880**	**$ 373,819**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units
June 30, 2012
(amounts expressed in thousands)

	Governmental	Proprietary	Colleges and Universities	Total
Assets:				
Current assets				
Cash, cash equivalents and investment	$ 138,007	$ 2,040,668	$ 1,876,124	**$ 4,054,799**
Securities lending collatera	-	76,035	53,597	**129,632**
Receivables (net)	153	189,627	414,722	**604,502**
Intergovernmental receivable	-	264,750	-	**264,750**
Inventory	-	680	16,353	**17,033**
Prepaid expenses	-	2,800	5,777	**8,577**
Loans receivable	910	215,775	-	**216,685**
Investment in direct financing lease	-	66,934	-	**66,934**
Funds held in trust by others	-	-	23,402	**23,402**
Other current assets	-	14,734	70,005	**84,739**
Total current assets	139,071	2,872,003	2,459,980	**5,471,054**
Noncurrent assets				
Cash, cash equivalents and investments - restricte	-	1,320,081	2,200,689	**3,520,770**
Other receivables	-	1,506	437,045	**438,551**
Investments - unrestricted	-	400,522	4,247,864	**4,648,386**
Loans receivable	28,328	3,156,773	-	**3,185,101**
Bond issuance costs net of amortization	-	37,714	2,953	**40,667**
Intergovernmental loans	-	1,652,945	-	**1,652,945**
Due from primary government	-	50,000	-	**50,000**
Investment in direct financing lease	-	2,196,175	-	**2,196,175**
Deferred outflow - derivative instrumen	-	285,068	3,386	**288,454**
Net pension assets	-	1,727	-	**1,727**
Other postemployment benefits	-	-	26,407	**26,407**
Other noncurrent assets	-	5,662	27,873	**33,535**
Capital assets:				
Land	-	242,135	364,397	**606,532**
Infrastructure	-	538,207	372,414	**910,621**
Construction in progress	-	54,654	526,453	**581,107**
Property, plant, and equipmen	381	1,434,436	9,691,421	**11,126,238**
Less accumulated depreciation	(155)	(623,701)	(4,367,498)	**(4,991,354)**
Capital assets, net of accumulated depreciation	226	1,645,731	6,587,187	**8,233,144**
Total noncurrent assets	28,554	10,753,904	13,533,404	**24,315,862**
Total assets	**167,625**	**13,625,907**	**15,993,384**	**29,786,916**
Liabilities:				
Current liabilities				
Accounts payable	2,254	46,996	312,812	**362,062**
Claims payable	-	18,736	-	**18,736**
Interest payable	-	115,415	31,650	**147,065**
Current portion of long-term deb	-	646,360	262,038	**908,398**
Due to primary government	-	3,093	1,693	**4,786**
Capital lease payable	-	-	1,885	**1,885**
Accrued prize liability	-	70,408	-	**70,408**
Salaries, health, disability, and benefits payabl	318	173	118,257	**118,748**
Deferred revenue	19,896	108,035	248,657	**376,588**
Accrued liability for compensated absences	263	177	85,244	**85,684**
Pollution remediation payable	-	482	284	**766**
Securities lending collatera	-	76,035	53,597	**129,632**
Deposits held in custody for others	-	32,529	58,871	**91,400**
Other current liabilities	-	4,746	5,267	**10,013**
Total current liabilities	22,730	1,123,185	1,180,255	**2,326,170**
Long-term liabilities				
Accrued liability for compensated absences	103	199	69,588	**69,890**
Accrued prize liability	-	124,241	-	**124,241**
Other postemployment benefits	-	-	75,475	**75,475**
Pollution remediation payable	-	2,797	-	**2,797**
Deferred revenue	-	3,402,662	37,054	**3,439,716**
Capital lease payable	-	-	2,611	**2,611**
Funds held in trust for others	-	-	181,223	**181,223**
Advances from federal government	-	1,830	28,823	**30,653**
Revenue bonds/notes payable	-	8,608,434	2,684,340	**11,292,774**
Derivative instrument liability	-	285,068	3,386	**288,454**
Other noncurrent liabilities	-	3,786	83,876	**87,662**
Total long-term liabilities	103	12,429,017	3,166,376	**15,595,496**
Total liabilities	**22,833**	**13,552,202**	**4,346,631**	**17,921,666**
Net Assets:				
Invested in capital assets net of related deb	226	391,459	3,817,543	**4,209,228**
Restricted-nonexpendable				
Grants/constitutional restriction	-	58,973	-	**58,973**
Permanent funds	-	-	72,442	**72,442**
Future debt service	-	192,798	-	**192,798**
Public safety programs	-	-	2,713	**2,713**
Capital projects	-	673	4,558	**5,231**
Pension fund distribution	-	425	-	**425**
Instruction and research	-	-	700,842	**700,842**
Student aid	-	217	740,728	**740,945**
Other purposes	-	-	298,717	**298,717**
Total restricted-nonexpendable	-	253,086	1,820,000	**2,073,086**
Restricted-expendable				
Instruction and research	-	-	587,321	**587,321**
Grants/constitutional restriction	-	1,688	6,730	**8,418**
Endowments	-	113	407,101	**407,214**
Future debt service	-	281,014	26,708	**307,722**
Public safety programs	-	-	6,599	**6,599**
Student aid	-	-	705,529	**705,529**
Auxiliary enterprises	-	-	2,396	**2,396**
Capital projects	-	17,459	205,751	**223,210**
Repairs and rehabilitation	-	167	-	**167**
Water pollution and drinking water projects	-	1,189,748	-	**1,189,748**
Other purposes	-	1,865	472,295	**474,160**
Total restricted-expendable	-	1,492,054	2,420,430	**3,912,484**
Unrestricted	144,565	(2,062,894)	3,588,780	**1,670,451**
Total net assets	**$ 144,791**	**$ 73,705**	**$ 11,646,753**	**$ 11,865,249**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Proprietary	Colleges and Universities	Net (Expense) Revenue
Governmental	$ 43,162	$ 240	$ 11,309	$ -	$ (31,613)	$ -	$ -	$ (31,613)
Proprietary	2,045,267	1,465,160	758,801	324	-	179,018	-	179,018
Colleges and universities	6,203,281	3,293,396	1,120,681	56,755	-	-	(1,732,449)	(1,732,449)
Total component units	$ 8,291,710	$ 4,758,796	$ 1,890,791	$ 57,079	(31,613)	179,018	(1,732,449)	(1,585,044)
General Revenues:								
Gaming tax					1,005	-	-	1,005
Revenue not restricted to specific programs								
Investment earnings					-	101,358	101,432	202,790
Payments from State of Indiana					43,298	17,837	1,429,864	1,490,999
Other					-	5,833	656,567	662,400
Total general revenues					44,303	125,028	2,187,863	2,357,194
Change in net assets					12,690	304,046	455,414	772,150
Net assets - beginning, as restated					132,101	(230,341)	11,191,339	11,093,099
Net assets - ending					$ 144,791	$ 73,705	$ 11,646,753	$ 11,865,249

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units - Proprietary Funds
June 30, 2012
(amounts expressed in thousands)

	Indiana Finance Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Board for Depositories	Secondary Market for Education Loans
Assets					
Current assets:					
Cash, cash equivalents and investments	$ 1,107,422	$ 99,667	$ 367,469	$ 149,651	$ 158,973
Securities lending collateral	-	-	-	-	-
Receivables (net)	95,678	21,476	4,170	607	35,669
Intergovernmental receivable	-	264,750	-	-	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	7	1,398
Loans	124,311	-	17,950	-	73,514
Investment in direct financing lease	66,754	-	-	-	-
Other current assets	9	-	14,725	-	-
Total current assets	1,394,174	385,893	404,314	150,265	269,554
Noncurrent assets:					
Cash, cash equivalents and investments - restricted	-	29,775	1,032,609	100,171	-
Other receivables	-	-	1,498	-	-
Investments - unrestricted	342,383	-	40,161	-	17,978
Loans receivable	2,813,597	-	29,854	-	1,290,274
Bond issuance costs, net of amortization	12,644	17,630	7,127	-	-
Intergovernmental loans	-	1,652,945	-	-	-
Due from primary government	-	-	-	50,000	-
Investment in direct financing lease	1,241,795	-	-	-	-
Deferred outflow - derivative instrument	252,801	14,617	17,649	-	-
Net pension assets	-	-	-	-	-
Other noncurrent assets	125	-	131	-	5,186
Capital assets:					
Land	85,330	-	-	-	-
Infrastructure	483,460	-	-	-	-
Construction in progress	40,515	-	-	-	-
Property, plant, and equipment	1,278,568	-	6,268	237	1,491
Less accumulated depreciation	(482,303)	-	(4,059)	(204)	(1,264)
Total capital assets, net of depreciation	1,405,570	-	2,209	33	227
Total noncurrent assets	6,068,915	1,714,967	1,131,238	150,204	1,313,665
Total assets	**7,463,089**	**2,100,860**	**1,535,552**	**300,469**	**1,583,219**
Liabilities					
Current liabilities:					
Accounts payable	5,177	598	13,515	50	7,608
Claims payable	-	-	-	-	-
Interest payable	63,740	33,409	17,756	-	272
Current portion of long-term debt	247,854	312,640	53,695	-	30,500
Due to primary government	-	-	-	-	-
Accrued prize liability	-	-	-	-	-
Salaries, health, disability, and benefits payable	-	-	-	-	-
Deferred revenue	65,585	-	30,909	-	-
Accrued liability for compensated absences	-	-	-	-	-
Pollution remediation payable	482	-	-	-	-
Securities lending collateral	-	-	-	-	-
Deposits held in custody for others	-	32,529	-	-	-
Other current liabilities	1,005	-	-	4	-
Total current liabilities	383,843	379,176	115,875	54	38,380
Long-term liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Accrued prize liability	-	-	-	-	-
Pollution remediation payable	2,797	-	-	-	-
Deferred revenue	3,402,174	488	-	-	-
Advances from federal government	1,830	-	-	-	-
Revenue bonds/notes payable	4,469,365	1,687,468	1,018,734	-	1,423,331
Derivative instrument liability	252,801	14,617	17,649	-	-
Other noncurrent liabilities	-	-	785	-	2,155
Total long-term liabilities	8,128,967	1,702,573	1,037,168	-	1,425,486
Total liabilities	**8,512,810**	**2,081,749**	**1,153,043**	**54**	**1,463,866**
Net assets					
Invested in capital assets net of related debt	163,703	-	2,209	33	227
Restricted-nonexpendable					
Grants/constitutional restrictions	-	-	58,139	-	-
Future debt service	-	3,542	189,256	-	-
Capital projects	-	-	-	-	-
Pension fund distribution	-	-	-	425	-
Student aid	-	-	-	-	-
Other purposes	-	-	-	-	-
Total restricted-nonexpendable	-	3,542	247,395	425	-
Restricted-expendable					
Instruction and research	-	-	-	-	-
Grants/constitutional restrictions	-	-	-	-	-
Endowments	-	-	-	-	-
Future debt service	265,970	-	-	-	10,880
Capital projects	-	-	-	-	-
Repairs and rehabilitation	-	-	-	-	-
Water pollution and drinking water projects	1,189,748	-	-	-	-
Other purposes	-	-	-	-	-
Total restricted-expendable	1,455,718	-	-	-	10,880
Unrestricted (deficit)	(2,669,142)	15,569	132,905	299,957	108,246
Total net assets	**$ (1,049,721)**	**$ 19,111**	**$ 382,509**	**$ 300,415**	**$ 119,353**

The notes to the financial statements are an integral part of this statement.

continued on next page

State Lottery Commission	Indiana Stadium and Convention Building Authority	Non-Major	IFA & ISCBA Elimination	Total Component Units
$ 53,591	$ 47,169	$ 56,726	$ -	**$ 2,040,668**
76,035	-	-	-	**76,035**
32,482	1,843	6,639	(8,937)	**189,627**
-	-	-	-	**264,750**
264	-	416	-	**680**
977	-	418	-	**2,800**
-	-	-	-	**215,775**
-	-	180	-	**66,934**
-	-	-	-	**14,734**
163,349	49,012	64,379	(8,937)	**2,872,003**
153,455	-	4,071	-	**1,320,081**
-	-	8	-	**1,506**
-	-	-	-	**400,522**
-	-	-	(976,952)	**3,156,773**
-	-	313	-	**37,714**
-	-	-	-	**1,652,945**
-	-	-	-	**50,000**
-	954,099	281	-	**2,196,175**
-	252,801	-	(252,800)	**285,068**
1,716	-	11	-	**1,727**
-	-	220	-	**5,662**
-	-	156,805	-	**242,135**
-	-	54,747	-	**538,207**
-	-	14,139	-	**54,654**
8,246	-	139,626	-	**1,434,436**
(5,847)	-	(130,024)	-	**(623,701)**
2,399	-	235,293	-	**1,645,731**
157,570	1,206,900	240,197	(1,229,752)	**10,753,904**
320,919	**1,255,912**	**304,576**	**(1,238,689)**	**13,625,907**
17,942	382	1,749	(25)	**46,996**
-	-	18,736	-	**18,736**
-	8,911	239	(8,912)	**115,415**
-	-	1,671	-	**646,360**
3,093	-	-	-	**3,093**
70,408	-	-	-	**70,408**
-	-	173	-	**173**
528	-	11,013	-	**108,035**
-	-	177	-	**177**
-	-	-	-	**482**
76,035	-	-	-	**76,035**
-	-	-	-	**32,529**
1,536	-	2,201	-	**4,746**
169,542	9,293	35,959	(8,937)	**1,123,185**
-	-	199	-	**199**
124,241	-	-	-	**124,241**
-	-	-	-	**2,797**
-	-	-	-	**3,402,662**
-	-	-	-	**1,830**
-	976,952	9,536	(976,952)	**8,608,434**
-	252,801	-	(252,800)	**285,068**
-	835	11	-	**3,786**
124,241	1,230,588	9,746	(1,229,752)	**12,429,017**
293,783	**1,239,881**	**45,705**	**(1,238,689)**	**13,552,202**
2,399	-	222,888	-	**391,459**
-	-	834	-	**58,973**
-	-	-	-	**192,798**
-	-	673	-	**673**
-	-	-	-	**425**
-	-	217	-	**217**
-	-	-	-	**-**
-	-	1,724	-	**253,086**
-	-	-	-	**-**
-	-	1,688	-	**1,688**
-	-	113	-	**113**
-	-	4,164	-	**281,014**
-	16,031	1,428	-	**17,459**
-	-	167	-	**167**
-	-	-	-	**1,189,748**
-	-	1,865	-	**1,865**
-	16,031	9,425	-	**1,492,054**
24,737	-	24,834	-	**(2,062,894)**
$ 27,136	**$ 16,031**	**$ 258,871**	**$ -**	**$ 73,705**

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Finance Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority
Indiana Finance Authority (IFA)	$ 315,682	$ 391,814	$ 88,119	$ -	$ 164,251	$ -	$ -
Indiana Bond Bank	96,482	545	95,718	-	-	(219)	-
Indiana Housing and Community Development Authority	571,067	59,106	538,450	-	-	-	26,489
Board for Depositories	761	-	703	-	-	-	-
Secondary Market for Educational Loans	24,297	-	30,727	-	-	-	-
State Lottery Commission	850,220	855,741	-	-	-	-	-
Indiana Stadium and Convention Building Authority (ISCBA)	54,855	42,421	6,202	-	-	-	-
Non-Major Proprietary	182,980	162,188	3,304	324	-	-	-
IFA & ISCBA Interfund Eliminations	(51,077)	(46,655)	(4,422)	-	-	-	-
Total component units	$ 2,045,267	$ 1,465,160	$ 758,801	$ 324	164,251	(219)	26,489
General revenues:							
Investment earnings					56,442	239	27,641
Payments from State of Indiana					-	-	-
Other					-	-	-
Total general revenues					56,442	239	27,641
Change in net assets					220,693	20	54,130
Net assets - beginning, as restated					(1,270,414)	19,091	328,379
Net assets - ending					$ (1,049,721)	$ 19,111	$ 382,509

The notes to the financial statements are an integral part of this statement.

continued on next page

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2012

(amounts expressed in thousands)

	Net (Expense) Revenue and Changes in Net Assets						
	Board for Depositories	Secondary Market for Education Loans	State Lottery Commission	Indiana Stadium and Convention Building Authority	Non-Major	IFA & ISCBA Interfund Eliminations	Net (Expense) Revenue
Indiana Finance Authority (IFA)	$ -	$ -	$ -	$ -	$ -	$ -	$ 164,251
Indiana Bond Bank	-	-	-	-	-	-	(219)
Indiana Housing and Community Development Authority	-	-	-	-	-	-	26,489
Board for Depositories	(58)	-	-	-	-	-	(58)
Secondary Market for Educational Loans	-	6,430	-	-	-	-	6,430
State Lottery Commission	-	-	5,521	-	-	-	5,521
Indiana Stadium and Convention Building Authority (ISCBA)	-	-	-	(6,232)	-	-	(6,232)
Non-Major Proprietary	-	-	-	-	(17,164)	-	(17,164)
IFA and ISCBA Interfund Eliminations	-	-	-	-	-	-	-
Total component units	(58)	6,430	5,521	(6,232)	(17,164)	-	179,018
General revenues:							
Investment earnings	-	-	16,615	43	378	-	101,358
Payments from State of Indiana	-	-	-	-	17,837	-	17,837
Other	-	-	-	-	5,833	-	5,833
Total general revenues	-	-	16,615	43	24,048	-	125,028
Change in net assets	(58)	6,430	22,136	(6,189)	6,884	-	304,046
Net assets - beginning, as restated	300,473	112,923	5,000	22,220	251,987	-	(230,341)
Net assets - ending	$ 300,415	$ 119,353	$ 27,136	$ 16,031	$ 258,871	$ -	$ 73,705

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units - Colleges and Universities
June 30, 2012
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Assets				
Current assets:				
Cash, cash equivalents and investments	$ 911,034	$ 501,705	$ 463,385	**$ 1,876,124**
Securities lending collateral	53,597	-	-	**53,597**
Receivables (net)	132,631	135,222	146,869	**414,722**
Inventory	11,389	-	4,964	**16,353**
Prepaid expenses	-	-	5,777	**5,777**
Funds held in trust by others	-	-	23,402	**23,402**
Other current assets	37,777	30,447	1,781	**70,005**
Total current assets	1,146,428	667,374	646,178	**2,459,980**
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	2,134,609	66,080	**2,200,689**
Other receivables	301,685	80,496	54,864	**437,045**
Investments - unrestricted	2,629,952	806,680	811,232	**4,247,864**
Bond issuance costs net of amortization	-	-	2,953	**2,953**
Deferred outflow - derivative instrument	-	-	3,386	**3,386**
Other postemployment benefits	-	-	26,407	**26,407**
Other noncurrent assets	-	13,801	14,072	**27,873**
Capital assets:				
Land	94,615	97,340	172,442	**364,397**
Infrastructure	164,285	76,914	131,215	**372,414**
Construction in progress	146,311	305,902	74,240	**526,453**
Property, plant, and equipment	4,032,901	3,118,618	2,539,902	**9,691,421**
Less accumulated depreciation	(1,849,546)	(1,506,944)	(1,011,008)	**(4,367,498)**
Total capital assets, net of depreciation	2,588,566	2,091,830	1,906,791	**6,587,187**
Total noncurrent assets	5,520,203	5,127,416	2,885,785	**13,533,404**
Total assets	**6,666,631**	**5,794,790**	**3,531,963**	**15,993,384**
Liabilities				
Current liabilities:				
Accounts payable	188,139	61,895	62,778	**312,812**
Interest payable	12,973	16,686	1,991	**31,650**
Current portion of long-term debt	53,654	136,243	72,141	**262,038**
Due to primary government	1,693	-	-	**1,693**
Capital lease payable	1,538	-	347	**1,885**
Salaries, health, disability, and benefits payable	54,130	33,940	30,187	**118,257**
Deferred revenue	177,913	41,271	29,473	**248,657**
Accrued liability for compensated absences	44,471	26,164	14,609	**85,244**
Pollution remediation payable	-	-	284	**284**
Securities lending collateral	53,597	-	-	**53,597**
Deposits held in custody for others	-	35,013	23,858	**58,871**
Other current liabilities	-	-	5,267	**5,267**
Total current liabilities	588,108	351,212	240,935	**1,180,255**
Long-term liabilities:				
Accrued liability for compensated absences	19,671	33,523	16,394	**69,588**
Other postemployment benefits	22,758	30,694	22,023	**75,475**
Deferred revenue	35,102	-	1,952	**37,054**
Capital lease payable	1,853	-	758	**2,611**
Funds held in trust for others	90,128	58,898	32,197	**181,223**
Advances from federal government	-	19,924	8,899	**28,823**
Revenue bonds/notes payable	931,392	926,956	825,992	**2,684,340**
Derivative instrument liability	-	-	3,386	**3,386**
Other noncurrent liabilities	46,864	8,487	28,525	**83,876**
Total long-term liabilities	1,147,768	1,078,482	940,126	**3,166,376**
Total liabilities	**1,735,876**	**1,429,694**	**1,181,061**	**4,346,631**
Net assets				
Invested in capital assets net of related debt	1,694,440	1,094,127	1,028,976	**3,817,543**
Restricted-nonexpendable				
Permanent funds	26,842	-	45,600	**72,442**
Public safety programs	-	-	2,713	**2,713**
Capital projects	2,143	-	2,415	**4,558**
Instruction and research	374,661	293,391	32,790	**700,842**
Student aid	370,748	269,218	100,762	**740,728**
Other purposes	245,288	35,375	18,054	**298,717**
Total restricted-nonexpendable	1,019,682	597,984	202,334	**1,820,000**
Restricted-expendable				
Instruction and research	272,409	243,941	70,971	**587,321**
Grants/constitutional restrictions	-	-	6,730	**6,730**
Endowments	-	401,254	5,847	**407,101**
Future debt service	20,271	-	6,437	**26,708**
Public safety programs	-	-	6,599	**6,599**
Student aid	139,711	501,077	64,741	**705,529**
Auxiliary enterprises	-	-	2,396	**2,396**
Capital projects	82,113	32,550	91,088	**205,751**
Other purposes	338,334	123,047	10,914	**472,295**
Total restricted-expendable	852,838	1,301,869	265,723	**2,420,430**
Unrestricted (deficit)	1,363,795	1,371,116	853,869	**3,588,780**
Total net assets	**$ 4,930,755**	**$ 4,365,096**	**$ 2,350,902**	**$ 11,646,753**

The notes to the financial statements are an integral part of this statement.

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units - Colleges and Universities
For the Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Indiana University**	**Purdue University**	**Non-Major Colleges and Universities**	**Net (Expense) Revenue**
Indiana University	$ 2,738,091	$ 1,621,795	$ 589,001	$ 33,932	$ (493,363)	$ -	$ -	$ (493,363)
Purdue University	1,885,783	1,045,406	411,531	13,832	-	(415,014)	-	(415,014)
Non-Major Colleges and Universities	1,579,407	626,195	120,149	8,991	-	-	(824,072)	(824,072)
Total component units	$ 6,203,281	$ 3,293,396	$ 1,120,681	$ 56,755	(493,363)	(415,014)	(824,072)	(1,732,449)
General revenues:								
Investment earnings					74,637	5,228	21,567	101,432
Payments from State of Indiana					515,421	389,078	525,365	1,429,864
Other					133,451	122,240	400,876	656,567
Total general revenues					723,509	516,546	947,808	2,187,863
Change in net assets					230,146	101,532	123,736	455,414
Net assets - beginning, as restated					4,700,609	4,263,564	2,227,166	11,191,339
Net assets - ending					$ 4,930,755	$ 4,365,096	$ 2,350,902	$11,646,753

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

STATE OF INDIANA

Notes to the Financial Statements
June 30, 2012

STATE OF INDIANA
Notes to the Financial Statements
June 30, 2012
(schedule amounts are expressed in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types and colleges and universities. This is to emphasize that, as well as being legally separate from the government, they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, and the Indiana Political Subdivision Risk Management Commission have a December 31, 2011, fiscal year-end.

Blended Component Units

The following component units are reported under the blended method as the primary government appoints a voting majority of the board and is able to impose its will. These units, although legally separate from the State, are reported as part of the State because they provide services entirely or almost entirely to the State. These component units are audited by the State Board of Accounts.

The Bureau of Motor Vehicle Commission (BMVC) was established by state law to develop and update Bureau of Motor Vehicles (BMV) policy, establish standards for the operation and maintenance of license branches, and submit budget proposals for the BMVC, BMV, and license branches. The BMVC has significant interrelated operations with the BMV and license branches. The BMV is responsible for the accurate and timely distribution of the fees and taxes (excise and wheel) collected at the license branches for driver licenses, auto and watercraft registrations, and license plates.

The BMVC consists of four individuals appointed by the governor and the chairperson who is the commissioner of the BMV. No more than three of the members may be of the same political party. The BMVC is reported as a non-major governmental fund.

The State Student Assistance Commission of Indiana (SSACI) was established by state law to assist the State in increasing the opportunities of higher education for every person who resides in Indiana and who, though being highly qualified and desiring to receive a higher education, is deterred by financial considerations. They provide data to the General Assembly to allow them to make educated policy decisions about financial aid. In addition, they assist the State in identifying which students qualify for financial aid enabling the State to efficiently distribute funds.

The SSACI consists of ten citizens appointed by the governor. Each of Indiana's nine congressional districts must be represented by a resident of the district. An at-large student member who is a student at an approved postsecondary educational institution is also an appointed member. The SSACI is reported as a non-major governmental fund.

Discretely Presented Component Units

The following are discretely presented component units of the State of Indiana. The primary government appoints a voting majority of their boards and is able to impose its will. All governmental and proprietary component units are audited by outside auditors except for the Indiana Economic Development Corporation and State Fair Commission which are audited by the State Board of Accounts. The State Board of Accounts audits the colleges, universities, and the discrete pension trust funds. College and university foundations are audited by outside auditors.

The Indiana Economic Development Corporation (IEDC) was created to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry and the promotion of Indiana. The IEDC is composed of 12 members, none of whom may be members of the general assembly. These members consist of the governor and 11 individuals appointed by the governor. At least five members must belong to the same political party as the governor. At least three members must belong to a major political party other than the party of which the governor is a member. The IEDC is reported as a non-major governmental fund. The IEDC does not issue their own separately audited financial statements.

Formed on May 15, 2005, the Indiana Finance Authority (IFA) combined five formerly independent bodies under one entity. The entities combined included the Indiana Development Finance Authority, State Office Building Commission, Indiana Transportation Finance Authority, Recreational Development Commission and the State Revolving Fund. Effective July 1, 2005, all records, money, and other property held by the Auditor of State with respect to the Supplemental Drinking Water and Wastewater Assistance Programs were transferred to the IFA as the successor entity. The IFA is a body both corporate and politic, and though separate from the State of Indiana (State); the exercise by the IFA of its powers constitutes an essential governmental function. Indiana's constitution restricts State incurrence of debt. As a result, the General Assembly created the IFA and authorized it to issue revenue bonds and other obligations to finance projects for lease to the State.

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The Authority is reported as a proprietary fund.

The Indiana Bond Bank, created in 1984, is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments. The unit is reported as a proprietary fund.

The Indiana Housing and Community Development Authority was created in 1978 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The unit is reported as a proprietary fund.

The Indiana Board for Depositories was established to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The unit is reported as a proprietary fund.

The Indiana Secondary Market for Education Loans, Inc. (ISM) was formed at the request of the Governor to purchase education loans in the secondary market. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. The unit is reported as a proprietary fund.

The State Lottery Commission of Indiana is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, public employees' retirement, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a proprietary fund.

Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at Indiana Code 5-1-17, as an entity of the

State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the upcoming expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a proprietary fund.

The White River State Park Development Commission has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county. The Commission is reported as a non-major proprietary fund.

The Ports of Indiana is created under Indiana Code 8-10-1-3 to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Commission consists of seven members appointed by the governor. The Commission is reported as a non-major proprietary fund.

The State Fair Commission was established per Indiana Code 15-13-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is responsible for holding the annual Indiana State Fair in August, as well as providing accessible, cost-effective, secure and modern facilities for the variety of events held at the Fairgrounds and other properties it owns. The Commission consists of eight members appointed by the governor. The Commission is reported as a non-major proprietary fund.

The Indiana Comprehensive Health Insurance Association was created by the State of Indiana to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major proprietary fund.

The Indiana Political Subdivision Risk Management Commission was created per Indiana Code 27-1-29 to administer the Political Subdivision Risk Management Fund (Basic fund) and the Political Subdivision Catastrophic Liability Fund (Catastrophic fund). These funds aid political subdivisions in protecting themselves against liabilities. The Commission consists of eleven members appointed by the governor. The Commission is reported as a non-major proprietary fund.

The Indiana State Museum and Historic Sites Corporation was created per Indiana Code 4-37 and is responsible for operating and administering the twelve State Historic Sites including the Indiana State Museum. The twelve Historic Sites include Angel Mounds, Corydon Capitol, Culbertson Mansion, J.F.D. Lanier Mansion, Levi Coffin, Limberlost, New Harmony, T.C. Steele, Gene Stratton-Porter, Vincennes, Whitewater Canal and the Indiana State Museum. The Corporation is governed by a thirty member board of trustees of which twenty-five are voting members and five are non-voting members. Of the twenty-five voting members, thirteen persons are appointed by the governor and twelve are appointed by the board. The five non-voting members include the chief executive officer, the governor or governor's designee, one member of the House of Representatives, one member of the Senate, and the director of the Department of Natural Resources or the director's designee. The Corporation is reported as a non-major proprietary fund.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana

University and Purdue University are reported as a major discretely presented component unit.

Fiduciary in Nature Component Unit

Effective July 1, 2011, the Indiana Public Retirement System (INPRS) was established as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Retirement Fund, Teachers' Retirement Fund, Judges' Retirement System, State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Legislators' Retirement System Defined Benefit Plan, the Legislators' Retirement System Defined Contribution Plan, the Prosecuting Attorneys' Retirement Fund, the Pension Relief Fund, and two death benefit funds. For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements.

The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units.

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments.

The financial statements of the individual component units whom issue separately audited financial statements may be obtained from their administrative offices as follows:

Indiana Finance Authority One North Capitol Ave., Suite 900 Indianapolis, IN 46204	Indiana Bond Bank 10 West Market St. Suite 2980 Indianapolis, IN 46204	State Lottery Commission of Indiana 1302 N. Meridian St. Indianapolis, IN 46202
Indiana Stadium and Convention Building Authority 425 W. South Street Indianapolis, IN 46225	Indiana Housing and Community Development Authority 40 South Meridian, Suite 1000 Indianapolis, IN 46204	Secondary Market for Education Loans, Inc. Capital Center, Suite 400 251 N. Illinois Indianapolis, IN 46204
Indiana Board for Depositories One North Capitol Ave., Suite 444 Indianapolis, IN 46204	Indiana White River State Park Development Commission 801 West Washington Street Indianapolis, IN 46204	Indiana Comprehensive Health Insurance Association 9465 Counselors Row, Suite 200 Indianapolis, IN 46240
Ports of Indiana 150 West Market Street, Suite 100 Indianapolis, IN 46204	Indiana State Fair Commission 1202 E. 38th Street Indianapolis, IN 46205	Indiana Political Subdivision Risk Management Commission c/o Indiana Department of Insurance 311 W. Washington St., Suite 300 Indianapolis, IN 46204
Indiana State Museum and Historic Sites Corporation 650 W. Washington St. Indianapolis, IN 46204	Ivy Tech Community College 50 West Fall Creek Parkway North Drive Indianapolis, IN 46208	University of Southern Indiana 8600 University Boulevard Evansville, IN 47712
Indiana University Poplar's Room. 500, 107 S. Indiana Ave. Bloomington, IN 47405-1202	Ball State University Administration Bldg., 301 2000 West University Avenue Muncie, IN 47306	Indiana State University Office of the Controller 210 N. 7th Street Terre Haute, IN 47809
Vincennes University 1002 North 1st Street Vincennes, IN 47591	Purdue University Accounting Services 401 South Grant Street West Lafayette, IN 47907-2024	Indiana Public Retirement System One North Capitol Ave., Suite 001 Indianapolis, IN 46204

B. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information about the overall government. They exclude information about fiduciary activities, including component units, which are fiduciary in nature, such as the public employee retirement systems. They distinguish between the primary government and its discretely presented component units as defined under the reporting entity above. They also distinguish between governmental activities and business-type activities of the State. Governmental activities rely on taxes and intergovernmental revenues for their support. Business-type activities, on the other hand, rely on fees and charges for services provided for their support.

The statement of activities matches the State's direct functional expense with the functional program revenue to identify the relative financial burden of each of the State's functions. This format identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing through fees and intergovernmental aid. Certain indirect costs are included in the program expense reported for individual functions of government. Program revenues derive directly from the program itself or from parties outside the State's taxpayers, as a whole. They reduce the net cost of the function to be financed from the general revenues. Program revenues include charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Revenues that do not meet the criteria of program revenues are general revenues. These include all taxes, even those levied for a specific purpose and are reported by type of tax. Investment income is also a general revenue.

Separate financial statements are presented for the State's governmental, proprietary and fiduciary funds. Governmental fund financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances. Major governmental funds are presented in separate columns and non-major funds are aggregated in a separate column. Proprietary and fiduciary funds are reported using the statement of net assets and the statement of changes in net assets. In addition proprietary funds include a statement of cash flows.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting

The government-wide statements and the proprietary and fiduciary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues, including federal government mandates on the State, certain grants and entitlements, and most donations, are recognized in the period when all applicable eligibility requirements have been met.

For the government-wide financial statements and enterprise and fiduciary fund statements, the State applies all applicable FASB pronouncements issued before December 1, 1989, and those issued after that date which do not contradict any previously issued GASB pronouncements.

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the State of Indiana, "available" means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and related liabilities, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Individual and corporate income tax, sales tax, inheritance tax, cigarette tax, alcoholic beverage tax, motor fuel tax, fines, and penalties are accrued using one month's revenues.

Gaming taxes and fees and vehicle licenses are received daily via electronic funds transfer with a one to three working day delay, so the first several working days in July revenues are reviewed for materiality and accrued accordingly.

Financial Statement Presentation

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental funds are used to account for the government's general government activities. Governmental funds include the general fund, special revenue funds, capital projects funds, debt service funds and permanent funds.

The *General Fund* is the State's primary operating fund. It is maintained to account for resources obtained and used for those services traditionally provided by State government, which are not required to be accounted for in another fund. The General Fund is a major fund.

The *special revenue* funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes except for major capital projects.

The following special revenue funds are presented as major.

- The *Public Welfare-Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program. Federal grant revenues, quality assessment fees, Intermediate Care Facility for the Mentally Retarded fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *Major Moves Construction Fund* distributes money received from the Toll Road lease. This money is used for new construction and major preservation of highways and bridges throughout Indiana. Interest income and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *ARRA of 2009* Fund is used to account for funds received under the American Recovery and Reinvestment Act of 2009 which became law on February 17, 2009. These funds are supplementing existing federal programs in areas such as Medicaid, education, transportation, housing, and employment services. Federal grant revenues and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *U.S. Department of Transportation Fund* receives federal grants and State appropriations that are used for State transportation programs. Federal grant revenues and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

- The *U.S. Department of Health and Human Services Fund* receives federal grants that are used to carry out health and human services programs. Federal grant revenues, child support annual fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

The *capital projects funds* account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or fiduciary funds. There are no major capital project funds.

The *permanent funds* are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the benefit of the government or its citizens. There are no major permanent funds.

Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows. Operating revenues and expenses are the revenues and expenses that pertain to the fund's principal operations. Nonoperating revenues and expenses are those revenues resulting from secondary or auxiliary activities of the fund. Nonoperating items include interest/investment revenue and expense. Proprietary funds include both enterprise funds and internal service funds.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The State reports the following major enterprise fund:

- The *Unemployment Compensation Fund* collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals.

Internal service funds account for operations that provide goods and services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The goods and services provided include fleet management, information technology and communication, aviation, printing, products of correctional industries, self-insurance, and centralized accounting. Major fund reporting requirements do not apply to internal service funds. Combined totals for all internal service funds are reported as a separate column on the face of the proprietary fund financial statements.

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others. They cannot be used to support the State's own programs. Fiduciary funds include pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and agency funds.

Pension (and other employee benefit) trust funds are used to report resources held in trust for the members and beneficiaries of defined benefit pension plans, and defined contribution pension plans. Pension and other employee benefits trust funds include the Indiana Public Retirement System, State Police Pension Fund, State Employee Retiree Health Benefit Trust Fund – DB, and the State Employee Retiree Health Benefit Trust Fund – DC.

Private-purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments. Private Purpose funds include the Abandoned Property Fund and the Private Purpose Trust Fund.

Investment trust funds are used to report the external portion of investment pools operated by a sponsoring government. The Treasurer of State, local units of government, and quasi-governmental units in Indiana have the opportunity to invest in a common pool of investments that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment of public funds. The State's investment trust fund is TrustINdiana operated by the state treasurer. The amounts reported represent the external portion of the pool.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. Agency Funds include Employee Payroll Withholding and Benefits, Local Distributions, Child Support and Department of Insurance.

D. Eliminating Internal Activity

Interfund loans including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net assets. This is to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet have been eliminated in the government-wide statement of net assets.

Eliminations were made in the statement of activities to remove the "doubling-up" effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function have also been eliminated, so that the allocated expenses are reported only by the function to which they were allocated. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

E. Assets, Liabilities and Equity

1. Deposits, Investments and Securities Lending

For purposes of reporting cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity (generally three months or less from the date of acquisition).

Cash balances of most State funds are commingled in general checking accounts and several special purpose banking accounts. The available cash balance not necessary beyond immediate need is pooled and invested. Interest earned from investments purchased with pooled cash is deposited in the general fund, except as otherwise provided by statute.

Investments and secured lending transactions are stated at fair value. However, money market investments and participating interest-earning investment contracts that mature within one year of acquisition are reported at amortized cost, which approximates fair value. Fair value is determined by quoted market prices which approximate fair value.

Indiana Code 5-13-9 and 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; securities issued by any U.S. government agency; AAA money market mutual funds with a portfolio limited to direct obligations of the U.S., obligations of any federal agency, and/or repurchase agreements fully collateralized with U.S. government obligations or U.S. agency obligations; AAA rated commercial paper, and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest-bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

The Treasurer of State is authorized by statute to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository or (2) a financial institution located either in or out of Indiana, having physical custody of securities, with a combined capital and surplus of at least $10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

The Indiana Public Retirement System (INRPS) Board of Trustees administers seven retirement systems and three non-retirement funds. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2012, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3 and IC 5-10.4-3-10. See Note IV(A)(3) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage pool investments, and repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2.

2. Receivables and Payables

In the government-wide and proprietary fund financial statements, revenues are recognized on the flow of economic resources measurement focus. Material receivables are recognized as follows. Uncollected taxes due in the following periods are subject to accrual.

> Individual income tax – Individual withholding tax is due from employers by the 20th day after the end of the month collected. Estimated payments are due from individuals by the 15th of the month immediately following each quarter or the calendar year.
>
> Corporate income tax - Due quarterly on the 20th day of April, June, September, and December with the last payment due on April 15th for a calendar year taxpayer.
>
> Sales tax – Due by the 20th day after the end of the month collected.
>
> Fuel tax – Gasoline tax is due the 20th day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15th day after the end of the month collected or the 15th day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.
>
> Financial institutions tax – same laws as corporate income taxes (see above) for making payments.
>
> Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20th day after the end of the month collected.
>
> Inheritance tax – except as otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as a result of a decedent's death is due twelve (12) months after the person's date of death.

In the governmental fund financial statements, revenue is recognized on the flow of current financial resources. Material receivables are subject to accrual for receipts collected in the month of July.

The State of Indiana does not collect property tax, which is collected by local units of government.

Deferred revenue is the liability for the full accrual income taxes receivable net of the allowance for doubtful accounts plus cash on hand from federal grant programs.

3. Interfund Transactions and Balances

The State has the following types of interfund transactions in the governmental fund and proprietary financial statements:

> Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as

revenues of the recipient fund and expenditures/expenses of the disbursing fund.

Interfund Transfers (non-reciprocal interfund activity) – Legally authorized transfers whereby the two parties do not receive equivalent cash, goods or services are reported as transfers.

The types of assets and liabilities resulting from these transactions are:

Interfund loans – These are balances arising from the short-term and long-term portion of interfund transactions.

Interfund services provided/used – These are balances arising in connection with reciprocal interfund activity or reimbursements. Balances relating to discretely presented component units are presented as 'Due from/to component units'.

Interfund services provided and interfund loans are eliminated in the government-wide statements because they are provided by one governmental activity on behalf of another or by one business-type activity on behalf of another.

4. Inventories and Prepaid Items

Inventories for the Inns & Concessions, Institutional Industries and Administrative Services Revolving funds are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The first in/first out (FIFO) method is used for valuation of inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Restricted Net Assets

Certain net assets are classified as restricted net assets because their use is completely restricted by bond indentures, contracts, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation for governmental activities totals $0.9 billion, of which $0.5 billion is permanent funds principal and $0.4 billion is for the Economic Stabilization Fund as discussed in Note V(D).

6. Capital Assets

Capital outlays are reported as expenditures in the governmental funds and as assets in the government-wide statements to the extent the State's $20,000 capitalization threshold for external financial reporting is met. In accordance with GASB Statement No. 34, all infrastructure assets have been capitalized retroactively.

The Indiana Department of Transportation (INDOT) uses the modified approach for reporting its infrastructure. The Department of Natural Resources (DNR) uses the depreciation approach for reporting its infrastructure.

Under the modified approach, the State has determined that the condition level for INDOT infrastructure assets to be maintained is:

- a network average International Roughness Index (IRI) of no more than 95 and no more than 10% of all pavements in the unacceptable range for Interstates, National Highway Safety (NHS) Non-Interstate roads, and Non-NHS roads,
- an average sufficiency rating of 87% for interstate bridges,
- an average sufficiency rating of 85% for NHS Non-Interstate bridges, and
- an average sufficiency rating of 83% for Non-NHS bridges.

The Asset Management, Program Engineering, and Road Inventory Division of INDOT is responsible for determining the appropriate condition level of the infrastructure assets.

No amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential.

INDOT projects are capitalized based on capitalization and preservation percentages assigned to three hundred seventy-seven (377) work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Road pavement condition assessments are performed annually on all INDOT state routes, including interstates. Condition assessments of all bridges are determined on a bi-annual basis. Sufficiency ratings of all bridges are determined on an annual basis by the Federal Highway Administration based on annual submittal of bridge condition data.

The State makes annual estimates of the amounts that must be expended to preserve and maintain these infrastructure assets at the predetermined condition levels.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated in the proprietary and similar trust funds using the straight-line method on both the fund basis and the government-wide basis. Both the government-wide statements and proprietary and similar trust funds use the following estimated useful lives:

Assets	Months
Buildings and other structures including improvements to buildings and other structures	240-480
Computer software	36
Infrastructure (not using modified approach)	240-720
Furniture, machinery and equipment	12-168
Motor pool vehicles	96-168

The State of Indiana maintains several collections of works of art, historical treasures, and similar assets that are not capitalized. While the collections are maintained by different agencies, each collection is:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that either prohibits sale or requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State's major collections are:

- The Commission on Public Records, State Archives Collection consists of historical and legal documents, that are generated on: paper or paper substitutes; photographic or chemically based media; magnetic or machine readable media; or any other materials, regardless of form or characteristics.
- The State Library has two collections, the Manuscript Collection and the Indiana History Collection. These collections include historical documents and works of art, most of it of Indiana origin.

Other collections include the Historical Bureau's Indiana Governors' Portrait Collection, the Department of Administration's Statehouse Collection, and the Indiana Arts Commission's Collection. These collections consist primarily of art objects.

7. Compensated Absences

Full-time employees of the State of Indiana are permitted to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates at the rate of one day per month and sick leave at the rate of one day every two months plus an extra day every four months. Bonus vacation days are awarded upon completion of five, ten and twenty years of employment.

Personal leave days are earned at the rate of one day every four months; any personal leave accumulated in excess of three days automatically becomes part of the sick leave balance. Upon separation of service, in good standing, employees will be paid for a maximum of thirty (30) unused vacation leave days. In addition, qualifying retiring employees are paid an additional payment up to a maximum of $5,000, which is made up of unused vacation leave over 30 days, unused personal leave, and unused sick leave.

Employees of the legislative and judicial branches as well as those of the separately elected officials (i.e., Auditor of State) may convert a portion of accrued but unused vacation and sick leave into the deferred compensation plan. An employee must have at least 300 hours of vacation or sick leave accrued in order to participate in this plan. There is a sliding scale which determines how many hours are converted from those hours the employee has accrued. The hours converted are deposited into the deferred compensation program's 401(a) plan at 60% of the employee's hourly rate. Employees of the legislative branch of government have elected to participate in this program for FY 2013.

Vacation and personal leave and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as long term liabilities in the government-wide, proprietary, and fiduciary fund financial statements.

8. Long-Term Obligations

Long-term debt and other obligations are reported in the government-wide statements and the proprietary funds statements as liabilities in the applicable governmental activities, business-type activities, or proprietary fund.

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

9. Fund Balance

In the fund financial statements, fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned. A brief description of each category is as follows:

Nonspendable – represents amounts that are either not in spendable form, such as inventories, and activity that is legally or contractually required to be maintained intact, such as a principal balance in a permanent fund.

Restricted – represents amounts restricted to specific purposes because of constraints placed on their use that are either externally imposed such as by grantors or imposed by law through constitutional provisions or enabling legislation.

Committed – represents amounts that can only be used for a specific purpose pursuant to constraints imposed by the government's highest level of decision making authority. The State of Indiana's highest level of decision making authority is the General Assembly. The formal action necessary would be the enactment of a State law that specifically establishes, modifies, or rescinds a fund balance commitment.

Assigned – represents amounts that are constrained by the government's intent to be used for specific purposes as expressed by the governing body itself or the official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The State Budget Agency has the authority per the biennial budget bill to make assignments of fund balances for specific purposes except for those restricted by law. The State Board of Finance comprised of the Governor, Auditor of State and Treasurer of State is empowered to make assignments of funds except for trust funds per I.C. 4-9.1-1-7.

Unassigned – represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Only the general fund may report a positive unassigned fund balance; whereas, other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Funds on the State's accounting system are assigned one of the five fund balance classifications. If a fund has resources that are both restricted and unrestricted, then expenditures are applied first to restricted fund balance and then unrestricted amounts. A fund's unrestricted fund balance would have committed amounts reduced first, assigned amounts second, and unassigned amounts third when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

As described in Note I, Summary of Significant Accounting Policies, differences exist between the government-wide and the governmental fund financial statements. These differences are summarized in the reconciliations that follow the governmental fund financial statements.

A. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

In the government-wide financial statements, capital assets are considered economic resources and are capitalized at cost or estimated historical cost at time of acquisition. Where applicable these costs are offset by accumulated depreciation.

The government-wide statements use the flow of economic resources and accrue receivables that are not available soon enough in the subsequent period to pay for the current period's expenditures. Also under the flow of economic resources, expenses reported in the statement of activities do not require the use of current financial resources. Both these receivables and payables are accrued in the government-wide statements, but not in the fund financial statements.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. In the proprietary fund financial statements internal service fund balances are segregated and reported as their own fund type.

B. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

In the government-wide financial statements, the cost for capital outlays, except for governmental infrastructure, is allocated over the assets' useful lives and is reported as depreciation expense. In the fund financial statements, capital outlays are reported as expenditures in the functional line items.

The government-wide statements use the flow of economic resources and therefore do not report revenues and expenses dependent on the availability of financial resources, as is reported in the fund financial statements. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental fund financial statements, but the repayment reduces long-term liabilities in the statement of net assets.

Internal service funds are used by management to charge the costs of certain activities to individual funds. In the government-wide financial statements, the expenses of internal service funds are included in governmental activities in the statement of activities. In the proprietary fund financial statements internal service fund balances are segregated and reported as their own fund type.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

At June 30, 2012, various funds had a deficit fund balance caused by overdrafts from pooled cash and investments and the posting of accruals to the balance sheet. Temporary cash overdrafts are reported as interfund loans from the general fund.

Fund	Overdraft from pooled cash	Accrual deficits
Governmental Funds		
US Department of Transportation	$ (18,582)	$ (62,184)
US Department of Health & Human Services	(58,560)	(22,038)
US Department of Agriculture	-	(88,464)
S&S Children Home Construction	(709)	-

B. Fund Balance

The State of Indiana reports its fund balances for governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The detail of the fund balance classifications at June 30, 2012 is as follows:

		Major Special Revenue Funds					
	General Fund	Public Welfare-Medicaid Assistance Fund	Major Moves Construction Fund	ARRA of 2009	US Department of Transportation	US Department of Health & Human Services	Non-Major Funds
Fund balances:							
Nonspendable:							
Permanent fund principal	$ -	$ -	$ -	$ -	$ -	$ -	$ 501,125
Restricted:							
General Government	363,212	-	-	-	-	-	-
Committed:							
General Government	20,859	-	-	-	-	-	580,218
Welfare	-	-	-	-	-	-	306,793
Conservation, culture and developm	-	-	-	-	-	-	103
Education	-	-	-	-	-	-	72
Transportation	-	-	-	-	-	-	171,733
Assigned:							
General Government	96,629	-	-	-	-	-	408,602
Public Safety	14,600	-	-	-	-	-	538,959
Health	985	-	-	1,910	-	-	20,357
Welfare	72,317	414,034	-	8,135	-	-	324,787
Conservation, culture and develop.	18,717	-	-	1,600	-	-	318,116
Education	6,304	-	-	2,286	-	-	65,967
Transportation	1,068	-	1,181,837	-	-	-	307,495
Encumbrances	441,412	-	-	-	-	-	-
Unassigned:	2,338,589	-	-	-	(80,766)	(80,598)	(97,186)
Total fund balance	$ 3,374,692	$ 414,034	$ 1,181,837	$ 13,931	$ (80,766)	$ (80,598)	$ 3,447,141

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

1. Primary Government – Other than Major Moves Construction Fund and Next Generation Trust Fund, Investment Trust Funds, and Pension and Other Employee Benefit Trust Funds.

Investment Policy

Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the PERF policy in note IV(A)3. There are no formal deposit or investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Indiana Code 5-13-9 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statute does not establish any parameters or guidelines related to interest rate risk.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2012:

Primary Government				
	Fair	**Investment Maturities (in Years)**		
Investment Type	**Value Totals**	**Less than 1**	**1 - 5**	**6- 10**
U.S. Treasuries	$ 149,943	$ 149,943	$ -	$ -
U.S. Agencies	4,110,068	3,864,378	245,690	-
Supranationals	118,502	99,993	18,509	-
Municipal Bonds	39,180	19,736	-	19,444
Local Govt Investment Pool	200,000	200,000	-	-
Non-U.S. Fixed Income	30,072	5,006	25,066	-
Certificate of Deposits	161,722	161,722	-	-
Money Market Mutual Funds	395,400	395,400	-	-
Total	$ 5,204,887	$ 4,896,178	$ 289,265	$ 19,444

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Indiana Code 5-13-9-2 authorizes the State Treasurer to invest or reinvest in securities fully guaranteed and issued by (1) the United States Treasury, (2) a federal agency, (3) a federal instrumentality, or (4) a federal government sponsored enterprise. The State Treasurer also may invest or reinvest in money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940. The portfolio of the investment company or investment trust must be limited to direct obligations of the United States, a federal agency, a federal instrumentality, a federal government sponsored enterprise, or repurchase agreements fully collateralized by obligations described in numbers (1) through (4) above. The statute also states the securities of or interests in an investment company or investment trust must be rated as one of the following: (1) AAA, or its equivalent, by Standard & Poor's Corporation or its successor; or (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities as of June 30, 2012. The following table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment:

Primary Government	**Greatest Risk**	
Investment Type	**Rating**	**Fair Value**
U.S. Treasuries	AA	$ 149,943
U.S. Agencies	AAA	50,003
	AA	4,060,065
Supranationals	AAA	65,008
	NR	53,494
Certificate of Deposits	NR	161,722
Municipal Bonds	NR	39,180
Non-US Fixed Income Bonds	A	30,072
Local Govt Investment Pool	NR	200,000
Money Market Mutual Funds	AAA	395,400
Total		$ 5,204,887

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Indiana Code 5-13-10-3 states that the State Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount aggregating at any one time more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the State Board for Depositories.

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

FHLMC	27.93%	$1,702,364
FHLB	22.46%	$1,368,786
FNMA	12.38%	$754,208

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2012, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities. The Treasurer of State is authorized by statute (IC 5-13-10.5) to accept as collateral safekeeping receipts for securities from: (1) a duly designated depository, having physical custody of securities, with a combined capital and surplus of at least $10 million, according to the last statement of condition filed by the financial institution with its governmental supervisory body. The Treasurer may not deposit aggregate funds in deposit accounts in any one designated depository in an amount or (2) a financial institution located either in or out of Indiana aggregating at any one time more than 50% of the combined capital, surplus and undivided profits of that depository as determined by the last published statement.

Indiana Code 5-13-10.5-13 states that securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise; in excess of the total market value of the loaned securities. State statutes and policies permit the State to lend securities to broker-dealers and other entities (borrowers) for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The State's custodial banks manage the securities lending programs and receive cash or securities as collateral. The types of securities lent during the year may include U.S. Treasury and agency obligations, corporate bonds/notes, and foreign bonds. Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. Cash received as collateral is reported as an asset and a liability on the balance sheet. Securities received as non-cash collateral are not reported on the balance sheet because the State does not have the ability to pledge or sell them without a borrower default. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Indiana Public Retirement System (fiduciary in nature component unit), which allow no more than 40% to be lent at one time.

Cash collateral may be invested. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2012 was 12 days. The contracts with the State's custodians requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State.

As of June 30, 2012, the fair values of the underlying securities on loan were:

Security Type	Fair Value
U.S. Governments	$ 98,722
U.S. Agencies	80,707
Total	$ 179,429

The fair values of the cash and non-cash collateral received were:

Security Type	Fair Value
U.S. Governments	$ 100,744
U.S. Agencies	82,386
Total	$ 183,130

Collateral percentage: 102.06%

Collateral Type	Fair Value
Non-cash collateral	$ 100,744
Cash collateral	82,386
Total	$ 183,130

Major Moves Construction Fund/Next Generation Trust Funds

Investment Policy

Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5, except the funds may not be invested in equity securities. Investment Policy Statements for the investment of these two funds has been adopted by the Treasurer of State. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investor standards. There is no formal deposit policy other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statements establish asset allocations for both Funds and set limits for the exposure in securities from any one issuer to not more than 5% of a Core Fixed Income Investment Manager's portfolio and not more than 10% of a Core Plus Fixed Income Investment Manager's portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. A long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective of 5.25%.

The following table provides the interest rate risk disclosure for the Major Moves/Next Generation Trust Fund as of June 30, 2012:

Major Moves/Next Generation Funds		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6- 10	More than 10
U.S Treasuries	$ 331,213	$ 113,031	$ 177,845	$ 16,741	$ 23,596
U.S. Agencies	39,253	18,968	9,697	6,042	4,546
Government Asset and Mortgage Backed	170,350	-	276	27,322	142,752
Collateralized Mortgage Obligations					
Government CMOs	35,448	-	390	7,232	27,826
Corp CMOs	25,084	-	142	5,205	19,737
Corporate Bonds	658,387	188,975	370,398	71,181	27,833
Corporate Asset Backed	151,544	-	68,869	16,503	66,172
Private Placements	242,672	16,141	174,219	31,276	21,036
Municipal Bonds	27,294	8,750	12,526	1,457	4,561
Commercial Paper	2,661	2,661	-	-	-
Non US Government/Corp Bonds	27,045	135	13,620	6,910	6,380
Money Market Mutual Funds	73,667	73,667	-	-	-
	$ 1,784,618	$ 422,328	$ 827,982	$ 189,869	$ 344,439

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The investment managers must adhere to the following guidelines:

Intermediate and Core Fixed Income Managers

a. The average credit quality of each manager's portfolio shall not be lower than Aa3/AA-
b. All securities at the time of purchase shall have a Moody's, S&P's and/or Fitch's credit quality rating of no less than BBB
c. In the event a holding is downgraded to less than BBB, the manager will have the discretion over when to sell the security, generally, no later than 90 days following the downgrade.

Core Plus Fixed Income Managers

d. At least 60% of the securities held in the portfolio shall have a credit rating of no less than BBB
e. Investments in high-yield and non-US debt are permitted, but combined exposure to those sectors should not exceed 40%
f. The average credit quality of each manager's portfolio shall not be lower than single A

Hybrid Fixed Income Managers

g. High-yield and non-US debt securities are permitted
h. Non US-dollar currency exposure is permitted

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2012. The following table below reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment.

Major Moves/Next Generation Funds

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Treasuries	AA	$ 331,213
U.S. Agencies	AA	34,444
	A	4,302
	NR	507
Government Asset and Mortgage Backed	AA	131,953
	NR	38,397
Collateralized Mortgage Obligations		
Government CMO's	AA	35,448
Corporate CMO's	AAA	11,561
	AA	1,253
	A	1,145
	BBB	1,004
	BB	111
	B	1,867
	CCC&Below	6,889
	NR	1,254
Non US Govt/Corp Bonds	AAA	-
	AA	-
	A	4,657
	BBB	14,888
	BB	6,480
	B	278
	CCC&Below	-
	NR	742
Corporate Bonds	AAA	6,860
	AA	36,548
	A	278,659
	BBB	257,928
	BB	33,520
	B	27,964
	CCC&Below	11,843
	NR	5,065
Corporate Asset and Mortgage Backed	AAA	125,369
	AA	13,280
	A	6,418
	BBB	1,968
	BB	193
	B	1,467
	CCC&Below	2,364
	NR	485
Private Placements	AAA	40,348
	AA	24,399
	A	21,994
	BBB	32,639
	BB	8,548
	B	15,903
	CCC&Below	13,361
	NR	85,480
Commercial Paper	A	2,481
	NR	180
Municipal Bonds	AAA	-
	AA	14,022
	A	12,369
	BBB	866
	BB	37
	NR	-
Money Market Mutual Funds	NR	73,667
Total		$ 1,784,618

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. For Intermediate and Core Fixed Income Managers, securities in any one issuer should be limited to not more than 5% of the investment manager's portion of the Fund portfolio measured at market value. For Core Plus Fixed Income Managers, the exposure of each manager's portfolio should be limited to not more than 10% of the manager's portion of the Fund portfolio measured at market value.

Investments in any one issuer that represent 5% or more of the total investments are:

FNMA	7.31%	$128,410,810

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Major Moves/Next Generation Trust Fund's foreign currency exposure is focused primarily in fixed income securities. The exposure to foreign currency fluctuation is as follows:

Currency	Combined Total	% of Total Market Value
Brazil Real	$ 2,709	0.16
Chilean Peso	213	0.01
Columbian Peso	1,544	0.09
Euro	(3,370)	-0.19
Hungarian Forint	316	0.02
Indonesian Rupian	738	0.04
Malaysian Ringgit	1,628	0.09
Mexico New Peso	5,766	0.33
New Turkish Lira	336	0.02
Philippines Peso	723	0.04
Russian Rubel	829	0.05
South African Comm	866	0.05
South Korean Won	1,027	0.06
Uruguayan Peso	2,157	0.12
Others	74	0.01
Total	$ 15,556	0.90

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State.

As of June 30, 2012, the fair values (in thousands) of the underlying securities on loan were:

Security Type	Fair Value
U.S. Governments	$ 324,031
U.S. Corporates	16,439
Total	$ 340,470

The fair values of the cash and non-cash collateral received were:

Security Type	Fair Value
U.S. Governments	$ 330,677
U.S. Corporates	16,885
Total	$ 347,562

Collateral percentage: 102.08%

Collateral Type	Fair Value
Non-cash collateral	$ 287,610
Cash collateral	59,952
Total	$ 347,562

TrustINdiana, Local Government Investment Pool (Investment Trust Funds)

Investment Policy

Indiana Code, Title 5, Article13, Chapter 9, Section 11 established the local government investment pool (TrustINdiana) within the office and custody of the Treasurer of State. The Treasurer of State shall invest the funds in TrustINdiana in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the Treasurer of State under Indiana Code 5-13-10.5. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. However, pursuant to IC 5-13-9-11(g)(7), no less than fifty percent of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities. Investment criteria have been established to create the principles and procedures by which the funds of TrustINdiana shall be invested and to comply with state statute relating to the investment and deposit of public funds.

Valuation of Investments

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2012:

TrustINdiana - Local Government Investment Pool

Investment Type	Amortized Cost	Investment Maturity (in Years) Less than 1
U.S. Agencies	$ 39,079	$ 39,079
Commercial Paper	110,667	110,667
Total	$ 149,746	$ 149,746

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TrustINdiana limits its investments in any one issuer to the highest rating category issued by one nationally recognized statistical rating organization.

The following table provides information on the credit quality ratings for investments in TrustINdiana:

TrustINdiana - Local Government Investment Pool

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Agencies	AA+	$ 39,079
Commercial Paper	A1	110,667
Total		$149,746

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustINdiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition, TrustINdiana limits its investments in any one issuer to 40% of net assets if the issuer is rated A1+/P1 and 25% of net assets if the issuer is rated A1/P1. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represents 5% or more of the total investments were (amount in thousands):

Federal Farm Credit Bank	8.71%	$ 32,564

Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current market value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2012, there were no securities on loan and therefore, no credit risk exposure.

2. *Pension and Other Employee Benefit Trust Funds – Primary Government*

State Police Pension Fund

Investment Policy – The Indiana State Police Pension Trust was established in 1937 to provide pension, death, survivor, and other benefits to present and former employees of the department and their beneficiaries who meet the statutory requirement for such benefits.

Indiana Code 10-1-2-2(c), established the prudent investor standard as the primary statutory provision governing the investment of the Trust's assets. IC 10-1-2-2 (c) reads as follows:

The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in debt securities, short term money market funds, bond mutual/commingled funds, municipal securities, asset-backed, and mortgage backed securities for the State Police Pension Trust. The table reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each investment type.

State Police Pension		
	Greatest Risk	
Investment Type	Ratings	Fair Value
U.S. Treasuries	AA	$ 10,885
U.S. Agencies Assets and Mortgage	AA	13,318
Backed Securities	NR	2,540
Collateralized Mortgage Obligations		
Corporate CMO's	AAA	1,034
	CCC & Below	209
	NR	111
U.S. Agencies CMOs	AA	2,786
	NR	921
Corporate Bonds	AA	644
	A	7,374
	BBB	13,831
	BB	2,006
	B	657
	NR	136
Corporate Asset Backed	AAA	7,277
	AA	869
	A	1,200
	BBB	1,126
	BB	19
	B	16
	CCC & Below	285
	NR	200
Foreign Bonds	A	380
	BBB	160
Private Placements	AAA	585
	AA	161
	A	797
	BBB	2,317
	BB	213
	CCC & Below	29
Municipal Bonds	AAA	236
	AA	1,779
	A	553
	BBB	312
	NR	170
Mutual/Commingled Funds	NR	197,356
Total		$ 272,492

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the customer. None of the Indiana State Police Pension Trust's investments are exposed to custodial credit risk because they are held in the name of the Indiana State Police Pension Trust. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Indiana State Police Trust has thirteen different investments managers. The purchase of securities in any one nongovernmental corporation shall be limited to an initial cost of 5% of the market value of an investment manager's portfolio. Additionally, the following limits are set to further limit credit exposure:

Large/Mid/Small Capitalization Equity Managers: equity holdings in any one company should not exceed 7.5% of the market value of the investment manager's portion of the Fund's portfolio. Equity holdings in any one industry should not exceed 25% of the market value of the investment manager's portion and equity holdings in any one sector should not exceed 35% of the investment manager's portfolio market value.

Non-US Equity Investment Managers: equity holdings in any one international company shall not exceed 7.5% of the total value of all investments in international equity securities and equity holdings in any one country shall not exceed 35% of all investments in international equity securities.

Domestic Core Fixed/ Domestic Core Plus/Hybrid Managers: securities of any one issuer are limited to not more that 5% of the investment manager's portion of the portfolio measured at market value. Securities backed by the full faith and credit of the United States Government or any of its instrumentalities shall not be subject to exposure limitations. Investments in high-yield and non-US debt securities should be limited to 20% high-yield and 20% non-U.S. debt with a combined exposure to those sectors not to exceed 30%.

There were no investments in any one issuer that represents 5% or more of the total investments.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Fund's policy for controlling its exposure to interest rate fluctuations should be viewed with the appropriate perspective. A long-term strategy was employed to achieve the Fund's objectives, but there was consideration given to the short-term liquidity needs to meet disbursements required by the Fund. The asset allocation and investment manager structure was designed to tolerate some interim fluctuations in market value while maintaining a long-term return objective to exceed the actuarial assumed interest rate of 6.75%.

The following table provides the interest rate risk disclosure for the Indiana State Police Pension Fund:

State Police Pension					
		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 5	6- 10	More than 10
U.S. Treasuries	$ 10,885	$ 110	$ 4,005	$ 3,766	$ 3,004
U.S. Agencies	19,565	2,926	273	1,337	15,029
Collateralized Mortgage Obligations					
Corporate CMO's	1,354	-	22	146	1,186
Corporate Bonds	24,648	1,852	6,585	11,465	4,746
Corporate Asset Backed	10,992	2,313	3,064	157	5,458
Foreign Bonds	540	261	279	-	-
Private Placements	4,102	236	1,563	1,962	341
Municipal Bonds	3,050	-	449	192	2,409
Mutual/Commingled Funds	197,356	197,356	-	-	-
Total Fixed Income Securities	$ 272,492	$ 205,054	$ 16,240	$ 19,025	$ 32,173

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Police Pension Trust's foreign currency exposure is focused primarily in international and global equity holdings. The exposure to foreign currency fluctuation is as follows:

Currency	Market Value	% of Total Market Value
Australian Dollar	$ 410	0.11%
Brazil Real	299	0.08
Canadian Dollar	445	0.12
Danish Krone	176	0.05
Euro	3,629	0.94
Hong Kong	210	0.05
Japanese Yen	968	0.25
Norwegian Krone	380	0.10
Pound Sterling	1,837	0.48
S. African Rand	88	0.02
Swiss Franc	893	0.23
Total	$ 9,335	2.43%

Securities Lending - The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash of (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise. The market value of the required collateral must be in an amount at least equal to 102% of the current market value of the loaned securities. As of June 30, 2012, the State Police Pension Trust had received cash as collateral in an amount exceeding 102% of the fair value of the underlying securities on loan. The State Police Pension Trust recorded the value of the cash collateral received as an asset in the accompanying financial statements. A corresponding liability has also been recorded because the cash collateral must be returned to the borrower upon expiration of the loan. The lending agent invests the cash collateral received by the borrowers. The weighted average maturity of the cash collateral investments generally matched the term of the securities loans.

At year end, the State Police Pension Trust had no credit risk exposure to any borrowers because the amount the State Police Pension Trust owes the borrowers exceeds the amounts the borrowers owe the State Police Pension Trust.

As of June 30, 2012, all lent securities were collateralized with cash. The fair value of the securities on loan was:

Security Type	**Fair Value**
U.S. Governments	$ 2,431
U.S. Equities	2,317
Total	$ 4,748

State Employee Retiree Health Benefit Trust Fund-DB

Investment Policy – The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund, the

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

The State Police Retiree Health Benefit Trust Fund consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established within the State Police Pension Fund for the purpose of paying benefits for sickness, accident, hospitalization, and medical expenses. The assets in this account may be commingled for investment purposes only with the other accounts of the Indiana State Police Pension Fund. The investment authority for this Fund, since it is to be invested in the same manner as the State Police Pension Fund, is established under Indiana Code IC 10-12-2-2(c). There is no formal deposit policy other than compliance to State statute.

IC 10-12-2-2(c) reads as follows:

The trust fund shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards.

The SPD, DNR, and the ATC/Excise OPEB Trust Funds were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPD OPEB Trust Fund. The Department of Natural Resources administers the DNR OPEB Trust Fund. The ATC/Excise OPEB Trust Fund is administered by the Alcohol and Tobacco Commission. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. The Treasurer of State shall invest monies in these trust funds not currently needed to meet the obligations of the trust funds in the same manner as other public money may be invested. Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in the State Retiree Health Benefit Trust Fund-DB:

State Retiree Health Benefit Trust Fund - DB

Investment Type	Greatest Risk Ratings	Fair Value
U.S. Agencies	AA+	$ 13,755
Certificate of Deposits	NR	685
Total		$ 14,440

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

Federal Home Loan Banks	48.47%	$ 6,999
Federal National Mortgage Assoc.	20.13	2,906
Federal Agricultural Mortgage Corp.	26.66	3,849

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

Securities Lending - The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the united states, an agency of the United State, an agency of the united States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2012:

State Retiree Health Benefit Trust Fund - DB

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1 - 5
U.S. Agencies	$ 13,754	$ 11,848	$ 1,906
Certificate of Deposits	685	685	-
Total Fixed Income Securities	$ 14,439	$ 12,533	$ 1,906

State Employee Retiree Health Benefit Trust Fund-DC

Investment Policy – Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Retiree Health Benefit Trust Fund has separate investment authority as established under Indiana Code 5-10-8-8.5 (b). The Treasurer of State shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The following table provides information on the credit quality ratings for investments in State Retiree Health Benefit Trust Fund:

State Employee Retiree Health Benefit Trust Fund - DC

Investment Type	Greatest Risk Rating	Fair Value
U.S. Agencies	AAA	$ 5,002
	AA+	155,839
Total		$ 160,841

Custodial Credit Risk

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At June 30, 2012, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

Investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments were:

Federal Home Loan Banks	31.11%	$ 50,038
Federal Home Loan Mortgage Corp.	24.94%	40,112
Federal National Mortgage Association	40.84%	65,689

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. There was no foreign currency risk.

Securities Lending - The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities.

At year end, there were no securities on loan and therefore, no credit risk exposure.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2012:

State Employee Retiree Health Benefit Trust Fund - DC

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1 - 5
U.S. Agencies	$ 160,841	$ 70,046	$ 90,795
Total Fixed Income Securities	$ 160,841	$ 70,046	$ 90,795

3. Pension Trust Funds – Fiduciary in Nature Component Unit

Indiana Public Retirement System

Investment Guidelines and Limitations – The Indiana General Assembly enacted the prudent investor standard to apply to the INPRS Board of Trustees and govern all its investments. Under statute (IC 5-10.3-5-3(a)) for PERF and (IC 5-10.4-3-10(a)) for TRF, the Board of Trustees must "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." The Board of Trustees also is required to diversify such investments in accordance with the prudent investor standard.

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the plans. The INPRS Board of Trustees utilizes external investment managers, each with specific mandates to achieve the investment objectives of the retirement funds. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted periodically.

Effective January 1, 2012, the INPRS Board of Trustees adopted a new Investment Policy Statement and the new strategic asset allocation for the Consolidated Defined Benefit Assets is as follows:

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

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

The Pension Relief Fund (PR Fund) is invested 100 percent in a money market fund. The State Employees' Death Benefit Fund and the Public Safety Officers' Special Death Benefit Fund are 100 percent invested in fixed income investments.

The following key factors are used in the analysis of the investment performance of the retirement funds:

- Net of fees, 10-year rolling annual rate of return equal to the target rate of return for the retirement funds.
- Net of fees, 1-year and 3-year rolling investment rate of return of the retirement funds, no less than a weighted average of benchmark indices which best describe the retirement funds' asset allocation.
- Net of fees, 3-year and 5-year Sharpe Ratio of the retirement funds, no less than a weighted average of benchmark indices' Sharpe Ratio which best describe the retirement funds' asset allocation.

Custodial Credit Risk – Deposits, investment securities, and collateral securities are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, that INPRS will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of INPRS and are held by either the counterparty or the counterparty trust department's agent, but not in INPRS' name.

Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5 for PERF and IC 5-10-4-3-14(a)) and IC 5-10.4-3-13 for TRF, securities are required to be held for the fund under custodial agreements. INPRS' custody agreement with the custodian requires that the custodian segregate the securities on the custodian's books and records from the custodian's own property. In addition, any investment manager for INPRS is not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

There was no custodial credit risk for investments including investments related to securities lending collateral as of June 30, 2012.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. Deposits held in the demand deposit accounts are carried at cost and are insured up to $250 thousand for each institution. Deposits in the demand accounts held in excess of $250 thousand are not collateralized. Deposits with the Indiana Treasurer of State are entirely insured. Deposits held with the investment custodian are insured up to $250 thousand. Deposits held with brokers and counterparties are carried at cost and are not insured or collateralized.

Cash Deposits	**Total**
Demand Deposit Account – Bank Balances	$ 12,684
Held with Treasurer of State	15,451
Held with Counterparties	10
Held with Brokers	323,859
Total	$ 352,004

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer the maturity, the more the value of the fixed-income investment will fluctuate with interest rate changes. The INPRS Investment Policy Statement recognizes interest rate risk as a market risk factor that is monitored on an absolute and relative basis.

As of June 30, 2012 the debt securities had the following duration information:

Debt Security Type	Fair Value 6/30/2012	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
Short Term Investments			
Cash at Brokers	$ 323,859	2.3%	0
Money Market Sweep Vehicle	1,749,484	12.3%	0.01
Commercial Paper	3,000	0.0%	0.01
U.S. Treasury Obligations	413,976	2.9%	0
Non-U.S. Government	3,720	0.0%	0
Total Short Term Investments	**2,494,039**	**17.6%**	
Fixed Income Investments			
U.S. Governments	3,497,061	24.7%	1.78
Non-U.S. Government	723,737	5.1%	0.43
U.S. Agencies	1,589,888	11.2%	0.42
Corporate Bonds	3,451,561	24.4%	1.12
Asset-Backed Securities	1,141,669	8.1%	0.19
Duration Not Available	1,268,918	9.0%	N/A
Total Fixed Income Investments	**11,672,834**	**82.4%**	
Total Debt Securities	**$ 14,166,873**	**100.0%**	

The $1,269 million, for which no duration was available, is primarily made up of commingled debt funds.

Credit Risk – The credit risk of investments is the risk that the issuer will default and not meet their obligations. The INPRS Investment Policy Statement recognizes credit (quality) risk as a market and strategic risk factor that is monitored on an absolute and relative basis.

The quality rating of investments in debt securities as described by Moody's at June 30, 2012 is as follows:

Moody's Rating	Total	Percentage of Debt & Cash Equivalents
Aaa	$ 6,490,994	45.7%
US Government Guaranteed	433,768	3.1%
Aa	363,980	2.6%
A	1,134,046	8.0%
Baa	1,643,343	11.6%
Ba	224,041	1.6%
B	151,288	1.1%
Below B	61,090	0.4%
Unrated	3,664,323	25.9%
Subtotal	14,166,873	100.0%
Cash - not applicable	-	
Total	$14,166,873	

The $3,664 million not rated by Moody's is primarily in the following security types: cash at broker, money market sweep vehicles, asset-backed securities, commercial mortgages, CMO/Remics and commingled debt funds.

Concentration of Credit (Issuer) Risk – Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The INPRS Investment Policy Statement recognizes issuer risk as a strategic risk factor that is monitored on an absolute and relative basis.

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

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

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

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

At June 30, 2012, there was no concentration of credit (issuer) risk for the Consolidated Defined Benefit Assets.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. INPRS' foreign currency exposure is focused primarily in international equity holdings.

The INPRS Investment Policy Statement recognizes foreign exchange risk and the impact on incremental risk and return is assessed based on overall portfolio exposure. Unless otherwise approved by the Board, management of foreign currency exposure will only be implemented (1) by an Investment Manager on its Portfolio when the Investment Manager possesses recognized foreign exchange experience or (2) by an overlay manager or other third-party expert for a specific Portfolio or Retirement Fund. Any hedging strategy recommendation will be presented to the Board for approval and incorporated into the benchmark. The management and implementation of Board approved hedging activities will be implemented by the CIO, with the advice of the Executive Director and Consultants who are approved by the Board.

INPRS has exposure to foreign currency fluctuation as follows:

Currency	Short Term Investments	Debt Securities	Equity Securities	Other Investments	Grand Total	% of Total
Australian Dollar	$ 2,206	$ 16,093	$ 76,300	$ -	$ 94,599	0.4%
Brazilian Dollar	250	12,111	36,765	-	49,126	0.2%
British Pound Sterling	670	143,544	295,294	3,248	442,756	1.7%
Canadian Dollar	263	95,895	90,037	-	186,195	0.7%
Chilean Peso	-	1,332	-	-	1,332	0.1%
Colombian Peso	-	2,215	678	-	2,893	0.0%
Czech Koruna	27	-	3,023	-	3,050	0.0%
Danish Krone	27	-	20,269	-	20,296	0.1%
Egyptian Pound	13	-	551	-	564	0.0%
Euro Currency Unit	2,010	306,522	488,023	190,809	987,364	3.7%
Hong Kong Dollar	84	-	121,300	-	121,384	0.5%
Hungarian Forint	10	-	483	-	493	0.0%
Indian Rupee	-	-	14,996	-	14,996	0.1%
Indonesian Rupiah	79	-	5,729	-	5,808	0.0%
Israeli Shekel	14	-	2,489	-	2,503	0.0%
Japanese Yen	3,370	66,528	330,794	-	400,692	1.5%
Korean Won	397	-	58,971	-	59,368	0.2%
Malaysian Ringgit	4	-	7,637	-	7,641	0.0%
Mexican Peso	4,234	28,102	8,549	-	40,885	0.2%
New Zealand Dollar	12	7,899	833	-	8,744	0.0%
Norwegian Krone	22	-	25,827	26,845	52,694	0.2%
Philipine Peso	8	10,147	1,843	-	11,998	0.0%
Polish Zloty	-	7,128	2,264	-	9,392	0.0%
Singapore Dollar	211	-	37,633	-	37,844	0.1%
South African Rand	44	-	38,869	-	38,913	0.1%
Swedish Krona	17	37,754	69,079	-	106,850	0.4%
Swiss Franc	1,164	-	114,578	-	115,742	0.4%
Taiwan Dollar	646	-	34,721	-	35,367	0.1%
Thai Baht	2	-	17,926	-	17,928	0.1%
Turkish Lira	42	-	23,619	-	23,661	0.1%
Held in Foreign Currency	15,826	735,270	1,929,080	220,902	2,901,078	10.9%
Held in US Dollar	2,478,213	10,937,564	4,352,038	5,998,341	23,766,156	89.1%
Total	**$ 2,494,039**	**$ 11,672,834**	**$ 6,281,118**	**$ 6,219,243**	**$ 26,667,234**	**100.0%**

Securities Lending – Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which certain securities held by the custodian on behalf of INPRS may be loaned. The statute requires that collateral initially in excess of the total market value of the loaned securities must be pledged by the borrower and must be maintained at no less than the total market value of the loaned securities.

The purpose of such a program is to provide additional revenue for the Consolidated Defined Benefits Assets. The INPRS Investment Policy Statement requires that collateral securities and cash be initially pledged at 102 percent of the market value of the securities lent for domestic securities and 105 percent for international securities. No more than 40 percent of the Consolidated Defined Benefit Assets may be lent at one time. The custodian bank and/or its securities lending sub-agents provide 100 percent indemnification of the Consolidated Defined Benefit Assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral cannot be pledged or sold unless the borrower defaults. INPRS retains the market value risk with respect to the investment of the cash collateral.

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

Securities Lending as of June 30, 2012	
Market value of securities on loan	$ 1,692,637
Fair value of cash and non-cash collateral by investment type:	
U.S. Governments	$ 1,077,653
Domestic Equities	486,010
Corporate Bonds	104,316
International Equities	66,305
Fair value of cash and non-cash collateral	1,734,284
Fair value of non-cash collateral that is not included in the Statements of Fiduciary Plan Net Position	836,553
Fair value of cash collateral (liability to borrowers)	897,731
Fair value of reinvested cash collateral by type:	
Commercial Paper	376,699
Repurchase Agreements	248,954
Floating Rate Notes	139,744
Certificate of Deposits	132,334
Fair value of reinvested cash collateral	$ 897,731
Net unrealized gain	-

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2012 is as follows:

Standard and Poor's Rating	Fair Value of Reinvested Cash Collateral	Percent of Portfolio
A-1 and A-1+	507,045	56.5%
AA+	10,636	1.1%
AA-	114,552	12.8%
A+	11,419	1.3%
A	3,115	0.3%
Unrated	250,964	28.0%
Total	897,731	100.0%

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

Repurchase Agreements – A repurchase agreement is an agreement in which INPRS transfers cash to a broker-dealer or financial institution. The broker dealer or financial institution transfer securities to INPRS and promises to repay the cash plus interest in exchange for the same securities. Repurchase agreements are assets with the security collateral held at INPRS' custodian bank.

A reverse repurchase agreement is the same as a repurchase agreement, but from the perspective of the buyer rather than the seller. Repurchase agreements are secured loans with INPRS' collateral held at the broker dealer or financial institution's custodian bank.

The amounts held at June 30, 2012, exclusive of securities lending reinvested cash collateral, are as follows:

Repurchase Agreements by Collateral Type	Cash Collateral Received	Market Value
U.S. Agencies	$ 96,400	$ 98,731
Corporate Bond	1,090	1,111
Total Repurchase Agreements	**$ 97,490**	**$ 99,842**

Reverse Repurchase Agreements by Collateral Type	Market Value	Cash Collateral Posted
US Inflation Linked Bonds	$ 147,680	$ 148,198
Total Reverse Repurchase	**$ 147,680**	**$ 148,198**

Derivative Financial Instruments – Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as investment income. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty. This would typically be referred to as an "OTC contract" (Over the Counter) such as swaps, forward contracts and TBAs (Mortgage To Be Announced). Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as "exchange traded". Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements. Investments in limited partnerships may include derivatives that are not shown in the derivative total.

During the year, the Fund's derivative investments included:

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

INPRS' investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, INPRS' investment managers use

futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.
As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

Options

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.

The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of a call option receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. An interest rate swaption is the option to enter into an interest rate swap based off a set of predetermined conditions.

Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange traded options is determined based upon quoted market prices.
The fair value of over the counter options is determined by external pricing services, using various proprietary methods, based upon the type of option.

Rights/Warrants

Rights provide the holder with the right, but not the obligation, to buy a company's common stock at a predetermined price, the subscription price. The right is good until its expiration date. A right permits the investor to buy at a price that may be below the actual market price for that stock. A warrant is an option to buy an underlying equity security at a predetermined price for a finite period of time.

Forwards

Foreign Currency
A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

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

TBA
A TBA (Mortgage To Be Announced) is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed upon date. Associated gains are derived from the change in market value of the contract due to a change in price of the underlying security. Future settlement risk is the risk of not receiving the asset or associated gains specified in the contract.

TBA's are used to achieve the desired market exposure of a security or asset class or adjust portfolio duration. The fair value is determined by external pricing services using various proprietary methods.

TBA's are classified as fixed income investments.

Swaps

Interest Rate Swaps
Interest rate swaps are derivative instruments in which one party exchanges a stream of fixed interest rate cash flows for floating interest rate cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at the inception of the contract.

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation.

The fair value is determined by external pricing services using various proprietary methods.

Inflation Swap
An inflation swap is a derivative used to transfer inflation risk from one party to another through an

exchange of cash flows. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI) or an inflation bond.

Credit Default Swaps
Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk.

The fair value is determined by external pricing services using various proprietary methods.

The table below summarizes INPRS' derivative information for the year ending June 30, 2012 (dollars in thousands):

Investment Derivatives	**Changes in Fair Value**	**Fair Value**	**Notional (USD)**
Futures			
Listed			
Commodity	$ (7,505)	$ (7,505)	$ 1,009,250
Equity Index	13,986	13,986	498,757
Bond	(256)	(198)	278,813
Currency	(230)	275	246,611
Interest Rate	220	220	50,645
Total Futures	**6,215**	**6,778**	**2,084,076**
Options			
Listed			
Currency	(98)	83	10,870
Subtotal Listed	(98)	83	10,870
OTC			
Swaptions	2,493	(483)	498,720
Subtotal OTC	2,493	(483)	498,720
Total Options	**2,395**	**(400)**	**509,590**
Swaps:			
OTC			
Interest Rate Swaps	(1,007)	(2,104)	1,074,362
Inflation Swaps	49	49	13,440
Equity Index	68	(8)	8,100
Credit Default Swaps Single Name	827	1,195	263,429
Credit Default Swaps Index	1,191	664	301,647
Total Swaps	**1,128**	**(204)**	**1,660,978**
TBA	**73**	**(70,287)**	**65,500**
Total	**$ 9,811**	**$ (64,113)**	**$ 4,320,144**

Swap Type	< 1 yr	1 - 5 yrs	5 -1 0 yrs	10 - 20 yrs	20 + yrs	Total
	Swap Maturity Profile at June 30, 2012					
Credit Default - Index	$ -	$ 726	$ (62)	$ -	$ -	$ 664
Credit Default - Single Name	(28)	151	(169)	-	1,241	1,195
Equity Index	-	-	(8)	-	-	(8)
Inflation Swaps	-	(98)	147	-	-	49
Interest Rate Swaps	-	(369)	(967)	553	(1,321)	(2,104)
Total Swap Fair Value	**$ (28)**	**$ 410**	**$ (1,059)**	**$ 553**	**$ (80)**	**$ (204)**

Credit Risk

Counterparty credit risk exists on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract.

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and certain event of default and mutual termination provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the Fund would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in asset positions at June 30, 2012, was $19,072 thousand of which $13,336 thousand was uncollateralized.

The tables below summarize INPRS's swap positions as of June 30, 2012:

		Fair Value			Collateral	
Swaps Counterparty	**S&P Rating**	**Receivable/ Unrealized Gain**	**Payable/ (Unrealized Loss)**	**Total Fair Value**	**Posted**	**Received**
Bank of America Corp	A	$ 1,467	$ (1,431)	$ (191)	$ -	$ -
Barclays Capital London	A	1,748	(2,078)	393	473	(1,380)
BNP Paribas Securities Corp	AA-	15	(2)	15	-	-
Citibank	A	2,515	(3,126)	(680)	3,438	(970)
CME Central	AA-	2,698	(2,213)	792	-	-
Credit Suisse	A	1,836	(1,965)	(413)	1,030	(520)
Deutsche Bank	A+	3,104	(2,777)	(40)	500	(750)
Goldman	A-	1,084	(464)	301	9	(790)
HSBC Securities Inc	A+	175	(127)	189	-	(330)
JPMorgan Chase Bank	A	2,379	(2,044)	(1,211)	940	-
Morgan Stanley Capital Services	A-	957	(1,203)	592	60	(715)
Royal Bank of Scotland	A-	436	(121)	302	54	(1,190)
Societe Generale Paris	A	2	-	-	-	-
UBS	A	656	(394)	(253)	151	-
Grand Total		$ 19,072	$ (17,945)	$ (204)	$ 6,655	$ (6,645)

Credit Default Swaps				
Investment Type		**Reference**	**Fair Value**	**Notional**
Index	Bought	CDX IG	$ 270	$ 264,071
Index	Bought	CDX EM	637	8,800
Index	Bought	CDX HY	(128)	13,976
Index	Bought	CDX ITRAXX	(115)	14,800
Total CDS - Index			**$ 664**	**$ 301,647**
Single Name	Sold	Various	$ (1,002)	$ 202,416
Single Name	Bought	Various	2,197	61,013
Total CDS - Single Name			**$ 1,195**	**$ 263,429**

Interest Rate Risk

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

The table below summarizes INPRS's Investments that are highly sensitive to interest rate changes:

Reference Rate	Fair Value	Notional
TBA Securities:		
3.50%	$ (7,396)	$ 7,000
4.00%	(2,660)	2,500
4.50%	(38,590)	36,000
5.00%	(21,641)	20,000
	(70,287)	65,500
Interest Rate Swap:		
Pay Variable 3M CDOR / Receive Fixed Various 2.0% to 6.2%	2,826	52,087
Pay Fixed Various 1.8375% to 3.586% / Receive Variable 3M CDOR	(1,041)	26,191
Pay Fixed Various 1.01% to 3.06% / Receive Variable 6M EURIBOR	(1,912)	260,891
Pay Variable 6M EURIBOR / Receive Fixed Various 1.40% to 2.82%	1,829	243,137
Pay Variable 6M GBP-LIBOR / Receive Fixed Various 2.25% to 3.76%	132	18,178
Pay Fixed Various 2.25% to 3.94% / Receive Variable 6M GBP-LIBOR	(399)	40,842
Pay Variable MXN-TIIE / Receive Fixed Various 5.50% to 6.35%	102	9,690
Pay Fixed Various 1.135% to 2.75% / Receive Variable 3M USD-LIBOR	(4,945)	308,901
Pay Variable 3M USD-LIBOR / Receive Fixed Various 1.50% to 2.50%	1,106	108,500
Pay Variable BZDIOVRA / Receive Fixed Various 10.38% to 10.58%	198	5,945
	(2,104)	1,074,362
Inflation Swap:		
Receive Variable CPURNSA / Pay 2.46%	(6)	3,100
Pay Variable CPURNSA / Receive 1.84%	(98)	5,800
Pay Variable CPURNSA / Receive 2.66%	153	4,540
	$ 49	$ 13,440

Foreign Currency Risk

The Fund is exposed to foreign currency risk on its foreign currency forward contracts and futures contracts. The required risk disclosures are included in the Foreign Currency Risk schedule in Note 5.

At June 30, 2012, INPRS' investments included the following currency forwards balances:

Foreign Currency Contract Receivable	$ 963.7
Foreign Currency Contract Payable	967.1

Long Term Commitments for Alternative Investments – INPRS enters into long term commitments for funding other investments in private equity and private real estate. These amounts include Euro-currency denominated, Norwegian Krone denominated and British Pound Sterling denominated commitments to limited liability partnerships. The remaining amount of unfunded commitments, converted to U.S. dollars using the closing exchange rate, as of June 30, 2012 is as follows:.

Currency	Total Unfunded Commitments
Euro Currency Unit	$ 102,907
Norwegian Krone	19,624
British Pound Sterling	2,222
U.S. Dollar	1,763,899
Total	**$ 1,888,652**

B. Interfund Transactions

Interfund Loans

As explained in Note III(A) above, temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2012, the following funds had temporary cash overdrafts covered by loans from the General Fund: US Department of Transportation Fund, $18.6 million, US DHHS Fund, $58.6 million, US Department of Labor Fund, $.2 million, U.S. Department of Education Fund, $3.8 million, and S&S Children's Home Construction Fund, $0.7 million.

The following is a summary of the Interfund Loans as of June 30, 2012:

Interfund Loans - Current

	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	$ 81,915	$ -
US Department of Transportation	-	18,582
US DHHS	-	58,560
Nonmajor Governmental Funds	-	4,773
Total Governmental Funds	81,915	81,915
Total Interfund Loans	$ 81,915	$ 81,915

Interfund Services Provided/Used

Interfund Services Provided of $7.0 million represents amounts owed by various governmental funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2012:

Interfund Services Provided/Used

	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	$ -	$ 2,489
ARRA of 2009	-	22
U.S. Department of Transportation	-	7
U.S. Department of Health & Human Services	-	1,042
Nonmajor Governmental Funds	-	3,391
Total Governmental Funds	-	6,951
Proprietary Funds		
Internal Service Funds	6,951	-
Total Proprietary Funds	6,951	-
Total Interfund Services Provided/Used	$ 6,951	$ 6,951

Due From/Due Tos

Current – Indiana University owed $1.7 million to the General Fund for the State Department of Toxicology per IC 10-20-2-7(c). The interfund balance of $3.1 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund.

Non-current – The interfund balance of $50.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. This money is due to be repaid, either from the General Fund prior to January 1, 2023, or by a budget request submitted to the 2023 session of the general assembly. This non-current interfund balance appears on the government-wide statements, but not the General Fund statements.

The following are current and non-current schedules of Due From/Due Tos of Component Units, as of June 30, 2012:

Component Units - Current

	Due From Component Units	Due To Primary Government
Governmental Funds		
General Fund	$ 1,693	$ -
Nonmajor Governmental Funds	3,093	-
Total Governmental Funds	4,786	-
Component Units		
Indiana University	-	1,693
State Lottery Commission	-	3,093
Total Component Units	-	4,786
Total Due From/To	**$ 4,786**	**$ 4,786**

Component Units - Non-current

	Due From Primary Government	Due To Component Units
Governmental Funds		
General Fund	$ -	$ 50,000
Total Governmental Funds	-	50,000
Component Units		
Board for Depositories	50,000	-
Total Component Units	50,000	-
Total Due From/To	**$ 50,000**	**$ 50,000**

Interfund Transfers

Major Governmental Funds

Transfers constitute the movement of money from the fund that receives the resources to the fund that utilizes them. These numerous transfers generally result from legislation passed by the Indiana General Assembly that directs how the transfers are made. In the case of the General Fund, many appropriations are made in the General Fund and then are transferred during the year to the funds where these appropriations are used. Also in the case of the General Fund, various taxes and other revenues are collected in other funds and transferred to the General Fund. Following are the principal purposes of the State's interfund transfers:

General Fund – $614.1 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. The Build Indiana Fund transferred in $236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. $177.7 million was transferred in from the Public Welfare-Medicaid Assistance Fund of which $154.1 million was a return of funds at fiscal year end and $23.6 million was qualifying assessment fees that can only be used for the State's share of Medicaid services under Title XIX of the Social Security Act. $85.6 million was received from the Fund 6000 Programs of which $48.2 million was distribution of financial institutions tax per IC 6-5.5; $14.4 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's receipts of resident fees and Medicaid and Medicare reimbursements; $12.0 million was the recapture of financial institutions tax based on the FIT distribution that would have been based on property tax levies that were assumed by the State in 2009; $5.7 million was transferred to the Office of Medicaid Policy and Planning's State Medicaid General Fund which was appropriation transfers; and $5.3 million was transferred in from permit fees collected from business that sell alcoholic beverages per IC 7.1-4-9-4. $46.5 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including residential services for the developmentally disabled, Indiana's Children with Special Health Care Needs health insurance coverage, and substance abuse treatment. $46.3 million was transferred in from the Mental Health Center Fund to the Office of Medicaid and Policy and Planning's State Medicaid General Fund to fund the state match of Medicaid expenditures for services to adults who are seriously mentally ill. $40.0 million was a reversion of funds at fiscal year end from the Administrative Services Revolving Fund. $32.8 million was transferred in from the Medicaid Indigent Care Trust Fund for the State's share of supplemental payments and to fund Safety Net payments made in fiscal year 2012. $27.0 million was transferred in from the Motor Vehicle Commission Fund at the request of the Bureau of Motor Vehicles which was unobligated funds. $15.0 million was transferred in from the U.S. Department of Health and Human Services Fund of which $12.7 million was reimbursement of federal indirect costs to the State Budget Agency; $1.6 million was the return of Temporary Assistance for Needy Families program state match; $0.5 million was for the Attorney General's Office's Medicaid and welfare fraud units; and $0.2 million was returned to the Indiana Soldiers' and Sailors' Children's Home at fiscal year end.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received $2.0 billion in transfers for Medicaid current obligations and for Medicaid administration to enable the Office of Medicaid Policy and Planning to carry out all services under IC 12-8-6. These services include, but may not be limited to the provision of care and treatment for individuals with mental illness, developmental disability, long term care needs, and family and child services needs. $314.2 million was transferred to the U.S. Department of Health and Human Services Fund in support of: the State Medicaid program; child care services and the temporary assistance for needy families program both administered through the FSSA's Division of Family Resources; case management services to children by the Department of Child Services (DCS); the Family and Children Fund of the Department of Child Services; DCS administrative costs; Social Security Title IV-D services to needy families with children; county prosecutors' and local judges' salaries; children psychiatric services through FSSA's Division of Mental Health; information systems for the Department of Child Services; Medicare/Medicaid certification program administered by the Indiana State Department of Health; child welfare training administered by DCS; and other health and human services programs and services. $275.2 million was transferred to the State Student Assistance Commission of Indiana mostly for the awarding of the State's grants and scholarships for Hoosier students to attend colleges. The Mental Health Center Fund received appropriation transfers in totaling $93.1 million to fund services to adults who are seriously mentally ill in comprehensive community health centers and for the administration of services by the Department of Mental Health. The Build Indiana Fund received $99.4 million from riverboat wagering and pari-mutuel taxes which went to the Lottery and Gaming Surplus Account. $63.0 million was transferred from the General Fund to the Motor Vehicle Highway Fund primarily for State Police administration and pensions. $57.0 million was transferred to the Hospital Care for the Indigent Fund for the Hospital Care for the Indigent Program. $55.9 million was transferred to the U.S. Department of Agriculture Fund for the Federal Food Stamp Program administered by FSSA's Division of Family Resources. $41.4 million was received by the Indiana Department of Transportation for the Public Mass Transportation Fund, which is used for the promotion and development of public transportation.

Medicaid Assistance Fund – The Medicaid Assistance Fund had a transfer in of $2.0 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. $30.0 million was transferred in from the Medicaid Indigent Care Trust Fund, which is part of the U.S. Department of Health and Human Services Fund, for reimbursement of hospital care for the indigent supplement payments made from the Medicaid Assistance Fund.

Transfers out included $177.7 million to the General Fund of which $154.1 million was a return of funds at fiscal year end and $23.6 million was qualifying assessment fees that can only be used for the State's share of Medicaid services under Title XIX of the Social Security Act.

Major Moves Construction Funds – The Major Moves Construction Fund had a transfer out of $543.3 million to the State Highway Department for construction and maintenance of the State's highways, roads, and bridges.

ARRA of 2009 Fund – The American Recovery and Reinvestment Act of 2009 Fund transferred out $33 thousand to the General Fund for payment of federal indirect costs and $3 thousand to the U.S. Department of Labor Fund for expenditure adjustments made by the Indiana Department of Workforce Development.

U.S. Department of Transportation Fund – The U.S. Department of Transportation Fund received $165.9 million of state and local match money from the State Highway Fund for use by the Indiana Department of Transportation for transportation projects.

The U.S. Department of Transportation Fund returned $88.9 million of state and local match money to the State Highway Fund at fiscal year end.

U.S. Department of Health and Human Services Fund – The U.S. Department of Health and Human Services (USDHHS) Fund had transfers in totaling $314.2 million from the General Fund. Of this $314.2 million, $111.9 million was for the state's share of the Medicaid administrative payments; $34.4 million was for child care services; $28.0 million was for the state's share of Temporary Assistance for Needy Families payments; $28.1 million is to provide adoption services grants and assistance; $26.7 million for case management services to children by the Department of Child Services (DCS); $25.4 million for family and children services through DCS; $21.1 million for DCS administrative costs; $7.5 million for Social Security Title IV-D services to needy families with children; $7.1 million for county prosecutors' salaries; $5.4 million for children psychiatric services; $4.8 million for the Indiana Support enforcement tracking system established by DCS as the official record for child support payments; $4.8 million for local judges' salaries; $1.6 million for Medicare/Medicaid Certification; $1.4 million for the Child Protection Automation Project of DCS; $1.4 million for child welfare training; and $4.6 million was for various other health and human services programs. $37.0 million was received from the Tobacco Settlement Fund for the Children's Health Insurance Program administered by the Indiana Family and Social Services. $0.9 million was received from the Tobacco Master Settlement Fund for the Indiana Department of Health's U.S. Department of Health and Human Services Fund.

The U.S. Department of Health and Human Services transferred out to the General Fund $15.0 million of which: $12.8 million was reimbursement of federal indirect costs to the State Budget Agency; $1.6 million was the return of state match from the Temporary Assistance for Needy Families program; $0.5 million was for the Attorney General's Office's Medicaid and welfare fraud units; and $0.2 million was returned to the Soldiers' and Sailors' Children's Home at fiscal year end. $30.0 million was transferred to the Medicaid Assistance Fund to reimburse indigent supplement payments for hospital care.

Proprietary Funds

Non-Major Enterprise Funds

The Inns and Concessions Fund – This fund had transfers out of $2.1 million, representing cash contributions to the Department of Natural Resources (DNR) which are to be used for repayments of bonds made by the Indiana Finance Authority.

Internal Service Funds

$0.6 million was transferred to the Administrative Services Revolving Fund from the pay phone fund to cover a shortfall of information technology services. $40.0 million was transferred from the Administrative Services Revolving Fund to the General Fund for a reversion of funds at fiscal year end.

A summary of interfund transfers for the year ended June 30, 2012 is as follows:

	Operating transfers in	Operating transfers (out)	Net transfers
Governmental Funds			
General Fund	$ 1,401,233	$ (3,116,679)	**$ (1,715,446)**
Public Welfare-Medicaid			
Assistance Fund	1,984,049	(177,712)	**1,806,337**
Major Moves Construction Fund	-	(543,342)	**(543,342)**
ARRA of 2009	-	(36)	**(36)**
U.S. DOT Fund	168,635	(92,541)	**76,094**
U.S. DHHS Fund	352,170	(14,951)	**337,219**
Nonmajor Governmental Fund	2,248,900	(2,168,175)	**80,725**
Proprietary Funds			
Inns and Concessions	-	(2,101)	**(2,101)**
Internal Service Funds	550	(40,000)	**(39,450)**
Total	$ 6,155,537	$ (6,155,537)	**$ -**

C. Taxes Receivable/Tax Refunds Payable

Taxes Receivable/Tax Refunds Payable as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
	General Fund	Special Revenue Funds	Capital Projects Funds	Total Primary Government
Income taxes	$ 1,164,553	$ -	$ -	**$ 1,164,553**
Sales taxes	777,162	1,169	-	**778,330**
Fuel taxes	-	96,791	-	**96,791**
Gaming taxes	954	12,637	-	**13,591**
Inheritance taxes	38,355	-	-	**38,355**
Alcohol and tobacco taxes	33,081	18,525	1,856	**53,462**
Insurance taxes	2,055	-	-	**2,055**
Financial institutions taxes	-	48,118	-	**48,118**
Other taxes	23,747	1,502	-	**25,249**
Total taxes receivable	2,039,907	178,742	1,856	**2,220,504**
Less allowance for uncollectible accounts	(409,882)	(32,090)	(6)	**(441,977)**
Net taxes receivable	**$ 1,630,025**	**$ 146,653**	**$ 1,850**	**$ 1,778,527**
Tax refunds payable	**$ 27,807**	**$ 13,729**	**$ -**	**$ 41,536**

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2012, was as follows:

Primary Government – Governmental Activities

	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 1,658,421	$ 93,155	$ (41,618)	$ 1,709,958
Infrastructure	8,385,668	555,708	(17,211)	8,924,165
Construction in progress	1,571,645	798,875	(564,497)	1,806,023
Total capital assets, not being depreciated/amortized	11,615,734	1,447,738	(623,326)	12,440,146
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,614,088	36,457	(49,941)	1,600,604
Furniture, machinery, and equipment	518,249	17,550	(25,749)	510,050
Computer software	38,099	3,511	(1,497)	40,113
Infrastructure	22,860	-	(211)	22,649
Total capital assets, being depreciated/amortized	2,193,296	57,518	(77,398)	2,173,416
Less accumulated depreciation/amortization for:				
Buildings and improvements	(835,962)	(34,682)	32,978	(837,666)
Furniture, machinery, and equipment	(349,691)	(37,192)	21,460	(365,423)
Computer software	(35,325)	(2,007)	1,469	(35,863)
Infrastructure	(14,087)	(483)	69	(14,501)
Total accumulated depreciation/amortization	(1,235,065)	(74,364)	55,976	(1,253,453)
Total capital assets being depreciated/amortized, net	958,231	(16,846)	(21,422)	919,963
Governmental activities capital assets, net	$ 12,573,965	$ 1,430,892	$ (644,748)	$ 13,360,109

Primary Government – Business-Type Activities

Business-Type Activities:	Balance, July 1	Increases	Decreases	Balance, June 30
Capital assets, being depreciated:				
Land improvements	-	-	-	-
Buildings and improvements	$ 149	$ -	$ -	$ 149
Furniture, machinery, and equipment	261	-	-	261
Infrastructure	-	-	-	-
Total capital assets, being depreciated	410	-	-	410
Less accumulated depreciation for:				
Buildings and improvements	(100)	(12)	-	(112)
Furniture, machinery, and equipment	(226)	(12)	-	(238)
Infrastructure	-	-	-	-
Total accumulated depreciation	(326)	(24)	-	(350)
Total capital assets being depreciated, net	84	(24)	-	60
Business-type activities capital assets, net	$ 84	$ (24)	$ -	$ 60

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

Governmental activities:	
General government	$ 5,994
Public safety	30,643
Health	938
Welfare	5,172
Conservation, culture and development	10,440
Education	1,404
Transportation	19,773
Total depreciation/amortization expense - governmental activities	$ 74,365
Business-type activities:	
Inns and Concessions	$ 24
Total depreciation expense - business-type activities	$ 24

E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2012 and the assets acquired through capital leases are as follows:

Future minimum lease payments

Year ending June 30,	Operating leases	Capital leases Governmental Activities
2013	$ 33,717	$ 106,368
2014	27,954	107,052
2015	24,155	108,142
2016	22,117	106,843
2017	20,470	105,538
2018-2022	34,817	510,672
2023-2027	274	510,169
2028-2032	-	209,733
2033-2037	-	2,718
Total minimum lease payments (excluding executory costs)	**$ 163,504**	**1,767,235**
Less:		
Remaining premium(discount)		(17,761)
Amount representing interest		(539,497)
Present value of future minimum lease payments		**$ 1,209,977**

Assets acquired through capital lease

Building	$ 29,849
Machinery and equipment	2,077
Infrastructure	1,184,129
less accumulated depreciation	(9,348)
	$ 1,206,707

Operating Leases

The State leases building and office facilities and other equipment under non-cancelable operating leases. Total payments for such leases with aggregate payments of $20,000 or more were $37.3 million for the year ended June 30, 2012. A table of future minimum lease payments (excluding executory costs) is presented above.

Capital Leases Liabilities

The State has entered into various lease agreements with aggregate payments of $20,000 or more to finance the acquisition of buildings, land and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the government-wide statements.

F. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2012 were as follows:

Changes in Long-Term Obligations	Balance, July 1, as Restated	Increases	Decreases	Balance, June 30	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Compensated absences	$ 135,713	$ 75,568	$ (70,232)	$ 141,049	$ 77,295	$ 63,754
Due to component unit	66,637	-	(16,637)	50,000	-	50,000
Net pension obligation	1,191,515	152,782	-	1,344,297	-	1,344,297
Other postemployment benefits	118,229	8,023	(6,621)	119,631	-	119,631
Pollution remediation	41,308	4,643	-	45,951	7,260	38,691
Intergovernmental payable	187,552	12,118	(10,000)	189,670	169,670	20,000
Capital leases	1,229,314	31,817	(51,154)	1,209,977	51,198	1,158,779
	$ 2,970,268	$ 284,951	$ (154,644)	$ 3,100,575	$ 305,423	$ 2,795,152
Business-type activities:						
Compensated absences	$ 472	$ 187	$ (203)	$ 456	$ 205	$ 251
Claims liability	33,063	1,501	(4,393)	30,171	3,888	26,283
	$ 33,535	$ 1,688	$ (4,596)	$ 30,627	$ 4,093	$ 26,534

Long term obligations of governmental activities include capital lease obligations of governmental funds as presented in Note IV(E), net pension obligations for the State Police Retirement Fund, Public Employees Retirement Fund-State, Prosecuting Attorney's Retirement Fund, and the State Teachers' Retirement Fund (Pre-1996 Account) as presented in Note V(E), other postemployment benefits, pollution remediation, amounts due to component units, and compensated absence obligations. The General Fund typically has been used to liquidate any other long-term liabilities.

Long-term obligations of the business-type activities consist of claims liability of the Indiana Residual Malpractice Insurance Authority and compensated absences of the Inns and Concessions Fund.

Revenue bonds are issued by entities established by statute as corporate and politic units with the separate legal authority to finance certain essential governmental functions. Income from the acquired or constructed assets is used to pay debt service.

G. Prior Period Adjustments and Reclassifications

For the fiscal year ended June 30, 2012, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net assets in the government-wide statement of activities.

Prior Period Adjustments

In the fund statements for governmental funds, there is an increase of $29.9 million in net assets of the General Fund and a corresponding decrease in net assets of the Non-major Governmental funds for revenues not properly reported by the Department of Revenue in prior years.

In the fund statements for governmental funds, and the government-wide statements, there is a decrease of $64.9 million in net assets of the General Fund due to incorrect reporting of local income tax receipts held in the local distributions agency fund.

In the fund statements for governmental funds, and the government-wide statements, net assets of the ARRA of 2009 Fund decreased $5.2 million for adjustments for cash overstated in prior years due to errors in recording transfers to component units.

In the fund financial statements for Special Revenue Funds, and the government-wide statements, net assets increased by $12.2 million due to errors in the presentation of cash in the BMV holding fund.

In the fund statements for Special Revenue funds, and the government-wide statements, there is a decrease of $11.3 million in net assets for cash that was incorrectly transferred in the prior year from the Indiana Economic Development Fund, a discrete governmental component unit.

In the fund statements for Special Revenue funds and the government-wide statements, there is a decrease of $276 thousand due to errors relating to current receivable and payable accruals in 2011.

For the government-wide statements, there is a decrease of $70.2 million in net assets for infrastructure assets included in INDOT infrastructure as of June 30, 2011.

For the government-wide statements, there is an increase of $2.5 million in net assets for Department of Administration (DoA) work in process. This was the result of omission in projects that were in progress as of June 30, 2011.

For the government-wide statements, there is an increase of $90.9 million in net assets for capital assets. This was the result of not capitalizing capital assets by June 30, 2011 that were acquired prior to this date and for corrections to acquisition cost by state agencies.

For the government-wide statements, there is an increase of $34.8 million for software that was in development by June 30, 2011 that was omitted from presentation in the prior year.

For the government-wide statements, there is a decrease of $4.0 million in net assets for liabilities for assets acquired through leases that were incorrectly reported in the prior year.

For the government-wide statements, there is a decrease of $198 million in net assets to recognize the 2011 actuarial liability for net pension obligations.

For the Internal Service funds and the government-wide statements, there is an increase of $38 thousand in net assets for the correction of errors.

For the discrete component units, the Indiana Economic Development Corporation's net assets increased by $5.8 million for loans receivable not included in their 2011 financial statements.

There was an increase of $3.5 million in beginning net assets for the inclusion of the Indiana State Museum and Historical Sites Corporation which is a new discrete component unit of the State. The corporation's foundation which was not previously reported had beginning net assets of $3.4 million and $180 thousand was reclassified from a previously reported governmental fund.

The following schedule reconciles June 30, 2011 net assets as previously reported, to beginning net assets, as restated:

	Governmental Activities	Business-Type Activities	Discretely Presented Component Units (Non Fiduciary)
June 30, 2011, fund balance/retained earnings/net assets as reported	$ 19,112,313	$ (1,690,456)	$ 11,083,658
Correction of errors	(214,653)	-	9,261
Reclassifications of funds	(180)	-	180
Balance July 1, 2011 as restated	$ 18,897,480	$ (1,690,456)	$ 11,093,099

V. OTHER INFORMATION

A. Risk Management

The State of Indiana is exposed to various risks of loss. This includes damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employee, errors, omissions and theft by employees, certain employee health benefits, employee death benefits, and unemployment and worker's compensation costs for State employees.

The State records an expenditure for any loss as the liability is incurred or replacement items are purchased. The State purchases commercial insurance coverage for certain DNR Inns properties. The State also purchases immaterial amounts of commercial insurance related to errors, omissions, and theft by employees. Settlements related to commercial insurance have not exceeded coverage in the past three fiscal years.

The State does have risk financing activity for the State employees' disability, certain State employees' health benefits, and certain health, disability and death benefits for State Police officers. These are reported in three individual Internal Service Funds.

The State employees' disability program is financed partially by State employees through payroll withholdings and by the funds from which employees are paid. The employees' health benefits and the State Police traditional health plan are funded by the employees who have selected certain health care benefit packages and the funds from which those employees are paid. (An insurance carrier does provide claims administration services for the health insurance programs.)

Located below is the table of claim liabilities. The liabilities are not maintained in the accounting records of the State. The claim liabilities for the health insurance programs and the State Disability fund were estimated based on the historical experience rate of claims paid that were for service dates incurred during a prior fiscal year. The surplus retained earnings in these funds are reserved for future catastrophic losses.

	State Police Health Insurance Fund	State Employees' Health Insurance Fund	State Employee Disability Fund	Total
2012				
Unpaid Claims, July 1	$ 4,144	$ 33,745	$ 5,131	**$ 43,020**
Incurred Claims and Changes in Estimate	30,651	301,378	20,841	**352,870**
Claims Paid	(30,869)	(294,668)	(21,558)	**(347,095)**
Unpaid Claims, June 30	**$ 3,926**	**$ 40,455**	**$ 4,414**	**$ 48,795**
2011				
Unpaid Claims, July 1	$ 4,004	$ 39,641	$ 4,932	**$ 48,577**
Incurred Claims and Changes in Estimate	28,644	276,553	21,405	**326,602**
Claims Paid	(28,504)	(282,449)	(21,206)	**(332,159)**
Unpaid Claims, June 30	**$ 4,144**	**$ 33,745**	**$ 5,131**	**$ 43,020**

B. Contingencies and Commitments

Litigation

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

With respect to tort claims only, the State's liability is limited to: (A) $300,000 for a cause of action that accrues before January 2006; (B) $500,000 for a cause of action that accrues between 2006 and 2008; or (C) $700,000 for a cause of action that accrues on or after January 2008, for injury to or death of one person in any one occurrence and $5 million for injury to or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of $6.5 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2012, the State paid $8.8 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

In addition, the State paid $4.7 million to settle claims arising from the Indiana State Fair tragedy during the fiscal year ending June 30, 2012. The 2012 General Assembly approved an additional $6 million as a supplemental fund to be paid to Indiana State Fair claimants during the next fiscal year.

The following is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding $5 million individually or in the aggregate. This summary is not exhaustive, either as to the description of the specific litigation or claims described or as to all of the litigation or claims currently pending or threatened against the State.

The Indiana Attorney General's office is currently handling the following cases that could result in significant liabilities to the State:

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

In 1993, Plaintiffs filed a breach of employment contract lawsuit in a state trial court alleging that the State has failed to pay certain similarly classified state employees at an equal rate of pay from 1973 to 1993. The Court certified Plaintiffs' class and class notification was completed. Plaintiffs seek to recover damages as well as attorney fees and costs. A four-day bench trial was conducted. The Court took the matter under advisement and gave the parties time to submit proposed findings of fact and conclusions of law. In July 2009, the Court entered judgment against the State in the total amount of $43 million ($21 million awarded to merit, overtime eligible employees; $17 million awarded to non-merit, overtime eligible employees; $3 million awarded to merit, overtime exempt employees; $2 million awarded to non-merit, overtime exempt employees). In November 2009, Plaintiffs reduced their settlement demand to $20 million. The State responded with an offer of $8.5 million (inclusive of fees and costs) and later increased the offer to $10 million. The matter is fully briefed in the Court of Appeals. In its October 2010 opinion, the Court of Appeals reversed in part, affirmed in part and remanded to trial court for determination of damages; excused exhaustion of administrative remedies, but limited back pay to 10 days (instead of 20 years) for merit employees; affirmed 20 years of back pay for non-merit employees. Impact of the opinion is a reduction in the trial court's judgment from $43 million to approximately $19 million. In November 2010, both Plaintiffs and the State filed Petitions for Rehearing. Defendants' Petition for Rehearing denied. Plaintiff's Petition for Rehearing granted in part remanding to trial court for determination of if/when individual merit plaintiffs filed administrative complaints. Plaintiffs and the State each filed Petitions for Transfer to the Indiana Supreme Court, which were granted in June 2011. Oral argument was held in the Supreme Court in September 2011. The Indiana Supreme Court ruled in February 2012 that both the "Merit and Non-Merit" employees, overtime-exempt and overtime-eligible, are all owed back pay on their claims for the same period (ten days prior to each class member filing claims or, if no claims filed, ten days prior to filing the lawsuit). This opinion further reduced the amount of damages owed to the plaintiffs. Plaintiffs' and the State's Petitions for Rehearing filed with Supreme Court in March 2012 were denied. The matter is now remanded to the trial court to determine damages in accordance with the ten-day limit on back pay. Parties are involved in informal discovery related to back pay.

In August 2011, due to a sudden wind gust resulting from inclement weather conditions, an outdoor stage collapsed at the Indiana State Fair resulting in multiple injuries and deaths. Tort claim notices against the Indiana State Fair Commission and the State were filed with the Indiana Attorney General. Lawsuits against the State and other parties were filed. The State contends that immunities and limitations on damages under the Indiana Tort Claims Act apply to these claims. Under the Indiana Tort Claims Act, Indiana Code 34-13-3, claims are capped at $5 million per event and $700,000 per person. The State, on behalf of the Commission, settled with many of the claimants, distributing $4.7 million during fiscal year 2012 with one case remaining under litigation. The 2012 General Assembly supplemented this amount with an additional $6 million which will be distributed pursuant to legislative directives during the next fiscal year. $6 million has been accrued as an expense and payable in the government-wide financial statements for this distribution. Tort claims were paid from the State General Fund and not the funds of the Commission. The remaining open litigation concerns the constitutionality of the tort claim caps and indemnification claims as a result of this incident.

Other Litigation

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

In May 2010 the State of Indiana, on behalf of the Indiana Family and Social Services Administration (FSSA), and counterclaim Plaintiff sued each other regarding counterclaim Plaintiff's state welfare system contract entered into in 2006. In October 2009 the State announced its intention to terminate the 10-year contract early effective December 2009 due to counterclaim Plaintiff's deficient performance. The court issued rulings in July and August of 2012 awarding the counterclaim Plaintiff $62.7 million. This amount includes $9.5 million for equipment retained by the state, $2.5 million in early termination close-out payments, $40 million in subcontractor assignment fees (previously granted to the counterclaim Plaintiff on summary judgment), and $10.7 million in prejudgment interest. The court also ruled that the counterclaim Plaintiff was not entitled to recover $43 million claimed for deferred fees. The court also ruled that there was no material breach so the State could not recover damages from the counterclaim Plaintiff for breach of contract. The State has appealed. The court granted the State's motion to stay the enforcement of the judgment pending appeal.

Other Loss Contingencies

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid Assistance Program. Findings in these reports identify several issues including state psychiatric hospitals that were ineligible to receive Medicaid Inpatient payments and unreported Medicaid overpayments. The State has worked with Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2012 there was $55.5 million in findings that CMS had not recommended for closure, but FSSA believes the possible loss contingency for these findings totals $16.7 million. FSSA management is continuing to work with CMS on a settlement of these findings. It is unknown how much of this loss contingency, if any, will have to be repaid to the federal government.

Construction Commitments

As of June 30, 2012, the Indiana Department of Transportation had outstanding construction commitments totaling $1.3 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 3% State funds, 2% local funds, 54% traditional Federal funds, 1% ARRA of 2009 fund, and 40% from the Major Moves Construction Fund.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling $10.1 million for building and improvement projects of the State's agencies as of June 30, 2012. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had $32.2 million in total commitments for software in development as of June 30, 2012. These commitments are to be funded through federal funds and state dedicated funds.

Encumbrances

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2012 were as follows:

Governmental Funds	Encumbrances
General Fund	$ 561,876
ARRA of 2009	28,068
US Department of Transportation	1,052,618
US Department of Health & Human Services	225,644
Non-Major Governmental Funds	1,229,390
Total	**$ 3,097,596**

C. Other Revenue

Other revenue represents revenue received which cannot accurately be included with any of the other revenue sources. In most cases, the amount of "other revenue" received by a fund is insignificant in comparison with total revenues received.

D. Economic Stabilization Fund

In 1982 the Indiana General Assembly adopted Indiana Code 4-10-18, which established the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund").

This fund was established to assist in stabilizing revenue during periods of economic recession and is accounted for within the State general fund.

Each year the State Budget Director determines calendar year Adjusted Personal Income (API) for the State and its growth rate over the previous year, using a formula determined by the legislature.

In general, monies are deposited automatically into the Rainy Day Fund if the growth rate in API exceeds 2%; monies are removed automatically from the Rainy Day Fund if API declines by more than 2%. If the balance in the fund at the end of the fiscal year exceeds 7% of total general fund revenues for the same period, the excess is transferred from the Rainy Day Fund to the State General Fund.

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2012 was $351.6 million. Total outstanding loans were $11.6 million, resulting in total assets of $363.2 million. Because the API increased by more than 2%, $291.0 million was transferred from the General Fund to the Rainy Day Fund.

E. Employee Retirement Systems and Plans

The State of Indiana sponsors eight public employee retirement systems (PERS) that are included in the State's financial statements. They are reported and administered as described in Note I(A).

<u>Summary of Significant Accounting Policies (Primary government and fiduciary in nature component units)</u>

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

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

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

<u>State Police Retirement Fund (Presented as a pension fund)</u>

<u>Plan Description</u> The State Police Retirement Fund (SPRF) is a defined benefit, single-employer PERS, and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 grants authority to the Department to establish and operate an

actuarially sound pension plan governed by a pension trust. It also authorizes the Department to make annual contributions as necessary to prevent any deterioration in the actuarial status of the trust.

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

Funding Policy The pre-1987 plan required employee contributions of five percent of the salary of a sixth-year trooper. The 1987 plan applies to all officers hired after June 30, 1987. In addition, State police officers hired prior to July 1, 1987 could elect to be covered under this plan if the employee filed an election with the trustee before July 1, 1989. Participants under the 1987 plan contribute six percent of their monthly salary.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost actuarial method. Normal cost is funded on a current basis. Under the terms of the Trust Agreement, in the event the Department fails to make the minimum contribution for five successive years, the Trust shall terminate and the fund shall be liquidated. The unfunded actuarial accrued liability is being funded over a thirty-year closed period which commenced July 1, 2010. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level dollar of payroll method. The funding policy for normal cost and unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Funded Status and Funding Progress As of June 30, 2012, the most recent actuarial valuation date, the plan was 74 percent funded. The actuarial accrued liability for benefits was $504.8 million, and the actuarial value of assets was $372.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of $132.6 million. The covered payroll (annual payroll of active employees covered by the plan) was $66.1 million, and the ratio of the UAAL to the covered payroll was 201 percent.

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

State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (Presented as part of INPRS – a fiduciary in nature component unit)

Plan Description The State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (EG&C) is a single employer defined benefit plan administered by the Board of Trustees of the Indiana Public Retirement System. The retirement fund is for certain employees of the Indiana Department of Natural Resources, the Indiana Alcohol and Tobacco Commission, and any State excise police officer, Indiana state conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement duties.

The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan provides retirement, disability, and survivor benefits. Indiana Code 5-10-5.5 governs the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy The funding policy for the EG&C Plan is in accordance with IC 5-10-5.5-8.5. Members are required by statute to contribute 4 percent of the member's annual salary to the Plan. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During fiscal year 2012, all participating employers were required to contribute 20.75 percent of covered payroll.

Funded Status and Funding Progress As of June 30, 2012, the most recent actuarial valuation date, the plan was 67 percent funded. The actuarial accrued liability for benefits was $113.3 million, and the actuarial value of assets was $76.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $37.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $25.8 million, and the ratio of the UAAL to the covered payroll was 145 percent.

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

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

Plan Description The Prosecuting Attorneys' Retirement Fund (PARF) is a defined benefit single-employer plan administered by the Board of Trustees of the Indiana Public Retirement System. The Prosecuting Attorneys' Retirement Fund provides retirement, disability, and survivor benefits for individuals who serve as a prosecuting attorney or chief deputy prosecuting attorney; or serve as the executive director or assistant executive director of the Indiana Prosecuting Attorneys Council or as a state-paid deputy prosecuting attorney.

These individuals' salaries are paid from the General Fund of the State of Indiana. Indiana Code 33-39-7 governs the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy Contributions made by or on the behalf of members are not actuarially determined but are set by statute at six percent (6%) of wages. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendations of the actuary, is to be appropriated from the State's General Fund.

Funded Status and Funding Progress As of June 30, 2012, the most recent actuarial valuation date, the plan was 49 percent funded. The actuarial accrued liability for benefits was $56.1 million, and the actuarial value of assets was $27.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of $28.6 million. The covered payroll (annual payroll of active employees covered by the plan) was $21.7 million, and the ratio of the UAAL to the covered payroll was 132 percent.

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

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

Plan Description The Legislators' Defined Benefit Plan (IC 2-3.5-4), a single-employer defined benefit plan, applies to each member of the Indiana General Assembly who was serving on April 30, 1989 and filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Benefit Plan provides retirement, disability and survivor benefits. The plan is administered by the Board of Trustees of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy The amount required by the funding policy to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the State's General Fund.

Funded Status and Funding Progress As of June 30, 2012, the most recent actuarial valuation date, the plan was 75 percent funded. The actuarial accrued liability for benefits was $4.5 million, and the actuarial value of assets was $3.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.1 million. The benefit formula is determined based on service rather than compensation. The unfunded liability per active participant was $187,726 as of the most recent actuarial valuation.

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

Judges' Retirement System (Presented as part of INPRS – a fiduciary in nature component unit)

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

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

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

Funded Status and Funding Progress As of June 30, 2012, the most recent actuarial valuation date, the plan was 59 percent funded. The actuarial accrued liability for benefits was $437.9 million, and the actuarial value of assets was $260.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of $177.8 million. The covered payroll (annual payroll of active employees covered by the plan) was $45.1 million, and the ratio of the UAAL to the covered payroll was 394 percent.

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

The State sponsors the following defined benefit agent multiple-employer plan:

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

Plan Description The Public Employees' Retirement Fund (PERF) is a defined benefit agent multiple-employer plan for units of state and local governments administered by the Indiana Public Retirement System Board of Trustees. PERF provides retirement, disability, and survivor benefits. Indiana Code 5-10.2, 5-10.3, and 5-10.5 governs the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs. At June 30, 2012, the number of participating political subdivisions was 1,121, and there were also 17 State-related participating employers.

Funding Policy The State of Indiana and any political subdivision that elects to participate in the PERF fund is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due.

Contributions made by or on the behalf of members are not actuarially determined but are set by statute at three percent (3%) of compensation. These contributions are credited to the member's annuity savings account that is a separate benefit from the defined pension benefit. The State is required to contribute for State employees at an actuarially determined rate; during fiscal year 2012, State-related participating employers were required to contribute 8.6% of covered payroll.

Funded Status and Funding Progress Funded status and funding progress information is being disclosed for the State of Indiana employee portion of the plan. The funded status and funding progress information presented is for active and retired assets.

State of Indiana Employees: As of June 30, 2012, the most recent actuarial valuation date, the state employees portion of the plan was 75 percent funded. The actuarial accrued liability for benefits was $5.5 billion, and the actuarial value of assets was $4.1 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $1.4 billion. The covered payroll (annual payroll of active employees covered by the plan) was $1.6 billion, and the ratio of the UAAL to the covered payroll was 85 percent.

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

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

	Primary Government	Fiduciary in Nature Component Unit					
	SPRF	PERF -State	ECRF	JRS	PARF	LRS	TRF - Pre-1996 Account
Annual Pension Cost and Net Pension Obligation (Asset)							
Annual required contribution	$ 14,517.0	$ 183,389.3	$ 5,532.4	$ 19,664.4	$ 2,037.0	$ 113.1	$ 866,207.0
Interest on net pension obligation	1,147.3	404.1	(179.5)	(1,960.8)	538.9	(2.7)	82,463.0
Adjustment to annual required contribution	(1,334.9)	(465.2)	206.6	2,257.3	(620.3)	3.1	(94,935.0)
Annual pension cost	14,329.4	183,328.2	5,559.5	19,961.0	1,955.6	113.5	853,735.0
Contributions made	(12,365.9)	(138,327.5)	(5,053.1)	(18,896.2)	(1,838.9)	(113.1)	(764,423.0)
Increase (decrease) in net pension obligation	1,963.5	45,000.7	506.4	1,064.8	116.6	0.4	89,312.0
Net pension obligation, beginning of year	16,389.9	5,772.7	(2,564.0)	(28,011.3)	7,697.9	(38.1)	1,178,044.0
Net pension obligation, end of year	$ 18,353.4	$ 50,773.4	$ (2,057.6)	$ (26,946.5)	$ 7,814.6	$ (37.7)	$ 1,267,356.0
Significant Actuarial Assumptions							
Investment rate of return	7.00%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected future salary increases:							
Total	3.50 - 9.00%	3.25 - 4.50%	3.25%	4.00%	4.00%	3.00%	3.00 - 12.50%
Attributed to inflation	3.5%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of living adjustments	N/A	1.00%	1.00%	4.00%	N/A	1.00%	1.00%
Contribution rates:							
State	25.70%	8.20%	20.75%	Appropriation 60.10%	Appropriation 11.40%	Flat Dollar Amount	* Pay-As-You-Go
Plan members	5.00% - 6.00%	3.00%	4.00%	6.00%	6.00%	0.00%	3.00%
Actuarial valuation date	7/1/2012	6/30/2012	6/30/2012	6/30/2012	6/30/2012	6/30/2012	6/30/2012
Actuarial cost method	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	traditional unit credit	entry age normal cost
Amortization method	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Amortization period (from date)	7/1/2010	7/1/2008	7/1/2007	7/1/2006	7/1/2007	7/1/1992	N/A
Amortization period (open or closed)	closed	closed	closed	closed	closed	closed	closed
Asset valuation method	smoothed basis	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor	4-year smoothed market value with 20% corridor
Historical Trend Information							
Year ended June 30, 2012							
Annual pension cost (APC)	$ 14,329.4	$ 183,328.2	$ 5,559.5	$ 19,961.0	$ 1,955.6	$ 113.5	$ 853,735.0
Percentage of APC contributed	86.3%	75.5%	90.9%	94.7%	94.0%	99.6%	89.5%
Net pension obligation (asset)	$ 18,353.4	$ 50,773.4	$ (2,057.6)	$ (26,946.5)	$ 7,814.6	$ (37.7)	$ 1,267,356.0
Year ended June 30, 2011							
Annual pension cost (APC)	$ 12,121.4	$ 176,881.5	$ 5,206.5	$ 19,206.5	$ 1,896.3	$ 114.7	$ 883,459.0
Percentage of APC contributed	78.0%	65.1%	99.8%	100.0%	9.0%	0.0%	84.8%
Net pension obligation (asset)	$ 16,389.9	$ 5,772.7	$ (2,564.0)	$ (28,011.3)	$ 7,697.9	$ (38.1)	$ 1,178,044.0
Year ended June 30, 2010							
Annual pension cost (APC)	$ 14,117.4	$ 118,839.0	$ 5,263.1	$ 16,409.8	$ 1,608.7	$ 74.5	$ 841,500.0
Percentage of APC contributed	67.1%	93.9%	99.9%	113.5%	10.6%	0.0%	86.5%
Net pension obligation (asset)	$ 13,718.2	$ (55,876.6)	$ (2,573.9)	$ (28,017.9)	$ 5,971.6	$ (152.8)	$ 1,043,563.0

SPRF - State Police Retirement Fund
PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees)
ECRF - State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (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)
N/A - Not Applicable
* - $138,300 based on June 30, 2012 actuarial valuation

The State sponsors the following cost-sharing multiple-employer plans:

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

Plan Description The State Teachers' Retirement Fund (TRF), is a defined benefit, multiple-employer cost-sharing PERS, administered by the Indiana Public Retirement System Board of Trustees. Indiana Code 5-10.2, IC 5-10.4, and IC 5-10.5 govern the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

At June 30, 2012, the number of participating employers was 367.

Funding Policy Each member is required to contribute 3% of his/her compensation to the plan. The Indiana State Teachers' Retirement Fund is funded on a "pay as you go" basis for employees hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date (Pre-1996 Account). State appropriations are made for the amount of estimated pension benefit payouts for each fiscal year. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund.

For employees hired on or after July 1, 1995; or hired before July 1, 1995, and prior to June 30, 2005, were either hired by another school corporation or institution covered by the Fund or were re-hired by a covered prior employer (1996 Account); the employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. During fiscal year 2012, all participating employers in the TRF 1996 account were required to contribute 7.5% of covered payroll.

As of June 30, 2012, TRF was 43% funded. Members in the Pre-1996 Account are funded on a "pay as you go" method for the employer portion of the pension and members in the 1996 Account are funded with employer contributions as they work. TRF accounts for these two classes of members as "Pre-1996 Account" and "1996 Account", respectively. The Pre-1996 Account is 30% funded and the 1996 Account is 91% funded.

The funded ratio of the Fund has decreased from 45% at June 30, 2004, to the ratio of 43% at June 30, 2012. The actuarial value of the Fund's assets as of the June 30, 2011 valuation was $8.9 billion and the actuarial accrued liability was $20.8 billion. The difference is the Fund's unfunded actuarial accrued liability of $11.9 billion. The annual covered payroll as of the June 30, 2012, actuarial valuation was $4.2 billion and the ratio of the unfunded actuarial liability to the annual covered payroll was 282%.

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

Plan Description The 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) is a defined benefit, multiple employer cost sharing public employees retirement system administered by the Indiana Public Retirement System Board of Trustees. Indiana Code 36-8-8 governs the requirements of the Fund that provides retirement, disability, and survivor benefits. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

At June 30, 2012, the number of participating employer units totaled 162 (which includes 257 police and fire departments).

Funding Policy A participant is required by statute to contribute six percent of a first class officer's or firefighter's salary for the term of their employment up to 32 years. Employer contributions are determined actuarially and during fiscal year 2012, all participating employers were required to contribute 19.5% during the period of July 1 – December 31, 2011 and 19.7% during the period of January 1 – June 30, 2012 of the salary of a first-class officer or firefighter. The funding policy mandated by statute requires quarterly remittances of member and employer contributions based on percentages of locally established estimated salary rates, rather than actual payroll.

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

	Discretely Presented Component Units	
Historical Trend Information	STRF	PFPF
Year ended June 30, 2012		
Annual required contribution	$ 866,207	$ 141,988
Percentage contributed	88%	96%
Employer contribution	$ 764,423	$ 135,605
Year ended June 30, 2011		
Annual required contribution	$ 894,507	$ 133,903
Percentage contributed	84%	100%
Employer contribution	$ 748,978	$ 133,726
Year ended June 30, 2010		
Annual required contribution	$ 850,493	$ 126,558
Percentage contributed	86%	103%
Employer contribution	$ 727,766	$ 130,775

STRF - State Teachers' Retirement Fund - Pre-1996 Account
PFPF - 1977 Police Officers and Firefighters' Retirement Fund (Administered by PERF)

The State sponsors the following defined contribution plan:

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

Plan Description The Legislators' Defined Contribution Plan (IC 2-3.5-5), a single employer defined contribution plan applies to each member of the General Assembly who was serving April 30, 1989 and files an election under IC 2-3.5-3-1(b), and each member of the General Assembly who is elected or appointed after April 30, 1989. The plan is administered by the Board of Trustees' of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, www.in.gov/inprs.

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute 5 percent of annual salary. In addition, the state of Indiana is required to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. Effective January 1, 2012 the rate was established at 11.6 percent.

F. Other Postemployment Benefits

Defined Benefit Plans

Plan Descriptions The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administer the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit options afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 *et seq*. Separate financial reports are not issued for these plans.

Funding Policy and Annual OPEB Cost The contribution funding policy for each of the four plans is on a pay-as-you-go cash basis. However, trust funds as authorized by the Indiana General Assembly were created during the last few years to start pre-funding the SPP, ISPP, and CEPP plans. The State of Indiana's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The State of Indiana's annual OPEB cost for the current year and the related information for each plan are as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Contribution rates:				
State of Indiana	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go
Plan members (monthly premium)	See next chart	See next chart	See next chart	See next chart
Annual required contribution	$ 2,964	$ 815	$ 27,794	$ 3,675
Interest on net OPEB obligation	223	36	5,309	590
Amortization adjustment to ARC	(257)	(50)	(6,767)	(804)
Annual OPEB Cost	2,930	801	26,336	3,461
Contributions made	(33,849)	(487)	(18,627)	(6,891)
Change in net OPEB obligation	(30,919)	314	7,709	(3,430)
Net OPEB obligation - beginning of year	3,191	806	101,131	13,101
Net OPEB obligation - end of year	$ (27,728)	$ 1,120	$ 108,840	$ 9,671

The plan administrators (see plan descriptions above) establish the contribution requirements of plan members. Plan members (retirees and eligible dependents) who participate in these healthcare plans must pay the full 2012 monthly premiums (except for grandfathered LP current retirees) as shown in the following chart.

	Monthly Premium
State Personnel Healthcare Plan (SP) and Legislature's Healthcare Plan (LP)	
Consumer Driven Health Plan #1	
Single (Non-Tobacco)	$ 380.38
Family (Non-Tobacco)	1,143.48
Consumer Driven Health Plan #2	
Single (Non-Tobacco)	502.19
Family (Non-Tobacco)	1,456.39
Traditional PPO	
Single (Non-Tobacco)	808.73
Family (Non-Tobacco)	2,272.40
Indiana State Police Healthcare Plan (ISPP)	
Basic Plan - Medical Only	
Retiree Only (Pre-Medicare)	369.14
Retiree Plus One Dependent (Pre-Medicare)	474.80
Retiree Only (Post-Medicare)	136.84
Retiree Plus One Dependent (Post-Medicare)	164.74
Optional Plan - Medical, Dental, & Vision	
Retiree Only (Pre-Medicare)	386.42
Retiree Plus One Dependent (Pre-Medicare)	463.15
Retiree Only (Post-Medicare)	140.46
Retiree Plus One Dependent (Post-Medicare)	172.23
Conservation and Excise Police Health Care Plan (CEPP)	
Single - Under Age 60 (Pre-Medicare)	320.00
Family - Under Age 60 (Pre-Medicare)	561.00
Single - Age 60 -64 (Pre-Medicare)	213.00
Family - Age 60-64 (Pre-Medicare)	320.00
Single (Post-Medicare)	128.00
Family (Post-Medicare)	183.00

The State of Indiana's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for June 30, 2010 through June 30, 2012 for each of the plans were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	6/30/2012	$ 2,930	1155.1%	$ (27,728)
State Personnel Healthcare Plan	6/30/2011	4,499	376.1%	3,191
	6/30/2010	6,105	31.3%	15,615
	6/30/2012	$ 802	60.9%	$ 1,120
Legislature's Healthcare Plan	6/30/2011	551	64.0%	806
	6/30/2010	512	61.1%	608
	6/30/2012	$ 26,336	70.7%	$ 108,840
Indiana State Police Healthcare Plan	6/30/2011	28,915	47.7%	101,131
	6/30/2010	41,224	21.9%	86,003
	6/30/2012	$ 3,460	199.1%	$ 9,671
Conservation and Excise Police	6/30/2011	4,257	31.4%	13,101
Health Care Plan	6/30/2010	5,271	24.7%	10,180

Funded Status and Funding Progress The funded status of the plans as of June 30, 2012, was as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Actuarial accrued liability (a)	$ 36,643	$ 11,956	$ 291,148	$ 41,804
Actuarial value of plan assets (b)	44,008	-	17,033	5,773
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ (7,365)	$ 11,956	$ 274,115	$ 36,031
Funded ratio (b)/(a)	120.1%	0.0%	5.9%	13.8%
Covered payroll (c)	$ 1,166,823	$ 1,787	$ 87,040	$ 12,600
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a)-(b)]/(c))	-0.6%	669.1%	314.9%	286.0%

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. Accordingly, the State has elected to use the actuarial results for the period ending on June 30, 2011 for the period ending June 30, 2012.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Actuarial valuation date	6/30/2012	6/30/2012	6/30/2012	6/30/2012
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	Market Value of Assets	N/A	Market Value of Assets	Market Value of Assets
Actuarial assumptions:				
Inflation rate	3.0%	3.0%	3.0%	3.0%
Investment rate of return	7.0%	4.5%	5.3%	4.5%
Projected salary increases	4.0%	4.0%	4.0%	4.0%
Healthcare inflation rate	9.2%	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. Accordingly, the State elected to use the actuarial results for the period ending June 30, 2011 for the period ending June 30, 2012. There have been no material changes in the retiree health benefits or contribution requirements from the most recent available actuarial valuation for the period ending June 30, 2010 except for the pre-funding of retiree health benefits for CEPP, ISPP and SPP. However, the healthcare inflation rates and the per capita costs were updated for the current year valuation.

Defined Contribution Plan

Plan Description The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The plan is a benefit to employees who retire and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

Plan Provisions Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of state government to pay for participants' medical insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

The trust meets the requirements of a qualified OPEB trust. The trust is qualified under section 115 of the Internal Revenue Code.

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

Employee's Age	Annual State Contributions
Less than 30	$500
At least 30, but less than 40	$800
At least 40, but less than 50	$1,100
At least 50	$1,400

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

At June 30, 2012, the plan participants consisted of:

Description	Number
Active participants with accounts, not yet retired	$27,816
Retired participants with accounts	4,344
Total	$32,160

At June 30, 2012, plan participants' retirement medical plan account balances totaled $225.3 million which consisted of $133.0 million in unretired active participants' accounts and $92.3 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 45 purposes. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in the Retiree Health Benefit Trust Fund created by the State as a dedicated trust fund.

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. Cigarette tax revenues to the fund were suspended effective July 1, 2011 and are to resume on July 1, 2014. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2012 is $34.4 million with $22.4 million being contributed by state agencies that are funded by federal or dedicated funds for their portion of funding and the remainder coming from the accumulated General Fund balance held by the trust. The retiree contribution includes the bonus contributions of $1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

G. Pollution Remediation Obligations

Nature and source of pollution remediation obligations: Four state agencies have identified themselves as responsible or potentially responsible parties to remediate fifty-five pollution sites pursuant to the State's implementation of GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations effective July 1, 2008. Obligating events for the cleanup of these sites include the federal Superfund law, being named by a regulator to remediate hazardous wastes and contamination, violation of the Resource Recovery and Conservation Act, being named in a lawsuit, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes: The State's total estimated liability is $46.0 million of which $7.3 million is estimated to be payable within one year and $38.7 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

Estimated recoveries reducing the liability: The estimated recoveries total $18.2 million. Of this total, $0.3 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock from a bankruptcy court settlement, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), and credits received for work performed on Superfund sites. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized $3.8 million of program revenue for four sites whose realized recoveries exceeded the pollution remediation liability.

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, 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	66,109	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%
Valuation Date: July 1, 2010							
Actuarial value of assets	$ 363,487	$ 4,374,385 **	$ 70,327	$ 242,143	$ 26,166	$ 4,075	$ 5,382,410
Actuarial accrued liability (AAL)	447,064	5,248,751 **	97,862	364,123	49,174	4,909	16,282,066
Excess of assets over (unfunded) AAL	(83,577)	(874,366)	(27,535)	(121,980)	(23,008)	(834)	(10,899,656)
Funded ratio	81%	83% **	72%	67%	53%	83%	33%
Covered payroll	66,603	1,730,480	26,709	36,722	21,016	*	1,865,102
Excess (unfunded) AAL as a percentage of covered payroll	-125%	-51%	-103%	-332%	-109%	*	-584%
Valuation Date: July 1, 2009							
Actuarial value of assets	$ 356,056	$ 4,548,408 **	$ 68,170	$ 240,954	$ 26,467	$ 4,730	$ 5,109,086
Actuarial accrued liability (AAL)	453,688	4,869,898 **	89,296	330,551	44,632	5,087	16,027,093
Excess of assets over (unfunded) AAL	(97,632)	(321,490)	(21,126)	(89,597)	(18,165)	(357)	(10,918,007)
Funded ratio	78%	93% **	76%	73%	59%	93%	32%
Covered payroll	68,283	1,749,781	25,238	36,196	20,782	*	2,030,484
Excess (unfunded) AAL as a percentage of covered payroll	-143%	-18%	-84%	-248%	-87%	*	-538%

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, 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; July 1, 2010: The unfunded liability is expressed per active participant and there were 20 active participants. The unfunded liability per active participant was $41,702; July 1, 2009: The unfunded liability is expressed per active participant and there were 33 active participants. The unfunded liability per active participant was $10,817.
** Corrected PERF - State data for 2009 through 2011.

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						
6/30/2012	$ 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%
6/30/2010	-	51,306	51,306	0.0%	1,251,207	4.1%
Legislature's Healthcare Plan						
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%
6/30/2010	-	8,402	8,402	0.0%	1,979	424.6%
Indiana State Police Healthcare Plan						
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%
6/30/2010	-	407,846	407,846	0.0%	N/A	N/A
Conservation and Excise Police Healthcare Plan						
6/30/2012	5,773	41,804	36,031	13.8%	12,600	286.0%
6/30/2011	-	49,510	49,510	0.0%	12,900	383.8%
6/30/2010	-	57,305	57,305	0.0%	14,800	387.2%

Schedule of Employer Contributions
Other Postemployment Benefits

(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan Annual Required Contribution	State Personnel Healthcare Plan Percentage Contributed	Legislature's Healthcare Plan Annual Required Contribution	Legislature's Healthcare Plan Percentage Contributed	Indiana State Police Healthcare Plan Annual Required Contribution	Indiana State Police Healthcare Plan Percentage Contributed	Conservation and Excise Police Healthcare Plan Annual Required Contribution	Conservation and Excise Police Healthcare Plan Percentage Contributed	Retiree Health Benefit Trust Fund Annual Required Contribution	Retiree Health Benefit Trust Fund Percentage Contributed
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%
2010	6,292	30.4%	519	60.3%	42,106	21.4%	5,373	24.3%	55,502	100.0%

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, but excludes the Armory Board and the Recreation funds at State institutions. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated revenues. Appropriations for programs funded from special revenue funds may allow expenditures in excess of original appropriations to the extent that revenues collected exceed estimated revenues.

The original budget is composed of the budget bill and continuing appropriations. The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Continuing appropriations report budgeted expenditures as equal to the amount of revenues received during the year plus any balances carried forward from the previous year as determined by statute. 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 the uses and purposes of the funds concur and the transfers are within the same agency of the state to which the appropriation was originally made. Excess general fund revenue is used to cover non-budgeted recurring expenditures and overdrafts of budgeted amounts at the end of the current year. 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, 2012
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 5,460,010	$ 5,460,010	$ 5,676,044	$ 216,034
Sales	6,517,700	6,517,700	6,624,340	106,640
Gaming	706,600	706,600	88,375	(618,225)
Unemployment	-	-	-	-
Inheritance	145,000	145,000	175,954	30,954
Alcohol and tobacco	285,200	285,200	296,561	11,361
Insurance	177,200	177,200	203,123	25,923
Other	296,418	296,418	222,320	(74,098)
Total taxes	13,588,128	13,588,128	13,286,717	(301,411)
Current service charges	147,464	147,464	215,301	67,837
Investment income	25,000	25,000	15,073	(9,927)
Sales/rents	615	615	5,503	4,888
Grants	-	-	12,025	12,025
Other	128,264	128,264	84,576	(43,688)
Total revenues	13,889,471	13,889,471	13,619,195	(270,276)
Expenditures:				
Current:				
General government	1,140,503	1,874,777	1,122,190	752,587
Public safety	783,513	803,236	677,927	125,309
Health	42,216	52,632	42,619	10,013
Welfare	3,375,987	3,959,156	592,959	3,366,197
Conservation, culture and development	109,466	149,094	61,474	87,620
Education	8,749,854	8,711,346	8,686,898	24,448
Transportation	43,566	44,725	1,467	43,258
Total expenditures	14,245,105	15,594,966	11,185,534	4,409,432
Excess of revenues over (under) expenditures	(355,634)	(1,705,495)	2,433,661	(4,139,156)
Other financing sources (uses):				
Total other financing sources (uses)	(1,715,446)	(1,715,446)	(1,715,446)	-
Net change in fund balances	$ (2,071,080)	$ (3,420,941)	718,215	$ 4,139,156
Fund balances July 1, as restated			1,912,196	
Fund balances June 30			**$ 2,630,411**	

Public Welfare-Medicaid Assistance				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116,137	116,137	677,313	561,176	-	-	-	-
-	-	-	-	156,980	156,980	59,144	(97,836)
-	-	-	-	-	-	-	-
4,441,972	4,441,972	4,573,095	131,123	-	-	-	-
4	4	20,552	20,548	-	-	-	-
4,558,113	4,558,113	5,270,960	712,847	156,980	156,980	59,144	(97,836)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,759,273	6,618,232	3,141,041	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	530,000	585,306	41,964	543,342
-	9,759,273	6,618,232	3,141,041	530,000	585,306	41,964	543,342
4,558,113	(5,201,160)	(1,347,272)	(3,853,888)	(373,020)	(428,326)	17,180	(445,506)
1,806,337	1,806,337	1,806,337	-	(543,342)	(543,342)	(543,342)	-
$ 6,364,450	$ (3,394,823)	459,065	$ 3,853,888	$ (916,362)	$ (971,668)	(526,162)	$ 445,506
		119,947				1,702,894	
		$ 579,012				**$ 1,176,732**	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	ARRA of 2009 Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Gaming	-	-	-	-
Unemployment	1	1	58	57
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	1	1	58	57
Current service charges	252	252	-	(252)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,180,443	1,180,443	337,400	(843,043)
Other	-	-	1	1
Total revenues	1,180,696	1,180,696	337,459	(843,237)
Expenditures:				
Current:				
General government	1,039	114,757	86,080	28,677
Public safety	2,887	11,619	9,079	2,540
Health	476	5,969	4,507	1,462
Welfare	1,313	803,316	85,842	717,474
Conservation, culture and development	8,171	22,547	5,848	16,699
Education	1,329	120,818	76,773	44,045
Transportation	12,852	95,943	54,688	41,255
Total expenditures	28,067	1,174,969	322,817	852,152
Excess of revenues over (under) expenditures	1,152,629	5,727	14,642	(8,915)
Other financing sources (uses):				
Total other financing sources (uses)	(36)	(36)	(36)	-
Net change in fund balances	$ 1,152,593	$ 5,691	14,606	$ 8,915
Fund balances July 1, as restated			(752)	
Fund balances June 30			**$ 13,854**	

U.S. Department of Transportation Fund				U.S. Department of Health and Human Services Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
183	183	5	(178)	744	744	1,510	766
-	-	-	-	-	-	-	-
-	-	-	-	7	7	-	(7)
883,530	883,530	1,077,419	193,889	1,067,950	1,067,950	1,095,539	27,589
11	11	40	29	4,067	4,067	17	(4,050)
883,724	883,724	1,077,464	193,740	1,072,768	1,072,768	1,097,066	24,298
3	2,995	1,543	1,452	577	25,819	17,191	8,628
4,741	57,249	20,471	36,778	1,868	16,677	7,336	9,341
-	-	-	-	18,863	292,242	100,177	192,065
-	53	13	40	204,034	2,596,615	1,250,589	1,346,026
3,037	6,215	1,872	4,343	-	-	-	-
-	-	-	-	301	4,076	2,181	1,895
1,044,837	2,894,287	1,270,806	1,623,481	-	-	-	-
1,052,618	2,960,799	1,294,705	1,666,094	225,643	2,935,429	1,377,474	1,557,955
(168,894)	(2,077,075)	(217,241)	(1,859,834)	847,125	(1,862,661)	(280,408)	(1,582,253)
76,094	76,094	76,094	-	337,219	337,219	337,219	-
$ (92,800)	$ (2,000,981)	(141,147)	$ 1,859,834	$ 1,184,344	$ (1,525,442)	56,811	$ 1,582,253
		144,720				(142,906)	
		$ 3,573				**$ (86,095)**	

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	2009 ARRA FUND	U.S. DEPARTMENT OF TRANSPORTATION	U.S. DEPARTMENT OF HEALTH AND HUMAN	Total
Net change in fund balances (budgetary basis)	$ 718,215	$ 459,065	$ (526,162)	$ 14,606	$ (141,147)	$ 56,811	**$ 581,388**
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)	112,248	441,474	(21,804)	10,930	(3,930)	(161,415)	**377,503**
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(488,851)	(625,414)	(144)	17,952	(28,829)	(20,097)	**(1,145,383)**
Net change in fund balances (GAAP basis)	**$ 341,612**	**$ 275,125**	**$ (548,110)**	**$ 43,488**	**$ (173,906)**	**$ (124,701)**	**$ (186,492)**

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

Roads	Average International Roughness Index (IRI)		
	2012	**2011**	**2010**
Interstate Roads (excluding Rest Areas and Weigh Stations)	82.8%	82.6%	82.3%
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	84.4%	83.6%	84.0%
Non-NHS Roads	94.2%	94.3%	94.2%

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		
	2012	**2011**	**2010**
Interstate Bridges	89.1%	88.9%	88.8%
NHS Bridges - Non-Interstate	89.9%	89.9%	90.0%
Non-NHS Bridges	88.0%	87.4%	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)

	2012	2011	2010	2009	2008
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	$ 205,878	$ 222,707	$ 241,935	$ 263,764	$ 120,147
Actual	165,740	194,727	226,401	246,089	256,482
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	296,337	314,282	381,433	391,641	419,001
Actual	337,507	364,173	423,949	571,000	374,770
Roads at State Institutions and Properties					
Needed	1,699	2,046	2,073	1,734	1,225
Actual	5,183	3,386	1,635	4,884	3,146
Total					
Needed	503,914	539,035	625,441	657,139	540,373
Actual	508,430	562,286	651,985	821,973	634,398
Bridges					
Interstate Bridges					
Needed	$ 55,371	$ 62,746	$ 75,181	$ 82,668	$ 34,723
Actual	58,245	54,505	51,416	37,931	43,904
NHS Bridges - Non-Interstate					
Needed	41,395	27,240	25,706	24,438	4,695
Actual	26,733	27,085	24,299	7,794	13,568
Non-NHS Bridges					
Needed	106,891	84,736	79,055	48,214	26,694
Actual	102,491	73,713	60,861	39,707	34,138
Bridges at State Institutions and Properties					
Needed	1	-	5	-	-
Actual	108	-	354	253	3
Total					
Needed	203,658	174,722	179,947	155,320	66,112
Actual	187,577	155,303	136,930	85,685	91,613

Data provided by Comparative Report of Preservation Costs

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Special Revenue Funds."

The following fund is used to report the State Student Assistance Commission of Indiana (SSACI) whose mission is to make college affordable through need-based grants and to allow choice by granting awards to those attending public, independent and proprietary colleges:

State Student Assistance

The following funds are used to account for transportation and motor vehicle related programs:

Motor Vehicle Highway
Motor Vehicle Commission
Road and Street, Primary Highway
State Highway Fund

The following funds are used to account for health and environmental programs:

Indiana Check-Up Plan
Patients Compensation Fund
Tobacco Settlement Fund

The following funds are used to receive and distribute certain revenues to the proper sources:

State Gaming Fund
Build Indiana Fund

The following fund is used to account for non-federal programs:

Fund 6000 Programs

The following fund is used to provide low interest construction and technology loans for qualifying schools:

Common School Fund

The following funds are used to account for federal grant programs:

U.S. Department of Agriculture
U.S. Department of Labor
U.S. Department of Education

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). Funds of material significance are presented separately in these combining statements. All other funds are included under the description “Other Non-Major Capital Projects Funds.”

State Police Building Commission – This fund accounts for new construction, rehabilitation and preventative maintenance for this state commission.

Post War Construction – This fund accounts for new construction, rehabilitation and preventative maintenance of penal, benevolent and charitable institutions of the state.

PERMANENT FUNDS

Permanent Funds account for resources of the State that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support State programs. Funds of material significance are presented separately in these combining statements. All other funds are included under the description “Other Non-Major Permanent Funds.”

Next Generation Trust Fund - This fund is used to hold title to proceeds transferred to the trust under IC 8-15.5-11. The interest is appropriated every five years beginning March 15, 2011 and is to be used exclusively for the provision of highways, roads, and bridges for the benefit of the people of Indiana and the users of those facilities.

State of Indiana
Balance Sheet
Non-Major Governmental Funds
June 30, 2012
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Assets:				
Cash, cash equivalents and investments-unrestricted	$ 2,452,607	$ 110,444	$ 548,047	**$ 3,111,098**
Securities lending collateral	-	-	10,014	**10,014**
Receivables:				
Taxes (net of allowance for uncollectible accounts)	146,652	1,850	-	**148,502**
Securities lending	2	-	2	**4**
Accounts	41,322	83	-	**41,405**
Grants	159,015	-	-	**159,015**
Interest	85	-	-	**85**
Due from component unit	3,093	-	-	**3,093**
Loans	425,809	-	-	**425,809**
Total assets	$ 3,228,585	$ 112,377	$ 558,063	**$ 3,899,025**
Liabilities:				
Accounts payable	$ 207,094	$ 483	$ 4	**$ 207,581**
Salaries and benefits payable	40,816	-	-	**40,816**
Interfund loans	4,064	709	-	**4,773**
Interfund services used	3,391	-	-	**3,391**
Intergovernmental payable	118,757	-	-	**118,757**
Tax refunds payable	13,729	-	-	**13,729**
Deferred revenue	49,990	7	-	**49,997**
Accrued liability for compensated absences-current	2,750	-	-	**2,750**
Pollution remediation payable	72	-	-	**72**
Securities lending payable	2	-	2	**4**
Securities lending collateral	-	-	10,014	**10,014**
Total liabilities	440,665	1,199	10,020	**451,884**
Fund balance:				
Nonspendable	-	-	501,125	**501,125**
Committed	1,012,001	-	46,918	**1,058,919**
Assigned	1,873,105	111,178	-	**1,984,283**
Unassigned	(97,186)	-	-	**(97,186)**
Total fund balances	2,787,920	111,178	548,043	**3,447,141**
Total liabilities and fund balances	$ 3,228,585	$ 112,377	$ 558,063	**$ 3,899,025**

State of Indiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Revenues:				
Taxes:				
Income	$ 178	$ -	$ -	**$ 178**
Sales	9,347	-	-	**9,347**
Fuels	779,081	-	-	**779,081**
Gaming	778,267	-	-	**778,267**
Unemployment	44	-	-	**44**
Alcohol and tobacco	159,108	18,453	-	**177,561**
Insurance	4,297	-	-	**4,297**
Financial Institutions	94,490	-	-	**94,490**
Other	20,622	-	-	**20,622**
Total taxes	1,845,434	18,453	-	**1,863,887**
Current service charges	1,223,467	1,772	-	**1,225,239**
Investment income	999	-	30,784	**31,783**
Sales/rents	23,020	-	-	**23,020**
Grants	3,561,659	-	-	**3,561,659**
Other	55,585	-	-	**55,585**
Total revenues	6,710,164	20,225	30,784	**6,761,173**
Expenditures:				
Current:				
General government	892,495	857	9	**893,361**
Public safety	594,400	4,067	-	**598,467**
Health	160,428	-	-	**160,428**
Welfare	1,868,625	1,253	-	**1,869,878**
Conservation, culture and development	476,324	-	-	**476,324**
Education	1,428,965	36	-	**1,429,001**
Transportation	1,051,405	-	13	**1,051,418**
Total expenditures	6,472,642	6,213	22	**6,478,877**
Excess (deficiency) of revenues over (under) expenditures	237,522	14,012	30,762	**282,296**
Other financing sources (uses):				
Transfers in	2,158,880	1,776	-	**2,160,656**
Transfers (out)	(2,073,708)	(6,223)	-	**(2,079,931)**
Proceeds from capital lease	3,144	-	-	**3,144**
Total other financing sources (uses)	88,316	(4,447)	-	**83,869**
Net change in fund balances	325,838	9,565	30,762	**366,165**
Fund Balance July 1, as restated	2,462,082	101,613	517,281	**3,080,976**
Fund Balance June 30	**$ 2,787,920**	**$ 111,178**	**$ 548,043**	**$ 3,447,141**

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
Assets:				
Cash, cash equivalents and investments-unrestricted	$ 17,508	$ 49,777	$ 8,013	$ 7,735
Receivables:				
Taxes (net of allowance for uncollectible accounts)	11,765	8,193	-	-
Securities lending	-	-	-	-
Accounts	-	5,249	2,120	-
Grants	-	76	-	-
Interest	-	-	-	-
Due from component unit	-	-	-	3,093
Loans	-	-	-	9
Total assets	$ 29,273	$ 63,295	$ 10,133	$ 10,837
Liabilities:				
Accounts payable	$ 1	$ 6,418	$ 2,397	$ 4
Salaries and benefits payable	160	8,284	1,939	10
Interfund loans	-	-	-	-
Interfund services used	21	968	172	-
Intergovernmental payable	143	24,495	-	-
Tax refunds payable	-	1,209	-	-
Deferred revenue	-	4,509	-	-
Accrued liability for compensated absences-current	19	97	135	-
Pollution remediation payable	-	-	-	-
Securities lending payable	-	-	-	-
Total liabilities	344	45,980	4,643	14
Fund balance:				
Committed	11,567	-	-	-
Assigned	17,362	17,315	5,490	10,823
Unassigned	-	-	-	-
Total fund balances	28,929	17,315	5,490	10,823
Total liabilities and fund balances	$ 29,273	$ 63,295	$ 10,133	$ 10,837

STATE HIGHWAY FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND	ROAD & STREET, PRIMARY HIGHWAY
$ 389,009	$ 296,561	$ 318,220	$ 246,998	$ 6,922
2,875	12,709	39,181	-	11,838
-	-	-	2	-
8,046	-	11,981	-	366
-	-	535	-	-
-	-	6	46	-
-	-	-	-	-
8,727	-	776	-	-
$ 408,657	$ 309,270	$ 370,699	$ 247,046	$ 19,126
$ 86,609	$ 1,307	$ 8,953	$ 23,975	$ -
12,244	-	1,126	27	-
-	-	-	-	-
495	-	167	3	-
-	-	3,285	-	6,850
-	-	12,520	-	-
365	1,133	35,678	-	4,010
1,011	-	53	1	-
36	-	-	-	-
-	-	-	2	-
100,760	2,440	61,782	24,008	10,860
-	306,790	12,269	-	-
307,897	40	296,648	223,038	8,266
-	-	-	-	-
307,897	306,830	308,917	223,038	8,266
$ 408,657	$ 309,270	$ 370,699	$ 247,046	$ 19,126

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State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2011
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
Assets:				
Cash, cash equivalents and investments-unrestricted	$ 95,999	$ 146,080	$ 26,575	$ -
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	-	-	-
Securities lending	-	-	-	-
Accounts	-	-	-	129
Grants	-	-	20,859	7,350
Interest	-	1	-	-
Due from component unit	-	-	-	-
Loans	-	411,637	-	-
Total assets	$ 95,999	$ 557,718	$ 47,434	$ 7,479
Liabilities:				
Accounts payable	$ 2,853	$ -	$ 7,395	$ 2,900
Salaries and benefits payable	88	-	395	3,043
Interfund loans	-	-	-	237
Interfunds services used	5	-	19	674
Intergovernmental payable	-	-	8,662	-
Tax refunds payable	-	-	-	-
Deferred revenue	-	-	-	-
Accrued liability for compensated absences-current	10	-	31	251
Pollution remediation payable	-	-	-	-
Securities lending payable	-	-	-	-
Total liabilities	2,956	-	16,502	7,105
Fund balance:				
Committed:	-	557,718	-	-
Assigned:	93,043	-	119,396	374
Unassigned:	-	-	(88,464)	-
Total fund balances	93,043	557,718	30,932	374
Total liabilities and fund balances	$ 95,999	$ 557,718	$ 47,434	$ 7,479

US DEPARTMENT OF EDUCATION	STATE STUDENT ASSISTANCE	Other Non-Major Special Revenue Funds	Total
$ -	$ 30,967	$ 812,243	**$ 2,452,607**
-	-	60,091	**146,652**
-	-	-	**2**
-	-	13,431	**41,322**
102,374	-	27,821	**159,015**
-	-	32	**85**
-	-	-	**3,093**
-	-	4,660	**425,809**
$ 102,374	$ 30,967	$ 918,278	**$ 3,228,585**
$ 9,689	$ 530	$ 54,063	**$ 207,094**
962	81	12,457	**40,816**
3,827	-	-	**4,064**
78	5	784	**3,391**
73,338	-	1,984	**118,757**
-	-	-	**13,729**
-	-	4,295	**49,990**
83	1	1,058	**2,750**
-	-	36	**72**
-	-	-	**2**
87,977	617	74,677	**440,665**
-	-	123,657	**1,012,001**
23,119	30,350	719,944	**1,873,105**
(8,722)	-	-	**(97,186)**
14,397	30,350	843,601	**2,787,920**
$ 102,374	$ 30,967	$ 918,278	**$ 3,228,585**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	404,359	-	-
Gaming	753,937	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	753,937	404,359	-	-
Current service charges	1,550	262,990	104,843	144,692
Investment income	-	-	-	-
Sales/rents	-	2,062	-	-
Grants	-	713	17	-
Other	-	43	11	-
Total revenues	755,487	670,167	104,871	144,692
Expenditures:				
Current:				
General government	136,231	283,758	-	-
Public safety	-	190,352	80,376	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	230	-	2,180
Transportation	-	218	-	-
Total expenditures	136,231	474,558	80,376	2,180
Excess (deficiency) of revenues over (under) expenditures	619,256	195,609	24,495	142,512
Other financing sources (uses):				
Transfers in	601	97,264	-	102,410
Transfers (out)	(614,127)	(286,140)	(30,948)	(245,221)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(613,526)	(188,876)	(30,948)	(142,811)
Net change in fund balances	5,730	6,733	(6,453)	(299)
Fund Balance July 1, as restated	23,199	10,582	11,943	11,122
Fund Balance June 30	**$ 28,929**	**$ 17,315**	**$ 5,490**	**$ 10,823**

STATE HIGHWAY FUND	INDIANA CHECK-UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND	ROAD & STREET, PRIMARY HIGHWAY
$ -	$ -	$ -	$ -	$ -
-	-	1,097	-	-
29,640	-	805	-	191,016
-	-	423	-	-
-	-	44	-	-
-	122,421	-	-	-
-	-	-	-	-
-	-	94,490	-	-
-	-	14,388	-	-
29,640	122,421	111,247	-	191,016
32,476	-	103,725	103,058	17,564
173	-	102	259	-
1,659	-	4,497	-	-
2,046	-	21,812	-	-
41,821	-	4,628	-	26
107,815	122,421	246,011	103,317	208,606
-	-	118,496	-	73,219
-	-	18,268	78,974	-
-	10,003	1,484	-	-
-	114,109	3,422	-	-
678	-	17,982	-	-
-	-	4,887	-	-
916,622	-	2,141	-	-
917,300	124,112	166,680	78,974	73,219
(809,485)	(1,691)	79,331	24,343	135,387
1,067,898	-	31,324	-	-
(174,547)	-	(105,644)	-	(133,274)
3,144	-	-	-	-
896,495	-	(74,320)	-	(133,274)
87,010	(1,691)	5,011	24,343	2,113
220,887	308,521	303,906	198,695	6,153
$ 307,897	**$ 306,830**	**$ 308,917**	**$ 223,038**	**$ 8,266**

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State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	105	-
Total taxes	-	-	105	-
Current service charges	132,558	56	145	413
Investment income	7	1	-	-
Sales/rents	-	-	-	2
Grants	11	-	2,055,763	103,335
Other	615	5,648	7	11
Total revenues	133,191	5,705	2,056,020	103,761
Expenditures:				
Current:				
General government	12,396	-	608	-
Public safety	-	-	4,248	4,927
Health	26,997	-	113,209	-
Welfare	1,308	-	1,537,185	2,701
Conservation, culture and development	-	-	3,713	152,550
Education	-	-	356,130	60
Transportation	-	-	-	-
Total expenditures	40,701	-	2,015,093	160,238
Excess (deficiency) of revenues over expenditures	92,490	5,705	40,927	(56,477)
Other financing sources (uses):				
Transfers in	88	-	124,631	2,600
Transfers (out)	(89,231)	-	(61,790)	(1,062)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(89,143)	-	62,841	1,538
Net change in fund balances	3,347	5,705	103,768	(54,939)
Fund Balance July 1, as restated	89,696	552,013	(72,836)	55,313
Fund Balance June 30	**$ 93,043**	**$ 557,718**	**$ 30,932**	**$ 374**

US DEPARTMENT OF EDUCATION	STATE STUDENT ASSISTANCE	OTHER SPECIAL REVENUE FUNDS	Total
$ -	$ -	$ 178	**$ 178**
-	-	8,250	**9,347**
-	-	153,261	**779,081**
-	-	23,907	**778,267**
-	-	-	**44**
-	-	36,687	**159,108**
-	-	4,297	**4,297**
-	-	-	**94,490**
-	-	6,129	**20,622**
-	-	232,709	**1,845,434**
-	1,482	317,915	**1,223,467**
-	-	457	**999**
-	-	14,800	**23,020**
912,297	2,442	463,223	**3,561,659**
14	81	2,680	**55,585**
912,311	4,005	1,031,784	**6,710,164**
731	-	267,056	**892,495**
2,375	-	214,880	**594,400**
-	-	8,735	**160,428**
85,192	-	124,708	**1,868,625**
26,640	-	274,761	**476,324**
768,307	287,194	9,977	**1,428,965**
-	-	132,424	**1,051,405**
883,245	287,194	1,032,541	**6,472,642**
29,066	(283,189)	(757)	**237,522**
46,578	275,216	410,270	**2,158,880**
(1,221)	(5,836)	(324,667)	**(2,073,708)**
-	-	-	**3,144**
45,357	269,380	85,603	**88,316**
74,423	(13,809)	84,846	**325,838**
(60,026)	44,159	758,755	**2,462,082**
$ 14,397	**$ 30,350**	**$ 843,601**	**$ 2,787,920**

State of Indiana
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2012
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
Assets:				
Cash, cash equivalents and investments-unrestricted	$ 5,964	$ 93,074	$ 11,406	**$ 110,444**
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	1,850	-	**1,850**
Accounts	83	-	-	**83**
Total assets	$ 6,047	$ 94,924	$ 11,406	**$ 112,377**
Liabilities:				
Accounts payable	$ 98	$ 234	$ 151	**$ 483**
Interfund loans	-	-	709	**709**
Deferred revenue	-	7	-	**7**
Total liabilities	98	241	860	**1,199**
Fund balance:				
Assigned	5,949	94,683	10,546	**111,178**
Total fund balances	5,949	94,683	10,546	**111,178**
Total liabilities and fund balances	$ 6,047	$ 94,924	$ 11,406	**$ 112,377**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
Revenues:				
Taxes:				
Alcohol and tobacco	$ -	$ 18,453	$ -	**$ 18,453**
Total taxes	-	18,453	-	**18,453**
Current service charges	1,772	-	-	**1,772**
Total revenues	1,772	18,453	-	**20,225**
Expenditures:				
Current:				
General government	-	-	857	**857**
Public safety	1,148	2,722	197	**4,067**
Welfare	-	1,253	-	**1,253**
Education	-	36	-	**36**
Total expenditures	1,148	4,011	1,054	**6,213**
Excess (deficiency) of revenues over (under) expenditures	624	14,442	(1,054)	**14,012**
Other financing sources (uses):				
Transfers in	-	-	1,776	**1,776**
Transfers (out)	-	(5,574)	(649)	**(6,223)**
Total other financing sources (uses)	-	(5,574)	1,127	**(4,447)**
Net change in fund balances	624	8,868	73	**9,565**
Fund Balance July 1, as restated	5,325	85,815	10,473	**101,613**
Fund Balance June 30	**$ 5,949**	**$ 94,683**	**$ 10,546**	**$ 111,178**

State of Indiana
Combining Balance Sheet
Non-Major Permanent Funds
June 30, 2012
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Assets:			
Cash, cash equivalents and investments-unrestricted	$ 546,917	$ 1,130	**$ 548,047**
Securities lending collateral	10,014	-	**10,014**
Receivables:			
Securities lending	2	-	**2**
Total assets	$ 556,933	$ 1,130	**$ 558,063**
Liabilities:			
Accounts payable	$ -	$ 4	**$ 4**
Securities lending payable	2	-	**2**
Securities lending collateral	10,014	-	**10,014**
Total liabilities	10,016	4	**10,020**
Fund balance:			
Nonspendable	500,000	1,125	**501,125**
Committed	46,917	1	**46,918**
Total fund balances	546,917	1,126	**548,043**
Total liabilities and fund balances	$ 556,933	$ 1,130	**$ 558,063**

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Revenues:			
Investment income	$ 30,780	$ 4	**$ 30,784**
Total revenues	30,780	4	**30,784**
Expenditures:			
Current:			
General government	-	9	**9**
Transportation	13	-	**13**
Total expenditures	13	9	**22**
Excess (deficiency) of revenues over (under) expenditures	30,767	(5)	**30,762**
Net change in fund balances	30,767	(5)	**30,762**
Fund Balance July 1, as restated	516,150	1,131	**517,281**
Fund Balance June 30	**$ 546,917**	**$ 1,126**	**$ 548,043**

State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	State Gaming Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	787,098	787,098	748,171	(38,927)
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	787,098	787,098	748,171	(38,927)
Current service charges	1,918	1,918	1,550	(368)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	789,016	789,016	749,721	(39,295)
Expenditures:				
Current:				
General government	2,916	786,844	136,229	650,615
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	2,916	786,844	136,229	650,615
Excess of revenues over (under) expenditures	786,100	2,172	613,492	(611,320)
Other financing sources (uses):				
Total other financing sources (uses)	(613,526)	(613,526)	(613,526)	-
Net change in fund balances	$ 172,574	$ (611,354)	(34)	$ 611,320
Fund balances July 1, as restated			17,539	
Fund balances June 30			**$ 17,505**	

Motor Vehicle Highway Fund				Motor Vehicle Commission			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
379,357	379,357	403,743	24,386	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
379,357	379,357	403,743	24,386	-	-	-	-
254,720	254,720	261,569	6,849	94,166	94,166	103,034	8,868
-	-	-	-	-	-	-	-
1,080	1,080	2,062	982	-	-	-	-
25	25	637	612	23	23	17	(6)
43	43	43	-	13	13	11	(2)
635,225	635,225	668,054	32,829	94,202	94,202	103,062	8,860
276,802	566,612	281,573	285,039	-	-	-	-
136,206	199,608	189,742	9,866	111,680	85,889	80,381	5,508
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
268	237	229	8	-	-	-	-
1,373	102	101	1	-	-	-	-
414,649	766,559	471,645	294,914	111,680	85,889	80,381	5,508
220,576	(131,334)	196,409	(327,743)	(17,478)	8,313	22,681	(14,368)
(188,876)	(188,876)	(188,876)	-	(30,948)	(30,948)	(30,948)	-
$ 31,700	$ (320,210)	7,533	$ 327,743	$ (48,426)	$ (22,635)	(8,267)	$ 14,368
		38,584				14,784	
		$ 46,117				**$ 6,517**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Build Indiana Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	160,199	160,199	147,590	(12,609)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1	1	-	(1)
Other	-	-	-	-
Total revenues	160,200	160,200	147,590	(12,610)
Expenditures:				
Current:				
General government	5,775	260,720	-	260,720
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	6,225	7,051	2,173	4,878
Transportation	-	-	-	-
Total expenditures	12,000	267,771	2,173	265,598
Excess of revenues over (under) expenditures	148,200	(107,571)	145,417	(252,988)
Other financing sources (uses):				
Total other financing sources (uses)	(142,811)	(142,811)	(142,811)	-
Net change in fund balances	$ 5,389	$ (250,382)	2,606	$ 252,988
Fund balances July 1, as restated			5,138	
Fund balances June 30			**$ 7,744**	

State Highway Fund				Indiana Check-Up Plan			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
30,227	30,227	29,756	(471)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	127,440	127,440	121,292	(6,148)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,227	30,227	29,756	(471)	127,440	127,440	121,292	(6,148)
26,883	26,883	32,458	5,575	-	-	-	-
344	344	173	(171)	-	-	-	-
793	793	1,659	866	-	-	-	-
14,060	14,060	2,046	(12,014)	-	-	-	-
42,026	42,026	41,821	(205)	-	-	-	-
114,333	114,333	107,913	(6,420)	127,440	127,440	121,292	(6,148)
15,456	6,857	-	6,857	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,412	12,451	10,959	1,492
-	-	-	-	748	408,017	114,119	293,898
3,682	1,231	670	561	-	-	-	-
-	-	-	-	-	-	-	-
1,115,000	2,071,106	900,515	1,170,591	-	-	-	-
1,134,138	2,079,194	901,185	1,178,009	12,160	420,468	125,078	295,390
(1,019,805)	(1,964,861)	(793,272)	(1,171,589)	115,280	(293,028)	(3,786)	(289,242)
893,351	893,351	893,351	-	-	-	-	-
$ (126,454)	$ (1,071,510)	100,079	$ 1,171,589	$ 115,280	$ (293,028)	(3,786)	$ 289,242
		250,950				299,341	
		$ 351,029				**$ 295,555**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Fund 6000 Programs			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 4,570	$ 4,570	$ -	$ (4,570)
Sales	3,657	3,657	1,941	(1,716)
Fuels	31,540	31,540	2,932	(28,608)
Gaming	515	515	460	(55)
Unemployment	208	208	44	(164)
Alcohol and tobacco	45	45	-	(45)
Insurance	-	-	-	-
Financial institutions	55,584	55,584	94,212	38,628
Other	18,498	18,498	14,138	(4,360)
Total taxes	114,617	114,617	113,727	(890)
Current service charges	85,723	85,723	102,765	17,042
Investment income	181	181	101	(80)
Sales/rents	3,892	3,892	4,497	605
Grants	27,402	27,402	19,632	(7,770)
Other	7,538	7,538	4,628	(2,910)
Total revenues	239,353	239,353	245,350	5,997
Expenditures:				
Current:				
General government	3,003	435,783	117,221	318,562
Public safety	3,482	55,678	19,467	36,211
Health	950	5,483	1,394	4,089
Welfare	506	20,837	3,311	17,526
Conservation, culture and development	6,227	48,587	15,000	33,587
Education	1,545	8,934	4,674	4,260
Transportation	3,005	4,737	2,179	2,558
Total expenditures	18,718	580,039	163,246	416,793
Excess of revenues over (under) expenditures	220,635	(340,686)	82,104	(422,790)
Other financing sources (uses):				
Total other financing sources (uses)	(74,320)	(74,320)	(74,320)	-
Net change in fund balances	$ 146,315	$ (415,006)	7,784	$ 422,790
Fund balances July 1, as restated			308,755	
Fund balances June 30			**$ 316,539**	

Patients Compensation Fund				Road and Street, Primary Highway			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	185,587	185,587	189,795	4,208
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	185,587	185,587	189,795	4,208
110,898	110,898	103,058	(7,840)	18,294	18,294	17,464	(830)
707	707	371	(336)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	26	26
111,605	111,605	103,429	(8,176)	203,881	203,881	207,285	3,404
-	-	-	-	-	286,040	72,917	213,123
1,746	164,879	100,011	64,868	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,746	164,879	100,011	64,868	-	286,040	72,917	213,123
109,859	(53,274)	3,418	(56,692)	203,881	(82,159)	134,368	(216,527)
-	-	-	-	(133,274)	(133,274)	(133,274)	-
$ 109,859	$ (53,274)	3,418	$ 56,692	$ 70,607	$ (215,433)	1,094	$ 216,527
		243,563				5,827	
		$ 246,981				**$ 6,921**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Tobacco Settlement Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	127,051	127,051	132,558	5,507
Investment income	76	76	14	(62)
Sales/rents	-	-	-	-
Grants	50	50	11	(39)
Other	90	90	615	525
Total revenues	127,267	127,267	133,198	5,931
Expenditures:				
Current:				
General government	114,681	182,694	12,366	170,328
Public safety	-	-	-	-
Health	29,000	30,054	26,653	3,401
Welfare	8,185	1,977	1,342	635
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	151,866	214,725	40,361	174,364
Excess of revenues over (under) expenditures	(24,599)	(87,458)	92,837	(180,295)
Other financing sources (uses):				
Total other financing sources (uses)	(89,143)	(89,143)	(89,143)	-
Net change in fund balances	$ (113,742)	$ (176,601)	3,694	$ 180,295
Fund balances July 1, as restated			92,320	
Fund balances June 30			**$ 96,014**	

Common School Fund				U.S. Department of Agriculture			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	13	13	105	92
-	-	-	-	13	13	105	92
214	214	56	(158)	-	-	145	145
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	519,308	519,308	535,005	15,697
6,159	6,159	5,648	(511)	1	1	7	6
6,373	6,373	5,704	(669)	519,322	519,322	535,262	15,940
-	3,968	-	3,968	354	9,992	708	9,284
-	-	-	-	1	6,889	4,264	2,625
-	-	-	-	19,167	217,468	110,891	106,577
-	-	-	-	2,416	225,758	108,241	117,517
-	-	-	-	939	10,047	3,732	6,315
-	-	-	-	4,234	380,705	359,039	21,666
-	-	-	-	-	-	-	-
-	3,968	-	3,968	27,111	850,859	586,875	263,984
6,373	2,405	5,704	(3,299)	492,211	(331,537)	(51,613)	(279,924)
-	-	-	-	62,841	62,841	62,841	-
$ 6,373	$ 2,405	5,704	$ 3,299	$ 555,052	$ (268,696)	11,228	$ 279,924
		552,013				15,121	
		$ 557,717				**$ 26,349**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	U.S. Department of Labor			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ -	$ -	$ -	$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	111	111	-	(111)
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	111	111	-	(111)
Current service charges	672	672	413	(259)
Investment income	-	-	-	-
Sales/rents	-	-	2	2
Grants	163,025	163,025	168,301	5,276
Other	-	-	11	11
Total revenues	163,808	163,808	168,727	4,919
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	134	8,267	4,858	3,409
Health	-	-	-	-
Welfare	301	9,074	2,754	6,320
Conservation, culture and development	54,514	268,929	156,138	112,791
Education	-	75	60	15
Transportation	-	-	-	-
Total expenditures	54,949	286,345	163,810	122,535
Excess of revenues over (under) expenditures	108,859	(122,537)	4,917	(127,454)
Other financing sources (uses):				
Total other financing sources (uses)	1,538	1,538	1,538	-
Net change in fund balances	$ 110,397	$ (120,999)	6,455	$ 127,454
Fund balances July 1, as restated			(7,065)	
Fund balances June 30			**$ (610)**	

U.S. Department of Education				State Student Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,002	1,002	1,482	480
6	6	-	(6)	-	-	-	-
177	177	-	(177)	-	-	-	-
636,421	636,421	907,651	271,230	3,111	3,111	4,438	1,327
6	6	14	8	5	5	81	76
636,610	636,610	907,665	271,055	4,118	4,118	6,001	1,883
34	1,156	756	400	-	-	-	-
368	4,257	2,452	1,805	-	-	-	-
-	-	-	-	-	-	-	-
18,807	295,167	85,176	209,991	-	-	-	-
6,626	42,777	26,079	16,698	-	-	-	-
39,217	964,436	758,573	205,863	275,123	569,076	287,664	281,412
-	-	-	-	-	-	-	-
65,052	1,307,793	873,036	434,757	275,123	569,076	287,664	281,412
571,558	(671,183)	34,629	(705,812)	(271,005)	(564,958)	(281,663)	(283,295)
45,357	45,357	45,357	-	269,380	269,380	269,380	-
$ 616,915	$ (625,826)	79,986	$ 705,812	$ (1,625)	$ (295,578)	(12,283)	$ 283,295
		(88,689)				42,745	
		$ (8,703)				**$ 30,462**	

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State of Indiana
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Other Non-Major Special Revenue Funds			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	$ 95	$ 95	$ 178	$ 83
Sales	50,357	50,357	8,231	(42,126)
Fuels	154,612	154,612	154,002	(610)
Gaming	26,867	26,867	24,518	(2,349)
Unemployment	-	-	-	-
Alcohol and tobacco	37,109	37,109	36,408	(701)
Insurance	4,090	4,090	4,297	207
Financial institutions	-	-	-	-
Other	3,610	3,610	6,150	2,540
Total taxes	276,740	276,740	233,784	(42,956)
Current service charges	265,857	265,857	312,934	47,077
Investment income	591	591	441	(150)
Sales/rents	12,221	12,221	14,800	2,579
Grants	413,355	413,355	445,580	32,225
Other	1,004	1,004	2,680	1,676
Total revenues	969,768	969,768	1,010,219	40,451
Expenditures:				
Current:				
General government	190,073	736,095	268,314	467,781
Public safety	150,235	659,990	218,515	441,475
Health	7,545	9,598	8,781	817
Welfare	27,716	783,131	125,114	658,017
Conservation, culture and development	210,619	684,625	275,922	408,703
Education	14,087	24,050	9,840	14,210
Transportation	123,564	143,944	130,806	13,138
Total expenditures	723,839	3,041,433	1,037,292	2,004,141
Excess of revenues over (under) expenditures	245,929	(2,071,665)	(27,073)	(2,044,592)
Other financing sources (uses):				
Total other financing sources (uses)	85,603	85,603	85,603	-
Net change in fund balances	$ 331,532	$ (1,986,062)	58,530	$ 2,044,592
Fund balances July 1, as restated			746,833	
Fund balances June 30			**$ 805,363**	

Budget/GAAP Reconciliation
Nonmajor Special Revenue Funds

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

(amounts expressed in thousands)	**Nonmajor Special Revenue Funds**
Net change in fund balances (budgetary basis)	$ 263,744
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:	
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	1,481,200
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(1,417,462)
Funds not subject to legally adopted budget	(1,644)
Net change in fund balances (GAAP basis)	**$ 325,838**

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds account for operations established to provide services to the general public in a manner similar to private business enterprises. Cost of providing the goods or services are financed or recovered primarily through fees and user charges. The non-major enterprise funds are as follows:

Residual Malpractice Insurance Authority – IC 34-18-17 created the Residual Malpractice Insurance Authority to make malpractice liability insurance available to those who cannot obtain this coverage through other insurers. The Indiana Department of Insurance is the designated residual malpractice insurance authority per State law. Revenues are from the premiums collected.

Inns and Concessions - This fund accounts for the operations of various State Park Inns which provide lodging throughout the year for park tourists, and for the restaurant and concessions at Fort Benjamin Harrison.

State of Indiana
Combining Statement of Fund Net Assets
Non-Major Enterprise Funds
June 30, 2012
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Assets			
Current assets:			
Cash, cash equivalents and investments - unrestricted	$ 68,354	$ 5,662	**$ 74,016**
Receivables:			
Accounts	452	334	**786**
Interest	541	-	**541**
Inventory	-	555	**555**
Prepaid expenses	-	90	**90**
Total current assets	69,347	6,641	**75,988**
Noncurrent assets:			
Capital assets:			
Property, plant, and equipment	-	410	**410**
Less accumulated depreciation	-	(350)	**(350)**
Total capital assets, net of depreciation	-	60	**60**
Other assets	-	-	**-**
Total noncurrent assets	-	60	**60**
Total assets	**69,347**	**6,701**	**76,048**
Liabilities			
Current liabilities:			
Accounts payable	-	536	**536**
Claims payable	3,888	-	**3,888**
Salaries and benefits payable	-	356	**356**
Accrued liability for compensated absences	-	205	**205**
Deferred revenue	1,371	3,181	**4,552**
Other liabilities	87	511	**598**
Total current liabilities	5,346	4,789	**10,135**
Noncurrent liabilities:			
Accrued liability for compensated absences	-	251	**251**
Claims payable	26,283	-	**26,283**
Total noncurrent liabilities	26,283	251	**26,534**
Total liabilities	**31,629**	**5,040**	**36,669**
Net assets			
Invested in capital assets net of related debt	-	60	**60**
Unrestricted	37,718	1,601	**39,319**
Total net assets	**$ 37,718**	**$ 1,661**	**$ 39,379**

State of Indiana
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Operating revenues:			
Sales/rents/premiums	$ 2,098	$ 23,895	**$ 25,993**
Other	-	193	**193**
Total operating revenues	2,098	24,088	**26,186**
Cost of sales	-	4,248	**4,248**
Gross margin	2,098	19,840	**21,938**
Operating expenses:			
General and administrative expense	544	16,712	**17,256**
Claims expense	1,501	-	**1,501**
Depreciation and amortization	-	24	**24**
Other	-	34	**34**
Total operating expenses	2,045	16,770	**18,815**
Operating income (loss)	53	3,070	**3,123**
Nonoperating revenues (expenses):			
Interest and other investment income	3,741	12	**3,753**
Total nonoperating revenues (expenses)	3,741	12	**3,753**
Income before contributions and transfers	3,794	3,082	**6,876**
Transfers (out)	-	(2,101)	**(2,101)**
Change in net assets	3,794	981	**4,775**
Total net assets, July 1	**33,924**	**680**	**34,604**
Total net assets, June 30	**$ 37,718**	**$ 1,661**	**$ 39,379**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Cash flows from operating activities:			
Cash received from customers	$ 2,034	$ 24,195	**$ 26,229**
Cash paid for general and administrative	(505)	(16,878)	**(17,383)**
Cash paid to suppliers	-	(4,251)	**(4,251)**
Cash paid for claims expense	(4,393)	-	**(4,393)**
Net cash provided (used) by operating activities	(2,864)	3,066	**202**
Cash flows from noncapital financing activities:			
Transfers out	-	(2,101)	**(2,101)**
Net cash provided (used) by noncapital financing activities	-	(2,101)	**(2,101)**
Cash flows from investing activities:			
Proceeds from sales of investments	5,000	-	**5,000**
Purchase of investments	(2,758)	-	**(2,758)**
Interest income (expense) on investments	2,461	12	**2,473**
Net cash provided (used) by investing activities	4,703	12	**4,715**
Net increase (decrease) in cash and cash equivalents	1,839	977	**2,816**
Cash and cash equivalents, July 1	985	4,250	**5,235**
Cash and cash equivalents, June 30	**$ 2,824**	**$ 5,227**	**$ 8,051**
Reconciliation of cash , cash equivalents and investments:			
Cash and cash equivalents unrestricted at end of year	$ 2,824	$ 5,227	**$ 8,051**
Investments unrestricted	65,530	435	**65,965**
Cash, cash equivalents and investments per balance sheet	**$ 68,354**	**$ 5,662**	**$ 74,016**
Noncash investing, capital and financing activities:			
Increase in fair value of investments	$ 1,351	$ -	**$ 1,351**

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2012

(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ 53	$ 3,070	**$ 3,123**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization expense	-	24	**24**
(Increase) decrease in receivables	(54)	122	**68**
(Increase) decrease in inventory	-	(3)	**(3)**
(Increase) decrease in prepaid expenses	-	(15)	**(15)**
Increase (decrease) in claims payable	(2,892)	-	**(2,892)**
Increase (decrease) in accounts payable	-	(15)	**(15)**
Increase (decrease) in deferred revenue	(10)	(52)	**(62)**
Increase (decrease) in salaries payable	-	(116)	**(116)**
Increase (decrease) in compensated absences	-	(16)	**(16)**
Increase (decrease) in other payables	39	67	**106**
Net cash provided (used) by operating activities	**$ (2,864)**	**$ 3,066**	**$ 202**

INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of State agencies that supply goods or services to other agencies of governmental units on a cost-reimbursement basis.

Institutional Industries - This fund accounts for revenues and expenses incurred from the operation of inmate employment programs. Goods produced or manufactured as a result of such programs are sold to state agencies and political subdivisions of the State as well as to the general public.

Administrative Services Revolving – This fund is used to account for the following rotary funds.

Information Technology Services provides telecommunications and data processing services to State agencies. Revenues consist of charges to user agencies.

Motor Pool Rotary Fund accounts for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

Printing Rotary Fund accounts for the operation of the State Print Shop, which provides printing services to other State agencies. Revenues consist of charges to user agencies.

General Services Rotary accounts for postal service charges to agencies. Revenues consist of charges to user agencies.

Aviation Rotary Fund accounts for the operation and maintenance of state aircraft. Revenues consist of charges to user agencies.

Self-Insurance Funds - The self-insurance funds consist of the **State Police Health Insurance Fund, State Employee Disability Fund, and the State Employee Health Insurance Fund.** These funds administer health insurance and disability plans for state employees and state police personnel as well as for certain school corporations.

State Personnel Department Fund - This fund accounts for revenues and expenses incurred by the Indiana State Personnel Department for providing human resource services to the executive branch of the government.

Accounting Centralization - This fund accounts for revenues and expenses incurred by the Indiana State Budget Agency for providing centralized accounting services to some smaller state agencies.

State of Indiana
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Assets								
Current assets:								
Cash, cash equivalents and investments - unrestricted	$ 2,141	$ 23,099	$ 6,108	$ 1,289	$ 37,941	$ 695	$ 20	**$ 71,293**
Receivables:								
Accounts	4,790	815	1,652	1,123	16,974	-	-	**25,354**
Interfund services provided	534	6,417	-	-	-	-	-	**6,951**
Inventory	4,957	317	-	-	-	-	-	**5,274**
Total current assets	12,422	30,648	7,760	2,412	54,915	695	20	**108,872**
Noncurrent assets:								
Capital assets:								
Property, plant, and equipment	19,250	50,077	-	-	-	-	-	**69,327**
Less accumulated depreciation	(11,911)	(38,696)	-	-	-	-	-	**(50,607)**
Total capital assets, net of depreciation	7,339	11,381	-	-	-	-	-	**18,720**
Total noncurrent assets	7,339	11,381	-	-	-	-	-	**18,720**
Total assets	**19,761**	**42,029**	**7,760**	**2,412**	**54,915**	**695**	**20**	**127,592**
Liabilities								
Current liabilities:								
Accounts payable	4,295	2,591	25	-	233	-	-	**7,144**
Salaries and benefits payable	443	1,758	-	-	61	404	22	**2,688**
Capital lease payable	197	109	-	-	-	-	-	**306**
Health/disability benefits payable	-	-	3,926	4,414	40,455	-	-	**48,795**
Accrued liability for compensated absences	458	1,653	-	-	25	403	15	**2,554**
Deferred revenue	5	-	-	-	-	-	-	**5**
Other liabilities	3	-	-	-	-	-	-	**3**
Total current liabilities	5,401	6,111	3,951	4,414	40,774	807	37	**61,495**
Noncurrent liabilities:								
Accrued liability for compensated absences	390	1,378	-	-	20	327	12	**2,127**
Capital lease payable	7,766	-	-	-	-	-	-	**7,766**
Total noncurrent liabilites	8,156	1,378	-	-	20	327	12	**9,893**
Total liabilities	**13,557**	**7,489**	**3,951**	**4,414**	**40,794**	**1,134**	**49**	**71,388**
Net assets								
Invested in capital assets net of related debt	(625)	11,272	-	-	-	-	-	**10,647**
Unrestricted (deficit)	6,829	23,268	3,809	(2,002)	14,121	(439)	(29)	**45,557**
Total net assets	**$ 6,204**	**$ 34,540**	**$ 3,809**	**$ (2,002)**	**$ 14,121**	**$ (439)**	**$ (29)**	**$ 56,204**

State of Indiana
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Operating revenues:								
Sales/rents/premiums	$ 37,074	$ 110,956	$ 31,473	$ 22,313	$ 308,156	$ -	$ -	**$ 509,972**
Charges for services	-	227	-	-	-	7,256	391	**7,874**
Other	622	507	-	-	-	-	-	**1,129**
Total operating revenues	37,696	111,690	31,473	22,313	308,156	7,256	391	**518,975**
Cost of sales	22,315	1,355	-	-	-	-	-	**23,670**
Gross margin	15,381	110,335	31,473	22,313	308,156	7,256	391	**495,305**
Operating expenses:								
General and administrative expense	14,206	100,430	1,558	600	17,270	8,226	420	**142,710**
Health / disability benefit payments	-	-	30,651	21,724	301,378	-	-	**353,753**
Depreciation and amortization	743	5,983	-	-	-	-	-	**6,726**
Other	21	-	-	-	14,008	-	-	**14,029**
Total operating expenses	14,970	106,413	32,209	22,324	332,656	8,226	420	**517,218**
Operating income (loss)	411	3,922	(736)	(11)	(24,500)	(970)	(29)	**(21,913)**
Nonoperating revenues (expenses):								
Interest and other investment income	1	-	-	-	-	-	-	**1**
Interest and other investment expense	(653)	(9)	-	-	-	-	-	**(662)**
Gain (Loss) on disposition of assets	520	(316)	-	-	-	-	-	**204**
Other	-	10	-	-	-	-	-	**10**
Total nonoperating revenues (expenses)	(132)	(315)	-	-	-	-	-	**(447)**
Income before contributions and transfers	279	3,607	(736)	(11)	(24,500)	(970)	(29)	**(22,360)**
Transfers in	-	550	-	-	-	-	-	**550**
Transfers (out)	-	(40,000)	-	-	-	-	-	**(40,000)**
Change in net assets	279	(35,843)	(736)	(11)	(24,500)	(970)	(29)	**(61,810)**
Total net assets, July 1, as restated	5,925	70,383	4,545	(1,991)	38,621	531	-	**118,014**
Total net assets, June 30	**$ 6,204**	**$ 34,540**	**$ 3,809**	**$ (2,002)**	**$ 14,121**	**$ (439)**	**$ (29)**	**$ 56,204**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Cash flows from operating activities:								
Cash received from customers	$ 37,967	$ 110,332	$ 31,257	$ 22,206	$ 306,068	$ 7,255	$ 391	**$ 515,476**
Cash paid for general and administrative	(14,058)	(99,501)	(1,533)	(600)	(31,796)	(8,206)	(371)	**(156,065)**
Cash paid for salary/health/disability benefit payments	-	-	(30,869)	(22,441)	(294,669)	-	-	**(347,979)**
Cash paid to suppliers	(21,798)	(3,159)	-	-	-	-	-	**(24,957)**
Net cash provided (used) by operating activities	2,111	7,672	(1,145)	(835)	(20,397)	(951)	20	**(13,525)**
Cash flows from noncapital financing activities:								
Transfers in	-	550	-	-	-	-	-	**550**
Transfers out	-	(40,000)	-	-	-	-	-	**(40,000)**
Net cash provided (used) by noncapital financing activities	-	(39,450)	-	-	-	-	-	**(39,450)**
Cash flows from capital and related financing activities:								
Acquisition/construction of capital assets	(204)	(5,205)	-	-	-	-	-	**(5,409)**
Proceeds from sale of assets	520	35	-	-	-	-	-	**555**
Principal payments -- capital leases	(182)	(124)	-	-	-	-	-	**(306)**
Interest paid	(653)	(9)	-	-	-	-	-	**(662)**
Net cash provided (used) by capital and related financing activities	(519)	(5,303)	-	-	-	-	-	**(5,822)**
Cash flows from investing activities:								
Interest income (expense) on investments	1	-	-	-	-	-	-	**1**
Net cash provided (used) by investing activities	1	-	-	-	-	-	-	**1**
Net increase (decrease) in cash and cash equivalents	1,593	(37,081)	(1,145)	(835)	(20,397)	(951)	20	**(58,796)**
Cash and cash equivalents, July 1	548	60,180	7,253	2,124	58,338	1,646	-	**130,089**
Cash and cash equivalents, June 30	**$ 2,141**	**$ 23,099**	**$ 6,108**	**$ 1,289**	**$ 37,941**	**$ 695**	**$ 20**	**$ 71,293**
Reconciliation of cash , cash equivalents and investments:								
Cash and cash equivalents unrestricted at end of year	$ 2,141	$ 23,099	$ 6,108	$ 1,289	$ 37,941	$ 695	$ 20	**$ 71,293**
Cash, cash equivalents and investments per balance sheet	**$ 2,141**	**$ 23,099**	**$ 6,108**	**$ 1,289**	**$ 37,941**	**$ 695**	**$ 20**	**$ 71,293**

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	$ 411	$ 3,922	$ (736)	$ (11)	$ (24,500)	$ (970)	$ (29)	**$ (21,913)**
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation/amortization expense	743	5,983	-	-	-	-	-	**6,726**
(Increase) decrease in receivables	(99)	(402)	(216)	(108)	(2,088)	-	-	**(2,913)**
(Increase) decrease in interfund services provided	427	(669)	-	-	-	-	-	**(242)**
(Increase) decrease in inventory	(845)	(6)	-	-	-	-	-	**(851)**
Increase (decrease) in health and disability benefits payable	-	-	(218)	(716)	6,709	-	-	**5,775**
Increase (decrease) in accounts payable	1,362	(1,797)	25	-	(623)	(1)	-	**(1,034)**
Increase (decrease) in deferred revenue	(16)	(288)	-	-	-	-	-	**(304)**
Increase (decrease) in salaries payable	70	535	-	-	61	58	22	**746**
Increase (decrease) in compensated absences	57	394	-	-	44	(38)	27	**484**
Increase (decrease) in other payables	1	-	-	-	-	-	-	**1**
Net cash provided (used) by operating activities	**$ 2,111**	**$ 7,672**	**$ (1,145)**	**$ (835)**	**$ (20,397)**	**$ (951)**	**$ 20**	**$ (13,525)**

FIDUCIARY FUNDS

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other post-employment benefit plans.

Indiana Public Retirement System – This fund manages defined benefit agent multiple-employer and defined benefit, multiple-employer cost-sharing plans administered by the Indiana Public Retirement System's Board of Trustees.

State Police Pension Fund - This fund is used to account for assets held for a defined benefit, single-employer public employee retirement system administered by the Indiana State Police.

State Employee Retiree Health Benefit Trust Fund-DB - This fund is used to account for assets held for the State's four defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) and Legislature Plan (LP) administered by the State Personnel Department; Indiana State Police Plan (ISPP) administered by the Indiana State Police; and the Conservation and Excise Police Plan (CEPP) administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee.

State Employee Retiree Health Benefit Trust Fund-DC - This fund is used to account for assets held for a defined contribution, single-employer OPEB plan administered by the State Budget Agency.

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose trust funds are used to account for trust arrangements in which both the principal and interest may be spent for the benefit of individuals, private organizations or other governments.

Abandoned Property Fund - This fund is used to administer abandoned property of individuals, private organizations and other governments held by the State.

Private-Purpose Trust Fund - This fund is used to account for a group of fund centers under which principal and interest benefit individuals, private organizations, or other governments.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds account for resources that are custodial in nature. They generally are amounts held by the State of Indiana on behalf of third parties.

Employee Payroll, Withholding and Benefits Funds - These funds are used for the disposition of various payroll-related deductions and contributions such as social security and insurance contributions.

Local Distributions Fund - This fund is composed of accounts used to distribute revenue collections to local units of government based upon statutory formulas.

Child Support Fund - This fund is used for the collection and distribution of child support payments.

Department of Insurance Fund - This fund includes security deposits of insurance companies, health maintenance organizations and third party administrators as required.

Other Agency Funds – This category comprises various escrows, revenue collection, and agency accounts for which the State acts in an agent capacity until proper disposition of the assets can be made.

State of Indiana
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2012
(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Assets:					
Cash and cash equivalents	$ 145,738	$ 64,854	$ 53,639	$ 28,134	**$ 292,365**
Securities lending collateral	4,865	-	-	897,731	**902,596**
Repurchase agreements	-	-	-	97,490	**97,490**
Receivables:					
Contributions	219	52	99	200,964	**201,334**
Interest	690	6	21	86,947	**87,664**
Member loans	228	-	-	-	**228**
From investment sales	4,423	-	-	1,696,092	**1,700,515**
Other	-	-	-	1,213	**1,213**
Total receivables	5,560	58	120	1,985,216	**1,990,954**
Investments at fair value:					
Short term investments	-	-	-	2,494,039	**2,494,039**
Equity Securities	37,137	-	-	6,281,118	**6,318,255**
Debt Securities	76,101	1,902	160,841	11,672,834	**11,911,678**
Mutual Funds and Collective Trust Funds	131,336	-	-	-	**131,336**
Other	-	-	-	6,219,243	**6,219,243**
Total investments	244,574	1,902	160,841	26,667,234	**27,074,551**
Other assets	-	-	-	125	**125**
Capital assets:					
Property, plant and equipment	-	-	-	15,345	**15,345**
less accumulated depreciation	-	-	-	(4,416)	**(4,416)**
Total assets	**400,737**	**66,814**	**214,600**	**29,686,859**	**30,369,010**
Liabilities and fund balances:					
Liabilities:					
Accounts payable	29	-	17	6,263	**6,309**
Salaries and benefits payable	-	-	-	2,116	**2,116**
Benefits payable	-	-	236	959	**1,195**
Investment purchases payable	-	-	-	3,067,466	**3,067,466**
Securities purchased payable	7,433	-	-	148,198	**155,631**
Securities lending collateral	4,865	-	-	897,731	**902,596**
Total liabilities	**12,327**	**-**	**253**	**4,122,733**	**4,135,313**
Net assets:					
Held in trust for:					
Employees' pension benefits	388,410	-	-	25,547,239	**25,935,649**
OPEB benefits	-	66,814	214,347	-	**281,161**
Future death benefits	-	-	-	12,366	**12,366**
Local units	-	-	-	4,521	**4,521**
Total net assets	**$ 388,410**	**$ 66,814**	**$ 214,347**	**$ 25,564,126**	**$ 26,233,697**

State of Indiana
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Additions:					
Member contributions	$ 3,774	$ 2,289	$ -	$ 335,548	**$ 341,611**
Employer contributions	16,059	51,303	22,430	1,605,839	**1,695,631**
Contributions from the State of Indiana	-	-	-	89,763	**89,763**
Net investment income (loss)	8,487	27	595	291,206	**300,315**
Less investment expense	(913)	-	-	(118,405)	**(119,318)**
Federal reimbursements	-	481	-	-	**481**
Transfers from other retirement funds	-	7,314	-	13,025	**20,339**
Other	-	200	-	100	**300**
Total additions	27,407	61,614	23,025	2,217,076	**2,329,122**
Deductions:					
Pension and disability benefits	29,929	-	-	2,033,911	**2,063,840**
Retiree health benefits	-	-	13,163	-	**13,163**
Death benefits	-	-	-	938	**938**
Refunds of contributions and interest	-	-	-	95,431	**95,431**
Administrative	259	80	156	31,489	**31,984**
Pension relief distributions	-	-	-	224,220	**224,220**
Capital projects	-	-	-	9,359	**9,359**
Transfers to other retirement funds	-	-	7,314	13,025	**20,339**
Other	-	-	-	250	**250**
Total deductions	30,188	80	20,633	2,408,623	**2,459,524**
Net increase (decrease) in net assets	(2,781)	61,534	2,392	(191,547)	**(130,402)**
Net assets held in trust for pension and other employee benefits, July 1, as restated:					
Pension benefits	391,191	-	-	25,739,801	**26,130,992**
OPEB benefits	-	5,280	211,955	-	**217,235**
Future death benefits	-	-	-	11,105	**11,105**
Local units	-	-	-	4,767	**4,767**
Net assets held in trust for pension and other employee benefits, June 30	**$ 388,410**	**$ 66,814**	**$ 214,347**	**$ 25,564,126**	**$ 26,233,697**

State of Indiana
Combining Statement of Net Assets
Private-Purpose Trust Funds
June 30, 2012
(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
Assets:			
Cash, cash equivalents and investments	$ 33,230	$ 21,211	$ 54,441
Receivables:			
Taxes	-	4,384	4,384
Interest	-	3	3
Total assets	**$ 33,230**	**$ 25,598**	**$ 58,828**
Liabilities:			
Accounts payable	$ 750	$ 747	$ 1,497
Intergovernmental payable	-	2,451	2,451
Total liabilities	750	3,198	3,948
Net assets:			
Held in trust for trust beneficiaries	32,480	22,400	54,880
Total net assets	**$ 32,480**	**$ 22,400**	**$ 54,880**

State of Indiana
Combining Statement of Changes in Net Assets
Private-Purpose Trust Funds
June 30, 2012
(amounts expressed in thousands)

	Abandoned Property Fund	Private-Purpose Trust Fund	Total
Additions:			
Taxes	$ -	$ 84,243	$ 84,243
Investment Income	4	44	48
Member Contributions	-	3,988	3,988
Donations/escheats	112,083	-	112,083
Total additions	112,087	88,275	200,362
Deductions:			
Payments to participants/beneficiaries	99,880	87,745	187,625
Total deductions	99,880	87,745	187,625
Net increase (decrease) in net assets	12,207	530	12,737
Net assets held in trust, July 1, as restated	**20,273**	**21,870**	**42,143**
Net assets held in trust, June 30	**$ 32,480**	**$ 22,400**	**$ 54,880**

State of Indiana
Combining Statement of Net Assets
Agency Funds
June 30, 2012
(amounts expressed in thousands)

	Employee Payroll, Withholding and Benefits	Local Distributions	Child Support	Department of Insurance	Other Agency Funds	Total
Assets:						
Cash, cash equivalents and investments	$ 215	$ 29,285	$ 18,201	$ 257,832	$ 63,726	**$ 369,259**
Receivables:						
Taxes	-	128,425	-	-	15,158	**143,583**
Other	-	-	-	-	53	**53**
Total assets	**$ 215**	**$ 157,710**	**$ 18,201**	**$ 257,832**	**$ 78,937**	**$ 512,895**
Liabilities:						
Accounts/escrows payable	$ 215	$ 157,710	$ 18,201	$ 257,832	$ 63,779	**$ 497,737**
Other liabilities	-	-	-	-	15,158	**15,158**
Total liabilities	**$ 215**	**$ 157,710**	**$ 18,201**	**$ 257,832**	**$ 78,937**	**$ 512,895**

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Employee Payroll, Withholding and Benefits				
Assets:				
Cash, cash equivalents, and investments	$ 4,293	$ 3,515,597	$ 3,519,675	**$ 215**
Total assets	$ 4,293	$ 3,515,597	$ 3,519,675	**$ 215**
Liabilities:				
Accounts / escrows payable	$ 4,293	$ 3,515,597	$ 3,519,675	**$ 215**
Total liabilities	$ 4,293	$ 3,515,597	$ 3,519,675	**$ 215**
Local Distributions				
Assets:				
Cash, cash equivalents, and investments	$ -	$ 2,147,922	$ 2,118,637	**$ 29,285**
Receivables	113,978	128,425	113,978	**128,425**
Total assets	$ 113,978	$ 2,276,347	$ 2,232,615	**$ 157,710**
Liabilities:				
Accounts / escrows payable	$ 113,978	$ 2,276,347	$ 2,232,615	**$ 157,710**
Total liabilities	$ 113,978	$ 2,276,347	$ 2,232,615	**$ 157,710**
Child Support				
Assets:				
Cash, cash equivalents, and investments	$ 22,944	$ 861,092	$ 865,835	**$ 18,201**
Total assets	$ 22,944	$ 861,092	$ 865,835	**$ 18,201**
Liabilities:				
Accounts / escrows payable	$ 22,944	$ 861,092	$ 865,835	**$ 18,201**
Total liabilities	$ 22,944	$ 861,092	$ 865,835	**$ 18,201**

continued on next page

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Department of Insurance				
Assets:				
Cash, cash equivalents, and investments	$ 269,175	$ 2,172	$ 13,515	**$ 257,832**
Total assets	$ 269,175	$ 2,172	$ 13,515	**$ 257,832**
Liabilities:				
Accounts / escrows payable	$ 269,175	$ 2,172	$ 13,515	**$ 257,832**
Total liabilities	$ 269,175	$ 2,172	$ 13,515	**$ 257,832**
Other Agency Funds				
Assets:				
Cash, cash equivalents, and investments	$ 54,912	$ 715,834	$ 707,020	**$ 63,726**
Receivables	15,084	15,211	15,084	**15,211**
Total assets	$ 69,996	$ 731,045	$ 722,104	**$ 78,937**
Liabilities:				
Accounts / escrows payable	$ 54,961	$ 715,887	$ 707,069	**$ 63,779**
Other liabilities	15,035	15,158	15,035	**15,158**
Total liabilities	$ 69,996	$ 731,045	$ 722,104	**$ 78,937**
Total Agency Funds				
Assets:				
Cash, cash equivalents, and investments	**$ 351,324**	**$ 7,242,617**	**$ 7,224,682**	**$ 369,259**
Receivables	**129,062**	**143,636**	**129,062**	**143,636**
Total assets	**$ 480,386**	**$ 7,386,253**	**$ 7,353,744**	**$ 512,895**
Liabilities:				
Accounts / escrows payable	**$ 465,351**	**$ 7,371,095**	**$ 7,338,709**	**$ 497,737**
Other liabilities	**15,035**	**15,158**	**15,035**	**15,158**
Total liabilities	**$ 480,386**	**$ 7,386,253**	**$ 7,353,744**	**$ 512,895**

NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

Indiana Economic Development Corporation – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

White River State Park Development Commission – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

Ports of Indiana – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

State Fair Commission – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

Indiana Comprehensive Health Insurance Association – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

Indiana Political Subdivision Risk Management Commission – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

Indiana State Museum and Historic Sites Corporation – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.

COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University
Indiana State University
Ivy Tech Community College of Indiana
University of Southern Indiana
Vincennes University

State of Indiana
Combining Statement of Net Assets
Non-Major Discretely Presented Component Units - Governmental Funds
June 30, 2012
(amounts expressed in thousands)

	Indiana Economic Development Corporation	Total
Assets:		
Current assets:		
Cash, cash equivalents and investments	$ 138,007	$ 138,007
Receivables (net)	153	153
Loans	910	910
Total current assets	139,071	139,071
Noncurrent assets:		
Loans	28,328	28,328
Capital assets:		
Property, plant, and equipment	381	381
Less accumulated depreciation	(155)	(155)
Total capital assets, net of depreciation	226	226
Total noncurrent assets	28,554	28,554
Total assets	**167,625**	**167,625**
Liabilities:		
Current liabilities:		
Accounts payable	2,254	2,254
Salaries, health, disability, and benefits payable	318	318
Deferred revenue	19,896	19,896
Accrued liability for compensated absences	263	263
Total current liabilities	22,730	22,730
Long-term liabilities:		
Accrued liability for compensated absences	103	103
Total long-term liabilities	103	103
Total liabilities	**22,833**	**22,833**
Net Assets:		
Invested in capital assets net of related debt	226	226
Unrestricted	144,565	144,565
Total net assets	**$ 144,791**	**$ 144,791**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Governmental Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

	Indiana Economic Development Corporation	Total
Expenses:		
General Government	$ 43,162	$ 43,162
Total Expenses	43,162	43,162
Program Revenues:		
Charges for services	240	240
Operating Grants and Contributions	11,309	11,309
Total Program Revenues	11,549	11,549
Net Program (Expense) Revenue	(31,613)	(31,613)
General Revenues:		
Gaming Taxes	1,005	1,005
Payments from State of Indiana	43,298	43,298
Total General Revenues	44,303	44,303
Change in Net Assets	12,690	12,690
Net Assets, beginning	132,101	132,101
Net Assets, ending	$ 144,791	$ 144,791

State of Indiana
Combining Balance Sheet
Indiana Economic Development Corporation
Discretely Presented Component Units - Governmental Funds
June 30, 2012
(amounts expressed in thousands)

	Indiana Economic Development Corp	Total
Assets:		
Cash, cash equivalents and investments-unrestricted	$ 138,007	$ 138,007
Receivables:		
Accounts	32	32
Grants	110	110
Interest	7	7
Loans	29,238	29,238
Total assets	167,395	167,395
Liabilities:		
Accounts payable	1,890	1,890
Salaries and benefits payable	318	318
Deferred revenue	19,896	19,896
Accrued liability for compensated absences-current	23	23
Total liabilities	22,126	22,126
Fund balance:		
Assigned:		
General Government	145,268	145,268
Total fund balance	145,268	145,268
Total liabilities and fund balance	$ 167,395	$ 167,395

State of Indiana
Reconciliation of the Balance Sheet to the Statement of Net Assets
Indiana Economic Development Corporation
Discretely Presented Component Units - Governmental Funds
June 30, 2012
(amounts expressed in thousands)

Total fund balances-governmental funds		$ 145,268
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Property, plant, and equipment	$ 381	
Accumulated depreciation	(155)	
Total capital assets, net of depreciation		226
Some of the state's receivables will be collected after year-end but are not available soon enough to pay for current period's expenditures and therefore are deferred in the fund		
Accounts receivable	4	
		4
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Accounts payable	(364)	
		(364)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued liability for compensated absences	(343)	
		(343)
Net assets of governmental activities		$ 144,791

State of Indiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Indiana Economic Development Corporation
Discretely Presented Component Units - Governmental Funds
For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Indiana Economic Development Corp	Total
Revenues:		
Taxes:		
Gaming	$ 1,005	$ 1,005
Total taxes	1,005	1,005
Current service charges	236	$ 236
Investment income	115	115
State appropriatiosn	43,298	43,298
Grants	11,193	11,193
Other	1	1
Total revenues	55,848	55,848
Expenditures:		
Current:		
General government	44,722	44,722
Total expenditures	44,722	44,722
Excess (deficiency) of revenues over expenditures	11,126	11,126
Net change in fund balances	11,126	11,126
Fund Balance July 1, as restated	134,142	134,142
Fund Balance June 30	**$ 145,268**	**$ 145,268**

State of Indiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Indiana Economic Development Corporation
Discretely Presented Component Unit - Governmental Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	$	11,126
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($13) exceeds net capital outlays ($0) in the current period.		(13)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Non-tax revenue		4
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		
Operating expenses		1,573
Change in net assets of governmental activities.	$	12,690

State of Indiana
Combining Statement of Net Assets
Non-Major Discretely Presented Component Units - Proprietary Funds
June 30, 2012
(amounts expressed in thousands)

	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Totals
Assets							
Current assets:							
Cash, cash equivalents and investments	$ 4,018	$ 20,638	$ 8,378	$ 10,808	$ 9,489	$ 3,395	**$ 56,726**
Receivables (net)	98	618	609	4,036	7	1,271	**6,639**
Inventory	12	-	184	-	-	220	**416**
Prepaid expenses	94	270	42	-	-	12	**418**
Investment in direct financing lease	-	180	-	-	-	-	**180**
Total current assets	4,222	21,706	9,213	14,844	9,496	4,898	**64,379**
Noncurrent assets:							
Cash, cash equivalents and investments - restricted	350	-	2,757	-	-	964	**4,071**
Other receivables	-	-	-	-	-	8	**8**
Bond issuance costs, net of amortization	-	-	313	-	-	-	**313**
Investment in direct financing lease	-	281	-	-	-	-	**281**
Net pension assets	-	-	11	-	-	-	**11**
Other noncurrent assets	-	-	-	-	-	220	**220**
Capital assets:							
Land	79,533	62,367	14,905	-	-	-	**156,805**
Infrastructure	-	54,747	-	-	-	-	**54,747**
Construction in progress	-	8,802	5,337	-	-	-	**14,139**
Property, plant, and equipment	42,427	21,063	75,154	-	-	982	**139,626**
Less accumulated depreciation	(16,371)	(58,855)	(54,287)	-	-	(511)	**(130,024)**
Total capital assets, net of depreciation	105,589	88,124	41,109	-	-	471	**235,293**
Total noncurrent assets	105,939	88,405	44,190	-	-	1,663	**240,197**
Total assets	**110,161**	**110,111**	**53,403**	**14,844**	**9,496**	**6,561**	**304,576**
Liabilities							
Current liabilities:							
Accounts payable	137	778	713	-	5	116	**1,749**
Claims payable	-	-	-	18,736	-	-	**18,736**
Interest payable	-	-	239	-	-	-	**239**
Current portion of long-term debt	-	-	1,671	-	-	-	**1,671**
Salaries, health, disability, and benefits payable	53	-	120	-	-	-	**173**
Deferred revenue	-	-	254	10,583	-	176	**11,013**
Accrued liability for compensated absences	-	-	177	-	-	-	**177**
Other current liabilities	-	1,223	8	654	-	316	**2,201**
Total current liabilities	190	2,001	3,182	29,973	5	608	**35,959**
Long-term liabilities:							
Accrued liability for compensated absences	-	-	199	-	-	-	**199**
Revenue bonds/notes payable	-	-	9,536	-	-	-	**9,536**
Other noncurrent liabilities	-	-	-	-	-	11	**11**
Total long-term liabilities	-	-	9,735	-	-	11	**9,746**
Total liabilities	**190**	**2,001**	**12,917**	**29,973**	**5**	**619**	**45,705**
Net assets							
Invested in capital assets net of related debt	105,589	86,954	29,874	-	-	471	**222,888**
Restricted-nonexpendable							
Grants/constitutional restrictions	57	-	-	-	-	777	**834**
Capital projects	673	-	-	-	-	-	**673**
Student aid	217	-	-	-	-	-	**217**
Total restricted-nonexpendable	947	-	-	-	-	777	**1,724**
Restricted-expendable							
Grants/constitutional restrictions	-	-	187	192	-	1,309	**1,688**
Endowments	-	-	-	-	-	113	**113**
Future debt service	-	-	4,164	-	-	-	**4,164**
Capital projects	-	-	990	-	-	438	**1,428**
Repairs and rehabilitation	-	-	-	-	-	167	**167**
Other purposes	-	-	1,011	-	597	257	**1,865**
Total restricted-expendable	-	-	6,352	192	597	2,284	**9,425**
Unrestricted (deficit)	3,435	21,156	4,260	(15,321)	8,894	2,410	**24,834**
Total net assets	**$ 109,971**	**$ 108,110**	**$ 40,486**	**$ (15,129)**	**$ 9,491**	**$ 5,942**	**$ 258,871**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Total
White River State Park Development Commission	$ 4,083	$ 2,439	$ -	$ -	$ (1,644)	$ -	$ -	$ -	$ -	$ -	$ (1,644)
Ports of Indiana	7,699	9,683	-	273	-	2,257	-	-	-	-	2,257
Indiana State Fair Commission	24,934	14,634	394	51	-	-	(9,855)	-	-	-	(9,855)
Indiana Comprehensive Health Insurance Association	134,365	133,215	1,896	-	-	-	-	746	-	-	746
Indiana Political Subdivision Risk Management Commission	116	123	-	-	-	-	-	-	7	-	7
Indiana State Museum and Historic Sites Corporation	11,783	2,094	1,014	-	-	-	-	-	-	(8,675)	(8,675)
Total component units	$ 182,980	$ 162,188	$ 3,304	$ 324	(1,644)	2,257	(9,855)	746	7	(8,675)	(17,164)
General revenues:											
Investment earnings					9	4	36	1	308	20	378
Payments from State of Indiana					790	-	7,844	-	-	9,203	17,837
Other					11	4,039	-	-	-	1,783	5,833
Total general revenues					810	4,043	7,880	1	308	11,006	24,048
Change in net assets					(834)	6,300	(1,975)	747	315	2,331	6,884
Net assets - beginning, as restated					110,805	101,810	42,461	(15,876)	9,176	3,611	251,987
Net assets - ending					$ 109,971	$ 108,110	$ 40,486	$ (15,129)	$ 9,491	$ 5,942	$ 258,871

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units - Colleges and Universities
June 30, 2012
(amounts expressed in thousands)

	Ball State University	Indiana State University	Ivy Tech Community College	University of Southern Indiana	Vincennes University	Totals
Assets						
Current assets:						
Cash, cash equivalents and investments	$ 163,381	$ 32,633	$ 198,317	$ 47,445	$ 21,609	**$ 463,385**
Receivables (net)	51,579	16,032	57,260	14,129	7,869	**146,869**
Inventory	1,456	31	-	1,195	2,282	**4,964**
Prepaid expenses	3,842	787	664	18	466	**5,777**
Funds held in trust by others	15,599	-	7,432	355	16	**23,402**
Other current assets	-	-	-	1,357	424	**1,781**
Total current assets	235,857	49,483	263,673	64,499	32,666	**646,178**
Noncurrent assets:						
Cash, cash equivalents and investments - restricted	1,679	41,045	23,097	259	-	**66,080**
Other receivables	9,505	10,742	33,930	-	687	**54,864**
Investments - unrestricted	279,453	107,918	133,424	119,797	170,640	**811,232**
Bond issuance costs net of amortization	2,583	-	370	-	-	**2,953**
Deferred outflow - derivative instrument	-	-	-	2,900	486	**3,386**
Other postemployment benefits	8,074	11,139	-	-	7,194	**26,407**
Other noncurrent assets	4,448	5,085	219	4,095	225	**14,072**
Capital assets:		-	-			
Land	53,841	54,878	28,384	18,104	17,235	**172,442**
Infrastructure	69,023	33,636	21,717	6,839	-	**131,215**
Construction in progress	30,014	27,424	6,910	3,745	6,147	**74,240**
Property, plant, and equipment	751,621	481,218	761,886	279,538	265,639	**2,539,902**
Less accumulated depreciation	(312,107)	(243,376)	(220,419)	(130,315)	(104,791)	**(1,011,008)**
Total capital assets, net of depreciation	592,392	353,780	598,478	177,911	184,230	**1,906,791**
Total noncurrent assets	898,134	529,709	789,518	304,962	363,462	**2,885,785**
Total assets	**1,133,991**	**579,192**	**1,053,191**	**369,461**	**396,128**	**3,531,963**
Liabilities						
Current liabilities:						
Accounts payable	27,086	4,039	27,799	1,646	2,208	**62,778**
Interest payable	-	-	-	1,991	-	**1,991**
Current portion of long-term debt	11,415	8,489	37,280	10,709	4,248	**72,141**
Capital lease payable	-	344	-	-	3	**347**
Salaries, health, disability, and benefits payable	5,264	6,590	6,263	6,715	5,355	**30,187**
Deferred revenue	307	1,415	23,062	1,952	2,737	**29,473**
Accrued liability for compensated absences	-	3,119	10,333	-	1,157	**14,609**
Pollution remediation payable	-	284	-	-	-	**284**
Deposits held in custody for others	9,859	1,286	7,366	-	5,347	**23,858**
Other current liabilities	742	777	-	3,148	600	**5,267**
Total current liabilities	54,673	26,343	112,103	26,161	21,655	**240,935**
Long-term liabilities:						
Accrued liability for compensated absences	7,879	906	5,355	2,254	-	**16,394**
Other postemployment benefits	-	-	16,737	5,286	-	**22,023**
Deferred revenue	-	1,952	-	-	-	**1,952**
Capital lease payable	-	750	-	-	8	**758**
Funds held in trust by others	-	465	-	-	31,732	**32,197**
Advances from federal government	-	7,783	-	-	1,116	**8,899**
Revenue bonds/notes payable	184,565	109,814	352,179	121,384	58,050	**825,992**
Derivative instrument liability	-	-	-	2,900	486	**3,386**
Other noncurrent liabilities	22,438	5,519	514	36	18	**28,525**
Total long-term liabilities	214,882	127,189	374,785	131,860	91,410	**940,126**
Total liabilities	**269,555**	**153,532**	**486,888**	**158,021**	**113,065**	**1,181,061**
Net assets						
Invested in capital assets net of related debt	409,137	241,508	213,618	42,996	121,717	**1,028,976**
Restricted-nonexpendable						
Permanent funds	-	45,600	-	-	-	**45,600**
Public safety programs	2,713	-	-	-	-	**2,713**
Capital projects	212	-	2,203	-	-	**2,415**
Instruction and research	24,424	511	1,300	6,555	-	**32,790**
Student aid	38,353	2,191	19,829	23,189	17,200	**100,762**
Other purposes	4,987	1,986	-	6,041	5,040	**18,054**
Total restricted-nonexpendable	70,689	50,288	23,332	35,785	22,240	**202,334**
Restricted-expendable						
Instruction and research	50,259	5,183	7,556	7,973	-	**70,971**
Grants/constitutional restrictions	3,653	3,001	-	-	76	**6,730**
Endowments	-	5,784	63	-	-	**5,847**
Future debt service	6,137	-	-	300	-	**6,437**
Public safety programs	6,599	-	-	-	-	**6,599**
Student aid	37,668	-	4,169	17,342	5,562	**64,741**
Auxiliary enterprises	1,341	-	-	1,055	-	**2,396**
Capital projects	24,772	5,286	55,134	3,162	2,734	**91,088**
Other purposes	2,848	1,877	1,474	3,322	1,393	**10,914**
Total restricted-expendable	133,277	21,131	68,396	33,154	9,765	**265,723**
Unrestricted (deficit)	251,333	112,733	260,957	99,505	129,341	**853,869**
Total net assets	**$ 864,436**	**$ 425,660**	**$ 566,303**	**$ 211,440**	**$ 283,063**	**$ 2,350,902**

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units - Colleges and Universities
For the Year Ended June 30, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Ball State University	Indiana State University	Ivy Tech State College	University of Southern Indiana	Vincennes University	Total
Ball State University	$ 424,784	$ 237,916	$ 20,440	$ -	$ (166,428)	$ -	$ -	$ -	$ -	$ (166,428)
Indiana State University	212,418	101,558	11,945	3,240	-	(95,675)	-	-	-	(95,675)
Ivy Tech Community College	666,052	166,060	39,548	5,370	-	-	(455,074)	-	-	(455,074)
University of Southern Indiana	148,608	71,011	31,120	381	-	-	-	(46,096)	-	(46,096)
Vincennes University	127,545	49,650	17,096	-	-	-	-	-	(60,799)	(60,799)
Total component units	$ 1,579,407	$ 626,195	$ 120,149	$ 8,991	(166,428)	(95,675)	(455,074)	(46,096)	(60,799)	(824,072)
General revenues:										
Investment earnings					3,872	8,463	4,371	1,714	3,147	21,567
Payments from State of Indiana					139,526	76,475	216,235	51,579	41,550	525,365
Other					53,992	33,271	284,304	2,481	26,828	400,876
Total general revenues					197,390	118,209	504,910	55,774	71,525	947,808
Change in net assets					30,962	22,534	49,836	9,678	10,726	123,736
Net assets - beginning, as restated					833,474	403,126	516,467	201,762	272,337	2,227,166
Net assets - ending					$ 864,436	$ 425,660	$ 566,303	$ 211,440	$ 283,063	$ 2,350,902