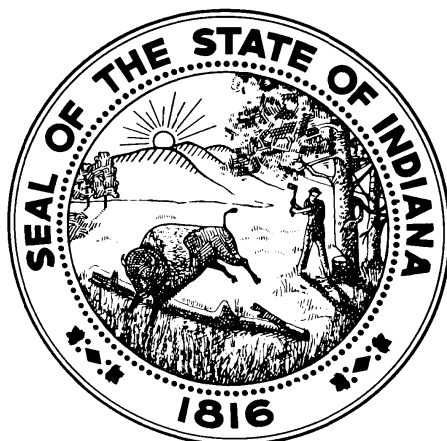


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

STATE OF INDIANA

SINGLE AUDIT REPORT

July 1, 2006 to June 30, 2007



FILED
03/31/2008

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STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2007, 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 certain component units of the State, as discussed in Note I(A), which represent 28% and 11.9% of the assets and revenues of the colleges and universities discretely presented component units and 100% of the assets and revenues of the proprietary discretely presented component units. The financial statements of 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. 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 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note IV(G) to the financial statements, the State of Indiana has restated certain beginning fund balances and net assets. The Housing and Community Development Authority and Indiana Comprehensive Health Insurance Association, discretely presented component units, report on a December 31, 2006, year-end.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Management Discussion and Analysis, Schedule of Funding Progress for Employee Retirement Systems and Plans, and budgetary comparison information, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have issued our report dated December 28, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 accompanying Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the Table of Contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

December 28, 2007



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 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, 2007, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 28, 2007. We did not audit the financial statements of certain component units of the State, as discussed in Note I(A), which represent 28% and 11.9% of the assets and revenues of the colleges and universities discretely presented component units and 100% of the assets and revenues of the proprietary discretely presented component units. The financial statements of 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Indiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a significant control deficiency. Significant control deficiencies involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Indiana's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. A significant control deficiency is described in the accompanying Schedule of Findings and Questioned Costs as Findings 2007-CAFR-3.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

A material weakness is a significant control deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant control deficiencies, and accordingly, would not necessarily disclose all significant control deficiencies that are also considered to be material weaknesses. Material weaknesses are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2003-CAFR-1, 2005-CAFR-1, 2007-CAFR-1, and 2007-CAFR-2.

This report is intended solely for the information of the State of Indiana's management, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than the specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 28, 2007

STATE OF INDIANA
Management's Discussion and Analysis
June 30, 2007

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, 2007. 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) 2006 numbers have been restated.

Financial Highlights

- For FY 2007, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by \$18.4 billion. This compares with \$17.4 billion for FY 2006, as restated. Of this amount, \$8.3 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.9 billion, or 22.1% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of \$13.8 billion, which are partially offset by general revenues totaling \$14.4 billion, giving an increase in net assets of \$595.1 million. The financial position of the State has improved as can be seen in this increase in net assets.
- Indiana's economy is improving. The overall unemployment rate for Indiana decreased from 5.4% to 4.8% in CY 2006, and the total employed labor force increased from 3,035,204 to 3,126,828 in CY 2006. The national economy is also improving. For CY 2006 Gross Domestic Product (GDP) grew at a rate of 2.9%. Growth by quarter for the first three quarters of CY 2007 was at rates of 0.6%, 3.8%, 4.9%. Growth in the National Economy has a marked effect on Indiana. Gross Domestic State Product for Indiana was at \$248.9 billion in CY 2006 as compared to \$236.3 billion in CY 2005. As can be seen in this CAFR, economic growth has resulted in increased income tax and sales tax collections for the State.
- The Indiana Economic Development Corporation (IEDC) is the State of Indiana's economic development agency. It was created in February 2005 to replace the Commerce Department. The IEDC is a public/private partnership charged with leading Indiana's economic development efforts. It has incorporated all State entities with economic development responsibilities into its organizational structure. In 2006, IEDC closed 186 competitive deals, which included commitments for 21,195 new jobs and \$6.4 billion in private capital investment. The average wage per hour for new jobs commitments in 2006 is \$20.20, which is significantly higher than Indiana's statewide average of \$17.05 per hour. The 2007 data shows competitive commitments for 15,070 new jobs as of September 2007. During the first half of FY 2007, IEDC has closed 70 deals involving competitive projects in CY 2006.
- State government cut its full-time workforce during CY 2007. As can be seen by the employee count chart on the next page, full time headcount decreased from 35,937 in December of 2006 to 34,927 in December of 2007. This was a 2.8% decrease, most of it in employees under the governor's authority. Employees other than full time decreased from 3,904 in December of 2006 to 2,677 in December of 2007. This was a 31.4% decrease. Most of this decrease in employees other than full time was in the Public Safety and the Conservation, Culture and Development. (see page 179).
- General revenue for the primary government increased by \$582 million, or 4.2%, from FY 2006. Income taxes and other general revenues were the driving force behind this increase, with growth rates of 4.5% and 4.1%, respectively. These grew in line with the economic growth progress of the State.
- The State of Indiana's credit outlook was upgraded from AA (positive) to AA+ (stable) in January, 2006 by Standard & Poor's Ratings Service (on a scale where AAA is the best). The State of Indiana maintained this rating of AA+ (stable) throughout 2007. The State's credit outlook was also changed by Moody's Investor Service in August, 2006, from Aa1 negative to Aa1 stable. According to Moody's, the positive change was caused by the "State's diversifying economy and employment level, a balanced budget, and repayments to K-12 schools and local governments". In March, 2007 Fitch Ratings affirmed the State of Indiana's rating of AA (on a scale where AAA is the best) with a Rating Outlook of Stable.

Key Economic Indicators

	<u>Dec 31, 2006</u>	<u>Dec 31, 2005</u>	<u>% Change</u>
Total Employed Labor Force	3,126,828	3,035,204	3.02%
Total Goods and Service Employment	3,006,400	2,999,900	0.22%
Service-Providing Employment	2,289,100	2,273,600	0.68%
Goods-Producing Employment	717,300	726,300	-1.24%
Unemployment Rate	4.8%	5.4%	-11.11%
Median Household Income	\$ 45,394	\$ 43,993	3.18%

Sources: Bureau of Labor Statistics and US Census Bureau

Salaries and benefits for State employees represent approximately 8-9% 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

	<u>Governor's Authority</u>	<u>Judiciary</u>	<u>Other Elected Officials</u>	<u>On Disability Leave</u>	<u>Total</u>
1998	35,284	790	1,012	1,097	38,183
1999	35,602	816	1,016	1,159	38,593
2000	36,284	836	1,014	1,235	39,369
2001	36,134	862	1,018	1,263	39,277
2002	35,907	869	1,021	1,315	39,112
2003	35,753	899	1,039	1,217	38,908
2004	36,276	899	1,039	1,288	39,502
2005	33,417	896	1,095	1,300	36,708
2006	32,759	903	1,136	1,139	35,937
2007	32,106	947	1,137	737 *	34,927

* Beginning in 2007, for this chart of Employees "Paid" through the Auditor of State's Office, we are beginning to report only the active staff currently on disability leave, which totals 737 for December 2007. There are an additional 350 staff listed on disability leave in a non-pay status, which if included as they were in prior years, would have resulted in a total of 1,087.

For more information on people paid through the Auditor of State's Office, please see pages 178-180 in 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	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 14,067.0	\$ 13,085.7	\$ 403.6	\$ 511.7	\$ 14,470.6	\$ 13,597.4
Capital assets	10,026.4	10,079.2	11.1	11.2	10,037.5	10,090.4
Total assets	<u>24,093.4</u>	<u>23,164.9</u>	<u>414.7</u>	<u>522.9</u>	<u>24,508.1</u>	<u>23,687.8</u>
Current liabilities	4,486.2	4,208.8	11.0	19.9	4,497.2	\$ 4,228.7
Long-term liabilities	1,515.2	1,564.5	50.2	44.2	1,565.4	1,608.7
Total liabilities	<u>6,001.4</u>	<u>5,773.3</u>	<u>61.2</u>	<u>64.1</u>	<u>6,062.6</u>	<u>5,837.4</u>
Net assets:						
Invested in capital assets, net of related debt	8,693.3	8,764.1	11.1	11.2	8,704.4	\$ 8,775.3
Restricted	1,077.6	1,041.0	342.2	448.9	1,419.8	1,489.9
Unrestricted	8,321.1	7,586.5	0.2	(1.3)	8,321.3	7,585.2
Total net assets	<u>\$ 18,092.0</u>	<u>\$ 17,391.6</u>	<u>\$ 353.5</u>	<u>\$ 458.8</u>	<u>\$ 18,445.5</u>	<u>\$ 17,850.4</u>

At the end of the current fiscal year, net assets for governmental activities were \$18.1 billion as compared to \$17.4 billion in 2006. This increase of \$0.7 billion can be broken down into two parts, an increase of total assets of \$928.5 million, and an increase of total liabilities of \$228.1 million.

Total asset increases for governmental activities were as follows: Cash, cash equivalents and investments increased by \$3.8 billion. \$2.6 billion of this increase was due to the increase in Major Moves Construction Fund investment. The remaining increase in cash and investment was due to the improved financial position of the State. Another \$687.1 million was an increase in securities lending collateral. For more information on securities lending, please see Note I(D-1) in the Notes to the Financial Statements.

Total liability increases were as follows: Liability for securities lending increased by \$693.0 million, an offset to the securities lending asset increase. Intergovernmental payables decreased by \$488.2 million, while another \$40.1 million was caused by an increase in accounts payable.

The State maintains a Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund"). This fund was established to assist in stabilizing revenue of the State's General Fund during periods of economic recession. In other words, in good times the balance in the fund should increase, and in bad times, the money can be used to offset deficits. The fund had available assets of \$344.2 million or 4.1% of the total governmental activities unrestricted net assets.

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		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,253.5	\$ 1,286.6	\$ 660.3	\$ 695.9	\$ 1,913.8	\$ 1,982.5
Operating grants and contributions	8,571.2	7,653.3	-	-	8,571.2	7,653.3
Capital grants and contributions	11.3	11.8	-	-	11.3	11.8
General revenues						
Individual and corporate income taxes	5,638.2	5,396.9	-	-	5,638.2	5,396.9
Sales taxes	5,491.8	5,352.1	-	-	5,491.8	5,352.1
Other	3,218.7	3,016.0	25.0	26.7	3,243.7	3,042.7
Total revenues	<u>24,184.7</u>	<u>22,716.7</u>	<u>685.3</u>	<u>722.6</u>	<u>24,870.0</u>	<u>23,439.3</u>
Program Expenses						
General government	4,682.4	4,180.5	-	-	4,682.4	4,180.5
Public safety	1,248.6	1,181.2	-	-	1,248.6	1,181.2
Health	343.6	333.7	-	-	343.6	333.7
Welfare	7,881.1	7,242.9	-	-	7,881.1	7,242.9
Conservation, culture and development	540.0	546.5	-	-	540.0	546.5
Education	7,012.1	6,971.2	-	-	7,012.1	6,971.2
Transportation	1,774.7	1,726.7	-	-	1,774.7	1,726.7
Interest expense	0.8	0.8	-	-	0.8	0.8
Unemployment compensation fund	-	-	758.7	692.9	758.7	692.9
Other	-	-	32.9	32.0	32.9	32.0
Total expenses	<u>23,483.3</u>	<u>22,183.5</u>	<u>791.6</u>	<u>724.9</u>	<u>24,274.9</u>	<u>22,908.4</u>
Excess (deficiency) before transfers and special item	701.4	533.2	(106.3)	(2.3)	595.1	530.9
Special item						
Proceeds from lease of Toll Road	-	3,618.5	-	-	-	3,618.5
Transfers	(1.0)	(0.8)	1.0	0.8	-	-
Change in net assets	<u>700.4</u>	<u>4,150.9</u>	<u>(105.3)</u>	<u>(1.5)</u>	<u>595.1</u>	<u>4,149.4</u>
Beginning net assets, as restated	17,391.6	13,240.7	458.8	460.3	17,850.4	13,701.0
Ending net assets	<u>\$ 18,092.0</u>	<u>\$ 17,391.6</u>	<u>\$ 353.5</u>	<u>\$ 458.8</u>	<u>\$ 18,445.5</u>	<u>\$ 17,850.4</u>

Governmental Activities

Program expenses exceeded program revenues by \$13.6 billion. General revenues and transfers were \$14.3 billion, leaving an increase in net assets of \$0.7 billion, which is 2.9% of total revenues.

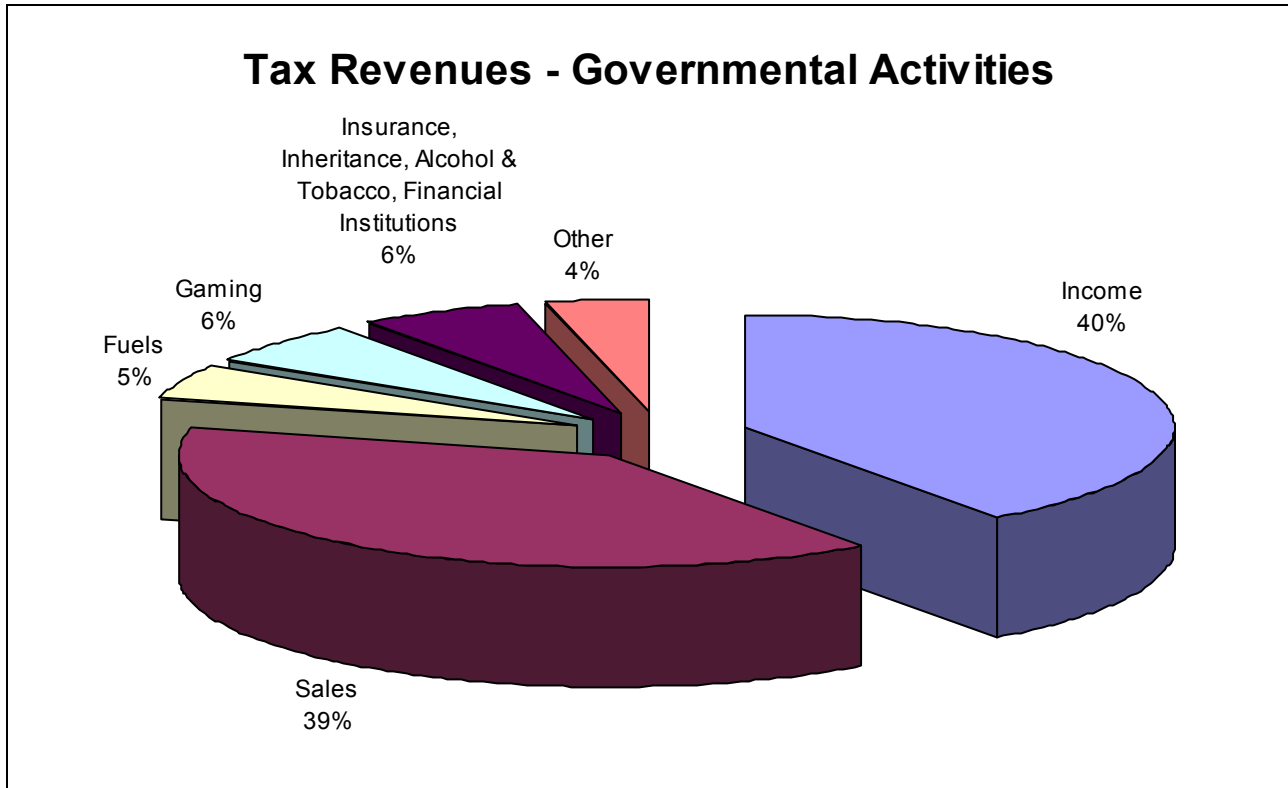
The increase to excess (deficiency) before transfers and special item of \$168.2 million was brought about by an increase of total revenues of \$1.5 billion offset by an increase in total expenses of \$1.3 billion.

Total revenues increased by \$1.5 billion from FY 2006 to FY 2007. This is due to increases in individual and corporate income taxes of \$241.3 million, an increase in

sales taxes of \$139.7 million, and an increase in other taxes of \$202.7 million, and an increase in operating grants and contributions of \$917.9 million. These taxes are both based on income and spending in the Indiana economy.

Total expenses increased by \$1.3 billion, which was less than the growth in revenues. The increase in expenses was caused by increases in health and welfare spending of \$648.1 million, general government spending of \$501.9 million, public safety spending of \$67.4 million, transportation spending of \$48.0 million, and education spending of \$40.9 million.

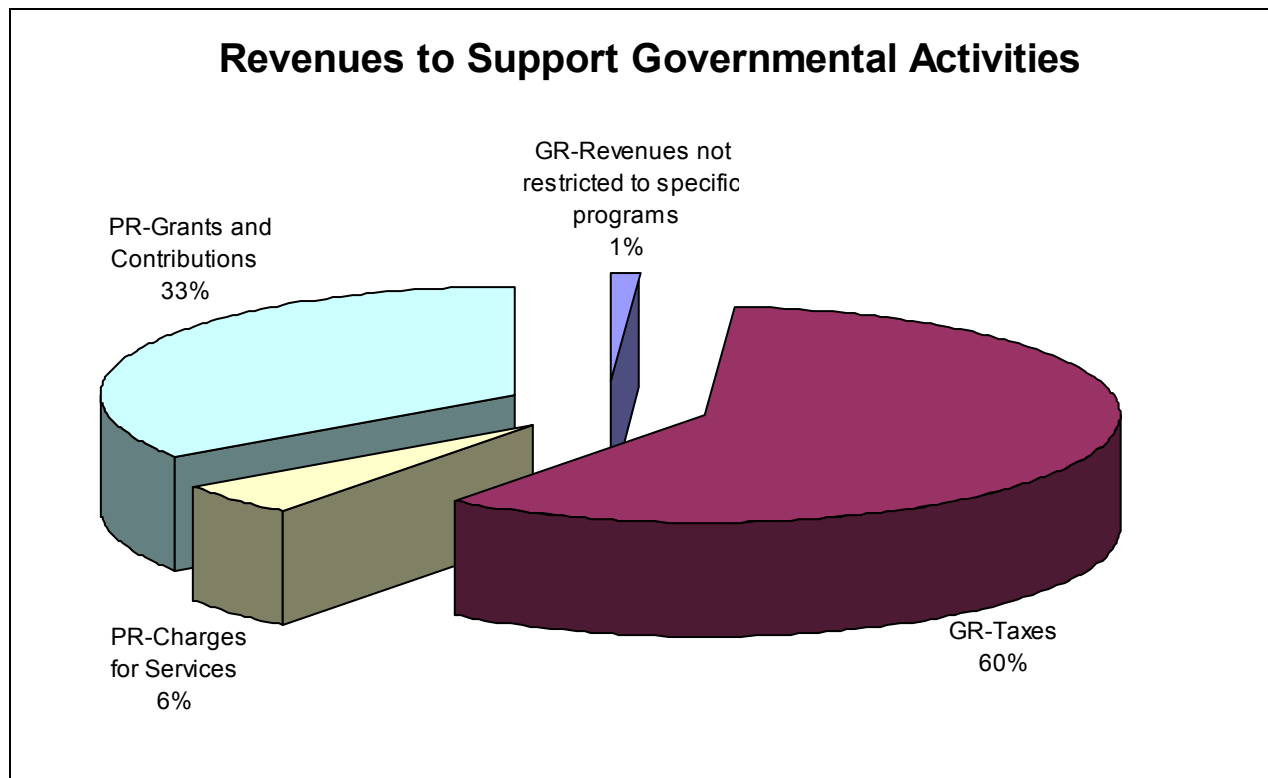
Tax revenues for governmental activities were broken down as follows:



Tax revenues of \$14.0 billion represent 58.0% of total revenues for governmental activities. This compares to \$13.6 billion in FY 2006 or 59.7% of total revenues in FY 2006. Program revenues accounted for \$9.8 billion or 40.7% of total revenues. In FY 2006, program revenues accounted for \$9.0 billion or 39.4% of total revenues. General revenues other than tax revenues were \$330.3 million or 1.4% of total revenues. Of this \$260.8 million was investment earnings. This

compares to 2006, when general revenues other than taxes were \$209.7 million or 0.9% of total revenues. Of this \$209.7 million, \$153.8 million was investment earnings. Investment earnings increased by \$107.0 million from FY 2006 to FY 2007 or 69.6% due to rising interest rates and an increase in investable assets caused in part by receipt of the proceeds from the lease of the Indiana Toll Road in early FY2007.

Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

Total revenues were 103.0% of expenses, as compared to 102.4% in FY 2006, which explains most of the increase in net assets from FY 2006 to FY 2007. Total revenues grew 6.5% from \$22.7 billion in FY 2006 to \$24.2 billion in FY 2007. Expenses grew 5.85% from \$22.2 billion in FY 2006 to \$23.5 billion in FY 2007.

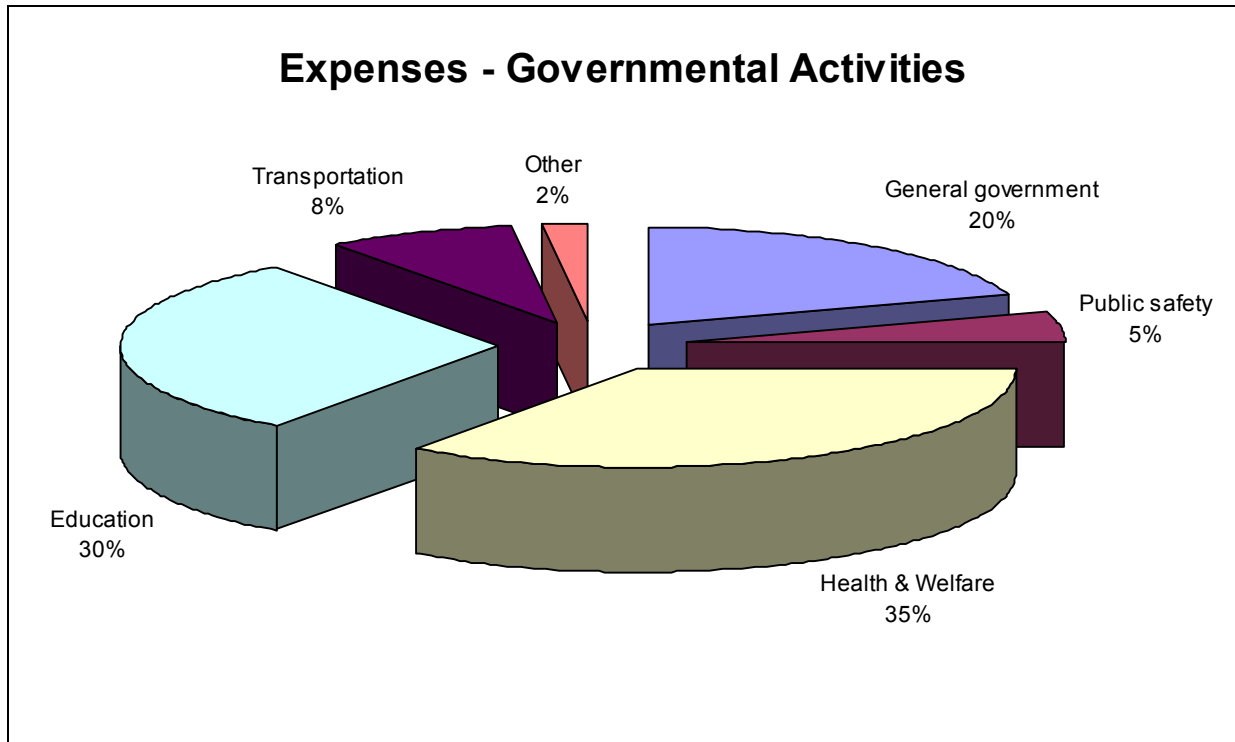
The largest portion of the State's expenses is Health and Welfare, which is \$8.2 billion, or 35.0% of total expenses. This compares with \$7.6 billion, or 34.2% of total expenses in FY 2006. 70.4% is funded through operating grants, with the majority of the remainder funded from general revenues. Some of the major expenses were Medicaid assistance, \$5.5 billion and child care and development, \$148.1 million.

Education comprises 29.9%, or \$7.0 billion, of the State's expenses. In FY 2006, Education accounted for 31.4%, or \$7.0 billion, of expenses. All but \$789.6

million of this is funded from general revenues. Some of the major expenses were tuition support, \$4.0 billion, State colleges and universities, \$1.4 billion, Teachers' Retirement Pension, \$566.3 million, and the national school lunch program, \$188.4 million.

\$4.6 billion, or 19.9% of expenses, was spent for General Government. General Government comprised \$4.1 billion or 18.8% of expenses in FY 2006. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. Examples of local distributions are the property tax replacement credit, which subsidizes local property tax collections, and the motor vehicle excise replacement credit, which subsidizes automobile license fees. Examples of State administration would be the executive branch of government, the State legislature, and the judiciary.

Total expenses for governmental activities were broken down as follows:



Business-type Activities

Business-type activities represent 2.8% of the Primary Government's revenues and 3.3% of the expenses. The Unemployment Compensation Fund accounts for 95.2% of business-type activities' operating revenues and 96.3% of operating expenses. The change in net assets for business-type activities was a decline of \$105.3 million. The Unemployment Compensation Fund collects employer taxes and the federal share of

unemployment compensation. Benefits are paid to eligible individuals. These benefits paid exceeded revenue in the fund by \$106.7 million. This compares to FY 2006 when benefits paid exceeded revenue by \$3.8 million. Employer contributions into the fund decreased by \$15.8 million, from \$629.5 million in FY 2006 to \$613.7 million FY 2007.

Net Cost of Primary Government (in millions)			
	June 30, 2007	June 30, 2006	% change
Governmental Activities:			
General government	\$ 3,670.9	\$ 3,417.6	7.4%
Public safety	586.9	489.0	20.0%
Health	124.4	136.9	-9.1%
Welfare	2,193.9	1,981.3	10.7%
Conservation, culture, and development	187.9	201.4	-6.7%
Education	6,222.5	6,101.4	2.0%
Transportation	659.9	903.6	-27.0%
Other	0.8	0.8	0.0%
Business-type Activities:			
Unemployment Compensation Fund	129.0	29.8	332.9%
Other	2.3	(0.8)	-387.5%
TOTAL	\$ 13,778.5	\$ 13,261.0	3.9%

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 the Notes to the Financial Statements IV(B).

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, 2007 was \$2.3 billion, which is 43.2% of assets. This compares to a fund balance at June 30, 2006 of \$1.8 billion, which was 35.2% of assets. This indicates that the State's financial position in the General Fund is better than the prior year by \$433.3 million. The fund balance of \$2.3 billion is composed of reserves of \$0.4 billion and unreserved of \$1.9 billion. Major reserves are:

- Encumbrances of \$49.1 million, which is money set aside to pay for future obligations.
- Loans of \$39.6 million, which consists of \$20.4 million in loans to entities outside the primary government and \$19.2 million in interfund loans.
- Tuition support of \$316.6 million, which is money set aside for distributions to schools.

The State calculates a cash basis surplus balance monthly. The year-end surplus balance is combined with estimated revenue forecasts to assess and determine the State's budget. This surplus balance is contained in the General Fund. As of June 30, 2007, the surplus balance was \$1,285.7 million. The balance increased by \$196.3 million from the June 30, 2006 balance of \$1,089.4 million. This surplus balance is composed of:

- \$316.6 million tuition support, which is money set aside to pay for distributions to schools.
- \$344.2 million rainy day fund, which is to assist in stabilizing revenue during periods of economic recession and is part of designated unreserved.
- \$537.3 million, which represents the excess of revenues over expenditures.
- \$87.6 million which represents the reserve for Medicaid.

The \$537.3 million is on a cash basis. Accrual adjustments of \$509.1 million reconcile this to the General Fund unreserved, undesignated fund balance on a GAAP basis of \$1,046.4 million. The unreserved, undesignated fund balance of \$1,046.4 million plus the unreserved fund balance designated for appropriations of \$334.4 million, plus the unreserved fund balance

designated for allotments of \$472.8 million give the total unreserved fund balance of \$1,853.6 million. This ties to the balance sheet for the General Fund. For more information on designations of unreserved fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 4.9%, or \$453.5 million, from FY 2006, primarily due to a 3.6% increase, or \$189.3 million, in income tax revenue and a 3.7% increase, or \$95.7 million, in sales tax revenue. Revenue increases in income taxes and sales taxes were primarily caused by an improving Indiana economy. The General Fund's expenditures increased by 1.3%, or \$104.9 million, from FY 2006. Increased expenditures were caused primarily by an increase of \$117.6 million in education expenditures.

The General Fund had transfers in of \$2.6 billion compared to \$2.9 billion in FY 2006. Transfers out were \$3.5 billion compared to \$3.2 billion in FY 2006. More detail on these transfers can be found in the Notes to the Financial Statements IV(B). Overall, the improved position of the General Fund in the amount of \$433.3 million can be attributed to an improved economy and restrained increases in spending as outlined above.

Motor Vehicle Highway Fund

The Motor Vehicle Highway Fund receives portions of gas and special fuel tax, motor vehicle registration fees, the motor carrier surtax, federal revenue, and other revenues. These are distributed to cities and towns, counties and the State Department of Transportation and are used to help fund the State Police, the Bureau of Motor Vehicles, the Department of Revenue and others. The fund collected \$498.3 million in taxes vs \$493.2 million in FY 2006 and \$10.4 million in federal grants vs \$15.5 million in FY 2006. Current service charges, including vehicle licenses, increased from \$63.5 million in FY 2006 to \$137.0 million in FY 2007. The fund received \$191.6 million in transfers in, which are taxes and fees collected in other funds. This compares to \$232.5 million in FY 2006. The fund distributed \$301.1 million to local units of government, \$193.0 million for public safety, and transferred \$373.8 million to other funds, which include the Department of Transportation and the Underground Petroleum Storage Tank Excess Liability Fund. These amounts compare to FY 2006 distributions of \$308.5 million to local units of government, \$188.9 million for public safety, and transfers of \$374.2 million to other funds. The change in fund balance from FY 2006 to FY 2007 was an increase of \$1.4 million.

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 \$3.8 billion in Federal revenue as compared to \$3.3 billion in FY 2006. State funding comes through the \$1.9 billion in transfers in. Transfer in were \$1.7 billion in FY 2006. Transfers out were \$212.9 million compared with \$195.9 million in FY 2006. The Fund distributed \$5.5 billion in Medicaid assistance as compared to \$4.9 billion in FY 2006. The change in fund balance from FY 2006 to FY 2007 was \$3.7 million, caused principally by the increase in federal and state funding.

Major Moves Construction Fund

The Major Moves Construction Fund was created last fiscal year as part of the leasing of the Indiana Toll Road to Cintra-Mcquarie, a private company. This fund will distribute 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 \$187.7 million to the State Highway Department Fund. The fund received \$178.8 million in investment income and distributed \$40.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2006 to FY 2007 was a decline of \$63.7 million.

State Highway Department Fund

The State Highway Department Fund was created to fund the construction, reconstruction, operation, maintenance, and control of State highways and tollways. The fund collected \$825.1 million in grants and received \$636.5 million in transfers in, which are taxes and revenues collected in other funds, compared with \$670.1 million and \$491.4 million in FY 2006, respectively. The fund expended \$1.5 billion during the year, compared with \$1.2 billion in FY 2006. The change in fund balance from FY 2006 to FY 2007 was \$102.6 million, caused principally by the increase in grants.

Property Tax Replacement Fund

The Property Tax Replacement Fund collects sales taxes and receives as transfers from other funds, sales, income, and gaming taxes. These are dedicated to tuition support and to property tax replacement

distribution to local units of government. This is to relieve the property tax burden for the citizens of Indiana who own property. In FY 2007, the fund collected \$2.7 billion in sales taxes, as compared to \$2.6 billion in FY 2006.

The fund received transfers in of \$695.0 million for income taxes and \$73.0 million in reimbursement for tuition support in the General Fund. This compares to FY 2006 tax transfers of \$624.0 and \$64.2 million, respectively, from the General Fund. The fund received transfers in of \$625.0 million from the State Gaming Fund, as compared to \$589.9 million in FY 2006. The fund also received transfers in of \$44.3 million in sales taxes collected in the Tax Collection Fund.

The fund has a total transfer out for the year of \$1.87 billion. Out of this amount, the fund transferred out \$1.2 billion to the General Fund for tuition support, as compared to \$1.73 billion in FY 2006. \$486 million to reimburse the general fund for the property tax replacement fund's share of tuition support per Public Law 246-2005. \$94.7 million was transferred to the Build Indiana Fund, in contrast to FY 2006 when \$92.3 million was transferred. The change in fund balance from FY 2006 to FY 2007 was a decline of \$111.7 million. This was caused principally by the increased distributions to local units of governments and by increased transfers out for tuition support.

Tobacco Settlement Fund

The Tobacco Settlement Fund is used to receive and distribute revenue from the Tobacco Master Settlement Agreement entered into on November 23, 1998, by the State and leading United States tobacco product manufacturers. During fiscal year 2007, the State collected \$124.9 million from tobacco product manufacturers as compared to \$119.3 million in FY 2006. The fund collected \$6.7 million in income from investments during FY 2007.

The State expended \$12.3 million to fund operating and capital expenses associated with community health centers. \$9.1 million was spent for land and buildings at State hospitals. \$2.8 million was spent for the Indiana Local Health Department Trust Account for distribution to the counties, \$2.9 million for advertising, and \$0.7 million for management consultants. Transfers out of the Fund were \$134.9 million as compared to \$129.6 million in FY 2006.

The change in fund balance from FY 2006 to FY 2007 was a decline of \$34.8 million, caused by spending down investments to support the programs of the fund.

General Fund Budgetary Highlights

Actual State General Fund revenue collections for FY07 were 2.0% higher than the forecasted revenue expected at the time the budget was enacted by the Indiana General Assembly in April of 2005. This additional revenue plus other administrative actions taken by Governor Daniels allowed the State to close the books with back-to-back balanced budgets for the first time in eight years. At year-end, the State had nearly \$1.3 billion in reserves. The reserves consist of \$87.6 million in Medicaid Reserves, \$316.6 million of Tuition Support Reserves, \$344.3 million in Rainy Day Funds, and \$537.2 million in General Fund working balance.

However, \$285.5 million is owed to local units of government, K-12 schools and public universities, and is scheduled for repayment during the FY08-09 biennium.

The budget enacted in April of 2005 appropriated 2.2% more funds for FY06 over FY05 and 1.4% more for FY07 over FY06. This represented the smallest rate of growth in 50 years and compares to the average annual growth rate over the past ten years of 5.7%. The actual General Fund expenditures for FY07 were only 2.8% higher than FY06 expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets were \$10.0 billion, which was 40.9% of total assets for the primary government. Related debt was \$1.3 billion. Total capital assets net of related debt for the primary government was \$8.7 billion. Related debt was 12.9% of capital assets. Total capital assets decreased by \$52.8 million or 0.5%. Infrastructure grew by \$6.6 million, which was caused by an increase in the Indiana Department of Transportation (INDOT) infrastructure. This was made up of Bridges, \$6.0

million, Interstate Roads, \$0.1 million, and Non-Interstate Roads, \$0.5 million. INDOT right of way land accounted for most of the \$65.4 million increase in land. These increases were partially offset by an increase of \$20.40 million in accumulated depreciation, caused by aging of the State's capital assets. 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 2006 to fiscal year 2007.

State of Indiana Capital Assets (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2007	2006	2007	2006	2007	2006	
Land	\$ 1,247.9	\$ 1,182.5	\$ -	\$ -	\$ 1,247.9	\$ 1,182.5	5.5%
Infrastructure	7,605.0	7,598.4	-	-	7,605.0	7,598.4	0.1%
Construction in Progress	345.2	416.2	-	-	345.2	416.2	-17.1%
Property, plant and equipment	1,762.6	1,796.5	22.7	22.3	1,785.3	1,818.8	-1.8%
Less accumulated depreciation	(934.3)	(914.4)	(11.6)	(11.1)	(945.9)	(925.5)	2.2%
Total	\$ 10,026.4	\$ 10,079.2	\$ 11.1	\$ 11.2	\$ 10,037.5	\$ 10,090.4	-0.5%

Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100%

of total long-term liabilities and 25.8% of total liabilities.

The following table shows the percentage change from fiscal year 2006 to fiscal year 2007.

State of Indiana Long-term Liabilities (in millions of dollars)							Total % Change
Governmental Activities		Business-type Activities		Total Primary Government			
	2007	2006	2007	2006	2007	2006	
Accrued liability for compensated absences	\$ 58.9	\$ 55.2	\$ 0.2	\$ 0.2	\$ 59.1	\$ 55.4	6.7%
Intergovernmental payable	70.0	95.0	-	-	70.0	95.0	-26.3%
Capital lease payable	1,295.0	1,271.1	-	-	1,295.0	1,271.1	1.9%
Claims payable	-	16.3	50.0	44.0	50.0	60.3	-17.1%
Net pension obligations	10.3	14.7	-	-	10.3	14.7	-29.9%
Due to component units	81.0	112.2	-	-	81.0	112.2	-27.8%
Total	\$ 1,515.2	\$ 1,564.5	\$ 50.2	\$ 44.2	\$ 1,565.4	\$ 1,608.7	-2.7%

Total long-term liabilities decreased by 2.7% or \$43.3 million. The major factors contributing to this decrease was a decrease in intergovernmental payables of \$25.0 million. This amount represents money that is scheduled to be distributed for infrastructure construction projects from the Major Moves Construction Fund in FY 2008 and 2009. Capital lease payables increased by \$23.9 million or 1.9%. This is made up in part of an increase of \$28.7 million in the direct financing lease with the Highway Revenue Bonds Fund of the Indiana Finance Authority. This increase was offset by a decrease in other capital leases of \$4.7

million. Claims payable and benefits payable decreased by \$10.3 million or 17.1% in FY2007.

Due to component units decreased by \$31.2 million or 27.8% due to the decrease in payment delays to the colleges and universities. Legislation provides that the State Budget Agency may delay one month of budgeted appropriations to the colleges and universities.

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 \$7.6 billion in roads and bridges using the modified approach, \$1.1 billion in right of way classified as land, and \$14.2 million in 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 27,739 lane miles of roads and approximately 5,198 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 Interstate and National Highway System (NHS) Non-Interstate roads at an average Pavement Quality Index (PQI) of 75 and Non-NHS roads at an average PQI of 65. The most recent condition assessment, completed for FY 2007,

indicated that the average PQI for roads exceeded the minimum acceptable standard.

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%. The most recent condition assessment, completed in FY 2007, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

On page 109, the actual infrastructure maintenance and preservation costs are higher than their plan "needed" as INDOT has been accelerating funded projects now that the State has received toll road lease proceeds.

Economic Factors

The forecast upon which the FY 2007 state budget was based was updated in April 2007. The April 2007 updated forecast projected real Gross Domestic Product (GDP) to increase by 2.6%. The U.S. Bureau of Economic Analysis currently estimates that real GDP increased by 2.1%. The April 2007 updated forecast projects real GDP growth of 2.5% in FY08 and 2.9% in FY09.

The April 2007 updated forecast projected that Indiana non-farm personal income would increase by 4.3% in FY 2007. The U.S. Bureau of Economic Analysis currently estimates that Indiana non-farm personal income increased by 5.0%. The April 2007 updated forecast projects that Indiana non-farm personal income will increase by 4.3% in FY08 and 4.6% in FY09.

Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, and 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, 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



State of Indiana
Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash, cash equivalents and investments	\$ 7,495,997	\$ 363,104	\$ 7,859,101	\$ 2,895,664
Securities lending collateral	3,492,421	-	3,492,421	738,853
Receivables (net)	1,812,189	39,838	1,852,027	666,521
Intergovernmental receivable	-	-	-	69
Inventory	7,030	590	7,620	28,762
Prepaid expenses	4,339	31	4,370	22,224
Loans	57,727	-	57,727	-
Intergovernmental loans	-	-	-	787,532
Due from primary government	-	-	-	38,572
Due from component unit	48,420	-	48,420	-
Investment in direct financing lease	-	-	-	49,285
Funds held in trust by others	-	-	-	33,640
Other current assets	-	-	-	64,338
Total current assets	12,918,123	403,563	13,321,686	5,325,460
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	-	-	2,643,018
Taxes, interest, and penalties receivable	455,469	-	455,469	4,984
Other receivables	35,151	-	35,151	4,788,942
Investments - unrestricted	-	-	-	4,496,743
Loans	454,473	-	454,473	42
Bond issuance costs net of amortization	-	-	-	49,192
Intergovernmental loans	-	-	-	1,537,898
Due from primary government	-	-	-	81,028
Due from component unit	383	-	383	-
Investment in direct financing lease	-	-	-	1,480,802
Net pension assets	203,439	-	203,439	-
Other noncurrent assets	5	-	5	84,096
Capital assets:				
Land	1,247,948	-	1,247,948	340,926
Infrastructure	7,605,015	-	7,605,015	480,082
Construction in progress	345,201	-	345,201	968,889
Property, plant, and equipment	1,762,575	22,708	1,785,283	8,344,325
Less accumulated depreciation	(934,340)	(11,602)	(945,942)	(3,581,244)
Total capital assets, net of depreciation	10,026,399	11,106	10,037,505	6,552,978
Total noncurrent assets	11,175,319	11,106	11,186,425	21,719,723
Total assets	24,093,442	414,669	24,508,111	27,045,183
Liabilities:				
Current liabilities:				
Accounts payable	446,708	536	447,244	385,897
Claims payable	-	2,494	2,494	9,318
Interest payable	-	-	-	151,425
Current portion of long-term debt	-	-	-	1,330,579
Line of credit	-	-	-	371,000
Intergovernmental payable	197,656	-	197,656	-
Due to primary government	-	-	-	48,420
Due to component unit	38,572	-	38,572	-
Capital lease payable	38,170	-	38,170	1,609
Accrued prize liability	-	-	-	72,198
Salaries, health, disability, and benefits payable	102,242	398	102,640	26,740
Tax refunds payable	54,444	-	54,444	-
Deferred revenue	22,901	6,800	29,701	275,753
Accrued liability for compensated absences	76,785	179	76,964	69,270
Securities lending payable	15,612	-	15,612	-
Securities lending collateral	3,492,421	-	3,492,421	738,853
Deposits held in custody for others	-	-	-	36,369
Other current liabilities	728	618	1,346	53,528
Total current liabilities	4,486,239	11,025	4,497,264	3,570,959

State of Indiana
Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Long-term liabilities:				
Accrued liability for compensated absences	\$ 58,901	\$ 227	\$ 59,128	\$ 42,443
Claims payable	-	49,936	49,936	-
Intergovernmental payable	70,000	-	70,000	-
Accrued prize liability	-	-	-	75,713
Net pension obligations	10,327	-	10,327	-
Due to component unit	81,028	-	81,028	-
Due to primary government	-	-	-	383
Deferred revenue	-	-	-	3,700,215
Capital lease payable	1,294,929	-	1,294,929	10,004
Funds held in trust for others	-	-	-	157,401
Advances from federal government	-	-	-	31,840
Revenue bonds/notes payable	-	-	-	11,479,853
Other noncurrent liabilities	-	-	-	54,408
Total long-term liabilities	1,515,185	50,163	1,565,348	15,552,260
Total liabilities	6,001,424	61,188	6,062,612	19,123,219
Net Assets:				
Invested in capital assets net of related debt	8,693,300	11,106	8,704,406	2,887,839
Restricted-nonexpendable:				
Grants/constitutional restrictions	541,203	-	541,203	4,618
Permanent funds	536,382	-	536,382	-
Future debt service	-	-	-	99,628
Instruction and research	-	-	-	179,317
Student aid	-	-	-	135,349
Other purposes	-	-	-	118,058
Total restricted-nonexpendable	1,077,585	-	1,077,585	536,970
Restricted-expendable:				
Instruction and research	-	-	-	193,162
Future debt service	-	-	-	232,088
Pension fund distribution	-	-	-	13,514
Student aid	-	-	-	82,639
Auxiliary enterprises	-	-	-	4,572
Capital projects	-	-	-	241,646
Unemployment compensation	-	342,192	342,192	-
Other purposes	-	-	-	2,499,201
Total restricted-expendable	-	342,192	342,192	3,266,822
Unrestricted	8,321,133	183	8,321,316	1,230,333
Total net assets	\$ 18,092,018	\$ 353,481	\$ 18,445,499	\$ 7,921,964

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, 2007
(amounts expressed in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,682,298	\$ 490,980	\$ 520,413	\$ -	\$ (3,670,905)	\$ -	\$ (3,670,905)	\$ -
Public safety	1,248,583	484,667	166,545	10,425	(586,946)	-	(586,946)	-
Health	343,552	11,155	207,122	835	(124,440)	-	(124,440)	-
Welfare	7,881,108	100,540	5,586,695	-	(2,193,873)	-	(2,193,873)	-
Conservation, culture and development	539,997	123,264	228,836	-	(187,897)	-	(187,897)	-
Education	7,012,148	3,724	785,888	-	(6,222,536)	-	(6,222,536)	-
Transportation	1,774,739	39,174	1,075,657	-	(659,908)	-	(659,908)	-
Unallocated interest expense	758	-	-	-	(758)	-	(758)	-
Total governmental activities	<u>23,483,183</u>	<u>1,253,504</u>	<u>8,571,156</u>	<u>11,260</u>	<u>(13,647,263)</u>	<u>-</u>	<u>(13,647,263)</u>	<u>-</u>
Business-type activities:								
Unemployment Compensation Fund	758,673	629,716	-	-	-	(128,957)	(128,957)	-
Other	32,945	30,628	-	-	-	(2,317)	(2,317)	-
Total business-type activities	<u>791,618</u>	<u>660,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,274)</u>	<u>(131,274)</u>	<u>-</u>
Total primary government	<u>\$ 24,274,801</u>	<u>\$ 1,913,848</u>	<u>\$ 8,571,156</u>	<u>\$ 11,260</u>	<u>(13,647,263)</u>	<u>(131,274)</u>	<u>(13,778,537)</u>	<u>-</u>
Component units:								
Proprietary	1,719,602	1,329,801	471,459	1,031	-	-	-	82,689
Colleges and universities	4,995,558	2,486,378	1,380,776	100,064	-	-	-	(1,028,340)
Total component units	<u>\$ 6,715,160</u>	<u>\$ 3,816,179</u>	<u>\$ 1,852,235</u>	<u>\$ 101,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(945,651)</u>
General Revenues:								
Income tax					5,638,203	-	5,638,203	-
Sales tax					5,491,750	-	5,491,750	-
Fuels tax					707,354	-	707,354	-
Gaming tax					851,853	-	851,853	-
Inheritance tax					154,817	-	154,817	-
Alcohol & tobacco tax					398,601	-	398,601	-
Insurance tax					197,064	-	197,064	-
Financial institutions tax					59,003	-	59,003	-
Other tax					519,747	-	519,747	-
Total taxes					<u>14,018,392</u>	<u>-</u>	<u>14,018,392</u>	<u>-</u>
Revenue not restricted to specific programs								
Investment earnings unrestricted					260,805	24,992	285,797	754,811
Payments from State of Indiana					-	-	-	1,356,104
Other					69,522	-	69,522	91,445
Transfers within primary government					<u>(1,006)</u>	<u>1,006</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>14,347,713</u>	<u>25,998</u>	<u>14,373,711</u>	<u>2,202,360</u>
Changes in net assets					700,450	(105,276)	595,174	1,256,709
Net assets - beginning, as restated					17,391,568	458,757	17,850,325	6,665,255
Net assets - ending					<u>\$ 18,092,018</u>	<u>\$ 353,481</u>	<u>\$ 18,445,499</u>	<u>\$ 7,921,964</u>

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, 2007
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Motor Vehicle Highway Fund</u>	<u>Medicaid Assistance Fund</u>	<u>Major Moves Construction Fund</u>
Assets:				
Cash, cash equivalents and investments-unrestricted	\$ 1,595,976	\$ 2,426	\$ 47,345	\$ 2,701,895
Securities lending collateral	2,177,433	-	-	623,654
Receivables:				
Taxes (net of allowance for uncollectible accounts)	1,367,625	21,694	-	-
Securities lending	9,039	-	-	3,245
Accounts	13,336	115	-	-
Grants	4,061	361	2,341	-
Interest	10,986	-	-	1,249
Interfund loans	19,181	63,277	-	-
Due from component unit	15,050	-	-	-
Prepaid expenditures	153	484	-	-
Loans	20,594	-	-	-
	<u>5,233,434</u>	<u>88,357</u>	<u>49,686</u>	<u>3,330,043</u>
Total assets	\$	\$	\$	\$
Liabilities:				
Accounts payable	\$ 92,374	\$ 1,667	\$ 46	\$ -
Salaries and benefits payable	36,777	5,622	-	-
Interfund loans	-	-	-	-
Interfund services used	2,290	3,639	-	-
Intergovernmental payable	40,081	29,555	-	-
Due to component unit	435	-	-	-
Tax refunds payable	49,126	-	-	-
Deferred revenue	560,701	10,121	-	-
Accrued liability for compensated absences-current	2,348	59	-	-
Securities lending payable	9,039	-	-	3,245
Securities lending collateral	2,177,433	-	-	623,654
	<u>2,970,604</u>	<u>50,663</u>	<u>46</u>	<u>626,899</u>
Total liabilities				
Fund balance:				
Reserved:				
Encumbrances	49,056	12,249	-	-
Special purposes	4,061	361	2,341	-
Tuition support	316,553	-	-	-
Interfund loans	19,181	63,277	-	-
Long-term loans and advances	20,376	-	-	-
Unreserved fund balance reported in:				
General fund	1,853,603	-	-	-
Special revenue funds	-	(38,193)	47,299	2,703,144
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>2,262,830</u>	<u>37,694</u>	<u>49,640</u>	<u>2,703,144</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 5,233,434</u>	<u>\$ 88,357</u>	<u>\$ 49,686</u>	<u>\$ 3,330,043</u>

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

State Highway Department Fund	Property Tax Replacement Fund	Tobacco Settlement Fund	Non-major Governmental Funds	Total
\$ 478,960	\$ 3,519	\$ 133,835	\$ 2,456,001	\$ 7,419,957
5,190	-	134,531	551,615	3,492,423
-	348,279	-	159,040	1,896,638
23	-	558	2,746	15,611
1,273	-	-	24,641	39,365
47,896	-	-	127,856	182,515
-	-	439	4,664	17,338
-	-	-	-	82,458
-	-	-	33,370	48,420
-	-	-	742	1,379
7,586	-	-	484,021	512,201
<u>\$ 540,928</u>	<u>\$ 351,798</u>	<u>\$ 269,363</u>	<u>\$ 3,844,696</u>	<u>\$ 13,708,305</u>
\$ 7,215	\$ 121,904	\$ 1,907	\$ 139,234	\$ 364,347
8,519	-	48	24,991	75,957
-	-	-	82,458	82,458
571	-	4	3,578	10,082
-	-	-	43,020	112,656
-	-	-	7,006	7,441
-	-	-	5,318	54,444
963	110,730	-	77,548	760,063
535	-	3	1,699	4,644
23	-	558	2,746	15,611
5,190	-	134,531	551,615	3,492,423
<u>23,016</u>	<u>232,634</u>	<u>137,051</u>	<u>939,213</u>	<u>4,980,126</u>
1,290,054	-	2,959	261,881	1,616,199
47,896	-	-	114,909	169,568
-	-	-	-	316,553
-	-	-	-	82,458
7,586	-	-	483,327	511,289
-	-	-	-	1,853,603
(827,624)	119,164	129,353	1,347,553	3,480,696
-	-	-	90,207	90,207
-	-	-	607,606	607,606
<u>517,912</u>	<u>119,164</u>	<u>132,312</u>	<u>2,905,483</u>	<u>8,728,179</u>
<u>\$ 540,928</u>	<u>\$ 351,798</u>	<u>\$ 269,363</u>	<u>\$ 3,844,696</u>	<u>\$ 13,708,305</u>

State of Indiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

Total fund balances-governmental funds	\$ 8,728,179

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	\$ 1,247,948	
Infrastructure assets	7,605,015	
Construction in progress	345,201	
Property, plant, and equipment	1,718,897	
Accumulated depreciation	(906,345)	
Total capital assets, net of depreciation		10,010,716

The State's pension funds have net pension assets not reported as assets in the funds.	203,439

Some of the state's revenues 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.	879,993

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(293,545)

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.	74,815

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	(127,672)	
Loan from the Indiana Board for Depositories	(50,000)	
Capital lease payable	(1,323,580)	
Net pension obligations	(10,327)	
Total long-term liabilities		(1,511,579)

Net assets of governmental activities	\$ 18,092,018

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, 2007
(amounts expressed in thousands)

	General Fund	Motor Vehicle Highway Fund	Medicaid Assistance Fund	Major Moves Construction Fund
Revenues:				
Taxes:				
Income	\$ 5,481,976	\$ -	\$ -	\$ -
Sales	2,650,348	-	-	-
Fuels	-	325,468	-	-
Gaming	87,958	-	-	-
Inheritance	154,814	-	-	-
Alcohol and tobacco	334,785	-	-	-
Insurance	190,925	-	-	-
Financial Institutions	-	-	-	-
Other	206,429	172,828	-	-
Total taxes	9,107,235	498,296	-	-
Current service charges	200,181	136,998	-	-
Investment income	261,267	-	-	178,766
Sales/rents	1,512	7	-	-
Grants	15,430	10,392	3,755,523	-
Other	68,010	37,613	10,859	-
Total revenues	9,653,635	683,306	3,766,382	178,766
Expenditures:				
Current:				
General government	1,186,039	301,054	28	54,704
Public safety	622,272	193,028	-	-
Health	86,002	128	-	-
Welfare	313,593	-	5,481,567	-
Conservation, culture and development	85,060	3,005	-	-
Education	6,080,511	260	-	-
Transportation	1,225	2,261	-	94
Total expenditures	8,374,702	499,736	5,481,595	54,798
Excess (deficiency) of revenues over expenditures	1,278,933	183,570	(1,715,213)	123,968
Other financing sources (uses):				
Transfers in	2,616,812	191,635	1,931,825	-
Transfers (out)	(3,462,498)	(373,827)	(212,873)	(187,665)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(845,686)	(182,192)	1,718,952	(187,665)
Net change in fund balances	433,247	1,378	3,739	(63,697)
Fund Balance July 1, as restated	1,829,583	36,316	45,901	2,766,841
Fund Balance June 30	\$ 2,262,830	\$ 37,694	\$ 49,640	\$ 2,703,144

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

State Highway Department Fund	Property Tax Replacement Fund	Tobacco Settlement Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 115,825	\$ 5,597,801
-	2,672,268	-	143,683	5,466,299
-	-	-	382,108	707,576
-	-	-	763,928	851,886
-	-	-	6	154,820
-	-	-	63,246	398,031
-	-	-	6,138	197,063
-	-	-	60,465	60,465
-	-	-	139,869	519,126
-	2,672,268	-	1,675,268	13,953,067
12,083	-	124,914	774,465	1,248,641
561	-	6,675	87,840	535,109
1,382	-	-	23,289	26,190
825,123	-	196	3,186,993	7,793,657
85,855	-	90	355,124	557,551
925,004	2,672,268	131,875	6,102,979	24,114,215
261	2,354,849	16,324	739,677	4,652,936
-	-	-	401,594	1,216,894
-	-	25,800	226,628	338,558
-	-	-	2,062,440	7,857,600
-	-	143	440,889	529,097
-	-	-	992,286	7,073,057
1,516,286	-	-	270,151	1,790,017
1,516,547	2,354,849	42,267	5,133,665	23,458,159
(591,543)	317,419	89,608	969,314	656,056
636,457	1,438,055	10,562	2,359,740	9,185,086
(5,998)	(1,867,126)	(134,948)	(2,939,930)	(9,184,865)
63,714	-	-	-	63,714
694,173	(429,071)	(124,386)	(580,190)	63,935
102,630	(111,652)	(34,778)	389,124	719,991
415,282	230,816	167,090	2,516,359	8,008,188
\$ 517,912	\$ 119,164	\$ 132,312	\$ 2,905,483	\$ 8,728,179

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, 2007
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	\$	719,991
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.		
		18,325
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 (\$61,188) exceeds net capital outlays (\$7,628) in the current period.		
		(68,816)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		70,805
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.		
		(61,636)
Payment delays to colleges and universities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		40,000
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		(30,292)
Decrease in net pension obligations		1,980
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.		
		<u>10,093</u>
Change in net assets of governmental activities.	\$	<u>700,450</u>

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



State of Indiana
Statement of Fund Net Assets
Proprietary Funds
June 30, 2007

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 303,487	\$ 59,617	\$ 363,104	\$ 76,041
Receivables:				
Accounts	33,786	428	34,214	8,912
Interest	-	687	687	-
Grants	4,937	-	4,937	-
Interfund services provided	-	-	-	10,082
Inventory	-	590	590	7,030
Prepaid expenses	-	31	31	4,339
Total current assets	342,210	61,353	403,563	106,404
Noncurrent assets:				
Property, plant, and equipment	-	22,708	22,708	43,678
Less accumulated depreciation	-	(11,602)	(11,602)	(27,995)
Total capital assets, net of depreciation	-	11,106	11,106	15,683
Other assets	-	-	-	5
Total noncurrent assets	-	11,106	11,106	15,688
Total assets	342,210	72,459	414,669	122,092
Liabilities				
Current liabilities:				
Accounts payable	18	518	536	7,212
Claims payable	-	2,494	2,494	-
Salaries and benefits payable	-	398	398	1,162
Capital lease payable	-	-	-	540
Health/disability benefits payable	-	-	-	23,890
Accrued liability for compensated absences	-	179	179	1,855
Deferred revenue	-	6,800	6,800	1,396
Other liabilities	-	618	618	728
Total current liabilities	18	11,007	11,025	36,783
Noncurrent liabilities:				
Accrued liability for compensated absences	-	227	227	1,515
Capital lease payable	-	-	-	8,979
Claims payable	-	49,936	49,936	-
Total noncurrent liabilities	-	50,163	50,163	10,494
Total liabilities	18	61,170	61,188	47,277
Net assets				
Invested in capital assets net of related debt	-	11,106	11,106	6,164
Restricted-expendable:				
Unemployment compensation	342,192	-	342,192	-
Unrestricted	-	183	183	68,651
Total net assets	\$ 342,192	\$ 11,289	\$ 353,481	\$ 74,815

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, 2007

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Sales/rents/premiums	\$ -	\$ 30,352	\$ 30,352	\$ 397,799
Employer contributions	613,689	-	613,689	-
Charges for services	-	-	-	1,315
Other	-	276	276	998
Total operating revenues	613,689	30,628	644,317	400,112
Cost of sales	-	3,814	3,814	31,594
Gross margin	613,689	26,814	640,503	368,518
Operating expenses:				
General and administrative expense	-	18,718	18,718	107,012
Claims expense	-	9,702	9,702	-
Health / disability benefit payments	-	-	-	244,920
Unemployment compensation benefits	758,673	-	758,673	-
Depreciation and amortization	-	569	569	4,081
Other	-	142	142	-
Total operating expenses	758,673	29,131	787,804	356,013
Operating income (loss)	(144,984)	(2,317)	(147,301)	12,505
Nonoperating revenues (expenses):				
Interest and other investment income	22,220	2,772	24,992	2
Interest and other investment expense	-	-	-	(758)
Gain (Loss) on disposition of assets	-	-	-	(429)
Other	16,027	-	16,027	-
Total nonoperating revenues (expenses)	38,247	2,772	41,019	(1,185)
Income before contributions and transfers	(106,737)	455	(106,282)	11,320
Transfers in	-	1,006	1,006	4,690
Transfers (out)	-	-	-	(5,917)
Change in net assets	(106,737)	1,461	(105,276)	10,093
Total net assets, July 1, as restated	448,929	9,828	458,757	64,722
Total net assets, June 30	\$ 342,192	\$ 11,289	\$ 353,481	\$ 74,815

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, 2007
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 608,200	\$ 28,675	\$ 636,875	\$ 396,087
Cash paid for general and administrative	-	(19,432)	(19,432)	(106,160)
Cash paid for salary/health/disability benefit payments	-	-	-	(242,469)
Cash paid to suppliers	-	(3,903)	(3,903)	(36,282)
Cash paid for claims expense	(765,297)	(3,466)	(768,763)	-
Net cash provided (used) by operating activities	(157,097)	1,874	(155,223)	11,176
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	4,690
Transfers out	-	-	-	(6,606)
Other	15,435	-	15,435	-
Net cash provided (used) by noncapital financing activities	15,435	-	15,435	(1,916)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(511)	(511)	(3,505)
Proceeds from sale of assets	-	-	-	2,056
Principal payments -- capital leases	-	-	-	(1,341)
Capital contributions	-	1,006	1,006	-
Interest paid	-	-	-	(8)
Net cash provided (used) by capital and related financing activities	-	495	495	(2,798)
Cash flows from investing activities:				
Proceeds from sales of investments	-	7,464	7,464	-
Purchase of investments	-	(12,992)	(12,992)	-
Interest income (expense) on investments	22,220	2,147	24,367	2
Net cash provided (used) by investing activities	22,220	(3,381)	18,839	2
Net increase (decrease) in cash and cash equivalents	(119,442)	(1,012)	(120,454)	6,464
Cash and cash equivalents, July 1, as restated	422,929	6,734	429,663	69,577
Cash and cash equivalents, June 30	\$ 303,487	\$ 5,722	\$ 309,209	\$ 76,041
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	\$ 303,487	\$ 5,722	\$ 309,209	\$ 76,041
Cash and cash equivalents restricted at end of year	-	445	445	-
Investments unrestricted	-	53,450	53,450	-
Cash, cash equivalents and investments per balance sheet	\$ 303,487	\$ 59,617	\$ 363,104	\$ 76,041
Noncash investing, capital and financing activities:				
Increase in fair value of investments	\$ -	\$ 573	\$ 573	\$ -

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June
30, 2007

(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)	\$ (144,984)	\$ (2,317)	\$ (147,301)	\$ 12,505
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	569	569	4,081
(Increase) decrease in receivables	(5,489)	(64)	(5,553)	(2,154)
(Increase) decrease in interfund services provided	-	-	-	(2,361)
(Increase) decrease in inventory	-	(89)	(89)	(1,359)
(Increase) decrease in prepaid expenses	-	73	73	(4,340)
(Increase) decrease in claims payable	-	6,236	6,236	-
Increase (decrease) in health and disability benefits payable	-	-	-	2,451
Increase (decrease) in accounts payable	(6,624)	180	(6,444)	972
Increase (decrease) in deferred revenue	-	(1,953)	(1,953)	491
Increase (decrease) in salaries payable	-	73	73	157
Increase (decrease) in compensated absences	-	32	32	733
Increase (decrease) in other payables	-	(866)	(866)	-
Net cash provided (used) by operating activities	<u>\$ (157,097)</u>	<u>\$ 1,874</u>	<u>\$ (155,223)</u>	<u>\$ 11,176</u>

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, 2007

(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets:			
Cash, cash equivalents and non-pension investments	\$ 1,808,905	\$ 40,823	\$ 471,906
Securities lending collateral	4,732,876	7,844	90,350
Receivables:			
Taxes	-	-	15,648
Contributions	192,279	-	-
Interest	73,537	54	-
Securities lending	-	29	390
Member loans	4,779	-	-
Due from other funds	16,998	-	-
Due from component unit	2,099	-	-
From investment sales	1,223,688	-	-
Other	7	-	62
Pension and other employee benefit investments at fair value:			
Equity Securities	13,319,540	-	-
Debt Securities	6,619,360	-	-
Mutual Funds	5,037,267	-	-
Other	729,882	-	-
Total investments	<u>25,706,049</u>	<u>-</u>	<u>-</u>
Other assets	-	-	141,685
Property, plant and equipment net of accumulated depreciation	<u>3,097</u>	<u>-</u>	<u>-</u>
Total assets	<u>33,764,314</u>	<u>48,750</u>	<u>720,041</u>
Liabilities:			
Accounts/escrows payable	20,633	5,055	613,187
Securities purchased payable	2,430,122	-	-
Salaries and benefits payable	656	-	-
Due to other funds	16,998	-	-
Securities lending payable	-	29	390
Due to component unit	2,099	-	-
Compensated absences	406	-	-
Securities lending collateral	4,732,876	7,844	90,350
Other	<u>161</u>	<u>-</u>	<u>16,114</u>
Total liabilities	<u>7,203,951</u>	<u>12,928</u>	<u>\$ 720,041</u>
Net assets:			
Held in trust for:			
Employees' pension benefits	26,560,363	-	-
Trust beneficiaries	<u>-</u>	<u>35,822</u>	-
Total net assets	<u>\$ 26,560,363</u>	<u>\$ 35,822</u>	-

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, 2007

(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Private-Purpose Trust Funds
Additions:		
Member contributions	\$ 315,602	\$ 79,404
Employer contributions	1,135,545	-
Contributions from the State of Indiana	94,478	-
Net investment income (loss)	4,163,069	1,301
Less investment expense	(287,776)	-
Donations/escheats	-	74,004
Transfers in	6,928	-
Other	290	-
Total additions	5,428,136	154,709
Deductions:		
Pension benefits	1,449,046	-
Disability and other benefits	372	-
Payments to participants/beneficiaries	-	159,787
Refunds of contributions and interest	65,382	-
Administrative	27,757	-
Pension relief distributions	140,727	-
Depreciation	21	-
Transfers out	6,965	-
Other	2,282	-
Total deductions	1,692,552	159,787
Net increase (decrease) in net assets	3,735,584	(5,078)
Net assets held in trust, July 1, as restated	22,824,779	40,900
Net assets held in trust, June 30	\$ 26,560,363	\$ 35,822

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, 2007
(amounts expressed in thousands)

	Proprietary	Colleges and Universities	Total
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 1,726,947	\$ 1,168,717	\$ 2,895,664
Securities lending collateral	197,203	541,650	738,853
Receivables (net)	339,263	327,258	666,521
Intergovernmental receivable	69	-	69
Inventory	113	28,649	28,762
Prepaid expenses	5,475	16,749	22,224
Intergovernmental loans	787,532	-	787,532
Due from primary government	7,441	31,131	38,572
Investment in direct financing lease	49,285	-	49,285
Funds held in trust by others	350	33,290	33,640
Other current assets	7,292	57,046	64,338
Total current assets	3,120,970	2,204,490	5,325,460
Noncurrent assets:			
Cash, cash equivalents and investments - restricted	868,348	1,774,670	2,643,018
Taxes, interest, and penalties receivable	4,984	-	4,984
Other receivables	4,479,086	309,856	4,788,942
Investments - unrestricted	775,330	3,721,413	4,496,743
Loans	-	42	42
Bond issuance costs net of amortization	49,084	108	49,192
Intergovernmental loans	1,537,898	-	1,537,898
Due from primary government	50,000	31,028	81,028
Investment in direct financing lease	1,471,521	9,281	1,480,802
Other noncurrent assets	6,163	77,933	84,096
Capital assets:			
Land	164,986	175,940	340,926
Infrastructure	222,595	257,487	480,082
Construction in progress	481,513	487,376	968,889
Property, plant, and equipment	1,241,690	7,102,635	8,344,325
Less accumulated depreciation	(335,409)	(3,245,835)	(3,581,244)
Capital assets, net of accumulated depreciation	1,775,375	4,777,603	6,552,978
Total noncurrent assets	11,017,789	10,701,934	21,719,723
Total assets	14,138,759	12,906,424	27,045,183
Liabilities:			
Current liabilities:			
Accounts payable	96,103	289,794	385,897
Claims payable	9,318	-	9,318
Interest payable	149,109	2,316	151,425
Current portion of long-term debt	1,217,088	113,491	1,330,579
Line of credit	371,000	-	371,000
Due to primary government	48,420	-	48,420
Capital lease payable	-	1,609	1,609
Accrued prize liability	72,198	-	72,198
Salaries, health, disability, and benefits payable	78	26,662	26,740
Deferred revenue	57,853	217,900	275,753
Accrued liability for compensated absences	-	69,270	69,270
Securities lending collateral	197,203	541,650	738,853
Deposits held in custody for others	356	36,013	36,369
Other current liabilities	19,306	34,222	53,528
Total current liabilities	2,238,032	1,332,927	3,570,959
Long-term liabilities:			
Accrued liability for compensated absences	-	42,443	42,443
Accrued prize liability	75,713	-	75,713
Due to primary government	383	-	383
Deferred revenue	3,668,360	31,855	3,700,215
Capital lease payable	-	10,004	10,004
Funds held in trust for others	-	157,401	157,401
Advances from federal government	2,869	28,971	31,840
Revenue bonds/notes payable	9,560,376	1,919,477	11,479,853
Other noncurrent liabilities	5,106	49,302	54,408
Total long-term liabilities	13,312,807	2,239,453	15,552,260
Total liabilities	15,550,839	3,572,380	19,123,219
Net Assets:			
Invested in capital assets net of related debt	127,529	2,760,310	2,887,839
Restricted-nonexpendable:			
Grants/constitutional restrictions	4,618	-	4,618
Future debt service	99,628	-	99,628
Instruction and research	-	179,317	179,317
Student aid	-	135,349	135,349
Other purposes	-	118,058	118,058
Total restricted-nonexpendable	104,246	432,724	536,970
Restricted-expendable:			
Instruction and research	-	193,162	193,162
Future debt service	208,606	23,482	232,088
Pension fund distribution	13,514	-	13,514
Student aid	-	82,639	82,639
Auxiliary enterprises	-	4,572	4,572
Capital projects	37,139	204,507	241,646
Other purposes	847,882	1,651,319	2,499,201
Total restricted-expendable	1,107,141	2,159,681	3,266,822
Unrestricted	(2,750,996)	3,981,329	1,230,333
Total net assets	\$ (1,412,080)	\$ 9,334,044	\$ 7,921,964

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, 2007
(amounts expressed in thousands)

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Proprietary</u>	<u>Colleges and Universities</u>	<u>Net (Expense) Revenue</u>
Proprietary	\$ 1,719,602	\$ 1,329,801	\$ 471,459	\$ 1,031	\$ 82,689	\$ -	\$ 82,689
Colleges and universities	4,995,558	2,486,378	1,380,776	100,064	-	(1,028,340)	(1,028,340)
Total component units	<u>\$ 6,715,160</u>	<u>\$ 3,816,179</u>	<u>\$ 1,852,235</u>	<u>\$ 101,095</u>	<u>82,689</u>	<u>(1,028,340)</u>	<u>(945,651)</u>
General Revenues:							
Investment earnings					103,326	651,485	754,811
Payments from State of Indiana					1,218	1,354,886	1,356,104
Other					-	91,445	91,445
Total general revenues					<u>104,544</u>	<u>2,097,816</u>	<u>2,202,360</u>
Change in net assets					187,233	1,069,476	1,256,709
Net assets - beginning, as restated					(1,599,313)	8,264,568	6,665,255
Net assets - ending					<u>\$ (1,412,080)</u>	<u>\$ 9,334,044</u>	<u>\$ 7,921,964</u>

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, 2007
(amounts expressed in thousands)

	Indiana Finance Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Board for Depositories
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 945,708	\$ 66,056	\$ 85,840	\$ 138,273
Securities lending collateral	6,838	-	-	190,365
Receivables (net)	159,269	30,901	431	3,167
Intergovernmental receivable	69	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Intergovernmental loans	-	787,532	-	-
Due from primary government	7,441	-	-	-
Investment in direct financing lease	49,285	-	-	-
Funds held in trust by others	350	-	-	-
Other current assets	1,431	-	4,049	-
Total current assets	1,170,391	884,489	90,320	331,805
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	21,940	764,079	-
Taxes, interest, and penalties receivable	-	-	4,984	-
Loans receivable	2,020,651	-	843,681	-
Investments - unrestricted	651,956	-	-	122,924
Bond issuance costs, net of amortization	16,984	21,649	10,451	-
Intergovernmental loans	-	1,537,898	-	-
Due from primary government	-	-	-	50,000
Investment in direct financing leases	1,471,521	-	-	-
Other noncurrent assets	157	-	44	-
Capital assets:				
Land	85,531	-	-	-
Infrastructure	222,595	-	-	-
Construction in progress	11,376	-	-	-
Property, plant, and equipment	1,181,488	-	1,878	505
Less accumulated depreciation	(310,060)	-	(1,728)	(477)
Total capital assets, net of depreciation	1,190,930	-	150	28
Total noncurrent assets	5,352,199	1,581,487	1,623,389	172,952
Total assets	6,522,590	2,465,976	1,713,709	504,757
Liabilities				
Current liabilities:				
Accounts payable	6,493	469	1,606	888
Claims payable	-	-	-	-
Interest payable	71,314	42,885	28,727	-
Current portion of long-term debt	192,201	829,355	195,532	-
Line of credit	-	-	-	-
Due to primary government	15,090	-	-	-
Accrued prize liability	-	-	-	-
Salaries, health, disability, and benefits payable	-	-	-	-
Deferred revenue	50,281	-	-	-
Securities lending collateral	6,838	-	-	190,365
Deposits held in custody for others	-	-	356	-
Other current liabilities	2,330	-	14,530	5
Total current liabilities	344,547	872,709	240,751	191,258
Long-term liabilities:				
Accrued prize liability	-	-	-	-
Due to primary government	383	-	-	-
Deferred revenue	3,639,056	-	-	-
Advances from federal government	2,869	-	-	-
Revenue bonds/notes payable	4,693,229	1,578,474	1,296,063	-
Other noncurrent liabilities	-	494	35	-
Total long-term liabilities	8,335,537	1,578,968	1,296,098	-
Total liabilities	8,680,084	2,451,677	1,536,849	191,258
Net assets				
Invested in capital assets net of related debt	13,221	-	150	28
Restricted-nonexpendable				
Grants/constitutional restrictions	-	-	4,618	-
Future debt service	-	-	99,628	-
Total restricted-nonexpendable	-	-	104,246	-
Restricted-expendable				
Future debt service	201,362	2,667	-	-
Pension fund distribution	-	-	-	13,514
Capital projects	-	-	-	-
Other purposes	847,882	-	-	-
Total restricted-expendable	1,049,244	2,667	-	13,514
Unrestricted (deficit)	(3,219,959)	11,632	72,464	299,957
Total net assets	\$ (2,157,494)	\$ 14,299	\$ 176,860	\$ 313,499

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

Secondary Market for Education Loans	State Lottery Commission	Indiana Stadium and Convention Building Authority	Non-Major	Total Component Units
\$ 104,614	\$ 100,696	\$ 261,529	\$ 24,231	\$ 1,726,947
-	-	-	-	197,203
110,386	31,806	969	2,334	339,263
-	-	-	-	69
-	96	-	17	113
-	5,386	-	89	5,475
-	-	-	-	787,532
-	-	-	-	7,441
-	-	-	-	49,285
-	-	-	-	350
1,812	-	-	-	7,292
216,812	137,984	262,498	26,671	3,120,970
-	82,329	-	-	868,348
-	-	-	-	4,984
1,614,754	-	-	-	4,479,086
-	-	-	450	775,330
-	-	-	-	49,084
-	-	-	-	1,537,898
-	-	-	-	50,000
-	-	-	-	1,471,521
5,962	-	-	-	6,163
-	-	-	79,455	164,986
-	-	-	-	222,595
-	-	470,137	-	481,513
2,654	13,019	-	42,146	1,241,690
(786)	(10,860)	-	(11,498)	(335,409)
1,868	2,159	470,137	110,103	1,775,375
1,622,584	84,488	470,137	110,553	11,017,789
1,839,396	222,472	732,635	137,224	14,138,759
3,218	33,993	49,251	185	96,103
-	-	-	9,318	9,318
5,830	-	353	-	149,109
-	-	-	-	1,217,088
371,000	-	-	-	371,000
-	33,330	-	-	48,420
-	72,198	-	-	72,198
-	-	-	78	78
-	438	-	7,134	57,853
-	-	-	-	197,203
-	-	-	-	356
-	1,800	-	641	19,306
380,048	141,759	49,604	17,356	2,238,032
-	75,713	-	-	75,713
-	-	-	-	383
-	-	29,304	-	3,668,360
-	-	-	-	2,869
1,374,850	-	617,760	-	9,560,376
4,577	-	-	-	5,106
1,379,427	75,713	647,064	-	13,312,807
1,759,475	217,472	696,668	17,356	15,550,839
1,868	2,159	-	110,103	127,529
-	-	-	-	4,618
-	-	-	-	99,628
-	-	-	-	104,246
4,577	-	-	-	208,606
-	-	-	-	13,514
-	-	35,967	1,172	37,139
-	-	-	-	847,882
4,577	-	35,967	1,172	1,107,141
73,476	2,841	-	8,593	(2,750,996)
\$ 79,921	\$ 5,000	\$ 35,967	\$ 119,868	\$ (1,412,080)

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units -
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(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	\$ 330,710	\$ 377,550	\$ 41,537	\$ -	\$ 88,377	\$ -	\$ -
Indiana Bond Bank	103,971	361	103,682	-	-	72	-
Indiana Housing and Community Development Authority	269,429	56,098	197,143	-	-	-	(16,188)
Board for Depositories	18,772	-	23,882	-	-	-	-
Secondary Market for Educational Loans	100,778	-	103,200	-	-	-	-
State Lottery Commission	795,140	789,442	-	-	-	-	-
Indiana Stadium and Convention Building Authority	96	20,000	-	921	-	-	-
Non-Major Proprietary	100,706	86,350	2,015	110	-	-	-
Total component units	<u>\$ 1,719,602</u>	<u>\$ 1,329,801</u>	<u>\$ 471,459</u>	<u>\$ 1,031</u>	<u>88,377</u>	<u>72</u>	<u>(16,188)</u>
General revenues:							
Investment earnings					83,838	547	13,622
Payments from State of Indiana					-	-	-
Total general revenues					<u>83,838</u>	<u>547</u>	<u>13,622</u>
Change in net assets					172,215	619	(2,566)
Net assets - beginning, as restated					<u>(2,329,709)</u>	<u>13,680</u>	<u>179,426</u>
Net assets - ending					<u>\$ (2,157,494)</u>	<u>\$ 14,299</u>	<u>\$ 176,860</u>

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, 2007
(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	Net (Expense) Revenue
Indiana Finance Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,377
Indiana Bond Bank	-	-	-	-	-	72
Indiana Housing and Community Development Authority	-	-	-	-	-	(16,188)
Board for Depositories	5,110	-	-	-	-	5,110
Secondary Market for Educational Loans	-	2,422	-	-	-	2,422
State Lottery Commission	-	-	(5,698)	-	-	(5,698)
Indiana Stadium and Convention Building Authority	-	-	-	20,825	-	20,825
Non-Major Proprietary	-	-	-	-	(12,231)	(12,231)
Total component units	5,110	2,422	(5,698)	20,825	(12,231)	82,689
General revenues:						
Investment earnings	-	-	4,111	-	1,208	103,326
Payments from State of Indiana	-	-	-	-	1,218	1,218
Total general revenues	-	-	4,111	-	2,426	104,544
Change in net assets	5,110	2,422	(1,587)	20,825	(9,805)	187,233
Net assets - beginning, as restated	308,389	77,499	6,587	15,142	129,673	(1,599,313)
Net assets - ending	\$ 313,499	\$ 79,921	\$ 5,000	\$ 35,967	\$ 119,868	\$ (1,412,080)

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units -
Colleges and Universities
June 30, 2007
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 506,666	\$ 332,382	\$ 329,669	\$ 1,168,717
Securities lending collateral	294,186	247,464	-	541,650
Receivables (net)	117,304	89,179	120,775	327,258
Inventory	15,659	-	12,990	28,649
Prepaid expenses	-	-	16,749	16,749
Due from primary government	12,275	8,595	10,261	31,131
Funds held in trust by others	-	-	33,290	33,290
Other current assets	20,935	33,567	2,544	57,046
Total current assets	967,025	711,187	526,278	2,204,490
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	1,710,480	64,190	1,774,670
Other receivables	223,081	69,807	16,968	309,856
Investments - unrestricted	2,198,398	834,920	688,095	3,721,413
Loans	-	42	-	42
Bond issuance costs net of amortization	-	-	108	108
Due from primary government	12,172	8,595	10,261	31,028
Investment in direct financing lease	9,281	-	-	9,281
Other noncurrent assets	-	50,258	27,675	77,933
Capital assets:				
Land	49,163	22,721	104,056	175,940
Infrastructure	141,055	54,687	61,745	257,487
Construction in progress	216,748	168,906	101,722	487,376
Property, plant, and equipment	3,004,216	2,362,468	1,735,951	7,102,635
Less accumulated depreciation	(1,432,341)	(1,077,282)	(736,212)	(3,245,835)
Total capital assets, net of depreciation	1,978,841	1,531,500	1,267,262	4,777,603
Total noncurrent assets	4,421,773	4,205,602	2,074,559	10,701,934
Total assets	5,388,798	4,916,789	2,600,837	12,906,424
Liabilities				
Current liabilities:				
Accounts payable	182,903	55,167	51,724	289,794
Interest payable	-	-	2,316	2,316
Current portion of long-term debt	41,067	31,228	41,196	113,491
Capital lease payable	1,570	-	39	1,609
Salaries, health, disability, and benefits payable	-	10,351	16,311	26,662
Deferred revenue	147,391	47,246	23,263	217,900
Accrued liability for compensated absences	37,317	24,207	7,746	69,270
Securities lending collateral	294,186	247,464	-	541,650
Deposits held in custody for others	-	21,657	14,356	36,013
Other current liabilities	-	25,263	8,959	34,222
Total current liabilities	704,434	462,583	165,910	1,332,927
Long-term liabilities:				
Accrued liability for compensated absences	11,362	16,263	14,818	42,443
Deferred revenue	24,778	-	7,077	31,855
Capital lease payable	9,942	-	62	10,004
Funds held in trust for others	83,085	62,160	12,156	157,401
Advances from federal government	-	20,174	8,797	28,971
Revenue bonds/notes payable	698,051	599,034	622,392	1,919,477
Other noncurrent liabilities	31,962	2,278	15,062	49,302
Total long-term liabilities	859,180	699,909	680,364	2,239,453
Total liabilities	1,563,614	1,162,492	846,274	3,572,380
Net assets				
Invested in capital assets net of related debt	1,304,656	863,282	592,372	2,760,310
Restricted-nonexpendable				
Instruction and research	-	179,317	-	179,317
Student aid	-	129,179	6,170	135,349
Other purposes	73,025	27,408	17,625	118,058
Total restricted-nonexpendable	73,025	335,904	23,795	432,724
Restricted-expendable				
Instruction and research	91,866	99,710	1,586	193,162
Student aid	22,357	55,823	4,459	82,639
Auxiliary enterprises	-	4,572	-	4,572
Capital projects	13,247	52,875	138,385	204,507
Other purposes	-	1,366,799	284,520	1,651,319
Total restricted-expendable	150,952	1,579,779	428,950	2,159,681
Unrestricted (deficit)	2,296,551	975,332	709,446	3,981,329
Total net assets	\$ 3,825,184	\$ 3,754,297	\$ 1,754,563	\$ 9,334,044

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 Fiscal Year Ended June 30, 2007
(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	\$ 2,332,792	\$ 1,278,332	\$ 691,203	\$ 15,925	\$ (347,332)	\$ -	\$ -	\$ (347,332)
Purdue University	1,508,171	739,222	442,322	68,070	-	(258,557)	-	(258,557)
Non-Major Colleges and Universities	1,154,595	468,824	247,251	16,069	-	-	(422,451)	(422,451)
Total component units	<u>\$ 4,995,558</u>	<u>\$ 2,486,378</u>	<u>\$ 1,380,776</u>	<u>\$ 100,064</u>	<u>(347,332)</u>	<u>(258,557)</u>	<u>(422,451)</u>	<u>(1,028,340)</u>
General revenues:								
Investment earnings					326,608	230,933	93,944	651,485
Payments from State of Indiana					527,747	365,354	461,785	1,354,886
Other					6,382	74,348	10,715	91,445
Total general revenues					<u>860,737</u>	<u>670,635</u>	<u>566,444</u>	<u>2,097,816</u>
Change in net assets					513,405	412,078	143,993	1,069,476
Net assets - beginning, as restated					3,311,779	3,342,219	1,610,570	8,264,568
Net assets - ending					<u>\$ 3,825,184</u>	<u>\$ 3,754,297</u>	<u>\$ 1,754,563</u>	<u>\$ 9,334,044</u>

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



NOTES TO THE FINANCIAL STATEMENTS



STATE OF INDIANA

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STATE OF INDIANA
Notes to the Financial Statements
June 30, 2007
(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 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 and the Indiana Comprehensive Health Insurance Association have a December 31, 2006, year-end.

Blended Component Units

The following are blended component units of the State of Indiana. The primary government appoints a voting majority of their boards and is able to impose its will. Although they are legally separate from the State, the units are reported as if they were 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 is responsible for the operation and administration of the State's license branches. The five member commission is appointed by the governor. It consists of four individuals and a commissioner. No more than three of the members may be of the same political party. The Commission is reported as a non-major governmental fund.

The Indiana Economic Development Corporation 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 Corporation 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 Corporation 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 proprietary component units are audited by outside auditors. The State Board of Accounts audits the colleges, universities, and the discrete pension trust funds. College and university foundations are audited by outside auditors.

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 \$100,000 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 a new 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 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 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.

Effective July 1, 2000, the Public Employees' Retirement Fund (PERF) became an independent body corporate and politic. PERF is not a department

or agency for the State but is an independent instrumentality exercising essential government functions. The PERF board is composed of five trustees appointed by the Governor. The board of trustees administers the following funds: Public Employees' Retirement Fund, Judges' Retirement System, Excise Police, Gaming Agent 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 PERF see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation in PERF's financial statements.

Effective July 1, 2000, the Teachers' Retirement Fund (TRF) became an independent body corporate and politic. TRF is not a department or agency for the State but is an independent instrumentality exercising essential government functions. The TRF board is composed of five trustees appointed by the Governor. For more information on TRF see Note V(E) Employee Retirement Systems and Plans.

The Public Employees' Retirement Fund and the Teachers' Retirement Fund were determined to be significant for note disclosure purposes involving the discretely presented fiduciary component units.

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 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 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
Pan Am Plaza
201 S. Capitol, Suite 1100
Indianapolis, IN 46225

Indiana Stadium and Convention
Building Authority
425 W. South Street
Indianapolis, IN 46225

Indiana Housing and Community
Development Authority
30 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
311 West Washington St.
Indianapolis, IN 46204-2787

Mark Husk
Assistant Treasurer
Ivy Tech Community College
50 West Fall Creek Parkway North Drive
Indianapolis, IN 46208

Diana M. Biggs
Director of Internal Audit
University of Southern Indiana
8600 University Boulevard
Evansville, IN 47712

Office of the Vice President and CFO
Attn: Joan Hagen
Poplar's Room. 500, 107 S. Indiana Ave.
Indiana University
Bloomington, IN 47405-1202

William A. McCune, Controller
Administration Bldg., 301
2000 West University Avenue
Ball State University
Muncie, IN 47306

Jeffery J. Jacso
Assistant Controller Financial Accounting
Office of the Controller
Indiana State University
210 N. 7th Street
Terre Haute, IN 47809

Linda Waldroup, Controller
Vincennes University
1002 North 1st Street
Vincennes, IN 47591

Accounting Services
Attn: Purdue University
401 South Grant Street
West Lafayette, IN 47907-2024

State of Indiana
Public Employees' Retirement Fund
Harrison Building
143 West Market Street
Indianapolis, IN 46204

Indiana State Teachers' Retirement Fund
150 West Market Street, Suite 300
Indianapolis, IN 46204-2809

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 working day delay, so the first working day 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 revenue sources that are legally restricted to expenditure for specific purposes except for major capital projects.

The following special revenue funds are presented as major.

- The *Motor Vehicle Highway Fund* collects motor fuel taxes, special fuel taxes, motor carrier surtaxes, and vehicle license fees for public safety programs and distributions to local units of government for transportation programs.
- The *Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program.
- 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.
- The *State Highway Department Fund* receives federal grants and State appropriations that are used for State transportation programs.
- The *Property Tax Replacement Fund* receives corporate income tax and sales tax which is used for education and property tax replacement distributions to local units of government.
- The *Tobacco Settlement Fund* is used to account for funds received under the tobacco master settlement agreement and is used to fund various health programs, tobacco education, prevention, and use control.

The *capital projects funds* account 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, and self-insurance. 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.

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

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, 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, defined contribution plans, and other post-employment benefit plans. Pension and other employee benefits trust funds include the State Police Pension Fund.

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.

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. 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 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. 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.

Investments which are authorized for the State Teachers' Retirement Fund include: U.S. Treasury and Agency obligations, U.S. Government securities, common stock, international equity, corporate bonds, notes and debentures, repurchase agreements secured by U.S. Treasury obligations, mortgage securities, commercial paper, and banker's acceptances. 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 remaining six retirement systems and the Pension Relief Fund are administered by the Public Employees' Retirement Fund Board. The Board is required to diversify investments in accordance with prudent investment standards. Investment guidelines, issued by the Board, contain limits and goals for each type of investment portfolio, and specify prohibited transactions. These guidelines authorize investments of: U.S. Treasury and Agency obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage securities, mutual funds, asset backed, commercial mortgage backed, international stocks, and real estate. Certain deposits of State funds are entrusted to an outside agent to invest and disburse as per federal requirements or contract.

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 on or before the last day of the month immediately following each quarter of the calendar year.

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 – due on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year.

Alcohol and tobacco taxes – Cigarette distributors 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 – due nine months after the decedent'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; a minor portion is remitted to the State semiannually (June and December) for distribution to the State Fair Commission, Department of Natural Resources and Family and Social Services Administration.

3. Interfund Transactions and Balances

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

Interfund service 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.

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 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:

- an average Pavement Quality Index (PQI) of 75 for Interstate and National Highway Safety (NHS) Non-Interstate roads,
- an average PQI of 65 for 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 Division of Program Development 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.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Condition assessments are determined on an annual basis for interstates and on a biennial basis for other roads. Sufficiency ratings are determined at least on a biennial basis for all bridges and more frequently for certain bridges depending on their design.

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:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Improvements other than buildings	10-20
Infrastructure (not using modified approach)	20
Furniture, machinery and equipment	3-14
Motor pool vehicles	10 ¢ / mile

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 State Museum Collection, which is a part of the Indiana Department of Natural Resources, consists of historical buildings and furnishings; personal artifacts; tools and equipment; communication, transportation, recreational and societal artifacts; and art objects.
- 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 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.

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 government-wide and 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 Equity

In the fund financial statements, reservations of fund equity represent those portions of fund balances that are legally restricted by outside parties for a specific purpose or are not appropriable. In the accompanying balance sheet, reserves for encumbrances and tuition support are examples of the former. Reserves for intergovernmental loans and advances receivables are examples of the latter. The following is a brief description of each reserve and the purpose for which it was established:

Reserve for Tuition Support – established to recognize that the legislature has set aside money, as determined by the State Budget Agency, for paying the monthly distributions to local school units at the beginning of the succeeding fiscal year.

Reserve for Encumbrances – established to recognize money set aside out of one year's budget for goods and/or services ordered during that year that will not be paid for until they are received in a subsequent year.

Reserve for Restricted Purposes – established to recognize legal limitations that specify the purpose or purposes for which resources derived from government-mandated and voluntary nonexchange transactions are to be used.

Reserve for Prepaid Items – established to recognize payments made in advance of receipt of goods and services in an exchange transaction.

Reserve for Interfund Loans – established to recognize short-term and long-term loans issued to other funds within this government and therefore not currently available for expenditure.

Reserve for Intergovernmental Loans – established to recognize that the legislature has set aside money to lend to local units of government for specific purposes. These amounts are loans to individual school corporations, cities, towns, counties and other governmental units. Additionally, the general fund lends money to nonprofit entities. All loans require review and approval of the Board of Finance prior to issuance.

Reserve for Debt Service, Special Purposes – established to recognize that certain amounts have been set aside for debt service and for purposes specific to a particular component. Designations of fund balance represent tentative management plans that are subject to change.

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, 2007, 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		
County Welfare Administration	\$ (4,771)	\$ (6,528)
Bureau of Motor Vehicles Commission	-	(25,965)
Federal Food Stamp Program	(3,023)	-
Major Construction Army National Guard	(1,009)	-

B. Unreserved Fund Balance

The State of Indiana designates its unreserved fund balance as designated for appropriations, designated for allotments, and undesignated. In order for money to be spent out of a fund it must be appropriated by

the legislature and then allotted by the State Budget Agency. The following are the designations of unreserved fund balance at June 30, 2007:

Unreserved Fund Balance				
	Designations of Unreserved Fund Balance			Total
	Designated for Appropriations	Designated for Allotments	Undesignated	Unreserved Fund Balance
Governmental Funds				
General Fund	\$ 334,379	\$ 472,837	\$ 1,046,387	\$ 1,853,603
Motor Vehicle Highway Fund	-	-	(38,193)	(38,193)
Medicaid Assistance	36,225	11,074	-	47,299
Major Moves Construction Fund	152,935	-	2,550,209	2,703,144
State Highway Department	-	-	(827,624)	(827,624)
Property Tax Replacement Fund	3,519	115,645	-	119,164
Tobacco Settlement Fund	129,353	-	-	129,353
Non-Major Special Revenue Funds	384,089	959,831	3,633	1,347,553
Non-Major Capital Projects Funds	62,569	25,711	1,927	90,207
Non-Major Permanent Funds	-	74,529	533,077	607,606
Total Governmental Funds	\$ 1,103,069	\$ 1,659,627	\$ 3,269,416	\$ 6,032,112

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

1. Primary Government – Other than Major Moves and Next Generation Funds and Pension and Other Employee Benefits Funds

Investment Policy

Indiana Code, Title 5, Article 13, 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 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

IV(A)3. There is no formal investment policy for the investment of these funds other than compliance to State statute.

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, 2007:

Primary Government (Amounts are in thousands)			
Investment Type	Investment Maturities (in Years)		
	Fair Value	Less than 1	1-5
U.S. Agencies	\$ 3,039,016	\$ 2,900,843	\$ 138,173
Certificate of Deposits	321,167	321,167	-
Money Market Mutual Funds	1,047,800	1,047,800	-
Total	\$ 4,407,983	\$ 4,269,810	\$ 138,173

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, 2007, 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) custodian's 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

it's 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 and (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. Such 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 number (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 (2)Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The following is a summary of the Credit Risk Disclosure as of June 30, 2007:

Primary Government			
(Amounts are in thousands)			
	<u>S & P</u>	<u>Moody's</u>	<u>Fair Value</u>
U.S. Agencies	AAA	Aaa	\$ 3,039,016
Certificates of Deposits	NR	NR	321,167
Money Market Mutual Funds	AAA	Aaa	1,047,800
Total			\$ 4,407,983

Concentration of Credit Risk

For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of a State'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 Treasurer.

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

Fannie Mae:	31%	\$ 1,448,995,096
Freddie Mac:	25%	1,172,475,155
Federal Home Loan Bank:	9%	417,545,380

Securities Lending Credit Risk

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 securities or cash 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. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Public Employees' Retirement Fund and the State Teachers' Retirement Fund (discretely presented component units), which allow no more than 40% to be lent at one time.

The collateral securities cannot be pledged or sold by the State unless the borrower defaults, but cash collateral may be invested. At year-end, the State had

no credit risk exposure to borrowers because the amount the State owes the borrowers exceed the amounts the borrowers owe the State. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-15 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.

Major Moves and Next Generation Funds

Investment Policy

Indiana Code, Title 5, Article 13, 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. There is no formal investment policy for the investment of these funds other than compliance with State statute.

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, 2007:

Major Moves/Next Generation Funds					
(Amounts are in thousands)					
Investment Type	Fair Value	Maturities			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 724,714	\$ 84,294	\$ 156,556	\$ 123,458	\$ 360,406
U.S. Agencies	288,882	215,472	52,050	13,219	8,141
Government Asset and Mortgage Backed	535,117	-	9,074	33,406	492,637
Collateralized Mortgage Obligations					
Government CMO's	112,534	-	6,493	28,265	77,776
Corporate CMO's	975	-	-	-	975
Commercial Paper	2,839	2,839	-	-	-
Corporate Bonds	931,335	15,741	393,064	262,396	260,134
Corporate Asset Backed	230,271	1,234	63,992	2,906	162,139
Private Placements	52,070	1,070	6,372	34,199	10,429
Municipal Bonds	25,157	504	7,786	4,327	12,540
Miscellaneous Other Fixed Income	3,968	-	516	1,457	1,995
Money Market Mutual Funds	375,544	375,544	-	-	-
Total	\$ 3,283,406	\$ 696,698	\$ 695,903	\$ 503,633	\$ 1,387,172

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, 2007, 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 it's 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. State statute does not establish any parameters or guidelines related to credit risk.

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. State statute does not establish any parameters or guidelines related to concentration of credit risk.

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

Fannie Mae:	12.04%	\$388,662,985
Freddie Mac:	10.29%	\$332,046,023

Securities Lending Credit Risk

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, 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.

The following is a summary of the Credit Risk Disclosure as of June 30, 2007:

Major Moves/Next Generation Fund					
(Amounts are in thousands)					
	S & P		Moody's		
	Ratings	Fair Value	Ratings	Fair Value	
U.S. Treasuries	AAA	\$ 724,714	Aaa	\$ 724,714	
U.S. Agencies	AAA	288,882	Aaa	288,882	
Government Asset/Mortgage Backed	AAA	516,162	Aaa	516,162	
	AA	440	Aa	440	
	A	389	A	389	
	BBB	6,346	Baa	6,346	
	BB	730	Ba	730	
	B	1,322	B	1,322	
	NR	9,728	NR	9,728	
Collateralized Mortgage Obligations					
Government CMO's	AAA	111,475	Aaa	111,475	
Government CMO's	NR	1,059	NR	1,059	
Corporate CMO's	AAA	110	Aaa	110	
	A	112	A	112	
	BBB	753	Baa	753	
Commercial Paper	A-1	2,839	NR	2,839	
Corporate Bonds	AAA	115,105	Aaa	115,105	
	AA	48,734	Aa	48,734	
	A	126,348	A	126,348	
	BBB	226,973	Baa	226,973	
	BB	102,105	Ba	102,105	
	B	147,241	B	147,241	
	CCC&Below	42,005	Caa	42,005	
	NR	122,824	NR	122,824	
Corporate Asset Backed	AAA	197,760	Aaa	197,760	
	AA	4,389	Aa	4,389	
	A	3,002	A	3,002	
	BBB	1,098	Baa	1,098	
	BB	2,401	Ba	2,401	
	A-1	421	-	-	
	NR	21,200	NR	21,621	
Private Placements	AAA	2,050	Aaa	4,256	
	AA	388	Aa	2,958	
	A	5,441	A	1,034	
	BBB	15,762	Baa	14,420	
	BB	12,534	Ba	9,143	
	B	13,224	B	19,244	
	CCC&Below	2,085	-	-	
	NR	587	NR	1,016	
Municipal Bonds	AAA	6,281	Aaa	7,306	
	AA	4,689	Aa	3,365	
	A	5,690	A	2,961	
	BBB	3,446	Baa	2,779	
	BB	-	-	-	
	B	724	B	724	
	CCC&Below	-	-	-	
	NR	4,326	NR	8,021	
Miscellaneous Other Fixed Income	AAA	1,026	-	-	
	A	969	-	-	
	BBB	1,065	Baa	1,065	
	NR	908	NR	2,903	
Money Market Mutual Funds	NR	375,544	NR	375,544	
Total		\$ 3,283,406		\$ 3,283,406	

2. Pension and Other Employee Benefits 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 10-12-2-2(c), established the prudent investor standard as the primary statutory provision governing the investment of the Trust's assets. IC 10-12-2-2(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.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. There is no formal investment policy related to credit risk.

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 (in thousands):

State Police Pension					
(Amounts are in thousands)					
	S & P		Moody's		
	Ratings	Fair Value	Ratings	Fair Value	
U.S. Treasuries	AAA	\$ 18,835	Aaa	\$ 18,835	
U.S. Agencies	AAA	55,266	Aaa	55,266	
Mortgage Backed					
Corporate Pass-Through	AAA	18,664	Aaa	23,153	
	A	359	Aaa	360	
	NR	4,999	Baa	509	
Collateralized Mortgage Obligations					
Corporate CMO's	AAA	1,628	Aaa	1,628	
Corporate Bonds					
Government CMO's	AAA	736	Aaa	736	
Government CMO's	NR	5,846	NR	5,846	
Corporate CMO's	AAA	3,567	Aaa	3,567	
	A	326	A	326	
	BBB	932	Baa	932	
Corporate Asset Backed	AAA	7,436	Aaa	7,436	
	A	954	A	954	
	BBB	230	Baa	230	
	BB	668	Ba	668	
	A-1	147	P-1	147	
Private Placements	AAA	313	Aaa	313	
	AA	367	Aa	367	
	A	202	A	202	
	BBB	627	Baa	627	
	BB	308	Ba	308	
	B	213	B	213	
Municipal Bonds	NR	500	Aaa	500	
Non-U.S. Fixed Income					
Foreign Government Bonds	AAA	1,167	Aaa	1,167	
Money Market Mutual Funds	AAA	15,240	Aaa	15,240	
Money Market Mutual Funds	NR	148,781	NR	148,781	
Total		\$ 288,311		\$ 288,311	

Custodial Credit Risk – 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, 2007, 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 it's 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 eight different investment 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 Manager: equity holdings in any one company should not exceed 7.5%.

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

Domestic Core Fixed/ Domestic Core Plus Manager: securities of any one issuer is limited to not more than 5% of the investment manager's portion of the portfolio. 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%.

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

Fannie Mae: 17.80 % \$ 59,035,000
Freddie Mac: 5.07 % 16,800,000

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. There is no formal investment policy related to interest rate risk.

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

State Police Pension					
(Amounts are in thousands)					
Investment Type	Fair Value	Maturities			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 18,835	\$ -	\$ 9,414	\$ 7,181	\$ 2,240
U.S. Agencies	55,266	1,516	6,707	6,501	40,542
Mortgage Backed					
Corporate Pass-Through	24,022	-	-	407	23,615
Collateralized Mortgage Obligations					
Corporate CMO's	1,628	-	-	-	1,628
Commercial Paper	-	-	-	-	-
Corporate Bonds	11,407	-	1,538	1,082	8,787
Corporate Asset Backed	9,435	148	5,548	744	2,995
Private Placements	2,029	-	420	705	904
Municipal Bonds	500	-	-	500	-
Non-U.S. Fixed Income					
Foreign Government Bonds	1,167	1,167	-	-	-
Money Market Mutual Funds	164,022	164,022	-	-	-
Total	\$ 288,311	\$ 166,853	\$ 23,627	\$ 17,120	\$ 80,711

3. Pension and Other Employee Benefits Trust Funds – Discrete Component Units

Public Employees' Retirement System

Investment Policy – The Indiana General Assembly enacted the prudent investor standard to apply to the PERF's Board of Trustees and govern all PERF's investments. Thus, the primary governing statutory provision is that the Board 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 and with like aims." The Board is also required to diversify such investments in accordance with prudent investment standard.

Within these governing statutes, the Board has broad authority to invest the assets of the plans. The Board utilizes external investment managers each with specific mandates to implement the investment program. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled account, mutual funds or other structures acceptable to the Board.

Currently, the Board has established the following asset allocation strategy for the investments held in the Consolidated Retirement Investment Fund (CRIF):

Asset Classes	Target Norm	Allowable Ranges
Equities – Domestic	40%	35% - 50%
Equities – International	15%	10% - 20%
Equities – Global	10%	5% - 15%
Fixed Income – Core	15%	10% - 20%
Fixed Income – TIPS	5%	0% - 10%
Alternatives – Private Equity	8%	0% - 10%
Alternatives – Real Estate	3%	0% - 5%
Alternatives – Commodities	2%	0% - 5%
Alternatives – Total Return Strategies	2%	0% - 5%

Investment in the Annuity Savings Accounts and Legislature's Defined Contribution plans are directed by the members in each respective plan and as such the asset allocation will differ from that of the CRIF. The Pension Relief Fund is invested to a target of seventy percent Fixed Income – Core and thirty percent Equities – Domestic. The Special Death Benefit Funds are one hundred percent fixed income.

The following identifies investment types that are currently prohibited by the investment policy:

- Short sales of any kind
- Repurchase agreements that may create any kind of leverage in the portfolio. (Repurchase agreements as cash equivalents are

permitted.)

- Purchases of letter or restricted stock
- Buying or selling on the margin
- Purchases of futures and options, except where specifically noted in Specific Guidelines
- Purchases of derivative securities which have any of the following characteristics: leverage, indexed principal payment, or links to indexes representing investments, unless specifically approved by the Board or as delegated to the Executive Director
- Purchases of Interest Only or Principal Only collateralized mortgage obligations
- Purchases of Guaranteed Investment Contract (GIC's) or Bank Investment Contracts (BIC's)
- Any transactions giving rise to unrelated business taxable income (excluding current holdings)
- Any transaction that would be a "prohibited transaction" under the Internal Revenue Code Section 503
- Purchases of inverse floaters

Deposit Risk – 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 two demand deposit accounts are carried at cost and are insured up to \$100,000 each. Deposits in the demand accounts held in excess of \$100,000 are not collateralized. Deposits with the Treasurer of State are entirely insured. Cash Deposits held with the custodian are carried at cost and are not insured or collateralized. Time deposits held with the custodian are collateralized with securities on loan that are held by the pledging financial institution.

Cash Deposits (in thousands)	Total	JP Morgan Chase	National City Bank
Demand deposit account – carrying value	\$ 7,048	\$ 6,615	\$ 433
Demand deposit account – bank balance	72,790	69,629	3,161
Held with Treasurer of State	6,930	--	--
Held with Custodian:			
Cash	12,123	--	--
Time Deposits			
– Cash collateral	418,500	--	--

Credit Risk – PERF's debt securities portfolio investment policy sets credit quality rating guidelines and benchmark indices for each of its sub asset classes and as outlined in each portfolio manager contract. The quality rating of investments in debt securities as described by the nationally recognized statistical rating organization (NRSRO) Standard and Poor's at June 30, 2007, are as follows (\$ in millions):

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$3,196.1	71.9%
AA	91.0	2.0%
A	124.9	2.8%
A-1	34.1	.8%
BBB	165.9	3.7%
BB	44.5	1.0%
B	21.2	0.5%
CCC	2.5	0.1%
Not rated	765	17.2%
Grand Total	\$4,445.2	100.00%

The credit risk schedule includes debt securities, short-term money market funds, bond mutual funds and bond commingled funds. Approximately \$2.6 billion (58.8 percent) of the total fair value reported is AAA rated US Treasury, US Agency, or US Agency Mortgage Backed Securities. The remaining balance of \$1.8 billion (41.2 percent) of debt securities, consists of corporate debt, short-term custodial money market funds, commingled or mutual funds, and asset- and mortgage-backed securities of various credit quality ratings. Of the \$765 million not rated by Standard & Poor's, \$98.8 million (12.9 percent of not rated) are rated by Moody's, another NRSRO. Of those, \$88.6 million are rated A3 or better, \$9.5 million are rated B3 through Baa2, and \$0.7 million are rated Ca through Caa1. Also included in the not-rated category are \$658.6 million (86.1 percent of non-rated) in money market funds, mutual funds, or commingled funds. The remaining \$7.6 million (1 percent) is not rated by either Moody's or Standard and Poor's.

Custodial Credit Risk – Custodial credit risk is the risk that the PERF will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of PERF and are held by either the counterparty

or the counterparty's trust department of agent but not in PERF's name.

There was no custodial credit risk for investments including investments related to securities-lending collateral. Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5, all fund investments are held by banks under custodial agreements, all custodians are domiciled in the United States and approved by the department of financial institutions to act in a fiduciary capacity and manage custodial accounts in Indiana.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. Under PERF's Investment Policy Statement, exposure to a single issuer, with the exception of the U.S. Government and its agencies, is generally limited to an initial cost of five percent of the market value of assets managed by each investment manager. For such investment managers, through capital appreciation, the exposure to a single issuer should not exceed seven and one-half percent of market value of the assets managed by the manager.

For managers contracted to manage concentrated portfolios, exposure to the securities issued by a single issuer, with the exception of the U.S. Government and its agencies, is limited to seven and one-half percent of the portfolio of the manager based upon initial cost and no more than fifteen percent of the market value of the portfolio as a result of capital appreciation.

At June 30, 2007, there was no concentration of credit risks for the CRIF or separately managed fund portfolios.

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 greater the duration of a bond or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is an indicator of a bond price's sensitivity to a one hundred-basis point change in interest rates.

PERF's fixed income portfolio investment policy sets duration guidelines that are linked directly, or indirectly, to the benchmark indices for each of its sub asset classes and as outlined in each portfolio manager contract. Several sub-asset classes require that duration of the portfolio may not vary more than twenty percent above or below the duration of the applicable benchmark index.

Duration information is provided below (in millions):

Investment Type	Net Asset Fair Value	Percentage Fair Value	Duration
Short Term Investment Fund	\$ 450	10.1%	0.01
Government and Agency Obligations	1,662	37.1%	6.28
Residential and Commercial Mortgage-Backed Securities	1,481	33.1%	3.74
Corporate Bonds	482	10.8%	5.73
Asset Backed	186	4.2%	0.41
Municipal Securities	1	0.0%	0.76
Debt Securities	208	4.7%	3.82
Mutual Funds			
Total	\$4,470	100.0%	4.39

All PERF investments are directly, or indirectly, sensitive to changes in the interest rate environment. Significant investment types that are considered highly sensitive have been identified in the derivatives financial instruments section. Debt securities, debt securities mutual funds and commingled funds, and short-term cash and cash-equivalents represent the portions of the portfolio most sensitive to interest rate risk and are included in the duration information. Fair value of debt securities includes all debt securities, including debt securities mutual funds and commingled funds, and short term cash and equivalents, gross of pending transactions, totaling \$4.5 billion at June 30, 2007.

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. PERF's foreign currency exposure is primarily focused in international and global equity holdings. Futures currency contracts are reported in the following schedule at gross exposure value. Forward currency contracts values included both receivables and payables.

PERF's portfolio investment policy refers to foreign currency guidelines that are linked directly, or indirectly, to the benchmark indices for each sub asset class or as outlined in each portfolio manager contract. Certain fixed securities portfolio sub asset classes allow for up to twenty percent investment in non-US dollar government and corporate securities. The Equity portfolio sub asset classes have specific guidelines for international equities and global equity investments. Certain sub-asset classes do not allow "emerging" markets investments while some allow up

to twenty percent of market value to be held in emerging markets.

PERF has exposure to foreign currency fluctuation as follows (in millions):

Currency	Fair Value	Percentage of Foreign Currency
Euro	\$1086	36.7%
Japanese Yen	500	18.3%
Pound Sterling	541	17.1%
Australian Dollar	203	6.9%
Swiss Franc	138	4.7%
Swedish Krone	99	3.3%
Other	321	13.0%
Grand Total	\$2,888	100.0%

Securities Lending – Indiana Code 5-10.2-2-13(d) provides that the PERF Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which securities held by the custodian on behalf of PERF may be loaned. The purpose of such a program is to provide additional revenue for PERF.

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 Board requires that collateral securities and cash be initially pledged at one hundred two percent of the market value of the securities lent. No more than forty percent of the Fund's total assets may be lent at one time. The custodian bank and/or its securities lending subagents provide one hundred percent indemnification to the Board and the Fund against borrower default, overnight market risk, and failure to return loaned securities. Securities received as collateral cannot be pledged or sold by the Board unless the borrower defaults. PERF retains the market value risk with respect to the investment of the cash collateral.

Cash collateral investments were subject to the investment guidelines specified by the Board. The Board policy includes that the maximum weighted average days to maturity may not exceed sixty. The average term to maturity of the cash collateral portfolio was eighteen days at June 30, 2007. The securities lending agents match the maturities of the investments of cash collateral for the securities loans with stated termination dates. Cash collateral received for open-ended loans that can be terminated on demand are invested with varying maturities.

The fair value of securities lent for cash collateral at June 30, 2007, was (in millions):

Investment Type	Loan Value
Government Obligation	\$1,248
Corporate Bonds	52
Equities	1,918
Total Fair Value	\$3,218

The credit quality of the cash collateral investments at June 30, 2007, was (in millions):

Cash Collateral Investments Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 55	1.7%
AA	105	3.2%
A-1 and A-1+	3,044	92.7%
A2	31	0.9%
Not rated	49	1.5%
Total	3,284	100.0%

The majority of AAA rated collateral investments were asset backed securities. The majority of AA rated collateral investments were Guaranteed Investment Contracts. The majority of A-1 and A-1+ collateral investments were medium term corporate bonds and negotiable certificates of deposits. The Not Rated collateral investments were all repurchase agreements.

At June 30, 2007, PERF had loaned \$188 million US Treasury and Government Agency Obligations for securities collateral. The securities collateral value was \$193 million which represented one hundred two percent coverage.

At fiscal year end, PERF has no credit risk exposure to borrowers because the amount PERF owes the borrowers exceeds the amount the borrowers owe the Fund.

Derivative Financial Instruments – PERF invested in derivative financial investments as authorized by Board policy. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or market index. PERF's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to

varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. During the year, PERF's derivative investments included foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), and futures.

Foreign currency forward contracts are used to hedge against the currency risk in PERF's foreign stock and debt security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed-upon price. Fluctuations in the market value of foreign currency forward contracts are marked to market on a daily basis.

At June 30, 2007, PERF's investments included the following currency forwards balances (in millions):

Forward Currency Contract Receivables	\$ 265.4
Forward Currency Contract Payables	265.1

PERF's debt securities managers invest in CMOs to improve the yield or adjust the duration of the debt securities portfolio. As of June 30, 2007, the carrying value of the PERF's CMO holdings totaled \$237 million.

TIPS are used by PERF's debt securities managers to provide a real return against inflation (as measured by the Consumer Price Index). In addition, PERF employs TIPS at the total fund level in order to utilize their diversification benefits. As of June 30, 2007, the carrying value of the System's TIPS holdings totaled \$1.1 billion.

PERF's investment managers use financial futures to replicate an underlying security or index they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, PERF's investment managers use futures contracts to adjust the portfolios risk exposure. A financial futures

contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. 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. As of June 30, 2007, the only derivative positions held by PERF are equity index futures.

State Teachers' Retirement Fund

Investment Policy - The Fund was established to provide retirement, disability, death, and termination benefits to present and former members of the Fund and their beneficiaries who meet the statutory requirements for such benefits. The Fund must be operated for the exclusive benefit of members and their beneficiaries, pursuant to Indiana law and the Internal Revenue Code. The Fund is required by Indiana law to meet all rules applicable to a qualified plan under Section 401 of the Internal Revenue Code, in order to provide the ensuing tax advantages to its members. In addition, the Fund is a trust, exempt from taxation under Section 501 of the Internal Revenue Code. The Fund is also governed by Indiana statutes and administrative rules. See IC 5-10.2 and IC 21-6.1

Whereas, the general assembly also believes that a prudent diversification of investments by public retirement funds is an essential element of a stringent investment standard for such funds and is critical for the future; and Whereas, the general assembly finds that numerous actuarial studies of retirement funds in Indiana and other states have demonstrated that, due to the long term nature of the investment made by public retirement funds, diversification of such investments in a responsible manner reduces risk, increases income, and improves security for such funds, while a lack of diversification results in reduced income and increased risk to the retirement funds, while creating a substantial additional burden for the taxpayers who ultimately bear the burden of providing the assets for such funds in the absence of sufficient investment income; and Whereas, the general assembly desires to pass a diversification rule patterned after the stringent federal law applicable to private plans, which will provide that the trustees of each fund must diversify the investments of their fund so as to minimize the risk of large losses. Thus, the primary governing statutory provision is that the Board 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 is also required to diversify such

investments in accordance with prudent investment standards (IC 21-6.1-3-9).

It is the responsibility of the Board of Trustees to determine the allocation of assets among distinct capital markets in accordance with allowable legal limits.

At its September 26, 2006 meeting, the Board changed the strategic asset allocation to:

Domestic Equities	35%
International Equities	20%
Private Equity	10%
Real Estate	8%
Absolute Return	7%
Fixed Income	20%
	<u>100%</u>

Credit Risk - The credit risk of investments is the risk that the issuer will default and not meet their obligation. This credit risk is measured by the credit quality ratings issued by national rating agencies such as Moody's and Standard and Poor's.

The Fund's investment policy limits each fixed income manager's purchase of below Baa grade securities to 10% of the total market value of the manager's portfolio.

The following table (in thousands of dollars) provides information on the credit ratings associated with the Fund's investments in debt securities. Ratings were obtained from Moody's. On securities that Moody's did not provide a rating then a rating was obtained from Standard and Poor's.

Rating	Fair Value	Percentage of Portfolio
Aaa	\$2,847,047	64.37%
Aa1	85,242	1.93%
A1	161,457	3.65%
Baa1	309,682	7.00%
Ba1	108,048	2.44%
B1	23,464	0.53%
Caa1	7,259	0.16%
Unrated	880,789	19.92%
Total	<u>\$4,422,988</u>	<u>100.00%</u>

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Fund 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 Fund.

There was no custodial credit risk for investments including investments related to securities-lending collateral. Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5, all fund investments are held by banks under custodial agreements, all custodians are domiciled in the United States and approved by the department of financial institutions to act in a fiduciary capacity and manage custodial accounts in Indiana.

Deposit Risks – 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 account are carried at cost and are insured up to \$100,000 each. Deposits in the demand accounts held in excess of \$100,000 are not collateralized. Deposits with the Treasurer of State are entirely insured. Cash Deposits held with the custodian are carried at cost and are not insured or collateralized.

Cash Deposits (in thousands)	Total
Demand deposit account – bank balance	\$1,745
Cash held with Custodian	338,747

Concentration of Credit Risk – At June 30, 2007, TRF did not have investments in any one issuer, other than securities issued or guaranteed by the U.S. government that represented more than 5% of net

investments.

Interest Rate Risk – The Fund uses the Lehman Brothers Aggregate Index (LBA) as the benchmark for performance measurement of their fixed income managers. TRF's investment policy states that each fixed income manager must manage their portfolio so that the duration is no less than 80% and no more than 120% of the duration of the index.

Foreign Currency Risk – As of June 30, 2007, 15.62% of the Fund's investments were in foreign currencies. In addition to the Fund's international equity managers, fixed income managers are allowed to invest up to 10% of their portfolio in international bonds. The table below breaks down the Fund's exposure to each foreign currency:

Currency	Total Fair Value	Percentage of Total Fund Fair Value
Euro Currency Unit	\$485,880,326	5.48%
Japanese Yen	287,097,295	3.24%
British Pound Sterling	244,208,125	2.75%
Canadian Dollar	68,021,390	0.77%
Swiss Franc	52,537,489	0.59%
Hong Kong Dollar	35,954,326	0.41%
Australian Dollar	77,320,298	0.87%
Norwegian Krone	15,147,778	0.17%
South Korean Won	19,288,709	0.22%
Swedish Krona	38,604,377	0.44%
Other	60,273,875	0.68%
Totals	\$1,384,333,988	15.62%

The following is a summary of the Interest Rate Risk Disclosure for Teachers' Retirement Funds as of June 30, 2007 (amounts are in thousands):

As of June 30, 2007, TRF had the following investments and maturities (Amounts are in thousands).					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 359,190	\$ 72,132	\$ 14,901	\$ 134,551	\$ 137,606
U.S. Agencies	405,853	66,917	261,694	56,768	20,474
Asset backed securities	232,658	5,144	141,748	3,777	81,989
Mortgage backed securities	1,970,705	23	33,993	122,102	1,814,587
Non-government backed C.M.O.s	154,786	-	-	12,882	141,904
Commercial paper	43,674	43,674	-	-	-
Short term investment funds	425,699	425,699	-	-	-
Corporate bonds	830,339	38,709	364,496	205,741	221,393
Municipal/provincial bonds	85	-	-	-	85
Total	\$ 4,422,989	\$ 652,298	\$ 816,832	\$ 535,821	\$ 2,418,038

Securities Lending – State statutes and the Board of Trustees permit the Fund to lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Fund's custodial bank manages the securities lending program and receives securities or cash as collateral. The Fund's custodial bank maintains a list of broker-dealers that have passed their credit analysis and are eligible to borrow securities. In addition the Fund can have any borrower removed from this list by requesting the custodian not lend to this borrower. The collateral securities cannot be pledged or sold by the Fund unless the borrower defaults, but cash collateral may be invested by the Fund. Collateral securities and cash are initially

pledged at 102% of the market value of domestic securities lent and 105% on international securities lent. Collateral is adjusted to the market on a daily basis. No more than 40% of TRF's total assets may be lent at any one time. At year-end, TRF has no credit risk exposure to borrowers because the amount TRF owes the borrowers exceed the amounts the borrowers owe TRF.

Approximately 25% of the securities loans can be terminated on demand either by the Fund or by the borrower, although generally the average term of these loans is one day. Total cash collateral of \$1,449 million is invested in a pooled fund.

As of June 30, 2007, the Fund had the following securities on loan:

<u>Security Type</u>	<u>Market Value of Loaned Securities Collateralized by Cash</u>	<u>Market Value of Loaned Securities Collateralized by Noncash</u>	<u>Total Securities Loaned</u>
Global Equities	\$ 218,295,512	\$ 7,724,061	\$ 226,019,573
Global Fixed	71,860,980	--	71,860,988
U.S. Agencies	244,613,072	--	244,613,072
U.S. Corporate Fixed	63,127,308	17,295,595	80,422,903
U.S. Equities	532,546,152	10,328,211	542,874,363
U.S. Gov't Fixed	281,998,334	2,017,911	284,016,245
Total	<u>\$1,412,441,366</u>	<u>\$37,365,778</u>	<u>\$1,449,807,144</u>

TRF invested in derivative financial investments as authorized by Board policy. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or market index. TRF's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are

reviewed on a periodic basis to monitor compliance with the limits. During the year, TRF's derivative investments included cash and cash equivalent futures, equity derivatives-options, fixed income derivatives – options, rights/warrants, swaps, foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), and futures.

Cash and cash equivalent futures are used to manage exposure at the front end of the yield curve. These include swaps with duration of one (1) year or less, and Eurodollar, Euribor and other futures based on short-term interest rates. At June 30, 2007, TRF's investments in these instruments totaled a negative \$2.0 million.

Equity derivatives – options are used to gain exposure to an index or market sector. These may offer an opportunity to outperform due to active management of the liquid portfolio backing the exposure. Exposure is backed by underlying fixed-income portfolio. At June 30, 2007, the carrying value of TRF's equity derivatives – options totaled a negative \$0.4 million.

Stock Rights/Warrants give the holder the right to buy a stock at a certain price until a certain date. At June 30, 2007, the carrying value of TRF's stock rights and warrants totaled \$4.3 million.

Swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions ("received fixed") increase exposure to long-term interest rates; short positions ("pay fixed") decrease exposure. At June 30, 2007, the carrying value of TRF's swaps was \$10.5 million.

TRF's fixed income managers invest in Collateralized Mortgage Obligations to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2007, the carrying value of the TRF's CMO holdings totaled \$154.8 million.

Treasury inflation protected securities (TIPS) are used by TRF's fixed income managers to provide a real return against inflation (as measured by the Consumer Price Index). As of June 30, 2007, the

carrying value of the System's TIPS holdings totaled \$8.7 million.

TRF's investment managers use financial futures to replicate an underlying security or index they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, TRF's investment managers use futures contracts to adjust the portfolios risk exposure. A financial futures contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. At June 30, 2007 the total offset was \$652 million. 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.

B. Interfund Transactions

Interfund Loans

Interfund loans of \$63.3 million represents amounts owed by the Bureau of Motor Vehicles Commission Fund to the Motor Vehicle Highway Fund.

As explained in Note III(B) above, temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2007,

the following fund had temporary cash overdrafts covered by loans from the General Fund: the County Welfare Administration, \$4.8 million, the Federal Food Stamp Program Fund \$3.0 million, and the Major Construction Army National Guard Fund, a non-major governmental fund, \$1.0 million.

The following is a summary of the Interfund Loans as of June 30, 2007:

Interfund Loans - Current		
	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	\$ 19,181	\$ -
Motor Vehicle Highway Fund	63,277	-
Nonmajor Governmental Funds	-	82,458
Total Governmental Funds	<u>82,458</u>	<u>82,458</u>
Total Interfund Loans	<u>\$ 82,458</u>	<u>\$ 82,458</u>

Interfund Services Provided/Used

Interfund Services Provided of \$10.1 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, 2007:

Interfund Services Provided/Used		
	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	\$ -	\$ 2,290
Motor Vehicle Highway Fund	-	3,639
State Highway Department	-	571
Tobacco Settlement Fund	-	4
Nonmajor Governmental Funds	-	3,578
Total Governmental Funds	-	10,082
Proprietary Funds		
Internal Service Funds	10,082	-
Total Proprietary Funds	10,082	-
Total Interfund Services Provided/Used	\$ 10,082	\$ 10,082

Due From/Due Tos

Current – Interfund balances of \$31.1 million represent the total of payment delays from the General Fund to the seven discretely presented colleges and universities throughout the State of Indiana. The Interfund balance of \$33.3 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. In addition, interfund balances of \$7.0 million represent the amount owed by the Integrated Public Safety Commission to the Indiana Finance Authority. \$435 thousand is owed by the General Fund to the Indiana Finance Authority.

The Indiana Finance Authority also owed \$15.1 million to the General Fund.

Non-current – Interfund balances of \$31.0 million represent the total of payment delays from the General Fund to the seven discretely presented colleges and universities throughout the State of Indiana. In June, 2004, the General Fund borrowed \$50.0 million, 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, 2013, or by a budget request submitted to the 2013 session of the general assembly. These non-current interfund balances appear on the government-wide statements, but not the General Fund statements.

Interfund balances of \$383 thousand represent amounts owed to the Brownfield Cleanup Revolving Fund from the Indiana Finance Authority.

The following are current and non-current schedules of Due From/Due Tos of Component Units, as of June 30, 2007:

Component Units - Current				
	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	\$ -	\$ 31,566	\$ 15,050	\$ -
Nonmajor Governmental Funds	-	7,006	33,370	-
Total Governmental Funds	-	38,572	48,420	-
Component Units				
Indiana University	12,275	-	-	-
Purdue University	8,595	-	-	-
Nonmajor Universities	10,261	-	-	-
Indiana Finance Authority	7,441	-	-	15,090
State Lottery Commission	-	-	-	33,330
Total Component Units	38,572	-	-	48,420
Total Due From/To	\$ 38,572	\$ 38,572	\$ 48,420	\$ 48,420

Component Units - Non-current				
	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	\$ -	\$ 81,028	\$ 383	\$ -
Total Governmental Funds	-	81,028	383	-
Component Units				
Indiana University	12,172	-	-	-
Purdue University	8,595	-	-	-
Nonmajor Universities	10,261	-	-	-
Indiana Finance Authority	-	-	-	383
Board for Depositories	50,000	-	-	-
Total Component Units	81,028	-	-	383
Total Due From/To	\$ 81,028	\$ 81,028	\$ 383	\$ 383

Transfers of a member's reserves are made between the State Teachers' Retirement Fund (TRF) and the Public Employees' Retirement Fund (PERF) when a member has service at the time of retirement that is covered by both funds. Service covered by PERF and the related Annuity Savings Account balance will be used by TRF at the time of retirement in calculating the member's retirement benefit from TRF if the member was last employed in a TRF covered position. If the member was last employed in a PERF covered position, PERF will use the member's TRF service and Annuity Savings Account balance. At the

time the retirement is calculated TRF sets up a receivable from PERF (Due from component unit) for both the Annuity Savings Account balance and the calculated reserve for the service credit brought in from PERF. This receivable is included as a line item in the "Receivables" section of TRF's Statement of Fiduciary Net Assets. On the reverse side, TRF recognizes a payable (Due to component unit) in the Liabilities section of the Statement of Fiduciary Net Assets for TRF amounts used in calculating a PERF retiree's benefit. The reverse of the above holds true for PERF.

The following is a schedule of Due From/ Due Tos within Component Units, as of June 30, 2007:

Within Component Units		
	Due From Component Units	Due To Component Units
Discretely Presented Component Units Pension Trust:		
Pension Trust		
Public Employees' Retirement Fund	\$ -	\$ 2,099
State Teachers' Retirement Fund	2,099	-
	<u>2,099</u>	<u>2,099</u>
Total Discretely Presented Component Units Pension Trust	<u>2,099</u>	<u>2,099</u>
Total Due From / To	<u>\$ 2,099</u>	<u>\$ 2,099</u>

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 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 – The General Fund had the following transfers in: \$1.75 billion was transferred in to reimburse the General Fund for the Property Tax Replacement Fund's (PTRF) share of tuition support per legislation. \$73.3 million was transferred in from the PTRF per legislation. \$7.3 million came from the PTRF instead of being distributed to Marion County. This money was applied to Marion County's juvenile detention charges delinquent balance. \$205.0 million in tax collections was transferred in from the Collections Fund for personal and corporate income taxes and sales taxes. The General Fund's Motor Vehicle Excise Tax Replacement Account received \$236.3 million in transfers in from the Build Indiana Fund per legislation. The General Fund also received \$151.8 million in transfers in from the Mental Institutions Fund. This was reimbursement for the Medicaid expenses that the General Fund incurred throughout the year. \$21.7 million and \$38.8 million

were transferred in from Public Welfare-Medicaid Assistance fund, for quality assessment fees collected in FY 2007 and for the disproportionate share hospital (DSH) program, respectively. \$57.7 million was transferred in from the Tobacco Settlement Fund for health and welfare purposes.

\$11.3 million was transferred in from the Comfort and Welfare Fund to the General Fund for the Indiana Veterans Home.

The following were transfers out from the General Fund: \$1.52 billion was transferred to the Medicaid Assistance Fund for Medicaid and disability and the disproportionate share hospital (DSH) program. \$691.4 million was transferred from the General Fund to the PTRF. The General Fund also transferred \$12.3 million to the PTRF in riverboat tax credits per IC 6-3.1-20-7. \$120.7 million represents appropriation transfers out to the Higher Education Fund. \$82.1 million, \$93.5 million, and \$70.0 million of grant appropriations were transferred from the General Fund to the Welfare-State and Federal Assistance Fund, the Mental Health Center Fund, and the DCS Local Office Administration Fund, respectively. In addition, \$55.2 million in grant appropriations were transferred to the County Welfare Administration Fund.

\$32.0 million went to the Common School Principal Fund to post repayment of construction loans for schools rather than distributing their appropriations to them. \$55.9 million was transferred from the General Fund to the Motor Vehicle Highway Fund for State Police expenditures, pensions, and overtime. \$44.1 million and \$46.0 million represent appropriation

transfers out to the Welfare-Medicaid Administration Fund and the Freedom of Choice Fund, respectively. Another \$31.3 million of grants were transferred to the Title XX Fund for aging, community service, and welfare. \$20.3 million of grants were transferred to the Public Health Service Fund for auto emission testing, environmental and water management operation, and substance abuse treatment. \$21.2 million for administration and awards went to the 21st Century Scholars Fund. \$20.0 million of grants were transferred to the Vocational Rehabilitation Fund for vocational rehabilitation and case management. Grant and appropriations of \$19.6 million were transferred to the Welfare-Work Incentive Fund for the Family and Social Services Administration (FSSA) and Temporary Assistance for Needy Families (TANF). \$17.2 million represents grant appropriation and interest transfers for the Central Reimbursement Office (CRO) Program Administration, the Electronic Benefits Transfer Project, Support of Enforcement Tracking, and Revenue Recovery in the Title 4D Social Security Fund. \$9.4 million represent transfers out to the State Parks and Reservoirs Fund. There was \$8.8 million in transfers to the Fish and Wildlife Fund. \$12.8 million was transferred to the Public Defense Fund. \$10.0 million represents transfers to the Department of Correction Title XX Fund.

Motor Vehicle Highway Fund – The Motor Vehicle Highway Fund received transfers in of \$62.0 million from the Bureau of Motor Vehicles Holding Account, representing vehicle licenses and fees. \$49.5 million was transferred in from the General Fund to reimburse the Motor Vehicle Fund for expenses it incurred for the State Police. \$32.0 million was transferred in from the International Registration Plan fund and represents Indiana's share of revenues collected under this plan. \$32.0 million was transferred in from the Gasoline and Special Fuel Tax fund for distribution to counties, cities, and towns per IC 6-6-1.1-801.5(c). \$5.3 million was transferred in from the Motor Carrier Regulation Fund.

Transfers out included \$310.0 million to the State Highway Department Fund. By legislation the remainder of the amount in the Motor Vehicle Highway Fund, after distributions to cities, towns, and counties, and after other legislative required transfers, goes to the State Highway Department Fund. \$31.1 million was transferred out to the Underground Petroleum Storage Tank (UPST) Excess Liability Fund. This represents fees, fines and penalties assessed to owners of underground storage tanks. \$19.0 million was motor carrier surtaxes transferred out to the Road and Street Primary Highway Fund.

Medicaid Assistance Fund – The Medicaid Assistance Fund had a transfer in of \$1.52 billion from

the General Fund for Medicaid and Disability and the disproportionate share hospital (DSH) program. \$144.5 million was transferred in from the Medicaid Indigent Care Trust. There were also transfers in of \$88.0 million from the Mental Health Center Fund, \$22.7 million from the Tobacco Settlement Fund for the Children's Health Insurance Program (CHIP Assistance).

Transfers out included \$65.2 million to the Mental Institutions Fund for Medicaid DSH providers, \$33.0 million was transferred out for the Hospital Care for the Indigent (HCI) Supplemental payments and \$61.0 million to the General Fund for the DSH program.

Major Moves Construction Funds – The Major Moves Construction Funds had a transfer out of \$187.7 million to the State Highway Department Fund for consulting and construction purposes.

State Highway Department Fund – The State Highway Department had the following transfers in: \$310.3 million was transferred in from the Motor Vehicle Highway Fund. This is a legislative transfer as described above under the Motor Vehicle Highway Fund. \$133.0 million was transferred in from the Road and Street Primary Highway Fund. \$187.7 million was transferred in from the Major Moves Construction Fund.

Property Tax Replacement Fund – The Property Tax Replacement Fund (PTRF) received the following transfers in: \$695.0 million in income taxes and \$73.0 million in reimbursement from the General Fund for tuition support. \$625.0 million in gaming taxes were collected in the State Gaming Fund and transferred to the PTRF. Another \$44.3 million in sales taxes were collected in the Tax Collection Fund and transferred to the PTRF.

The PTRF had the following transfers out: \$1.2 billion was transferred to reimburse the General Fund for the PTRF's share of tuition support per legislation. \$94.7 million of wagering tax was transferred out to the Build Indiana Fund per legislation. \$15.9 million was transferred out for the riverboat supplemental admission tax transfer.

Tobacco Settlement Fund – The Tobacco Settlement Fund transferred in \$3.2 million for local health maintenance purposes.

The Tobacco Settlement Fund had the following major transfers out: \$57.5 million was for health and welfare purposes in the General Fund. \$37.5 million of the transfers out was for the 21st Century Research and Technology Fund. Another \$22.6 million was for the Children's Health Insurance Program (CHIP

Assistance).
Proprietary Funds

Non-Major Enterprise Funds

The Inns and Concessions Fund – This fund had transfers in of \$1.0 million, representing cash contributions from the Department of Natural Resources (DNR) in the General Fund for capital projects at the DNR Inns.

Internal Service Funds

\$3.8 million was transferred from the General Fund to the Institutional Industries Fund, an internal Service Fund. These transfers represent a return of funds which were previously transferred to the General Fund per legislation at the end of the prior fiscal year

\$2.8 million was transferred at year end to the General Fund from the Institutional Industries Fund. This is transferred at the end of the current fiscal year per legislation.

Administrative Services, an internal service fund, transferred excess funds of \$3.0 million to the General Fund. \$0.8 million of capital contribution was transferred from the Department of Natural Resources, the Indiana State Police and the Indiana Department of Transportation to the Administrative Services.

A summary of interfund transfers for the year ended June 30, 2007 is as follows:

	Operating transfers in	Operating transfers (out)	Net transfers
Governmental Funds			
General Fund	\$ 2,616,812	\$ (3,462,498)	\$ (845,686)
Motor Vehicle Highway Fund	191,635	(373,827)	(182,192)
Medicaid Assistance	1,931,825	(212,873)	1,718,952
Major Moves Construction Fund	-	(187,665)	(187,665)
State Highway Department	636,457	(5,998)	630,459
Property Tax Replacement Fund	1,438,055	(1,867,126)	(429,071)
Tobacco Settlement Fund	10,562	(134,948)	(124,386)
Nonmajor Governmental Fund	2,359,740	(2,939,930)	(580,190)
Proprietary Funds			
Inns and Concessions	1,006	-	1,006
Internal Service Funds	4,690	(5,917)	(1,227)
	<u>\$ 9,190,782</u>	<u>\$ (9,190,782)</u>	<u>\$ -</u>

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			Total Primary Government
	General Fund	Special Revenue Funds	Capital Projects Funds	
Income taxes	\$ 1,117,784	\$ 10,197	\$ -	\$ 1,127,981
Sales taxes	399,799	411,269	-	811,068
Fuel taxes	-	116,968	-	116,968
Gaming taxes	192	1,892	-	2,084
Inheritance taxes	38,984	1	-	38,985
Alcohol and tobacco taxes	40,310	5,382	2,228	47,920
Insurance taxes	4,411	122	-	4,533
Financial institutions taxes	-	14,741	-	14,741
Other taxes	6,445	39,627	-	46,072
Total taxes receivable	1,607,925	600,199	2,228	2,210,352
Less allowance for uncollectible accounts	(240,300)	(73,357)	(57)	(313,714)
Net taxes receivable	<u>\$ 1,367,625</u>	<u>\$ 526,842</u>	<u>\$ 2,171</u>	<u>\$ 1,896,638</u>
Tax refunds payable	<u>\$ 49,126</u>	<u>\$ 5,318</u>	<u>\$ -</u>	<u>\$ 54,444</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2007, was as follows:

Primary Government – Governmental Activities

	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,182,497	\$ 66,623	\$ (1,172)	\$ 1,247,948
Infrastructure	7,584,212	6,568	-	7,590,780
Construction in progress	416,202	29,299	(100,300)	345,201
Total capital assets, not being depreciated	<u>9,182,911</u>	<u>102,490</u>	<u>(101,472)</u>	<u>9,183,929</u>
Capital assets, being depreciated:				
Buildings and improvements	1,434,828	13,230	(54,988)	1,393,070
Furniture, machinery, and equipment	359,851	21,731	(12,077)	369,505
Infrastructure	14,235	-	-	14,235
Total capital assets, being depreciated	<u>1,808,914</u>	<u>34,961</u>	<u>(67,065)</u>	<u>1,776,810</u>
Less accumulated depreciation for:				
Buildings and improvements	(687,807)	(33,173)	35,223	(685,757)
Furniture, machinery, and equipment	(212,102)	(31,859)	8,298	(235,663)
Infrastructure	(12,684)	(236)	-	(12,920)
Total accumulated depreciation	<u>(912,593)</u>	<u>(65,268)</u>	<u>43,521</u>	<u>(934,340)</u>
Total capital assets being depreciated, net	<u>896,321</u>	<u>(30,307)</u>	<u>(23,544)</u>	<u>842,470</u>
Governmental activities capital assets, net	<u>\$ 10,079,232</u>	<u>\$ 72,183</u>	<u>\$ (125,016)</u>	<u>\$ 10,026,399</u>

Primary Government – Business-Type Activities

	Balance July 1	Increases	Decreases	Balance June 30
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,466	\$ 452	\$ (21)	\$ 21,897
Furniture, machinery, and equipment	752	59	-	811
Total capital assets, being depreciated	<u>22,218</u>	<u>511</u>	<u>(21)</u>	<u>22,708</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,353)	(542)	21	(10,874)
Furniture, machinery, and equipment	(701)	(27)	-	(728)
Total accumulated depreciation	<u>(11,054)</u>	<u>(569)</u>	<u>21</u>	<u>(11,602)</u>
Total capital assets being depreciated, net	<u>11,164</u>	<u>(58)</u>	<u>-</u>	<u>11,106</u>
Business-type activities capital assets, net	<u>\$ 11,164</u>	<u>\$ (58)</u>	<u>\$ -</u>	<u>\$ 11,106</u>

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

Governmental activities:	
General government	\$ 3,645
Public safety	25,519
Health	2,094
Welfare	5,309
Conservation, culture and development	9,991
Education	1,238
Transportation	17,472
Total depreciation expense - governmental activities	<u>\$ 65,268</u>
Business-type activities:	
Inns and Concessions	<u>\$ 569</u>
Total depreciation expense - business-type activities	<u>\$ 569</u>

E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2007 and the assets acquired through capital leases are as follows:

Future minimum lease payments			
Year ending June 30,	Operating leases	Capital leases	Governmental Activities
2008	\$ 40,178	\$ 106,988	
2009	33,374	104,387	
2010	27,550	104,106	
2011	21,952	103,938	
2012	17,613	102,398	
2013-2017	31,404	504,223	
2018-2022	762	510,714	
2023-2027	617	500,141	
2028-2032	-	202,555	
2033-2037	-	1,164	
Total minimum lease payments (excluding executory costs)	<u>\$ 173,450</u>	2,240,614	
Less:			
Remaining premium(discount)		(55,571)	
Amount representing interest		(851,944)	
Present value of future minimum lease payments		<u>\$ 1,333,099</u>	
Assets acquired through capital lease			
Land		\$ 8,000	
Infrastructure		1,314,922	
Building		43,755	
Machinery and equipment		3,586	
less accumulated depreciation		(6,649)	
		<u>\$ 1,363,614</u>	

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 \$44.25 million for the year ended June 30, 2007. A table of future minimum lease payments (excluding executory costs) is presented on the previous page.

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, 2007 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	\$ 130,758	\$ 71,675	\$ (66,747)	\$ 135,686	\$ 76,785	\$ 58,901
Due to component unit	158,343	1,258	(40,001)	119,600	38,572	81,028
Net pension obligation	12,309	(2,754)	772	10,327	-	10,327
Intergovernmental payable	2,210,822	-	(1,943,166)	267,656	197,656	70,000
Claims liability	16,309	-	(16,309)	-	-	-
Capital leases	1,307,072	63,714	(37,687)	1,333,099	38,170	1,294,929
	<u>\$ 3,835,613</u>	<u>\$ 133,893</u>	<u>\$ (2,103,138)</u>	<u>\$ 1,866,368</u>	<u>\$ 351,183</u>	<u>\$ 1,515,185</u>
Business-type activities:						
Compensated absences	\$ 374	\$ 219	\$ (187)	\$ 406	\$ 179	\$ 227
Claims liability	46,195	9,701	(3,466)	52,430	2,494	49,936
	<u>\$ 46,569</u>	<u>\$ 9,920</u>	<u>\$ (3,653)</u>	<u>\$ 52,836</u>	<u>\$ 2,673</u>	<u>\$ 50,163</u>

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 and the Prosecuting Attorney's Retirement Fund as presented in Note V(E), amounts due to component units, amounts due the federal government and compensated absence obligations. The General Fund typically has been used to liquidate other long-term liabilities.

Long-term obligations of the business-type activities consists 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, 2007, 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 the Special Revenue funds and the government-wide statements, there is an increase of \$1.5 billion in fund balance/net assets for the overstatement of the payable for payments to local units for the replacement of property taxes in FY 2006.

For the government-wide statements, there was an increase of \$26.9 million in net assets for capital assets. This was the result of several State agencies not capitalizing capital assets acquired prior to June 30, 2006, by that date.

For the government-wide statements, there is a

decrease of \$10.0 million in net assets for Department of Administration (DOA) work in process. This was the result of projects that had been completed prior to June 30, 2006 but were not indicated as finished projects in DOA work in process' system.

For the Internal Service funds and the government-wide statements, there is a decrease of \$12.7 million in net assets for the State Employee Health Insurance fund as a result of corrections of errors.

In the fund statements for the Special Revenue funds, there is an increase of \$63.2 million in fund balance of the Motor Vehicle Highway fund and a corresponding decrease in the Bureau of Motor Vehicles Commission fund (a non-major governmental fund). This is due to the reinstatement of an interfund loan that was written off in prior years as uncollectible. Per a memorandum of understanding between the State Budget Agency and the Bureau of Motor Vehicles Commission this interfund loan was reinstated in FY 2007.

The following schedule reconciles June 30, 2006 net assets as previously reported, to beginning net assets, as restated:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>All Discretely Presented Component Units (Non Fiduciary)</u>
June 30, 2006, fund balance/net assets as reported	\$ 15,927,485	\$ 458,800	\$ 6,667,561
Prior period adjustments	<u>1,464,083</u>	<u>(43)</u>	<u>(2,306)</u>
Balance July 1, 2006 as restated	<u><u>\$ 17,391,568</u></u>	<u><u>\$ 458,757</u></u>	<u><u>\$ 6,665,255</u></u>

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 does purchase commercial insurance related to certain employee health benefits. 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
<u>2007</u>				
Unpaid Claims, July 1	\$ 1,517	\$ 15,767	\$ 4,155	\$ 21,439
Incurred Claims and Changes in Estimate	21,807	199,268	23,845	244,920
Claims Paid	(21,274)	(196,826)	(24,369)	(242,469)
Unpaid Claims, June 30	<u>\$ 2,050</u>	<u>\$ 18,209</u>	<u>\$ 3,631</u>	<u>\$ 23,890</u>
<u>2006</u>				
Unpaid Claims, July 1	\$ 2,197	\$ 19,058	\$ 4,242	\$ 25,497
Incurred Claims and Changes in Estimate	20,377	196,577	27,339	244,293
Claims Paid	(21,057)	(199,868)	(27,426)	(248,351)
Unpaid Claims, June 30	<u>\$ 1,517</u>	<u>\$ 15,767</u>	<u>\$ 4,155</u>	<u>\$ 21,439</u>

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.

With respect to tort claims only, the State's liability is limited to: (A) three hundred thousand dollars (\$300,000) for a cause of action that accrues before January 1, 2006; (B) five hundred thousand dollars (\$500,000) for a cause of action that accrues on or after January 1, 2006, and before January 1, 2008; or (C) seven hundred thousand dollars (\$700,000) for a cause of action that accrues on or after January 1, 2008, for injury or death of one person in any one occurrence and \$5 million for injury or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities of \$12 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2007, the State paid \$10.4 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

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 about 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The federal 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. State expenditures will be gradually reduced as the plan is phased out.

In July 1993 Plaintiffs filed a lawsuit in a state trial court alleging that the State has failed to pay certain similarly classed State employees at an equal rate of

pay from 1973 to 1993. The court certified Plaintiffs' class, and class notification is complete. No trial date has been set. Plaintiffs seek damages in an unspecified amount, as well as attorneys' fees and costs. If plaintiffs are successful the damages will be in excess of \$10 million.

In February 2000 a case was filed involving Section 1983 Civil Rights actions by a chain of nursing facilities and an Immediate Care Facility for the Mentally Retarded (ICF-MR) alleging conspiracy to run them out of business. Summary Judgment entered in favor of Defendants in April 2007. On Appeal. Plaintiffs believe their damages and attorney fees to be approximately \$120 million.

In June 2000 Plaintiffs filed a class action lawsuit alleging that the Marion County Sheriff (Sheriff) and the Indiana Department of Administration (IDOA) entered into illegal telecommunication contracts that allowed Sheriff and IDOA to collect commissions from the collect call telephone service which is provided to inmates, and that Sheriff and IDOA caused the telecommunication providers to charge unreasonable telephone rates. Plaintiffs' allegations against IDOA specifically claim that IDOA breached its common law duty of reasonableness, levied unauthorized taxes, was unjustly enriched and violated Indiana's antitrust statute. Defendants' Motion For Summary Judgment granted. On Appeal. If plaintiffs are successful, the damages could be in excess of \$12 million.

In July 2002 a breach of contract action was filed against the State alleging that the Indiana Department of Environmental Management (IDEM) failed to abide by the terms of an agreed order relating to clean-up costs directed by the federal government (EPA). The Plaintiff is seeking \$18 million in damages. In January 2007 the judge issued a judgment against the defendant. The Trial Court awarded Plaintiff \$16.5 million. In November 2007 the Court of Appeals reversed the judgment, holding that as a matter of policy IDEM did not breach the agreed order by advising EPA that Plaintiff's proposed clean-up levels were twenty times higher than EPA's clean-up levels. Plaintiff is likely to seek rehearing and/or transfer.

In July 2005 Marion County challenged: (1) constitutionality of statute that requires County to pay State for approximately \$62 million expenses of juvenile incarceration in arrears; and (2) the misapplication of Indiana Code Sections 11-10-2-3 and 4-24-7-2, in that Marion County has been assessed by the State for costs incurred by Department of Correction institutions other than the Boys School and the Girls School. The court granted St. Joseph and Clark Counties' motion to intervene as Plaintiffs. In May 2007 the court entered final judgment on behalf of defendants on all claims. In

May 2007 Plaintiffs filed their Notice of Appeal. The case is now assigned to the Attorney General Appellate Division and remains pending before the Indiana Court of Appeals.

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%. All earnings from the investments of the Rainy Day Fund remain in the Rainy Day Fund. 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 into the Property Tax Replacement 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 2007 was \$344.2 million. Total outstanding loans were \$17.0 million, resulting in total assets of \$361.2 million.

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).

Summary of Significant Accounting Policies (Primary government and discretely presented component units)

The accrual basis is used for financial statement reporting purposes. Receivables are not maintained on the accounting records, but are calculated or estimated for financial statement reporting purposes. Throughout the year, the investments are maintained on the accounting records at the net asset value per the custodian bank. The custodian maintains records of the detail holdings and accounts that comprise the net asset value. At fiscal year end, the accounting records and financial statements recognize the investment receivables and payables as described below in Investment Unit Trust Accounting. Investments of defined benefit plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

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

State Police Retirement Fund (Presented as a pension fund)

Plan Description 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.

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 actuarial cost 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 funded over a forty-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage 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.

Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan (Presented as part of PERF – a discretely presented component unit)

Plan Description The Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan (ECRP) is a defined benefit single-employer plan administered by the Board of Trustees of the Public Employees' Retirement Fund. The retirement fund is for employees of the Indiana Department of Natural Resources, Indiana Alcohol and Tobacco Commission and the Indiana Gaming Commission who are engaged exclusively in the performance of law enforcement duties.

The Excise Police, Gaming Agent 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 Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy Members are required by statute to contribute three percent of the first \$8,500 of annual salary to the Plan. The State of Indiana, as employer, is required by statute to contribute the remaining amount necessary to actuarially finance the coverage; the current rate is 21% of covered payroll.

The funding policy for employer contributions of the Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan provides for biennial appropriations authorized by the Indiana General Assembly, which when combined with anticipated member contributions are sufficient to

actuarially fund benefits (normal cost), amortize the unfunded accrued liability for thirty years, and prevent the State's unfunded accrued liability from increasing.

Prosecuting Attorneys' Retirement Fund (Presented as part of PERF – a discretely presented 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 Public Employees' Retirement Fund. The Prosecuting Attorneys' Retirement Fund provides retirement, disability retirement, and survivor benefits for individuals who serve as a prosecuting attorney or chief deputy prosecuting attorney on or after January 1, 1990.

These individuals are paid from the General Fund of the State of Indiana. Indiana Code 33-39-7 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

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 Board of Trustees on the recommendations of an actuary, is to be appropriated from the State's General Fund.

Legislators' Retirement System – Legislators' Defined Benefit Plan (Presented as part of PERF – a discretely presented component unit)

Plan Description The Legislators' Defined Benefit Plan (IC 2-3.5-4), a defined benefit single-employer PERS, applies to each member of the General Assembly who was serving on April 30, 1989 and files 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 Public Employees' Retirement Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

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

Judges' Retirement System (Presented as part of PERF – a discretely presented 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 Public Employees' Retirement Fund. The Judges' Retirement System provides retirement, disability retirement, and survivor benefits. Coverage is for any person who has served, is serving or shall serve as a regular judge of any of the following courts: Supreme Court of the State of Indiana; Circuit Court of any Judicial Circuit; Indiana Tax Court; County Courts including Circuit, Superior, Criminal, Probate, Juvenile, Municipal and County Court. IC 33-38-8 applies to judges beginning service after August 31, 1985. Indiana Code 33-38-6 and -7 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy Member contributions are established by statute at six percent of total statutory compensation and are deducted from the member's salary or paid by the employer, and remitted by the Auditor of State or County Auditor. However, no contribution is required and no such amounts shall be paid on behalf of any participant for more than twenty-two years.

Employer contributions are determined 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 statutes also provide for remittance of docket fees and court fees. These are considered employer contributions.

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

Public Employees' Retirement Fund (Presented as part of PERF – a discretely presented component unit)

Plan Description The Public Employees' Retirement Fund (PERF) is a defined benefit agent multiple-employer plan administered by the Public Employees' Retirement Fund Board of Trustees. PERF provides retirement, disability retirement, and survivor benefits. Indiana Code 5-10.2 and 5-10.3 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162. At June 30, 2007, the number of participating political subdivisions was 1,180.

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 employer contributions are determined by the Board of Trustees based on actuarial investigation and valuation. PERF funding policy provides for periodic employer contributions at actuarially determined rates, that, expressed as percentage of annual covered payroll, are sufficient to fund the pension portion of the retirement benefit (normal cost), administrative expenses, and anticipated increase in the unfunded actuarial accrued liability for the next fiscal year. In addition, employers must remit quarterly payment of the amortization of the initial prior service cost. The amortization period is forty years for those employers whose effective date of participation was before 1997. The amortization period for employers joining thereafter will be reduced 1 year per year until 2007 when it will be leveled at 30 years. Effective July 1, 2002, the amortization period for all employers is thirty years.

Contributions made by or on the behalf of members are not actuarially determined but are set by statute at three percent (3%) of wages. These contributions are credited to the member's annuity savings account that funds the annuity portion of the retirement benefit. The State is required to contribute for State employees at an actuarially determined rate; the current rate is 6.3% of covered payroll.

The Annual Pension Cost and Net Pension Obligations, the significant actuarial assumptions, and the historical trend information of the single and agent multiple employer defined benefit plans are as follows:

(amounts expressed in thousands)	Primary Government	-----Discretely Presented Component Unit-----					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
Annual Pension Cost and Net Pension Obligation (Asset)							
Annual required contribution	\$ 9,472.5	\$ 87,947.0	\$ 162,088.9	\$ 2,709.5	\$ 14,931.5	\$ 951.8	\$ 90.8
Interest on net pension obligation	795.1	(5,541.0)	(10,445.9)	(39.7)	(906.7)	68.7	(12.6)
Adjustment to annual required contribution	(906.4)	6,314.0	11,903.9	45.2	1,033.3	(78.3)	18.1
Annual pension cost	9,361.2	88,720.0	163,546.9	2,715.0	15,058.1	942.2	96.3
Contributions made	(12,113.6)	(72,890.0)	(150,818.7)	(2,498.1)	(13,537.1)	(170.0)	(100.0)
Increase (decrease) in net pension obligation	(2,752.4)	15,830.0	12,728.2	216.9	1,521.0	772.2	(3.7)
Net pension obligation, beginning of year	11,359.4	(76,421.0)	(144,081.2)	(548.2)	(12,506.7)	947.3	(174.2)
Net pension obligation, end of year	\$ 8,607.0	\$ (60,591.0)	\$ (131,353.0)	\$ (331.3)	\$ (10,985.7)	\$ 1,719.5	\$ (177.9)
Significant Actuarial Assumptions							
Investment rate of return	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Projected future salary increases:							
		Based on PERF experience 2000-2005	Based on PERF experience 1995-2000				
Total	7.60%			4.50%	4.00%	4.00%	3.00%
Attributed to inflation	*	*	*	*	*	*	*
Cost of living adjustments	N/A	1.50%	1.50%	1.50%	N/A	N/A	1.50%
Contribution rates:							
State	15.30%	6.30%	6.30%	21.00%	36.00%	5.40%	20.00%
Plan members	6.00%	3.00%	3.00%	3.00%	6.00%	6.00%	5.00%
Actuarial valuation date	7/1/2007	7/1/2006	7/1/2006	7/1/2006	7/1/2006	7/1/2006	7/1/2006
Actuarial cost method	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	benefit (unit credit)
Amortization method	level percent	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar
Amortization period	40 years	30 years	30 years	30 years	30 years	30 years	30 years
Amortization period (from date)	7/1/1997	7/1/2002	7/1/2002	7/1/2002	7/1/2004	N/A	7/1/1992
Amortization period (open or closed)	closed	closed	open	closed	closed	open	closed
Asset valuation method	smoothed basis	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	smoothed market value	smoothed market value	smoothed market value	smoothed market value
Historical Trend Information							
<u>Year ended June 30, 2007</u>							
Annual pension cost (APC)	\$ 9,361.2	*	*	*	*	*	*
Percentage of APC contributed	129.4%	*	*	*	*	*	*
Net pension obligation (asset)	\$ 8,607.0	*	*	*	*	*	*
<u>Year ended June 30, 2006</u>							
Annual pension cost (APC)	\$ 12,611.3	88,720.0	163,546.9	2,715.0	15,058.1	942.2	96.3
Percentage of APC contributed	59.8%	82.2%	92.2%	92.0%	89.9%	18.0%	103.8%
Net pension obligation (asset)	\$ 11,361.6	(60,591.0)	(131,353.0)	(331.3)	(10,985.7)	1,719.5	(177.9)
<u>Year ended June 30, 2005</u>							
Annual pension cost (APC)	\$ 12,055.2	\$ 70,498.0	\$ 134,838.2	\$ 1,868.1	\$ 10,180.9	\$ 884.0	\$ 90.2
Percentage of APC contributed	69.6%	89.0%	109.3%	115.9%	133.0%	108.7%	227.8%
Net pension obligation (asset)	\$ 6,286.0	\$ (76,421.0)	\$ (144,081.2)	\$ (548.2)	\$ (14,867.2)	\$ 947.4	\$ (174.2)
<u>Year ended June 30, 2004</u>							
Annual pension cost (APC)	\$ 10,382.8	\$ 55,063.0	\$ 115,475.6	\$ 2,191.8	\$ 10,580.4	\$ 136.0	\$ 94.4
Percentage of APC contributed	80.8%	164.7%	121.9%	96.7%	122.5%	686.0%	217.7%
Net pension obligation (asset)	\$ 1,774.4	\$ (83,416.0)	\$ (131,570.4)	\$ (251.7)	\$ (11,507.9)	\$ 1,024.4	\$ (58.9)
SPRF - State Police Retirement Fund							
PERF - Public Employees' Retirement Fund							
ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees)							
JRS - Judges' Retirement System (Administered by the PERF board of trustees)							
PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees)							
LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
N/A - not applicable							
* - information not available							

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

State Teachers' Retirement Fund (Presented as a discretely presented component unit)

Plan Description The State Teachers' Retirement Fund (STRF), is a defined benefit, multiple-employer cost-sharing PERS, administered by the Indiana State Teachers' Retirement Fund Board of Trustees. Indiana Code 21-6.1 (Repealed by P.L.2-2007, SEC.390.) governs the requirements of the Fund. The Indiana State Teachers' Retirement Fund Board of Trustees 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 State Teachers' Retirement Fund, 150 West Market Street, Suite 300, Indianapolis, IN 46204, or by calling 317-232-3860.

At June 30, 2007, the number of participating employers was 389.

Funding Policy Each school corporation contributes the employer's share to the Fund for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995 (post July 1, 1995 plan). The employer's share of contributions for certified personnel who are not employed under a federally funded program or were hired before July 1, 1995 is considered to be an obligation of, and is paid by, the State of Indiana (pre July 1, 1995 plan). The State Teachers' Retirement Fund has a total unfunded actuarial liability as of June 30, 2007, of \$9.7 billion. Indiana law provides that the STRF is on a "pay-as-you-go" basis. The Indiana General Assembly appropriated sufficient funds to provide for the State's estimated liability for the current

year. These appropriations include revenues from the State Lottery Commission.

1977 Police Officers' and Firefighters' Pension and Disability Fund (Presented as part of PERF – a discretely presented component unit)

Plan Description The 1977 Police Officers' and Firefighters' Pension and Disability Fund (PFPF) is a defined benefit, multiple employer cost sharing Public Employees Retirement System administered by the Public Employees' Retirement Fund Board of Trustees. PERF provides retirement, disability retirement, and survivor benefits. Indiana Code 36-8-8 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

At June 30, 2007, the number of participating employer units totaled 161 (253 police and fire departments).

Funding Policy A participant is required by statute to contribute six percent of a first class officer or firefighter's salary for the term of their employment up to thirty-two years. Employer contributions are determined actuarially. 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 historical trend information, for the cost sharing, multiple-employer plans are as follows:

	<u>Discretely Presented Component Units</u>	
	<u>STRF</u>	<u>PFPF*</u>
<u>Historical Trend Information</u>		
<u>Year ended June 30, 2007</u>		
Annual required contribution	\$ 742,882.0	\$ 102,964.0
Percentage contributed	78%	158%
<u>Year ended June 30, 2006</u>		
Annual required contribution	\$ 672,555.5	\$ 97,286.4
Percentage contributed	104%	107%
<u>Year ended June 30, 2005</u>		
Annual required contribution	\$ 619,186.0	\$ 92,833.7
Percentage contributed	78%	127%
STRF - State Teachers' Retirement Fund		
PFPF - 1977 Police Officers' and Firefighters' Retirement Fund (Administered by PERF)		
* - year ended December 31		

The State sponsors the following defined contribution plan:

Legislators' Retirement System – Legislators' Defined Contribution Plan (Presented as part of PERF – a discretely presented 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 Public

Employees' Retirement Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute five percent of his annual salary. In addition, the State of Indiana is required to contribute 20% of the member's annual salary on behalf of the participant.

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Discretely Presented Component Unit-----					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
<u>Valuation Date: July 1, 2007</u>							
Actuarial value of assets	\$ 371,918	*	*	*	*	*	*
Actuarial accrued liability (AAL)	413,969	*	*	*	*	*	*
Excess of assets over (unfunded) AAL	(42,051)	*	*	*	*	*	*
Funded ratio	90%	*	*	*	*	*	*
Covered payroll	59,863	*	*	*	*	*	*
Excess (unfunded) AAL as a percentage of covered payroll	-70%	*	*	*	*	*	*
<u>Valuation Date: July 1, 2006</u>							
Actuarial value of assets	\$ 339,122	2,169,619	2,838,329	48,496	178,276	20,053	4,721
Actuarial accrued liability (AAL)	392,810	2,210,377	3,072,141	64,765	272,997	29,184	5,232
Excess of assets over (unfunded) AAL	(53,687)	(40,757)	(233,812)	(16,269)	(94,721)	(9,130)	(511)
Funded ratio	86%	98%	92%	75%	65%	69%	90%
Covered payroll	54,156	1,592,207	2,729,929	14,892	34,065	19,225	**
Excess (unfunded) AAL as a percentage of covered payroll	-99%	-3%	-9%	-109%	-278%	-47%	**
<u>Valuation Date: July 1, 2005</u>							
Actuarial value of assets	\$ 317,837	\$ 2,145,805	\$ 2,641,536	\$ 41,663	\$ 151,003	\$ 16,875	\$ 4,338
Actuarial accrued liability (AAL)	390,480	2,189,337	2,984,254	59,964	272,855	25,744	4,999
Excess of assets over (unfunded) AAL	(72,643)	(43,532)	(342,718)	(18,301)	(121,852)	(8,869)	(661)
Funded ratio	81%	98%	89%	69%	55%	66%	87%
Covered payroll	53,897	1,645,248	2,672,619	13,223	32,231	16,659	**
Excess (unfunded) AAL as a percentage of covered payroll	-135%	-3%	-13%	-138%	-378%	-53%	**
<u>Valuation Date: July 1, 2004</u>							
Actuarial value of assets	\$ 311,707	\$ 2,138,655	\$ 2,507,186	\$ 38,772	\$ 135,798	\$ 14,654	\$ 4,206
Actuarial accrued liability (AAL)	378,770	2,019,492	2,624,061	50,009	209,992	22,588	4,856
Excess of assets over (unfunded) AAL	(67,063)	119,163	(116,875)	(11,237)	(74,194)	(7,934)	(650)
Funded ratio	82%	106%	96%	78%	65%	65%	87%
Covered payroll	53,095	1,612,049	2,586,380	10,209	25,693	15,149	**
Excess (unfunded) AAL as a percentage of covered payroll	-126%	7%	-5%	-110%	-289%	-52%	**
SPRF - State Police Retirement Fund							
PERF - Public Employees' Retirement Fund							
ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees)							
JRS - Judges' Retirement System (Administered by the PERF board of trustees)							
PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees)							
LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
* Information not available							
** The benefit formula is determined based on service rather than compensation. The unfunded liability is expressed per active participant and there are 46 active participants. The unfunded liability per active participant is \$11,106							

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 fund 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. 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 center, certain recurring expenditures are not budgeted (medical service payments, unemployment benefits, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all fund centers 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
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 4,775,029	\$ 4,775,029	\$ 5,503,920	\$ 728,891
Sales	2,703,348	2,703,348	2,631,021	(72,327)
Fuels	-	-	-	-
Gaming	4	4	87,950	87,946
Inheritance	120,000	120,000	150,284	30,284
Alcohol and tobacco	307,824	307,824	323,137	15,313
Insurance	175,700	175,700	190,811	15,111
Other	82	82	202,842	202,760
Total taxes	8,081,987	8,081,987	9,089,965	1,007,978
Current service charges	145,085	145,085	197,684	52,599
Investment income	54,024	54,024	161,216	107,192
Sales/rents	5,895	5,895	1,512	(4,383)
Grants	-	-	16,220	16,220
Other	13,136	13,136	68,010	54,874
Total revenues	8,300,127	8,300,127	9,534,607	1,234,480
Expenditures:				
Current:				
General government	727,668	1,208,444	1,130,149	78,295
Public safety	683,754	624,034	618,325	5,709
Health	92,553	86,620	85,679	941
Welfare	2,459,542	324,767	315,753	9,014
Conservation, culture and development	103,285	129,494	86,001	43,493
Education	6,184,933	6,243,909	6,231,453	12,456
Transportation	465	2,387	1,231	1,156
Total expenditures	10,252,200	8,619,655	8,468,591	151,064
Excess of revenues over (under) expenditures	(1,952,073)	(319,528)	1,066,016	(1,385,544)
Other financing sources (uses):				
Total other financing sources (uses)	(526,904)	(526,904)	(845,686)	(318,782)
Net change in fund balances	\$ (2,478,977)	\$ (846,432)	\$ 220,330	\$ 1,066,762
Fund balances July 1, as restated			1,564,455	
Fund balances June 30			\$ 1,784,785	

Motor Vehicle Highway Fund				Medicaid Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
494,061	494,061	324,689	(169,372)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	172,828	172,828	-	-	-	-
494,061	494,061	497,517	3,456	-	-	-	-
63,542	63,542	136,882	73,340	-	-	-	-
-	-	-	-	-	-	-	-
393	393	7	(386)	-	-	-	-
14,434	14,434	11,185	(3,249)	3,375,051	3,375,051	3,764,495	389,444
60,351	60,351	37,613	(22,738)	9,344	9,344	10,859	1,515
632,781	632,781	683,204	50,423	3,384,395	3,384,395	3,775,354	390,959
12,086	374,101	299,102	74,999	-	28	28	-
190,904	193,161	193,161	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	5,492,717	5,481,569	11,148
-	-	-	-	-	-	-	-
273	259	259	-	-	-	-	-
-	2,251	2,251	-	-	-	-	-
203,263	569,773	494,774	74,999	-	5,492,745	5,481,597	11,148
429,518	63,008	188,430	(125,422)	3,384,395	(2,108,350)	(1,706,243)	(402,107)
(141,348)	(141,348)	(182,192)	(40,844)	1,531,121	1,531,121	1,718,952	187,831
\$ 288,170	\$ (78,340)	\$ 6,238	\$ 84,578	\$ 4,915,516	\$ (577,229)	\$ 12,709	\$ 589,938
		59,465				34,636	
		\$ 65,703				\$ 47,345	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Major Moves Construction Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	-	-	128,131	128,131
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	3,117,520	3,117,520
Total revenues	-	-	3,245,651	3,245,651
Expenditures:				
Current:				
General government	-	280,094	-	280,094
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	355,094	(355,094)
Total expenditures	-	280,094	355,094	(75,000)
Excess of revenues over (under) expenditures	-	(280,094)	2,890,557	(3,170,651)
Other financing sources (uses):				
Total other financing sources (uses)	(187,665)	(187,665)	(187,665)	-
Net change in fund balances	<u>\$ (187,665)</u>	<u>\$ (467,759)</u>	<u>\$ 2,702,892</u>	<u>\$ 3,170,651</u>
Fund balances July 1, as restated			-	
Fund balances June 30			<u><u>\$ 2,702,892</u></u>	

State Highway Department				Property Tax Replacement Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,568,184	2,568,184	2,662,398	94,214
-	-	1	1	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1	1	2,568,184	2,568,184	2,662,398	94,214
14,521	14,521	12,216	(2,305)	-	-	-	-
209	209	300	91	-	-	-	-
2,082	2,082	1,382	(700)	-	-	-	-
583,462	583,462	829,993	246,531	-	-	-	-
76,597	76,597	85,855	9,258	-	-	-	-
676,871	676,871	929,747	252,876	2,568,184	2,568,184	2,662,398	94,214
-	-	-	-	-	2,233,762	2,233,762	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,164,572	1,482,295	1,516,759	(34,464)	-	-	-	-
1,164,572	1,482,295	1,516,759	(34,464)	-	2,233,762	2,233,762	-
(487,701)	(805,424)	(587,012)	(218,412)	2,568,184	334,422	428,636	(94,214)
485,393	485,393	694,173	208,780	(525,907)	(525,907)	(429,071)	96,836
\$ (2,308)	\$ (320,031)	\$ 107,161	\$ 427,192	\$ 2,042,277	\$ (191,485)	\$ (435)	\$ 191,050
		379,385				3,954	
		\$ 486,546				\$ 3,519	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Tobacco Settlement Fund			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	119,346	119,346	124,914	5,568
Investment income	294	294	4,932	4,638
Sales/rents	-	-	-	-
Grants	247	247	196	(51)
Other	1,571	1,571	90	(1,481)
Total revenues	121,458	121,458	130,132	8,674
Expenditures:				
Current:				
General government	-	13,963	13,963	-
Public safety	-	-	-	-
Health	-	28,953	28,953	-
Welfare	-	-	-	-
Conservation, culture and development	-	145	145	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	43,061	43,061	-
Excess of revenues over (under) expenditures	121,458	78,397	87,071	(8,674)
Other financing sources (uses):				
Total other financing sources (uses)	(127,381)	(127,381)	(124,386)	2,995
Net change in fund balances	<u>\$ (5,923)</u>	<u>\$ (48,984)</u>	<u>\$ (37,315)</u>	<u>\$ 11,669</u>
Fund balances July 1, as restated			172,602	
Fund balances June 30			<u>\$ 135,287</u>	

Budget/GAAP Reconciliation Major Funds

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

(amounts expressed in thousands)								
	GENERAL FUND	MOTOR VEHICLE HIGHWAY FUND	MEDICAID ASSISTANCE	MAJOR MOVES CONSTRUCTION FUND	STATE HIGHWAY DEPARTMENT	PROPERTY TAX RELIEF FUND	TOBACCO SETTLEMENT FUND	Total
Net change in fund balances (budgetary basis)	\$ 220,330	\$ 6,238	\$ 12,709	\$ 2,702,892	\$ 107,161	\$ (435)	\$ (37,315)	\$ 3,011,580
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)	18,833	102	(8,972)	(3,121,589)	(5,004)	9,870	(322)	(3,107,082)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	<u>194,084</u>	<u>(4,962)</u>	<u>2</u>	<u>355,000</u>	<u>473</u>	<u>(121,087)</u>	<u>2,859</u>	<u>426,369</u>
Net change in fund balances (GAAP basis)	<u>\$ 433,247</u>	<u>\$ 1,378</u>	<u>\$ 3,739</u>	<u>\$ (63,697)</u>	<u>\$ 102,630</u>	<u>\$ (111,652)</u>	<u>\$ (34,778)</u>	<u>\$ 330,867</u>

Infrastructure - Modified Reporting

Condition Rating of the State's Highways and Bridges

Roads

	Average Pavement Quality Index (PQI)		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Roads (including Rest Areas and Weigh Stations)	83%	84%	83%
NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)	82%	81%	81%
Non-NHS Roads	79%	76%	77%

The condition of road pavement is measured using a pavement quality index (PQI), which is based on a weighted average of three distress factors found in pavement surfaces. The PQI uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (90-100), good condition (80-89), fair condition (70-79), and poor condition (less than 70). It is the State's policy to maintain Interstate and NHS Non-Interstate roads at an average PQI of 75 and Non-NHS roads at an average PQI of 65. Condition assessments are determined on an annual basis for Interstates and on a biennial basis for other roads. The ratings provided are based on data gathered during the summer (July and August) of the corresponding fiscal year. The data are evaluated and compared to standard criteria by the end of the fiscal year.

Bridges

	Average Sufficiency Rating		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Bridges	90.4%	90.6%	91.0%
NHS Bridges - Non-Interstate	90.4%	90.3%	90.8%
Non-NHS Bridges	88.3%	87.8%	88.3%

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
(dollars in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 212,485	\$ 105,267	\$ 151,999	\$ 194,098	\$ 113,469
Actual	248,803	126,361	140,667	253,555	167,472
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	145,720	234,789	230,453	256,681	248,920
Actual	297,223	413,557	376,969	415,019	392,470
Roads at State Institutions and Properties					
Needed	2,529	1,173	2,903	2,689	4,000
Actual	3,069	4,496	5,595	4,381	6,044
Total					
Needed	360,734	341,229	385,355	453,468	366,389
Actual	549,095	544,414	523,231	672,955	565,986
Bridges					
Interstate Bridges					
Needed	\$ 37,157	\$ 5,749	\$ 39,166	\$ 19,946	\$ 11,220
Actual	37,070	29,520	23,863	28,723	36,736
NHS Bridges - Non-Interstate					
Needed	10,220	31,943	2,021	26,411	25,618
Actual	14,154	11,459	1,282	7,766	12,324
Non-NHS Bridges					
Needed	31,549	44,859	32,597	34,929	44,659
Actual	35,118	31,145	61,271	73,356	60,314
Bridges at State Institutions and Properties					
Needed	-	-	164	926	-
Actual	-	-	796	702	-
Total					
Needed	78,926	82,551	73,948	82,212	81,497
Actual	86,342	72,124	87,212	110,547	109,374



SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE STATE OF INDIANA

Compliance

We have audited the compliance of the State of Indiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The State of Indiana's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Indiana's management. Our responsibility is to express an opinion on the State of Indiana's compliance based on our audit.

The State of Indiana's basic financial statements include the operations of Purdue University, Indiana University, Indiana State University, Ball State University, Vincennes University, University of Southern Indiana, Ivy Tech State College, Indiana Finance Authority, and Indiana Housing and Community Development Authority which expended a total of \$967,430,845 in federal awards that are not included in the schedule for the year ended June 30, 2007. Our audit, described below, did not include the operations of these units because they have separate audits performed in accordance with OMB Circular A-133. See Note 3 of the Notes to the Schedule of Expenditures of Federal Awards for federal funds expended by each unit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Indiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Indiana's compliance with those requirements.

As described in Findings 2006-FSSA-7, 2007-FSSA-1, and 2007-IDHS-1, in the accompanying Schedule of Findings and Questioned Costs and Summary Schedule of Prior Audit Findings, the State of Indiana did not comply with requirements regarding reporting that are applicable to its Medical Assistance Program and the Homeland Security Cluster. Compliance with such requirements is necessary, in our opinion, for the State of Indiana to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Indiana complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 96-FSSA-33, 2000-FSSA-1, 2000-FSSA-3, 2000-FSSA-5, 2003-FSSA-16, 2005-FSSA-18, and 2005-FSSA-30.

Internal Control Over Compliance

The management of the State of Indiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Indiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Indiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in the State of Indiana's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in 2007-FSSA-1, 2007-FSSA-2, 2007-FSSA-3, 2007-FSSA-4, 2007-FSSA-5, 2007-FSSA-6, 2007-IDOE-1, 2007-IDWD-1, 2007-IDHS-1, and 2007-IDHS-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. Significant deficiencies per the prior audit that are still considered significant deficiencies are Findings 99-FSSA-7, 2000-FSSA-1, 2000-FSSA-2, 2000-FSSA-3, 2000-FSSA-5, 2003-FSSA-1, 2003-FSSA-6, 2003-FSSA-16, 2004-FSSA-4, 2004-FSSA-5, 2004-FSSA-6, 2004-FSSA-8, 2005-FSSA-1, 2005-FSSA-2, 2005-FSSA-4, 2005-FSSA-5, 2005-FSSA-10, 2005-FSSA-11, 2005-FSSA-12, 2005-FSSA-13, 2005-FSSA-15, 2005-FSSA-16, 2005-FSSA-17, 2005-FSSA-18, 2005-FSSA-19, 2005-FSSA-20, 2005-FSSA-21, 2005-FSSA-23, 2005-FSSA-27, 2005-FSSA-30, 2006-FSSA-1, 2006-FSSA-2, 2006-FSSA-3, 2006-FSSA-5, 2006-FSSA-6, 2006-FSSA-7, 2006-FSSA-8, 2006-FSSA-9, 2006-FSSA-11, 2006-FSSA-12, 2006-FSSA-13, and 2006-FSSA-14.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider Findings 99-FSSA-7, 2000-FSSA-3, 2000-FSSA-5, 2005-FSSA-5, 2005-FSSA-30, 2006-FSSA-7, 2007-FSSA-1, and 2007-IDHS-1 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

The State of Indiana's response to the findings identified in our audit is described in the accompanying Corrective Action Plan section of the report. We did not audit the State of Indiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the State of Indiana's management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 14, 2008

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Food Stamps Cluster					
Food Stamps	10.551	FSSA	N/A	\$ 662,526,887	\$ -
State Administrative Matching Grants for Food Stamp Program	10.561	FSSA			
			2004 IS 2514 42	24,001	-
			2005 IS 2514 42	73,162	-
			2006 IS 2514 42	11,658,888	-
			2007 IS 2514 42	21,370,909	-
			2007 IE 2518 42	688,993	-
			2007 IE 2518 42E	430,172	-
			2004 IS 2519 42	2,789	-
			2005 IS 2519 42	16,052	-
			2006 IS 2519 42	1,425,303	-
			2007 IS 2519 42	1,450,142	-
			2005 IS 2520 42	484	-
			2006 IS 2520 42	98,420	-
			2007 IS 2520 42	172,044	-
			2006 IS 8036 42	6,910	-
			2007 IS 8036 42	2,788	-
<i>Total for Program</i>				<u>37,421,057</u>	<u>-</u>
<i>Total for Cluster</i>				<u>699,947,944</u>	<u>-</u>
Child Nutrition Cluster					
School Breakfast Program	10.553	IDOE	2007IN109942	<u>36,842,956</u>	<u>36,842,956</u>
National School Lunch Program	10.555				
National School Lunch		FSSA	N/A	239,669	-
National School Lunch		IDOE	2007IN109942	151,252,641	151,252,641
Food Commodities		IDOE	N/A	<u>25,030,841</u>	<u>-</u>
<i>Total for Program</i>				<u>176,523,151</u>	<u>151,252,641</u>
Special Milk Program for Children	10.556	IDOE	IN2007109942	<u>266,656</u>	<u>266,656</u>
Summer Food Service Program for Children	10.559	IDOE			
Summer Food Service Program			2006IN109942	4,931,060	4,402,717
Summer Food Service State Administration			2007IN109942	<u>127,000</u>	<u>-</u>
<i>Total for Program</i>				<u>5,058,060</u>	<u>4,402,717</u>
<i>Total for Cluster</i>				<u>218,690,823</u>	<u>192,764,970</u>
Emergency Food Assistance Cluster	10.568	FSSA			
Emergency Food Assistance Program			2006 IY 8105 42	150,262	-
Emergency Food Assistance Program			2006 IS 2202 42	<u>48,012</u>	<u>-</u>
<i>Total for Program</i>				<u>198,274</u>	<u>-</u>
Emergency Food Assistance Program (Food Commodities)	10.569	LT. GOV	2007 IS 220242	<u>859,453</u>	<u>561,037</u>
<i>Total for Cluster</i>				<u>1,057,727</u>	<u>561,037</u>
Plant and Animal Disease, Pest Control, and Animal Care	10.025				
Computer Data and Storage 2006		BOAH	06-9518-0004-CA	16,024	-
Scrapie Program 2006		BOAH	06-9618-00039CA	101,769	-
Scrapie Program 2006		BOAH	07-9618-00039CA	59,906	-
Johne's Program 2006		BOAH	06-9618-0159-CA	72,655	-
Johne's Program 2007		BOAH	07-9618-0159-CA	13,223	-

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STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Plant and Animal Disease, Pest Control, and Animal Care (continued)					
Animal Emergency Management 2005		BOAH	05-9618-0339-CA	8,539	-
National Animal ID 2005		BOAH	05-9118-0723-CA	94,043	-
National Animal ID 2006		BOAH	06-9118-0723-CA	80,125	-
National Animal ID 2007		BOAH	05-9118-0723-CA	50,244	-
Emerald Ash Borer Education, Outreach, and Surveys		DNR	300EP1EABAP6001	322,794	-
Gypsy Moth Education		DNR	300EP1GYME06001	6,328	-
Gypsy Moth Education		DNR	300EP1CAPS06001	132,845	132,845
Noxious Weed Surveys		DNR	300NP1NW0600001	5,064	-
Noxious Weed Surveys		DNR	300NP9NW0500001	4,564	-
Noxious Weed Surveys		DNR	300NP9NW0500001	735	-
Chronic Wasting Disease		DNR	300FW1W3CWD6	14,281	11,000
Avian Influenza Monitoring in Waterfowl		DNR	300FW1A01F01	1,747	-
<i>Total for Program</i>				<u>984,886</u>	<u>143,845</u>
Wetlands Reserve Program	10.072	DNR	300NP1W50024001	<u>13,591</u>	-
Federal-State Cooperation in Warehouse Examination Agreement	10.071				
Grain Storage Comprehensive Cooperative Agreement		LT. GOV	N/A	<u>35,164</u>	-
Market Protection and Promotion	10.163				
National Organic Certification Cost Sharing		LT. GOV	12-25-A-4150	<u>7,984</u>	-
Meat and Poultry Inspection	10.475	BOAH			
Meat and Poultry Program 2000			318-B-1-983	(5,562)	-
Meat and Poultry Program 2001			318-B-1-983	(2,557)	-
Meat and Poultry Program 2002			318-B-1-983	4,927	-
Meat and Poultry Program 2003			318-B-1-983	1,094	-
Meat and Poultry Program 2005			318-B-1-983	(1,984)	-
Meat and Poultry Program 2006			318-B-1-983	371,452	-
Meat and Poultry Program 2007			318-B-1-983	1,323,875	-
<i>Total for Program</i>				<u>1,691,245</u>	-
Federal School Lunch Program	10.550	EPCC	06-02-82-9550 K265	<u>22,402</u>	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	ISDOH			
WIC Peer Counselor Grant FY 06			MWSSHP2-3:WFM6	125,173	125,173
WIC Peer Counselor Grant FY 07			MWSSHP2-3:WFM6	87,990	87,990
Food Emergency Response Network			FSIS-C-45-2005	15,237	-
Food Emergency Response Network			FSIS-C-45-2005/02	14,116	-
USDA WIC Program - 2004			MWSSHP2-3:WFM2	2,530	-
USDA WIC Program - 2006			MWSSHP2-3:WFM2	33,450,196	33,833,037
USDA WIC Program - 2007			MWSSHP2-3:WFM2	84,154,505	79,647,480
USDA WIC Farmer's Market Program 2007			MWSSNP 2-1:WC 15-3	18,079	18,079
USDA WIC Senior Farmer's Market Program 2007			MWSSNP 2-1:SFMNP 4	871	-
<i>Total for Program</i>				<u>117,868,697</u>	<u>113,711,759</u>
Child and Adult Care Food Program	10.558	IDOE			
Child Care Food Service Program			2007IN109942	34,140,425	34,140,425
Child Care Audit Program			2007IN109942	253,352	6,083
<i>Total for Program</i>				<u>34,393,777</u>	<u>34,146,508</u>
State Administrative Expenses for Child Nutrition	10.560	IDOE	2007IN253342	<u>2,506,018</u>	-

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STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Commodity Supplemental Food Program	10.565	LT. GOV FSSA	2007 IY 8005 42	269,980	269,281
			2007 IY 8005 42	<u>94,776</u>	<u>-</u>
<i>Total for Program</i>				<u>364,756</u>	<u>269,281</u>
Team Nutrition Grants	10.574	IDOE	2007IN350330	<u>15,370</u>	<u>15,370</u>
Fresh Fruit and Vegetable Program	10.582	IDOE	2005IL160330	<u>521,771</u>	<u>521,771</u>
Cooperative Forestry Assistance	10.664	DNR			
Legacy - 2002			300FR102LEG2	1,040,000	-
Consolidated Payment Grant - 2003			300FR103CED3	101	-
Consolidated Payment Grant - 2003			300FR103CUF3	6,643	-
Forest Land Enhancement Program - 2003			300FR103FLEP	31,792	-
Forest Legacy Administration - 2003			300FR103LEGA	1,767	-
Consolidated Payment Grant - 2003			300FR103MAN3	1,351	-
Consolidated Payment Grant - 2003			300FR103MON3	393	-
St. Paul Research - 2003			300FR103RES3	2,329	-
Consolidated Payment Grant - 2003			300FR103SFA3	31,619	-
Consolidated Payment Grant - 2003			300FR103STE3	8,306	-
Volunteer Fire Assistance - 2003			300FR103VFA3	10,177	-
Best Mgmt Practices - 2004			300FR104BMP4	973	-
Consolidated Grant - 2004			300FR104BUG4	12,162	-
Consolidated Grant - 2004			300FR104CUF4	157,490	-
Invasive Species - 2004			300FR104INV4	12,660	-
Forest Legacy Administration - 2004			300FR104LEGA	23	-
Emerald Ash Borer Restoration - 2004			300FR104PAM4	32,494	-
Persistent Forestry Issues - 2004			300FR104PFI4	8,080	-
Consolidated Grant - 2004			300FR104SAG4	485	-
Volunteer Fire Assistance - 2004			300FR104VFA4	11,238	-
Watershed - 2004			300FR104WAT4	3,869	-
Consolidated Grant - 2005			300FR105BUG5	588	-
Consolidated Grant - 2005			300FR105CUF5	132,993	-
Consolidated Grant - 2005			300FR105EAB5	16,841	-
Consolidated Grant - 2005			300FR105HOO5	184	-
Consolidated Grant - 2005			300FR105MAN5	9,957	-
St. Paul Research - 2005			300FR105RES5	718	-
Consolidated Grant - 2005			300FR105SFA5	20,953	-
Consolidated Grant - 2005			300FR105SIR5	1,297	-
Volunteer Fire Assistance - 2005			300FR105VFA5	19,680	-
2006 Consolidated Grant			300FR106CED6	4,428	-
Community and Urban Forestry			300FR106CUF6	12,620	-
Consolidated Payment - 2006 #2			300FR106EAB6	10,752	-
St. Paul Research - 2006			300FR106FIA6	13,295	-
WUI Hazard Mitigation and Community Ed			300FR106HMFR	84,753	-
2006 Consolidated Grant			300FR106MAN6	11,991	-
2006 Consolidated Grant			300FR106MON6	14,275	-
Nurseries			300FR106NUR6	20,000	-
St. Paul Research - 2006			300FR106RES6	1,691	-
2006 Consolidated Grant			300FR106SFA6	35,575	-
Consolidated Payment - 2006 #2			300FR106SIR6	5,753	-
Sudden Oak Death Detection Survey			300FR106SOD6	3,154	-
2006 Consolidated Grant			300FR106STE6	190,968	-
2006 Slow the Spread			300FR106STS6	35,443	-
Volunteer Fire Asst - 2006			300FR106VFA6	244,529	-
Rural Development - 2003			300FR103RDE3	3,879	-
Acquisition of Shawnee Hills			300FR104LEGA	349,703	-
2006 Forestry Legacy Acquisition			300FR106LEGA	1,555	-
Forest Legacy Administration - 2005			300FR105LEGA	4,614	-
Forest Land Enhancement Program			300FR104FLEP	2,955	-
Forest Land Enhancement Program			300FR105FLEP	9,425	-
Forest Land Enhancement 2006			300FR106FLEP	4,005	-

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STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Cooperative Forestry Assistance (continued)					
Forestry Inventory and Analysis 2007			300FR107FIA7	32,869	-
2007 Forest Health Monitoring			300FR107MON7000	1,591	-
2007 Sirex Survey			300FR107SIR7000	59	-
2007 Slow the Spread			300FR107STS7	(1,265)	-
Volunteer Fire Assistance 2007			300FR107VFA7	113,452	-
<i>Total for Program</i>				<u>2,789,232</u>	<u>-</u>
Environmental Quality Incentives Program	10.912	DNR			
USDA NDCS Contribution Agreement			FW3001NRCS06	51,092	-
USDA NDCS Contribution Agreement			FW3001NRCS07	1,750	-
<i>Total for Program</i>				<u>52,842</u>	<u>-</u>
Wildlife Habitat Incentive Program	10.914	DNR			
			300NP1W3APOK001	2,804	-
			300NP1W3APOK002	744	-
			300NP1W3APOK003	162	-
			300NP1W4A003001	446	-
			300NP1W4A003002	17	-
			300NP1W4A101001	1,192	-
			300NP1W4A101002	565	-
			300NP1W4A101004	222	-
			300NP1W4A149001	1,938	-
			300NP1W4A149002	2,137	-
<i>Total for Program</i>				<u>10,227</u>	<u>-</u>
Other Assistance					
Plant Surveys Hoosier National Forest	10	DNR	300NP1PSHN05001	1,005	-
<i>Total for Other Assistance</i>				<u>1,005</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>				<u>1,080,975,461</u>	<u>342,134,541</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>					
Coastal Zone Management Administration Awards	11.419	DNR			
Great Lakes Coastal Restoration Grants Program			300NP1171381001	680,446	-
Indiana Lake Michigan Coastal Program			300NP1CZM039001	581,139	453,806
Indiana Lake Michigan Coastal Program			300NP1CZM061001	301,876	234,771
Indiana Lake Michigan Coastal Program			300NP1CZM661306	167,253	6,500
Indiana Lake Michigan Coastal Program			300NP1CZM083001	395,477	609,336
<i>Total for Program</i>				<u>2,126,191</u>	<u>1,304,413</u>
Manufacturing Extension Partnership	11.611	IEDC			
Manufacturing Extension Partnership 2006			70NANB5H1177	671,287	671,287
<i>Total for Program</i>				<u>671,287</u>	<u>671,287</u>
<i>Total U.S. Department of Commerce</i>				<u>2,797,478</u>	<u>1,975,700</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>					
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	IDEM			
Defense Environmental Restoration			IN-04-1	20,050	-
Defense Environmental Restoration			IN-06-1	154,718	-
Newport Army Chemical Demilitarization			N/A	140,863	-
<i>Total for Program</i>				<u>315,631</u>	<u>-</u>

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STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF DEFENSE (continued)</u>					
Military Construction, National Guard	12.400	MD			
ADRS Projects			DAHA12/W912L9-05-02-2002	123,812	-
Fire Fighting Facility - ARFTA			W912L9-04-2-2001	2,072,615	-
Limited Army Aviation Support Facility - Gary			W912L9-05-2-2001	6,333,935	-
MOUT Shoot House and Breach Facility - ARFTA			W912L9-05-2-2003	108,070	-
MOUT Urban Assault Training Course			W912L9-06-2-2001	89,700	-
Readiness Center Gary Regional Airport			W912L9-06-2-2002	761,874	-
<i>Total for Program</i>				9,490,006	-
National Guard Military Operations and Maintenance Projects	12.401	MD			
Real Property Operations and Maintenance			W912L9-07-2-1001	9,375,275	-
ARNG Environmental			W912L9-07-2-1002	809,455	-
ARNG Security Personnel			W912L9-07-2-1003	1,991,802	-
ARNG Electronic Security			W912L9-07-2-1004	92,215	-
ARNG Telecommunications			W912L9-07-2-1005	1,297,610	-
Ranges and Training Land Program			W912L9-07-2-1007	2,040,829	-
ARNG Anti-Terrorism Program			W912L9-07-2-1010	59,481	-
ANG Real Property Operation and Maintenance - Baer Field			W912L9-07-2-1021-1	582,993	-
ANG Real Property Operation and Maintenance - Hulman Field			W912L9-07-2-1021-2	721,759	-
ANG Security Guard Activities - Baer Field			W912L9-07-2-1023-1	501,821	-
ANG Security Guard Activities - Hulman Field			W912L9-07-2-1023-2	399,638	-
ANG Fire Protection Activities - Baer Field			W912L9-07-2-1024-1	520,205	-
ANG Fire Protection Activities - Hulman Field			W912L9-07-2-1024-2	1,196,365	-
<i>Total for Program</i>				19,589,448	-
Hoosier Youth Challenge Academy	12.404	MD	W912L9-06-2-4000	452,736	-
Other Assistance					
Inventory and Status Update Assessment - Endangered Species	12	DNR	300NP1NSAC05001	11,311	-
<i>Total for Program</i>				11,311	-
Office of Economic Adjustment - Crane NSA 2007	12	IEDC	RA05686-06-02	180,828	-
<i>Total for Program and for Other Assistance</i>				192,139	-
<i>Total U.S. Department of Defense</i>				30,039,960	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Manufactured Home Construction and Safety Standards MHCSS 2005	14.171	IDHS	N/A	49,445	-
Community Development Block Grants/State's Program	14.228	LT.GOV			
			B-99-DC-180001	83,748	83,748
			B-00-DC-180001	11,554	11,554
			B-01-DC-180001	208,598	187,940
			B-02-DC-180001	196,070	127,190
			B-03-DC-180001	1,672,163	670,937
			B-04-DC-180001	5,486,824	4,764,903
			B-05-DC-180001	25,336,452	20,621,787
			B-06-DC-180001	3,337,119	789,096
<i>Total for Program</i>				36,332,528	27,257,155
Shelter Plus Care	14.238	FSSA			
			IN 36 C20 3008	(50,243)	-
<i>Total for Program</i>				(50,243)	-

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STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HOUSING AND</u>					
<u>URBAN DEVELOPMENT (continued)</u>					
Fair Housing Assistance Program - State and Local	14.401	ICRC	FF205K055008	119,438	-
		ICRC	FF205K045008	360,449	-
		ICRC	FF205K065008	339,327	-
<i>Total for Program</i>				819,214	-
<i>Total U.S. Department of Housing and Urban Development</i>				37,150,944	27,257,155
<u>U.S. DEPARTMENT OF INTERIOR</u>					
Fish and Wildlife Cluster					
Sport Fish Restoration	15.605	DNR			
Statewide Public Access (Fishing and Boating)			300FW1A21D39	311,794	-
Statewide Public Access (Fishing and Boating)			300FW1A21D41	380,101	-
Charlestown Public Access File			300FW1A21D40	773,085	-
Mixsawbah SFH Water Supply Sys Renovation			300FW1A28D06	249,000	-
Statewide Fisheries Management			300FW1F10D39	746,250	-
Statewide Fisheries Management			300FW1F10D40	472,896	-
Statewide Fisheries Research			300FW1F18R17	161,615	119,703
Indiana Aquatic Resources Education Program			300FW1F24E11	110,204	-
Indiana Aquatic Resources Education Program			300FW1F24E12	130,211	-
Statewide Hatchery Operations			300FW1F21D16	285,215	-
Statewide Hatchery Operations			300FW9F21D17	749,112	-
<i>Total for Program</i>				4,369,483	119,703
Wildlife Restoration	15.611	DNR			
Atterbury FWA Shooting Range Renovation			300FW1A28D07	2,239,269	-
Fall Creek Valley Conserv Club Shooting Range			300FW1W32S14	7,259	7,258
Pass-Through from Mississippi State University Bird Monitory			300FW2CP3301	13,462	-
Pass-Through from Mississippi State University Bird Monitory			300FW2CP3302	15,610	-
<i>Total for Program</i>				2,275,600	7,258
<i>Total for Cluster</i>				6,645,083	126,961
Study and Identification of Indiana's Jewish Heritage Sites	15.001	DNR	300HP1JHS030001	14,052	-
Regulation of Surface Coal Mining and Surface Effects of Underground					
Coal Mining	15.250	DNR	300RC1186000001	537,883	-
			300RC1187000001	1,179,647	-
<i>Total for Program</i>				1,717,531	-
Abandoned Mine Land Reclamation Program	15.252	DNR			
Indiana Abandoned Mine Land (AML) Grant			300RC1184030001	548,302	-
Indiana Abandoned Mine Land (AML) Grant			300RC1185030001	1,287,998	-
Indiana Abandoned Mine Land (AML) Grant			300RC1186010001	778,112	-
Indiana Abandoned Mine Land (AML) Grant			300RC1186020001	34,751	-
Indiana Abandoned Mine Land (AML) Grant			300RC1186030001	1,913,851	-
Indiana Abandoned Mine Land (AML) Grant			300RC1186050001	97,762	-
Indiana Abandoned Mine Land (AML) Grant			300RC1186130001	3,226	-
Indiana Abandoned Mine Land (AML) Grant			300RC1187010001	230,064	-
Indiana Abandoned Mine Land (AML) Grant			300RC1187020001	15,477	-
Indiana Abandoned Mine Land (AML) Grant			300RC1187030001	511,295	-
Indiana Abandoned Mine Land (AML) Grant			300RC1187050001	4,981	-
<i>Total for Program</i>				5,425,820	-
Fish and Wildlife Management Assistance	15.608	DNR	300FW1AISM05	36,212	-

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STATE OF INDIANA
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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF INTERIOR (continued)</u>					
Cooperative Endangered Species Conservation Fund	15.615	DNR			
Endangered Species Program			300FW1E01S15	2,110	-
Restoration and Management of Rare Habitats			300FW1E4HM01	47,690	-
Mitchell's Satyr Habitat Conservation Plan			300FW1E5HP01	34,643	-
<i>Total for Program</i>				<u>84,443</u>	<u>-</u>
Clean Vessel Act	15.616	IDEM			
Clean Vessel Act			CV-1-7	1,747	-
Clean Vessel Act			CV-1-8	3,278	-
<i>Total for Program</i>				<u>5,025</u>	<u>-</u>
Landowner Incentive	15.633	DNR	300FWI02T01	20,773	-
State Wildlife Grant	15.634	DNR			
Restoration and Management of Rare Habitats			300FW1T01M03	11,900	-
Acquisition of Baseline Habitat Information			300FW1T02P01	68,900	-
Baseline Burrowing Crayfish Study			300FW1T02P03	162,809	162,809
Wildlife Diversity Survey and Monitoring			300FW1T03S03	153,016	-
Wildlife Diversity Management			300FW1T05M02	13,584	-
Wildlife Diversity Statewide Land Acquisition			300FW1T06L01	269,523	-
Wildlife Diversity Statewide Land Acquisition			300FW1T06L02	344,591	-
Effects of Western Mosquitofish on Aquatic Communities			300FW1T07R01	23,951	21,029
Population Genetics Allegheny Woodrat in IN			300FW1T07R02	63,224	-
Tern Bar Slough Habitat Development and Management			300FW1T08D02	17,174	-
Habitat Development and Management			300FW1T08D03	1,382	-
Habitat Development and Management			300FW1T08D04	2,588	-
State Wildlife Grant Project Coordination			300FW1T09C01	19,706	-
State Wildlife Grant Project Coordination			300FW1T09C02	98,916	-
<i>Total for Program</i>				<u>1,251,264</u>	<u>183,838</u>
State Wildlife Grant					
FWA Development	15.647	DNR	300FW1P01F01	6,250	-
Historic Preservation Fund Grants-In-Aid	15.904	DNR			
			300HP1HPF200001	384,202	365,782
			300HP1HPF210001	226,749	217,640
<i>Total for Program</i>				<u>610,951</u>	<u>583,422</u>
Outdoor Recreation - Acquisition, Development and Planning	15.916	DNR			
180545 Evergreen Park			300OR1180545	96,964	96,964
Buckner Farm Park - 180526			300OR1180526	23,851	23,851
D/Shipshewana North Park			300OR1180529	(67,500)	67,500
General Pulaski Park Trail			300OR1180534	(13,941)	13,941
Lowell Sports Park			300OR1180528	(10,000)	(10,000)
Prophetstown State Park			300OR1180532	(340,493)	(340,493)
Spicer Lake Nature Preserve - 180550			300OR1180550	(414,725)	(414,725)
Jackson Morrow City Ball Park			300OR1180533	200,000	200,000
Imagination Glen-Phasell			300OR1180539	171,587	171,587
Southeastway Park Phase II			300OR1180541	175,000	175,000
Hanson and Gifford Parks Spur Trail			300OR1180547	180,000	180,000
Red Mill County Park			300OR1180549	(18,959)	39,908
Beckholdt Park			300OR1180552	162,648	162,648
Jim Yelling Park			300OR1180553	(196,868)	196,868
Corbus Creek			300OR1180554	150,000	150,000
Pine Knob Lake			300OR1180556	152,771	152,771
<i>Total for Program</i>				<u>250,335</u>	<u>865,820</u>

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF INTERIOR (continued)</u>					
Geophysical/Archeological Investigation - Prophetstown	15.926	DNR	300EG1ABPP04001	7,988	-
Other Assistance					
Federal Aid Coordination	15	DNR	300FW1A14C53	89,394	-
Total for Program				89,394	-
Fish and Wildlife Area Development	15	DNR	300FW1A22D39	1,445,276	-
			300FW1A22D40	1,436,480	-
Total for Program				2,881,756	-
Technical Assistance	15	DNR	300FW1A26T16	289,228	-
Total for Program				289,228	-
Total for Other Assistance				3,260,378	-
Total U.S. Department of Interior				19,336,105	1,760,041
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Juvenile Accountability Incentive Block Grants	16.523	ICJI	02JBBX0021	8	-
			03JBBX0044	136,222	136,222
			04JBBX0057	269,392	222,065
			05JBBX0039	254,120	208,000
			06JBBX0024	35,535	35,535
Total for Program				695,277	601,822
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540				
JJDP Formula Grant		ICJI	03JFFX0019	33,854	33,766
JJDP Formula Grant			04JFFX0068	139,276	91,329
JJDP Formula Grant			05JFFX0020	664,209	586,263
Total for Program				837,339	711,358
Missing Children's Assistance	16.543	IDSP	2003-MC-CX-K002	296,645	8,400
Title V - Delinquency Prevention Program	16.548				
Incentive Grants for Local Prevention Programs		ICJI	02-JP-FX-0018	(18,643)	-
Incentive Grants for Local Prevention Programs			04-JP-FX-0018	147,885	147,885
Incentive Grants for Local Prevention Programs			05-JP-FX-0033	64,033	64,033
Total for Program				193,275	211,918
State Justice Statistics Program	16.550	ICJI	2005BJCXK045	20,835	-
National Criminal History Improvement Program	16.554				
Real Time Data Transfer Project		ICJI	04RUBXK037	113,923	113,923
		JTAC	2006-SK-BX-K001	184,369	-
Total for Program				298,292	113,923
National Institute of Justice Research, Evaluation, and Development	16.560				
Project Grants		IDSP			
Project Hoosier Safe-T			2001-LT-BX-K003	827,231	-
Forensic Casework DNA Backing Reduction			2004-DN-BX-K052	120,321	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>					
National Institute of Justice Research, Evaluation, and Development					
Project Grants (continued)					
Solving Cold Cases with DNA			2004-DN-BX-K028	246,801	-
DNA Capacity Enhancement FY 2005			2005-DA-BX-K054	205,993	-
Forensic Casework DNA Backlog Reduction FY 2005			2005-DN-BX-K082	410,676	-
Firearms Backlog Reduction			2005-DEN-BX-0094	127,663	-
Lab Computerization and Accreditation			2006-DN-BX-0049	26,175	-
<i>Total for Program</i>				<u>1,964,860</u>	<u>-</u>
Residential Substance Abuse	16.573	IDOC	03RT-001	<u>601,329</u>	<u>-</u>
Crime Victim Assistance	16.575				
		ICJI	02-VA-GX-0018	244	-
		ICJI	03-VA-GX-0029	48,159	62,805
		ICJI	04-VA-GX-0038	489,115	226,706
		ICJI	05-VA-GX-0038	1,127,812	1,124,445
		ICJI	06-VA-GX-0039	5,220,499	5,220,499
Victim Witness Assistance		IDOC	06-va-133	7,654	-
		AG	05-VA-135	47,018	-
<i>Total for Program</i>				<u>6,940,501</u>	<u>6,634,455</u>
Crime Victim Compensation	16.576	ICJI			
			04-VC-GX-0019	4,959	-
			05-VC-GX-0020	462,390	-
			06-VC-GX-0044	119,007	-
<i>Total for Program</i>				<u>586,356</u>	<u>-</u>
Byrne Formula Grant Program	16.579				
Drug Control and System Improvement		ICJI	02-DB-BX-0018	1,298,004	1,298,253
Drug Control and System Improvement		ICJI	03-DB-BX-0018	1,186,391	1,186,391
Drug Control and System Improvement		ICJI	04-DB-BX-0018	1,908,354	1,892,123
Drug Control and System Improvement		ICJI	05-DB-BX-0759	3,897,041	3,897,041
Drug Control and System Improvement		ICJI	02DB056	162,063	-
Criminal History Records Information System		IDSP	2002-DB-BX-0018	60,000	-
DNA Casework Outsourcing		IDSP	2002-DB-BX-0018	270,000	-
Drug Enforcement Unit 05		IDSP	2004-DB-BX-0018	18,419	-
Drug Enforcement Unit 05		IDSP	2004-DB-BX-0018	150,043	-
<i>Total for Program</i>				<u>8,950,315</u>	<u>8,273,808</u>
Violence Against Women Formula Grant	16.588	ICJI			
			03-WFBNX-0197	14,430	14,430
			04-WFAX-0031	210,469	74,820
			05-WFAX-0034	448,929	438,521
			06-WWFAX-0028	1,660,648	1,660,648
<i>Total for Program</i>				<u>2,334,476</u>	<u>2,188,419</u>
Rural Domestic Violence and Child Victimization Enforcement	16.589	ICJI	03WRBX0034	<u>46,329</u>	<u>43,943</u>
Local Law Enforcement Block Grants Program	16.592	ICJI			
			03-LB-BX-1698	18,134	-
			04-LB-BX-0840	16,447	-
<i>Total for Program</i>				<u>34,581</u>	<u>-</u>
Residential Substance Abuse Treatment for State Prisoners	16.593	ICJI	03-RT-BX-0050	<u>412,160</u>	<u>144,670</u>

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>					
Substance Abuse	16.597	IDOC	04DB-061	<u>132,777</u>	<u>-</u>
Bureau of Justice Statistic - Bulletproof Vest Partnership	16.607	ICJI	N/A	<u>11,776</u>	<u>-</u>
Project Safe Neighborhood	16.609	ICJI	03GPCX0528	<u>239,284</u>	<u>239,284</u>
Public Safety Partnership and Community Policing Grants	16.710	IDSP			
2004 Methamphetamine Initiative			2004-CK-WX-0028	365,024	-
2005 Methamphetamine Initiative			2005-CK-WX-0403	<u>14,276</u>	<u>-</u>
<i>Total for Program</i>				<u>379,300</u>	<u>-</u>
Enforcing Underage Drinking Laws Program	16.727	ICJI			
Combating Underage Drinking			01AHFX0018	1,017	1,017
Combating Underage Drinking			04AHFX0040	141,105	33,102
Combating Underage Drinking			05AHFX0039	<u>13</u>	<u>-</u>
<i>Total for Program</i>				<u>142,135</u>	<u>34,119</u>
Byrne Formula Grant	16.738				
State Oversight of Problem-Solving Courts		ICJI	05DJ004	139,775	-
Defender Performance Improvement Project		PDC	05-DJ-016	118,419	-
Meth Suppression Section 2006		IDSP	2005-DJ-BX-0759	166,564	-
Drug Enforcement Unit 2006		IDSP	2005-DJ-BX-0759	145,820	-
Meth Suppression Section 2007		IDSP	2006-DJ-BX-0051	19,085	-
Drug Enforcement Unit 2007		IDSP	2006-DJ-BX-0051	45,969	-
Forensic Overtime		IDSP	2006-DJ-BX-0051	<u>13,467</u>	<u>-</u>
<i>Total for Program</i>				<u>649,099</u>	<u>-</u>
Other Assistance	16	IDSP			
Marijuana Eradication			ME 2006-67	604,225	51,423
Marijuana Eradication			ME 2007-69	<u>103,504</u>	<u>-</u>
<i>Total for Program</i>				<u>707,729</u>	<u>51,423</u>
National Criminal History Improvement Program	16	IDSP			
2000			NCHIP 2000-046	<u>(14,881)</u>	<u>-</u>
<i>Total for Program</i>				<u>(14,881)</u>	<u>-</u>
National Forensic Science Formula Grant	16	ICJI			
			05DNBX0094	200,250	192,522
			06DNBX0049	<u>12,782</u>	<u>12,782</u>
<i>Total for Program</i>				<u>213,032</u>	<u>205,304</u>
Serious and Violent Offender Reentry Initiative	16	IDOC			
			2002-RE-CX-2	498,021	-
			2006 VN-CX-0015	<u>259,600</u>	<u>-</u>
<i>Total for Program</i>				<u>757,621</u>	<u>-</u>
DEA/Indiana State Police - US Coast Guard	16	DNR	300LE2DEACNBS07	<u>45,000</u>	<u>-</u>
Drug Court Practioner Scholarship Program	16	ICJI	2005DCBX0031	<u>72,780</u>	<u>72,780</u>
Adult Offender Program	16	SSACI	V3311A99011	<u>217,388</u>	<u>-</u>

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
U.S. DEPARTMENT OF JUSTICE (continued)					
Building Evaluation Capacity for Assessment	16	ICJI	AL 1505-03-02-04	39,500	-
Total Other Assistance				2,038,169	329,507
Total U.S. Department of Justice				27,805,110	19,535,626
U.S. DEPARTMENT OF LABOR					
Employment Services Cluster Employment Services	17.207	IDWD			
WOTC			ES-13053-03-55	51,319	-
ES Reemployment			ES-13995-05-55	(597)	-
W/P 7A Employment Service			ES-12131-02-55	(2,880)	-
W/P 7A Employment Service			ES-13995-04-55	125,222	(20,008)
W/P 7A Employment Service			ES-13995-05-55	1,219,623	1,318
W/P 7A Employment Service			ES-13995-06-55	11,376,055	356,384
W/P 7B			ES-13995-04-55	386,533	(103,882)
W/P 7B			ES-13995-05-55	377,450	3,661
Stop LMI			ES-13995-05-55	75,967	-
WOTC			ES-14863-05-55	10,878	-
W/P 7B			ES-15694-06-55	593,669	-
One Stop LMI			ES-15694-06-55	500,588	-
WOTC			ES-15694-06-55	1,084	-
Total for Program				14,714,911	237,473
Disabled Veterans' Outreach Program	17.801	IDWD			
			E-9-5-5-5064	(33)	-
			E-9-5-6-5064	384,525	-
			E-9-5-6-5064	801,756	35,918
Total for Program				1,186,248	35,918
Local Veterans Employment Representative Program	17.804	IDWD			
			E-9-5-5-5064	(33)	-
			E-9-5-5-5064	301,900	-
			E-9-5-6-5064	1,384,487	40,917
Total for Program				1,686,354	40,917
Total for Cluster				17,587,513	314,308
WIA Cluster					
WIA Adult Program	17.258	IDWD			
WIA ADM STAT AC			AA-12924-03-50	11,894	11,894
WIA Administration			AA-12924-03-50	1	-
WIA Program Supplement			AA-12924-03-50	216,884	193,093
WIA Administration			AA-13797-04-50	9,286	9,286
Adult WIA			AA-13797-04-50	2,112	2,112
WIA ADM STAT AC			AA-13797-04-50	48,008	48,008
WIA Administration			AA-13797-04-50	136,986	62,502
WIA Program Supplement			AA-13797-04-50	(47,600)	(52,905)
WIA Administration			AA-14674-05-55	336,861	336,861
Adult WIA			AA-14674-05-55	2,585,866	2,585,866
WIA Administration			AA-14674-05-55	288,671	(58,929)
WIA Program Supplement			AA-14674-05-55	619,252	542,105
Adult WIA			AA-15478-06-55	10,933,460	11,005,460
Total for Program				15,141,681	14,685,353
WIA Youth Activities	17.259	IDWD			
WIA ADM STAT AC			AA-12924-03-50	15,553	15,553
WIA Administration			AA-12924-03-50	1	-
WIA Program Supplement			AA-12924-03-50	283,616	252,506

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<u>U.S. DEPARTMENT OF LABOR (continued)</u>					
WIA Cluster (continued)					
WIA Youth Activities (continued)					
WIA Administration			AA-13797-04-50	10,887	10,887
WIA Youth			AA-13797-04-50	125,680	125,680
WIA ADM STAT AC			AA-13797-04-50	56,286	56,286
WIA Administration			AA-13797-04-50	160,604	72,751
WIA Program Supplement			AA-13797-04-50	(55,807)	(62,027)
WIA Administration			AA-14674-05-55	397,019	397,019
WIA Youth			AA-14674-05-55	1,427,027	1,424,579
WIA Administration			AA-14674-05-55	340,199	(69,448)
WIA Program Supplement			AA-14674-05-55	729,829	638,906
			AA-15478-06-55	10,132,562	10,132,562
<i>Total for Program</i>				13,623,456	12,995,254
WIA Dislocated Workers	17.260	IDWD			
Rapid Response W			AA-12924-03-50	15,991	15,991
WIA ADM STAT AC			AA-12924-03-50	18,298	18,298
WIA Administration			AA-12924-03-50	2	2
WIA Program Supplement			AA-12924-03-50	333,666	297,066
WIA Administration			AA-13797-04-50	11,847	11,847
Adult Dislocated Worker W			AA-13797-04-50	303,073	303,073
Rapid Response W			AA-13797-04-50	1,376,291	1,370,575
WIA ADM STAT AC			AA-13797-04-50	61,252	61,252
WIA Administration			AA-13797-04-50	174,775	79,170
WIA Rapid Response			AA-13797-04-50	2,015,061	1,947,098
A Program Supplement			AA-13797-04-50	(60,731)	(67,500)
WIA NEG AWARD			EH-14175-04-55	2,110	2,110
WIA Administration			AA-14674-05-55	469,208	469,208
Adult Dislocated Worker W			AA-14674-05-55	1,799,565	1,799,565
WIA Rapid Response			AA-14674-05-55	233,997	233,997
WIA Administration Stat AC			AA-14674-05-55	58,085	58,085
WIA Administration			AA-14674-05-55	402,051	(82,074)
WIA Rapid Response			AA-14674-05-55	(1,903,604)	(1,947,098)
WIA Program Supplement			AA-14674-05-55	862,528	755,073
WIA DW NR EMERG			AA-14940-05-60	4,167	-
WIA Administration Stat			AA-15478-06-55	1,631,205	1,631,205
Adult Dislocated Worker W			AA-15478-06-55	8,040,322	8,040,322
WIA Rapid Response			AA-15478-06-55	1,588,340	1,588,340
WIA Administration Stat AC			AA-15478-06-55	31,482	31,482
WIA Administration Stat			AA-15478-06-55	401,567	-
WIA Rapid Response			AA-15478-06-55	8,979	-
WIA Program Supplement			AA-15478-06-55	925,758	645,577
<i>Total for Program</i>				18,805,285	17,262,664
<i>Total for Cluster</i>				47,570,422	44,943,271
Labor Force Statistics	17.002	IDWD			
BLS-CES			W9J680186	111,119	-
BLS-LAUS			W9J680186	47,163	-
BLS-OES			W9J680186	113,378	-
ES-202			W9J680186	115,826	-
BLS-MLS			W9J680186	15,500	-
AAMC-LAUS			W9J680186	1,687	-
BLS-CES			W9J680187	265,916	-
BLS-LAUS			W9J680187	107,303	-
BLS-OES			W9J680187	349,258	-
BLS-QCEW			W9J680187	337,108	-
BLS-MLS			W9J680187	36,146	-
<i>Total for Program</i>				1,500,404	-

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<u>U.S. DEPARTMENT OF LABOR (continued)</u>					
Compensation and Working Conditions	17.005	IDOL			
OSHS Survey and CFI Program			W9J6-8118	10,311	-
OSHS Survey and CFI Program			W9J7-8118	88,026	-
<i>Total for Program</i>				98,337	-
Labor Certification for Alien Workers	17.203	IDWD			
Alien Labor Certification			ES-13995-04-55	(2,748)	-
Alien Labor Certification			ES-14863-05-55	16,721	-
Alien Labor Certification			ES-15694-06-55	78,669	-
<i>Total for Program</i>				92,642	-
Unemployment Insurance	17.225	IDWD			
State Unemployment Benefits			N/A	714,545,256	-
FECA-UCFE, UCPE, and UCS			N/A	9,731,671	-
UI Crossmatch			UI-12637-03-55	(14,808)	-
Security Projects			UI-14433-05-55	67,878	-
UI REA Grants			UI-14433-05-55	(13,807)	-
Tax and Wage Rep.			UI-14433-05-55	265,760	-
Auto Coder			UI-14433-05-55	58,691	-
Postage			UI-14433-05-55	16,000	-
UI Grants			UI-15120-06-55	15,340,177	(2,735)
UI REA Grants			UI-15120-06-55	384,992	109
Internet Employment Reg.			UI-15120-06-55	3,656	-
Tax and Wage Rep.			UI-15120-06-55	33,065	-
UI Grants			UI-15797-07-55	20,883,228	180,583
UI REA Grants			UI-15797-07-55	196,604	-
<i>Total for Program</i>				761,498,363	177,957
Senior Community Service Employment Program	17.235	FSSA			
			AD 14084 QAO	317,794	-
			AD 14084 NBO	1,786,957	-
<i>Total for Program</i>				2,104,751	-
Trade Adjustment Assistance - Workers	17.245	IDWD			
Trade Adjustment Assistance			TA-14378-05-55	21,206	-
Trade Adjustment Assistance			TA-15301-06-55	3,761,883	(1,281)
Trade Adjustment Assistance			TA-15897-07-55-A1	2,531,865	215
FUBA			UI-15120-06-55	6,585,885	-
FUBA			UI-15797-07-55	19,010,372	-
ALT Trade Wage			UI-15120-06-55	347,525	-
ALT Trade Wage			UI-15797-07-55	577,242	-
<i>Total for Program</i>				32,835,978	(1,066)
Employment and Training Admin. Pilots, Demonstrations and Research	17.261	IDWD			
			MI-15741-06-60	80,280	80,280
			WR-15406-06-60	483,762	481,171
			WR-15406-06-60	5,476	-
			WR-15406-06-60	33,028	33,028
<i>Total for Program</i>				602,546	594,479
tap via Incentive Grants	17.266	IDWD			
			WI-15560-06-60	281,699	268,977
<i>Total for Program</i>				281,699	268,977

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF LABOR (continued)</u>					
WIA Incentive Grants Sec. 503	17.267	IDWD	PI14918RD	376,360	319,776
Occupational Safety and Health - State	17.503	IDOL	60F6-0051 60F7-0051	596,579 1,414,947	- -
<i>Total for Program</i>				2,011,526	-
Consultation Agreements	17.504	IDOL			
Occupational Safety and Health Program OSHA Consult			E9F6-0951	174,581	-
Occupational Safety and Health Program OSHA Consult			E9F7-0951	683,010	-
<i>Total for Program</i>				857,591	-
OSHO Data Initiative	17.505	IDOL			
ODI			E9F6-3751	19,458	-
ODI			E9F7-3751	64,999	-
<i>Total for Program</i>				84,457	-
Veterans' Employment Program	17.802	IDWD			
WVET			E-9-5-2-0001	580	-
WVET			E-9-5-2-0001	522,887	518,270
<i>Total for Program</i>				523,467	518,270
VETS SMOCTA	17	IDWD	920495	1,097	1,097
<i>Total U.S. Department of Labor</i>				868,027,153	46,822,761
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205				
Highway Planning and Construction		INDOT	N/A	866,343,703	-
INDOT		IDOR	TEA-21	4,048	-
CVISN		IDOR	IT 061801G00000	1,689	-
INDOT MOU 2006		IDSP	N/A	726,775	-
INDOT MOU 2007		IDSP	N/A	254,975	-
<i>Total for Program and Cluster</i>				867,331,190	-
Highway Safety Cluster					
State and Community Highway Safety	20.600				
Crash Outcome Data Evaluation		IDHS	DTNH22-02-H17270	33,235	-
Fatal Accident Reporting System		IDSP	DTNH22-92-Y-07028	65,605	-
Indiana State Police Laptop Computer Purchase		IDSP	PT 2006-03-01-03	1,325,140	-
2007-2012 FARS		IDSP	DTNH22-07-H-00126	22,586	-
Traffic Safety Resources Prosecutor		IPAC	154AL 06-03-02-03	57,957	-
NHTSA Section 402		ICJI	N/A	3,654,360	3,654,360
<i>Total for Program</i>				5,158,883	3,654,360
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	ICJI	N/A	1,763,423	1,763,423
		IPAC	154AL 07-02-06-01	61,329	-
Traffic Safety Grant 2006		IDSP	PT-06-04-03-01	669,457	-
Traffic Safety Grant 2007		IDSP	OP 07-04-07-01	522,569	-
Marion County Seat Belt 2007		IDSP	PT 07-04-01-07	1,956	-
<i>Total for Program</i>				3,018,734	1,763,423

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<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>					
Highway Safety Cluster (continued)					
Occupant Protection	20.602	ICJI	N/A	<u>1,143,237</u>	<u>1,143,237</u>
Safety Incentive Grants for Use of Seatbelts	20.604	ICJI	N/A	<u>2,641,147</u>	<u>2,641,147</u>
Total for Cluster				<u>11,962,001</u>	<u>9,202,167</u>
Airport Improvement Program	20.106	INDOT	3-18-000-002	<u>192,794</u>	<u>192,794</u>
National Motor Carrier Safety	20.218				
Motor Carrier Assistance		IDSP	MC-06-18-001	3,937,461	-
Motor Carrier Assistance		IDSP	MC-07-18-001	581,752	-
New Entrant Program		IDSP	HN-05-18-1	274,336	-
New Entrant Program		IDSP	MH-06-18-1	362,803	-
New Entrant Program		IDSP	MH-07-18-1	301,082	-
Commercial Drivers License		IDOR	MC-01-18-444	76,712	-
CDL Feasibility		IDOR	MH 04-18-1	89,400	-
National Motor Carrier Safety		JTAC	CD05(181)	426,722	-
National Motor Carrier Safety		JTAC	CD06(181)	<u>296,543</u>	<u>-</u>
Total for Program				<u>6,346,811</u>	<u>-</u>
Recreation Trails Program	20.219	DNR			
Glen River Greenway			300OR1RT0101	10,843	10,843
Pumpkinvine Nature Trail			300OR1RT0203	(364)	150,364
Redbird OHV Area-2002			300OR1RT0205	(74,398)	-
RT0302 New Harmony Riverfront Rec Trail (FHWA2003(009))			300OR1RT0302	23,812	23,812
RTP Admin-RT0506			300OR1RT0506	923	-
Oak Savannah/Lake George Trail			300OR1RT0204	24,350	24,350
City of Evansville			300OR1RT0403	148,470	148,470
Whitewater Canal Trail Inc.			300OR1RT0502	30,876	30,876
Hoosier Mountain Biking Assoc.			300OR1RT0505	32,175	22,509
Nickel Plate Trail			300OR1RT0403	150,000	150,000
Greentown Trail			300OR1RT0406	<u>5,718</u>	<u>5,718</u>
Total for Program				<u>352,405</u>	<u>566,942</u>
Metropolitan Planning Grants	20.505	INDOT			
Federal Transit Technical Studies Grants			IN-80-2012	29,219	25,600
Federal Transit Technical Studies Grants			IN-80-2013	86,995	763,865
Federal Transit Technical Studies Grants			IN-80-2014	<u>1,057</u>	<u>1,057</u>
Total for Program				<u>117,271</u>	<u>790,522</u>
Formula Grants for Other Than Urbanized Areas	20.509	INDOT			
			IN-18-X022	447,598	447,598
			IN-18-X023	1,010,881	1,006,504
			IN-18-X024	4,846,363	4,702,536
			IN-18-X025	<u>1,873,980</u>	<u>1,855,808</u>
Total for Program				<u>8,178,822</u>	<u>8,012,446</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	INDOT			
			IN-16-0030	6,597	-
			IN-16-0031	80,679	52,854
			IN-16-0001	679,321	679,321
			IN-03-0109	<u>131,286</u>	<u>131,286</u>
Total for Program				<u>897,883</u>	<u>863,461</u>
National Highway Safety Administration, Section 408	20.610	JTAC	K9-07-06-01-01	<u>108,059</u>	<u>-</u>
Pipeline Safety	20.700	IURC	PPHP05007OC0008	<u>49,145</u>	<u>49,145</u>

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<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>					
Interagency Hazardous Material Public Sector Training and Planning Grants Hazardous Material 2005	20.703	IDHS	HMEIN4050120	204,332	204,153
<i>Total for Program</i>				204,332	204,153
Other Assistance NHTSA Section 154 Transfer Open Container	20	ICJI	N/A	5,501,219	5,501,219
<i>Total Other Assistance</i>				5,501,219	5,501,219
<i>Total U.S. Department of Transportation</i>				901,241,932	25,382,849
<u>GENERAL SERVICES ADMINISTRATION</u>					
Donation of Federal Surplus Personal Property	39.003	IDOA	N/A	2,757,967	-
<i>Total General Services Administration</i>				2,757,967	-
<u>NATIONAL ENDOWMENT FOR THE ARTS AND HUMANITIES</u>					
Promotion of the Arts - Partnership Agreements	45.025	IAC			
Basic State Grant			05-6000-2017	198,251	48,153
Basic State Grant			06-6100-2046(2017-prior)	276,253	46,228
Arts In Education			06-6100-2046(2017-prior)	24,200	24,200
Underserved			05-6100-2046(2017-prior)	61,200	61,200
Challenge America			05-6100-2046(2017-prior)	101,700	101,700
American Masterpiece			06-6100-2046	69,200	69,200
<i>Total for Program</i>				730,804	350,681
State Library Program	45.310	ISL			
LSTA Grant - 2005			LS-00040015-05	811,306	749,659
LSTA Grant - 2006			LS-00050015-06	2,731,876	2,645,660
LSTA Grant - 2007			LS-00060015-07	160,407	119,688
<i>Total for Program</i>				3,703,589	3,515,007
<i>Total National Endowment for the Arts and the Humanities</i>				4,434,393	3,865,688
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>					
Small Business Development Center	59.037	IEDC			
2006			6-603001-Z-0015-21	882,437	-
2007			7-603001-Z-0015-22	740,028	-
<i>Total for Program</i>				1,622,465	-
<i>Total U.S. Small Business Administration</i>				1,622,465	-
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>					
Veterans Health Administration Veterans State Domiciliary Care	64.014	IVH	N/A	189,926	-
Veterans Health Administration Veterans State Nursing Home Care	64.015	IVH	N/A	4,280,988	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS (continued)</u>					
All-Volunteer Force Educational Assistance	64.124				
Veteran Education		IDVA	V101 (223B) P4617	12,051	-
State Approving Agency		IDVA	V101 (223B) P4617	15,926	-
Veteran Education		ICPE	V101 (223B) P4673	109,330	-
Veteran Education		ICPE	V101 (223B) P4673	125,416	-
<i>Total for Program</i>				<u>262,723</u>	-
<i>Total U.S. Department of Veterans Affairs</i>				<u>4,733,637</u>	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
Survey, Studies and Investigations Relating to the Clean Air Act	66.034				
		IDEM	XA831745-01	<u>67,183</u>	-
<i>Total for Program</i>				<u>67,183</u>	-
Water Pollution - State and Interstate Support	66.419				
106 Watershed Monitoring		IDEM	I965557-06	<u>52,051</u>	-
<i>Total for Program</i>				<u>52,051</u>	-
State Underground Water Source Protection	66.433	DNR	300OG1UIC060001	<u>119,400</u>	-
Water Quality Management Planning	66.454	IDEM			
Water Quality Management 205(j)(1)			C6975496-01	50,285	-
Water Quality Management 205(j)(1)			C6975750-01	(9,715)	-
Water Quality Management 205(j)(1)			C6975750-02	44,103	-
Water Quality Management 205(j)(1)			C6975750-03	109,718	-
Water Quality Management 205(j)(1)			C6975750-04	192,329	-
Water Quality Management 205(j)(1)			C6975750-05	87,529	-
Water Quality Management 205(j)(1)			C6975750-06	29,267	-
<i>Total for Program</i>				<u>503,516</u>	-
Nonpoint Source Implementation Grants	66.460	IDEM			
319 NPS Surface Water			C9995008-99	85,881	-
319 NPS Surface Water			C9995008-99	28,358	-
319 NPS Surface Water			C9995008-00	28,358	-
319 NPS Surface Water			C9995008-00	92,159	-
319 NPS Surface Water			C9975482-01	92,666	-
319 NPS Surface Water			C9975482-02	293,943	-
319 NPS Surface Water			C9975482-03	592,984	-
319 NPS Surface Water			C9975482-04	1,180,384	-
319 NPS Surface Water			C9975482-05	736,214	-
319 NPS Surface Water			C9975482-05	2,942	-
319 NPS Surface Water			C9975482-06	1,032,867	-
319 NPS Groundwater			C9975482-07	6,170	-
<i>Total for Program</i>				<u>4,172,926</u>	-
Wetlands Grants	66.461	IDEM			
Wetlands Pro Dev.			CD965165-01	<u>13,700</u>	-
<i>Total for Program</i>				<u>13,700</u>	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>ENVIRONMENTAL PROTECTION AGENCY (continued)</u>					
Water Quality Cooperative Agreements	66.463	IDEM			
Watershed			CP975649-01	75,773	-
Watershed			CP975773-01	138	-
Watershed			CP965041-01	118,618	-
Watershed			CP965466-01	22,433	-
Watershed			X7965099-01	32,909	-
<i>Total for Program</i>				<u>249,871</u>	-
Capitalization Grants for Drinking Water State Revolving Fund	66.468	IDEM			
Drinking Water SRF - Administration			FS985655-98	(58,021)	-
Drinking Water SRF - Source Water			FS985655-98	14,313	-
Drinking Water SRF - Administration			FS975486-01	26,354	-
Drinking Water Revolving - Loans			FS975486-02	293,409	-
Drinking Water SRF - Administration			FS975486-02	38,974	-
Drinking Water SRF - PWSS			FS975486-02	23,662	-
Drinking Water SRF - PWSS			FS975486-02	979	-
Drinking Water Revolving - Loans			FS975486-03	100,000	-
Drinking Water Revolving - Administration			FS975486-03	276,691	-
Drinking Water SRF - PWSS			FS975486-03	273,788	-
Drinking Water SRF - PWSS			FS975486-03	2	-
<i>Total for Program</i>				<u>990,151</u>	-
Lamp Lake Michigan	66.469	IDEM			
Lamp Lake Michigan			GL965217-01	(7,080)	-
Lamp Lake Michigan			GL965509-01	18,647	-
Delisting Targets Grant Calumet			GL965660-01	698	-
<i>Total for Program</i>				<u>12,265</u>	-
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	IDEM	CT965138-01	<u>177,329</u>	-
<i>Total for Program</i>				<u>177,329</u>	-
Beach Monitoring and Notification Program Implementation Grants	66.472	IDEM			
Beach Protection			CU975678-01	52,000	-
Beach Protection			CU965109-01	3,408	-
Beach Protection Lake Michigan			CU965643-01	76,667	-
Beach Protection			CU965912-01	118,477	-
Beach Protection			CU965109-01	10,079	-
<i>Total for Program</i>				<u>260,631</u>	-
Water Protection Grants	66.474	IDEM	WP975634-01	<u>74,384</u>	-
Environmental Protection - Consolidated Research	66.500				
PPG		IDEM	BG985432-05	7	-
PPG		IDEM	BG985432-06	2,061,519	-
Bio Watch Monitoring		IDEM	BW965172-01	127,929	-
Bio Watch HS		IDEM	2006ST-091-000019	190,742	-
<i>Total for Program</i>				<u>2,380,197</u>	-
Performance Partnership Grants	66.605	IDEM			
PPG			BG985432-05	6,639	-
PPG			BG985432-05	97	-
PPG			BG985432-06	2,683,251	-
PPG			BG985432-06	220,531	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
ENVIRONMENTAL PROTECTION AGENCY (continued)					
Performance Partnership Grants (continued)					
PPG			BG985432-06	2,980,760	-
PPG			BG985432-06	3,177,271	-
PPG			BG985432-06	162,779	-
PPG			BG985432-06	39,032	-
PPG			BG985432-06	33,009	-
<i>Total for Program</i>				<u>9,303,369</u>	-
Surveys, Studies, Investigations and Special Purpose Grants	66.606	IDEM			
Lakewide Management Plan			GL965217-01	(7,080)	-
Lamp Lake Michigan			GL965509-01	18,647	-
Local Scale Air Toxics			XA965784-01	71,714	-
Advance Truck Stop Electrify			X985926-01	115,872	-
Spills of National Sig			X965837-01	2,005	-
Ambient Air Monitoring			PM985773-02	412,702	-
Ambient Air Monitoring			PM985773-04	677,172	-
Rural Hardship			HG995442-01	469,271	-
<i>Total for Program</i>				<u>1,760,303</u>	-
Outreach Operator Training	66.607	IDEM			
Outreach Operator Training			T985627-01	34,947	-
Outreach Operator Training			T985627-04	44,682	-
Outreach Operator Training			T985627-05	26,161	-
Outreach Operator Training			T985627-06	3,222	-
<i>Total for Program</i>				<u>109,012</u>	-
Environmental Information Exchange Network	66.608	IDEM			
National Environmental Information Exchange			OS832586-01	21,917	-
NEIEN RCRA Data FI			OS832586-01	22,180	-
NEIEN Implementation			OS831964-01	104,760	-
<i>Total for Program</i>				<u>148,857</u>	-
Environmental Policy and Innovation Grants	66.611	IDEM			
			PI965680-01	26,747	-
			PI00E001-01	376	-
			PI975839-01	28,945	-
<i>Total for Program</i>				<u>56,068</u>	-
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707	IDEM			
Lead-Based Paints			PB985526-05	18,068	-
Lead-Based Paints			PB965823-01	139,614	-
Lead-Based Paints			PB965823-02	34,051	-
<i>Total for Program</i>				<u>191,733</u>	-
Pollution Prevention Grants Program	66.708	IDEM			
Mercury Reduction			NP965037-01	57,680	-
Regulatory Integration of Pollution			NP965891-01	36,607	-
<i>Total for Program</i>				<u>94,287</u>	-
Capacity Building Grants and Cooperative Agreements Combined Sewer Overflow	66.709	IDEM			
			EA965374-01	43,072	-
<i>Total for Program</i>				<u>43,072</u>	-

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<u>ENVIRONMENTAL PROTECTION AGENCY (continued)</u>					
Source Reduction Assistance	66.717	IDEM	X9965472-01	26,509	-
Superfund State Site - Specific Cooperative Agreements	66.802	IDEM			
RCRA 3012 Program			V005849-01	(137,070)	-
RCRA 3012 Program			V005849-01	(54,979)	-
RCRA 3012 Program			V005849-02	291,544	-
RCRA 3012 Program			V005849-02	(808)	-
RCRA 3012 Program - CERCLIC Management			V00E188-01	1,799	-
Salary and Fringe Holding Account			V00E188-01	104,019	-
Ninth Avenue Dump			V965003-03	3,773	-
Ninth Avenue Dump			V965003-02	13,334	-
Ninth Avenue Dump			V965003-02	1,977	-
Elkhart Main Street Well Field-East			V005995-01	6,844	-
Elkhart Main Street Well Field-West 447			V965003-01	549	-
Elkhart Main Street Well Field-West			V005995-01	13,657	-
Elkhart Main Street Well Field-West 448			V965003-01	929	-
Elkhart Main Street Well Field-East 447			V965003-02	4,273	-
Elkhart Main Street Well Field-West 448			V965003-02	2,658	-
Galen Myers Remedial Action			V965884-01	25,287	-
Galen Myers Remedial Action			V965884-01	280	-
Continental Steel - Remedial Design			V985768-01	349	-
Continental Steel - Remedial Design			V985768-01	10,985	-
Payroll Holding			V985768-01	3,597	-
Waste			V005995-01	22,228	-
Waste Holding			V965003-01	938	-
Waste Holding			V965003-02	4,592	-
Conrail Yard Site			V005899-01	41,922	-
Conrail Yard Site			V005995-01	326	-
Conrail Yard Site			V965003-01	1,949	-
Conrail Yard Site			V965003-02	3,207	-
Third Site			V005899-01	15,863	-
Third Site			V965003-01	2,742	-
Third Site			V965003-02	7,077	-
Prestolite Battery			V005899-01	14,333	-
Prestolite Battery			V965003-01	3,654	-
Prestolite Battery			V965003-02	11,040	-
Himco Dump			V005899-01	23,077	-
Himco Dump			V965003-01	3,128	-
Himco Dump			V965003-01	232	-
Himco Dump			V965003-02	8,180	-
Himco Dump			V965003-02	902	-
International Minerals and Chem			V005899-01	9,124	-
International Minerals and Chem			V965003-01	3,101	-
International Minerals and Chem			V965003-02	854	-
American Chemical Services			V005899-01	37,615	-
American Chemical Services			V005899-01	10,635	-
American Chemical Services			V005899-01	3,261	-
American Chemical Services			V965003-01	4,537	-
American Chemical Services			V965003-02	13,247	-
Douglas Road Landfill			V005899-01	21,680	-
Douglas Road Landfill			V965003-01	281	-
Douglas Road Landfill			V965003-02	2,138	-
Douglas Road Landfill			V965003-02	4	-
Lemon Lane			V005899-01	98,045	-
Lemon Lane			V005899-01	3,590	-
Lemon Lane			V005899-01	3,130	-
Lemon Lane			V965003-01	6,694	-
Lemon Lane			V965003-01	481	-
Lemon Lane			V965003-02	16,844	-
Lemon Lane			V965003-02	2,957	-
Illinois Central Springs			V965478-01	45,054	-
Tippecanoe			V005899-01	63,651	-

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ENVIRONMENTAL PROTECTION AGENCY (continued)					
Superfund State Site - Specific Cooperative Agreements (continued)					
Lakeland Disposal			V965003-01	5,012	-
Lakeland Disposal			V965003-01	42	-
Lakeland Disposal			V965003-02	7,730	-
Lakeland Disposal			V965003-02	508	-
Neal's Dump			V005899-01	15,672	-
Neal's Landfill			V005899-01	33,223	-
Neal's Landfill			V005899-01	782	-
Neal's Landfill			V005899-01	1,379	-
Neal's Landfill			V965003-01	3,939	-
Neal's Landfill			V965003-01	241	-
Neal's Landfill			V965003-02	14,630	-
Bennet Stone			V005899-01	15,804	-
Bennet Stone			V005899-01	27	-
Bennet Stone			V005899-01	152	-
Bennet Stone			V965003-01	3,101	-
Bennet Stone			V965003-01	4	-
Bennet Stone			V965003-02	5,170	-
Bennet Stone			V965003-02	15	-
Cam-Or			V005899-01	23,224	-
Cam-Or			V965003-01	3,516	-
Cam-Or			V965003-02	22,715	-
Little Mississinewa			V965003-01	2,983	-
Little Mississinewa			V965003-01	27	-
Little Mississinewa			V965003-02	7,229	-
Jacobsville			V965003-01	2,114	-
Jacobsville			V965003-02	9,926	-
Town of Pines			V965003-01	37,680	-
Town of Pines			V965003-02	17,155	-
<i>Total for Program</i>				<u>1,039,310</u>	-
Leaking Underground Storage Tank Trust Fund Program	66.805	IDEM			
Leaking Underground Storage Tank			L005981-13	174,154	-
Leaking Underground Storage Tank			L005981-14	265,765	-
Leaking Underground Storage Tank			L005981-15	1,357,795	-
<i>Total for Program</i>				<u>1,797,714</u>	-
Core Superfund	66.809	IDEM			
Core Superfund			VC005990-01	(298,976)	-
Core Superfund			VC005990-02	356,267	-
Core Superfund			VC005981-15	1,311	-
<i>Total for Program</i>				<u>58,602</u>	-
State and Tribal Response	66.817	IDEM			
128a Core Brownsfield-307			RP965078-01	308,912	-
128a Core Brownsfield-307			RP965078-02	251,900	-
128a Core VRP-307			RP965078-02	124,437	-
<i>Total for Program</i>				<u>685,249</u>	-
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	IDEM	BL985740-01	1	-
Environmental Education Grants - Educational Lending	66.951	IDEM	NE995053-01	(609)	-
<i>Total Environmental Protection Agency</i>				<u>24,387,081</u>	-

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STATE OF INDIANA
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF ENERGY</u>					
State Energy Program/Special Projects State Energy Program	81.041	LT.GOV	DE-FG45-02R530542	1,072,404	221,963
<i>Total for Program</i>				1,072,404	221,963
Weatherization Assistance for Low-Income Persons	81.042	FSSA	R530679	21,697	-
<i>Total for Program</i>				21,697	-
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis Energy Efficiency and Renewable Energy Act	81.117	LT.GOV	DE-FC45-04R530702	5,000	5,000
State Energy Program Special Projects Energy Information Administration (SHOPP)	81.119	LT.GOV	DE-FC01-01E137395	10,000	-
Biofuels Corridor			DE-FC26-06NT43014	48,481	48,481
Central Indiana Clean Cities Coalition			DE-FG45-05R530784	11,565	11,565
Central Indiana Clean Cities Coalition			DE-FG45-05R530785	11,701	11,701
Indiana Industries of the Future			DE-FG45-05R530786	100,000	100,000
Indiana Industries of the Future			DE-FG45-05R530787	89,999	89,999
Indianapolis Airport			DE-FG45-02R530553	10,944	10,944
Indiana Wind Working Group			DE-FC45-05R530761	16,447	-
<i>Total for Program</i>				299,137	272,690
<i>Total U.S. Department of Energy</i>				1,398,238	499,653
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Special Education Cluster Special Education - State Grants Part B	84.027				
State Grant 2004		IDOE	H027A030084	2,393,527	2,393,527
State Grant 2005		IDOE	H027A040084	4,166,714	4,166,714
State Grant 2006		IDOE	H027A050084	46,613,516	46,094,798
State Grant 2007		IDOE	H027A060084	183,021,532	181,266,533
Part B		ISD	14207-102-PN01	212,004	-
Exceptional Learners		ISD	14206-059-DY01	31,334	-
<i>Total for Program</i>				236,438,627	233,921,572
Chapter I Handicap (Special Education) 2003	84.027A	IDOC	14206095PN02	339,047	-
Special Education - Preschool Grants	84.173				
State Grant 2005		IDOE	H0173A040104	(9,549)	(9,549)
State Grant 2006		IDOE	H0173A050104	1,262,521	1,262,521
State Grant 2007		IDOE	H0173A060104	7,696,642	7,696,642
Early Childhood		ISD	45707-102-PN01	19,927	-
<i>Total for Program</i>				8,969,541	8,949,614
<i>Total for Cluster</i>				245,747,215	242,871,186
Adult Education - State Grant Program	84.002	IDOE	V002A040014	16,198	16,198
			V002A050014	700,363	700,363
			V002A060014	9,552,632	8,987,246
<i>Total for Program</i>				10,269,193	9,703,807
ABE 2005-2006	84.002A	IDOC	FY06-8042	528,430	-

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<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Title 1 Grants to Local Educational Agencies	84.010	IDOE	S010A030014 S010A050014 S010A060014	(61,079) 28,357,799 <u>149,714,618</u>	(61,079) 27,936,947 <u>148,864,092</u>
<i>Total for Program</i>				<u>178,011,338</u>	<u>176,739,960</u>
Migrant Education - Basic State Grant Program	84.011	IDOE	S011A040014 S011A050014	3,773,524 <u>1,360,827</u>	3,508,114 <u>476,990</u>
<i>Total for Program</i>				<u>5,134,351</u>	<u>3,985,104</u>
Title 1 Program for Neglected and Delinquent Children	84.013	IDOE	S013A050014 S013A060014	259,555 836,827	259,555 836,827
		IDOC	06-9100	<u>1,260,923</u>	-
<i>Total for Program</i>				<u>2,357,305</u>	<u>1,096,382</u>
Perkins	84.037	CHE	FY 07	<u>8,038,749</u>	<u>8,038,749</u>
Vocational Education - Basic Grants to States	84.048	IDWD	VO48A040014A VO48A040014A VO48A040014A VO48A040014A VO48A050014A VO48A050014A VO48A050014A VO48A050014A VO48A050014A VO48A060014A VO48A060014A VO48A060014A VO48A060014A VO48A060014A VO48A060014A Perkins Vocational Education Perkins Vocational Education	378,557 994,118 805,471 182,613 (325,913) 281,580 3,722,768 1,520,288 246,486 338,883 9,176,863 743,884 3,018 <u>14,305,312</u>	- 731,578 805,471 182,613 - 220,274 3,733,290 (182,613) - 323,082 1,818,997 - 3,018 <u>14,255,385</u>
<i>Total for Program</i>				<u>32,373,928</u>	<u>21,891,095</u>
Leveraging Education Assistance Partnership Special Leveraging Education Assistance Program Leveraging Education Assistance Program	84.069	SSACI	N069B050010 N069A060016	1,012,410 <u>601,677</u>	- -
<i>Total for Program</i>				<u>1,614,087</u>	-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FSSA	H 126A 05 0019 H 126A 06 0019 H 126A 07 0019	117,389 25,236,861 <u>31,609,504</u>	- - -
<i>Total for Program</i>				<u>56,963,754</u>	<u>39,869,680</u>
Rehabilitation Services - Client Assistance Program	84.161	IPASC	H161A060015B H161A070015B	210,983 <u>31,164</u>	- -
<i>Total for Program</i>				<u>242,147</u>	-
Independent Living - State Grants	84.169	FSSA	H 169A 060020 H 169A 070020	236,167 <u>135,323</u>	- -
<i>Total for Program</i>				<u>371,490</u>	-

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(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Rehabilitation Services - Independent Living Services	84.177	FSSA	H 177B 05 0014 H 177B 06 0014	311,164 <u>238,682</u>	- -
<i>Total for Program</i>				<u>549,846</u>	-
Special Education - Grants for Infants and Families With Disabilities	84.181	FSSA	H 181A 04 0030 H 181A 05 0030	2,290,872 <u>5,431,089</u>	- -
<i>Total for Program</i>				<u>7,721,961</u>	-
Byrd Honors Scholarships	84.185	IDOE IDOE SSCAI	P185A050015 P185A060015 P185A050015	532,500 343,000 <u>819,000</u>	532,500 343,000 -
<i>Total for Program</i>				<u>1,694,500</u>	<u>875,500</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	IDOE IDOE IDOE IDOE	S186A030015 S186A040015 S186A050015 S186A050015	265,802 (1,100) 4,500,850 <u>704,439</u>	265,802 (1,100) 4,244,445 <u>704,439</u>
<i>Total for Program</i>				<u>5,469,991</u>	<u>5,213,586</u>
Education for Homeless Children	84.196	IDOE	S196A050015 S196A060015	327,319 <u>668,319</u>	181,111 <u>668,319</u>
<i>Total for Program</i>				<u>995,638</u>	<u>849,430</u>
Javits Gifted and Talented Students Education	84.206	IDOE	S206A020001	<u>89,427</u>	<u>89,247</u>
Even Start - State Educational Agencies	84.213	IDOE	S213C040015 S213C050015 S213C060015	10,624 398,066 <u>1,237,695</u>	- 335,187 <u>1,237,695</u>
<i>Total for Program</i>				<u>1,646,385</u>	<u>1,572,882</u>
Assistive Technology	84.224	FSSA	H 224A 90 0027 H 224A 05 H 224A 06	583,207 355,439 <u>16,309</u>	1,151,339 - -
<i>Total for Program</i>				<u>954,955</u>	<u>1,151,339</u>
Program of Protection and Advocacy of Individual Rights	84.240	IPASC	H240A060015B H240A070015A	289,879 <u>172,014</u>	- -
<i>Total for Program</i>				<u>461,893</u>	-
Tech-Prep Education COM TECH ED-PRE 2004 COM TECH ED-PRE 2005 COM TECH ED-PRE 2006	84.243	IDWD	V243A040014 V243A050014 V243A060014	513,765 1,895,817 <u>1,399,272</u>	459,051 1,927,369 <u>1,264,875</u>
<i>Total for Program</i>				<u>3,808,854</u>	<u>3,651,295</u>
Rehabilitation Services - American Indians with Disabilities	84.250B	IDOE	S250B010069	<u>13</u>	-
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	FSSA	H 265A 00 0040 H 265A 05 0040	(206) <u>63,321</u>	- -
<i>Total for Program</i>				<u>63,115</u>	-

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Title II Eisenhower Professional Development	84.281	IDOE			
State Grant 2000			S281A990014	24,868	24,868
State Grant 2001			S281A000014	123,184	123,184
State Grant 2002			S281A010014	5,639	5,639
<i>Total for Program</i>				<u>153,691</u>	<u>153,691</u>
Charter Schools	84.282	IDOE	U282A040016	<u>3,463,359</u>	<u>3,365,741</u>
Twenty-First Century Community Learning Centers	84.287	IDOE	S287C050014	7,128,086	6,641,515
			S287C060014	4,434,133	4,434,133
		IDOC	C	<u>127,853</u>	<u>-</u>
<i>Total for Program</i>				<u>11,690,072</u>	<u>11,075,648</u>
State Grants for Innovative Programs	84.298	IDOE	S298A030014	141,381	141,381
			S298A050014	<u>3,675,922</u>	<u>3,170,248</u>
<i>Total for Program</i>				<u>3,817,303</u>	<u>3,311,629</u>
Education Technology State Grants	84.318	IDOE	S318X030014	37,264	37,264
			S318X040014	1,225,989	1,173,286
			S318X050014	<u>5,266,148</u>	<u>5,214,663</u>
<i>Total for Program</i>				<u>6,529,401</u>	<u>6,425,213</u>
Special Education - State Program Improvement Grants	84.323	IDOE	H323A030003	<u>1,239,814</u>	<u>1,239,814</u>
Special Education Enhancement Grant	84.326	IDOE	H326X030005	<u>151,994</u>	<u>151,994</u>
Advanced Placement Incentive Program	84.330	IDOE	U330B050011	<u>38,636</u>	<u>38,636</u>
Grants to States for Incarcerated Youth Offenders	84.331	IDOC	V331A060015	<u>515,227</u>	<u>-</u>
<i>Total for Program</i>				<u>515,227</u>	<u>-</u>
Comprehensive School Reform Demonstration	84.332	IDOE	S332A050014	<u>1,579,945</u>	<u>1,579,945</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	SSACI			
Gear-Up Tuition			P334A990352	33,359	-
Gear-Up Administration			P334S050010	2,218,264	-
Gear-Up Tuition			P334S050010	121,966	-
Gear-Up Mentorship			P334S050010	<u>317,265</u>	<u>-</u>
<i>Total for Program</i>				<u>2,690,854</u>	<u>-</u>
Assistive Technology - State Grants for Protection and Advocacy	84.343	IPASC	H343AO60015B	72,150	-
			H343AO70015B	<u>37,531</u>	<u>-</u>
<i>Total for Program</i>				<u>109,681</u>	<u>-</u>
Occupational and Employment Information State Grants	84.346	IDWD	V346A000018	<u>189</u>	<u>-</u>
Reading First	84.357	IDOE	S357A040015	1,422,999	1,069,606
			S357A050015	<u>12,645,889</u>	<u>11,380,986</u>
<i>Total for Program</i>				<u>14,068,888</u>	<u>12,450,592</u>

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Rural Education	84.358	IDOE	S358B050014 S358B060014	35,738 33,749	32,418 33,749
<i>Total for Program</i>				69,487	66,167
Literacy through School Libraries	84.364	IDOE	T365A050014 T365A060014	704,300 9,602,403	683,184 9,520,267
<i>Total for Program</i>				10,306,703	10,203,451
Math/Science Partnerships	84.366	IDOE	S366B040015 S366B050015	460,865 1,735,858	459,464 1,673,247
<i>Total for Program</i>				2,196,723	2,132,711
Improving Teacher Quality	84.367	IDOE IDOE IDOE IDOE CHE CHE CHE	S367A030013 S367A040013 S367A050013 S367A060013 S367B040014A S367B050014A S281B060014A	5,855 557,468 31,452,214 10,453,295 653,234 162,448 430	5,855 7,210 31,444,700 10,453,295 652,224 162,448 -
<i>Total for Program</i>				43,284,944	42,725,732
State Assessments and Related Activities	84.369	IDOE	S369A050015 S369A060015 S369A070015	40,071 8,200,202 991,207	- - 761,142
<i>Total for Program</i>				9,231,480	761,142
General Supervision Grant	84.373	IDOE	H373X060039	184,224	184,224
Math/Science Partnerships	84.938	IDOE	S938C060049	1,499,500	1,499,500
Title I	84	ISSCH	03-9105	57,493	-
Special Education	84	ISSCH	14205-100-PN01	37,428	-
Individuals with Disabilities Education Act	84	ISSCH	14207-101-PN01	124,968	-
Act for Preschool	84	IBS	45707-101-PN01	3,374	-
Librarian/IERC Large Print Production Braille Project	84	IBS	14206-025-DY05	201,514	-
<i>Total U.S. Department of Education</i>				678,355,457	614,965,072
<u>ELECTION ASSISTANCE COMMISSION</u>					
Election Reform Payments	90.401				
HAVA Early Payments, Section 101 Funds		IEC	369940/371752	823,505	-
HAVA Requirements Payments, Title III Funds		IEC	412089	3,883,755	382,136
<i>Total for Program</i>				4,707,260	382,136
<i>Total Election Assistance Commission</i>				4,707,260	382,136

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	FSSA	06 AA IN T3 SP	92,228	-
			07 AA IN T3 SP	145,158	-
			06 AA IN T3 SP	2,063,847	2,063,847
			07 AA IN T3 SP	5,225,370	5,225,370
			06 AA IN T3 SP	40,040	-
			07 AA IN T3 SP	78,128	-
<i>Total for Program</i>				<u>7,644,771</u>	<u>7,289,217</u>
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	FSSA	05 AA IN T3 SP	3,068,752	-
			06 AA IN T3 SP	4,789,368	-
			07 AA IN T3 SP	2,987,953	-
<i>Total for Program</i>				<u>10,846,073</u>	<u>-</u>
Nutrition Services Incentive Program	93.053	FSSA	2 06 AA IN NSIP	475,334	475,334
			2 07 AA IN NSIP	1,014,219	1,014,219
<i>Total for Program</i>				<u>1,489,553</u>	<u>1,489,553</u>
<i>Total for Cluster</i>				<u>19,980,397</u>	<u>8,778,770</u>
Child Care Cluster					
Child Care and Development Block Grant	93.575	FSSA	G 04 01 IN CCDF	(19,017)	-
			G 05 01 IN CCDF	1,623,336	-
			G 06 01 IN CCDF	41,554,227	-
			G 07 01 IN CCDF	25,320,238	-
<i>Total for Program</i>				<u>68,478,784</u>	<u>49,406,368</u>
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF)	93.596	FSSA	G 04 01 IN CCDF	19,017	-
			G 06 01 IN CCDF	15,019,143	-
			G 07 01 IN CCDF	47,888,120	-
<i>Total for Program</i>				<u>62,926,280</u>	<u>59,469,127</u>
<i>Total for Cluster</i>				<u>131,405,064</u>	<u>108,875,495</u>
Medicaid Cluster					
State Medicaid Fraud Control Units	93.775	AG	01-0601-IN-5050	526,998	-
		AG	01-0701-IN-5050	1,821,807	-
<i>Total for Program</i>				<u>2,348,805</u>	<u>-</u>
State Survey and Certification of Health Care Providers and Suppliers					
State Survey and Certification of Health Care Providers	93.777	FSSA	5 05 05 IN 5001	2,119,062	-
State Survey and Certification of Health Care Providers		FSSA	5 06 05 IN 5001	2,399,979	-
Medicare Title XVIII - 2006		ISDOH	05-0505-IN-5005	1,558,111	-
Medicare Title XVIII - 2007		ISDOH	05-0505-IN-5006	4,174,420	2,341
Clinical Lab Improvement Act - 2006		ISDOH	05-0405-IN-5005	74,394	-
Clinical Lab Improvement Act - 2007		ISDOH	05-0405-IN-5006	194,092	-
Medicare Title XIX - 2006		ISDOH	05-0005-IN-5005	1,348,628	-
Medicare Title XIX - 2007		ISDOH	05-0005-IN-5006	3,515,869	-
<i>Total for Program</i>				<u>15,384,555</u>	<u>2,341</u>

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
Medical Assistance Program	93.778	FSSA			
Assistance			5 05 05 IN 5028	4,159	-
Assistance			5 06 05 IN 5028	1,015,488,575	-
Assistance			5 07 05 IN 5028	2,548,378,064	-
Administration			5 05 05 IN 5048	2,154,167	-
Administration			5 06 05 IN 5048	25,450,707	-
Administration			5 06 05 IN 5048	108,110,801	-
Katrina Administration			KA06	13,000	-
Katrina Benefits			KA06	209,672	-
<i>Total for Program</i>				<u>3,699,809,145</u>	-
<i>Total for Cluster</i>				<u>3,717,542,505</u>	<u>2,341</u>
Public Health and Social Services Emergency Fund	93.003	ISDOH			
Bioterrorism Hospital Planning 2005			8 U3RHS03847-01-02	171,763	93,450
Bioterrorism Hospital Planning 2006			4URHS05709-01-02	3,321,102	3,248,558
Bioterrorism Hospital Planning 2007			U13RHS07605-01-00	5,760,797	5,190,500
<i>Total for Program</i>				<u>9,253,662</u>	<u>8,532,508</u>
Minority HIV/AIDS Demonstration Program	93.006	ISDOH			
Minority HIV/AIDS Demonstration Program-2005			STTMP020015-03-0	12,134	8,476
OMH State Partnership Program FY06			1STTMP051005-01-0	85,018	75,266
OMH State Partnership Program FY07			1STTMP051005-0120	68,371	24,537
<i>Total for Program</i>				<u>165,523</u>	<u>108,279</u>
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	FSSA	06 AA IN T7 SP	3,564	-
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	FSSA			
			06 AA IN T7 SP	6,834	-
			06 AA IN T7 SP	96,790	96,790
			07 AA IN T7 SP	132,954	-
			07 AA IN T3 SP	(9,045)	-
<i>Total for Program</i>				<u>227,533</u>	<u>96,790</u>
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	FSSA			
			05 AA IN T3 SP	1,759	-
			05 AA IN T3 SP	87,320	87,320
			06 AA IN T3 SP	354,416	-
			07 AA IN T3 SP	(9,045)	-
			05 AA IN T7 SP	(4)	-
			06 AA IN T7 SP	(89)	-
			07 AA IN T7 SP	(259)	-
<i>Total for Program</i>				<u>434,098</u>	<u>87,320</u>
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	FSSA			
Alzheimer's Disease Grant			90 AZ 2789 02	78,238	-
Alzheimer's Disease Grant			90 AZ 2789 03	212,597	-
ADRC AOA			90 AZ 2828 01	25,149	-
ADRC AOA			90 AM 3026 02	38,866	-
<i>Total for Program</i>				<u>354,850</u>	-

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
National Family Caregiver Support (NFCSP)	93.052	FSSA	03 AA IN 1719 04 AA IN T3 SP 05 AA IN T3 SP	(14,504) 276,019 2,273,165	- 262,586 2,192,419
<i>Total for Program</i>				<u>2,534,680</u>	<u>2,455,005</u>
State Food Safety and Security Task Force Meeting	93.103				
Fiscal Year 06		ISDOH	1R13FD003184-01	4,532	-
Fiscal Year 07		ISDOH	1R13FD003184-02	6,199	-
<i>Total for Program</i>				<u>10,731</u>	<u>-</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances Child MH Initiative	93.104	FSSA	C H5 SM 52893 A	475,482	470,503
Maternal and Child Health Federal Consolidated Programs	93.110	ISDOH			
PREP Promoting Responsible Fatherhood		IDOC	90FR0101/01	52,331	-
Data Integration 2006			5H18MC00017-10	56,791	-
Data Integration 2007			5H18MC00017-11	45,120	-
Early Childhood Comprehensive System Planning 2006			6H25MC00263-03	109,270	56,482
Early Childhood Comprehensive System Planning 2007			6H25MC00263-04	53,494	41,458
Genetics Implementation Grant 2006			4H91MC00222-04	190,261	137,428
<i>Total for Program</i>				<u>507,267</u>	<u>235,368</u>
Children's Oral Healthcare Access Program	93.111	ISDOH			
Children's Oral Healthcare Access Program 2007			5H47MC02007-04-00	59,257	59,257
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	ISDOH			
Tuberculosis Control Program - 2006			U52/CCU500520-24	405,102	395,704
Tuberculosis Control Program - 2007			U52/CCU500520-25	187,731	134,364
<i>Total for Program</i>				<u>592,833</u>	<u>530,068</u>
Crisis Counseling Assistance and Training	93.119	FSSA	H07SM00215-01	291,435	285,905
Primary Care Services - Resource Coordination and Development - Primary Care Offices	93.130	ISDOH			
Primary Care Offices - 2007			5 U68 CS 00182-17	112,586	50,482
Primary Care Offices - 2008			6 U68 CS 00182-18	29,846	11,000
<i>Total for Program</i>				<u>142,432</u>	<u>61,482</u>
Protection and Advocacy for Individuals With Mental Illness	93.138	IPASC	SMX198700-07-1 SMX189700-07-2	563,355 362,880	- -
<i>Total for Program</i>				<u>926,235</u>	<u>-</u>
Projects for Assistance in Transition From Homelessness	93.150	FSSA	S MX 060015 N S MX 060015 P	526,586 356,917	526,566 -
<i>Total for Program</i>				<u>883,503</u>	<u>526,566</u>
State Loan Repayment Program FY05	93.165	ISDOH	4H56HP00122-03-01	100,356	100,356
Community Prevention Coalitions (Partnership) Demonstration Grant Indiana Grassroots Prevention Coalition	93.194	FSSA	U9SP11212A	433,216	411,915

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Childhood Lead Poisoning Prevention Program	93.197	ISDOH			
Childhood Lead Poison Prevention - 2006			US7/CCU522878-03-1	271,425	203,921
Childhood Lead Poison Prevention - 2007			US7/CCU522878-04-1	780,300	345,970
<i>Total for Program</i>				<u>1,051,725</u>	<u>549,891</u>
Research on Healthcare Costs, Quality and Outcomes	93.226	ISDOH			
Cooperative Health Statistics - 2006			200-2000-07214	490,615	32,768
Cooperative Health Statistics - 2007			200-2000-07214	406,780	6,163
<i>Total for Program</i>				<u>897,395</u>	<u>38,931</u>
Traumatic Brain Injury - VR	93.234	FSSA	H21MC06756	57,671	-
Abstinence Education	93.235	ISDOH			
Abstinence Education Block Grant - 2006			G-0601INAEGP	715,213	555,149
Abstinence Education Block Grant - 2007			G-0701INAEGP	75,245	18,588
<i>Total for Program</i>				<u>790,458</u>	<u>573,737</u>
Cooperative Agreements for State Treatment Outcomes	93.238	FSSA	U1TI 14631A	7,020	-
State Rural Hospital Flexibility Program	93.241	ISDOH			
RHFP-Critical Access Hospitals 2004			5 H54 RH 0042-05-00	30,000	-
RHFP-Critical Access Hospitals 2006			5 H54 RH 0042-07-00	213,722	213,074
RHFP-Critical Access Hospitals 2007			5 H54 RH 0042-08-00	270,206	264,164
<i>Total for Program</i>				<u>513,928</u>	<u>477,238</u>
Substance Abuse and Mental Health Services	93.243	FSSA			
			H9 SM 55157A	2,452	-
			H9 SM 56140A	41,332	-
			H1 SM56660A	217,052	-
<i>Total for Program</i>				<u>260,836</u>	<u>-</u>
Universal Newborn Hearing Screening	93.251	ISDOH			
Universal Newborn Hearing Screening - 2007			4 H61 MC 00059-05	99,961	6,403
Universal Newborn Hearing Screening - 2008			4 H61 MC 00059-06	13,202	-
Rape Prevention and Education - 2006			VF1/CCV519921-05	515,654	515,654
Rape Prevention and Education - 2007			VF1/CCV519921-06	236,830	236,830
<i>Total for Program</i>				<u>865,647</u>	<u>758,887</u>
Health Care Access Planning	93.256	FSSA	P09 OA 00050A02 04051 01	76,521 140,921	- -
<i>Total for Program</i>				<u>217,442</u>	<u>-</u>
Protection and Advocacy for Individuals with Traumatic Brain Injuries	93.267	IPASC	X82CM05022 X82CM07232 X82MC08153	53,000 43,481 87,029	- - -
<i>Total for Program</i>				<u>183,510</u>	<u>-</u>
Immunization Grants	93.268	ISDOH			
Immunization Program - 2005			H23/CCH522522-03-2	7,618	-
Immunization Program - 2006			H23/CCH522522-04	2,251,000	726,932

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Immunization Grants (continued)					
Immunization Program - 2007			H23/CCH552552-05	1,285,397	325,206
Immunization Program Noncash assistance			H23/CCH522522-03-2	358,000	-
Immunization Program Noncash assistance			H23/CCH522522-04	247,700	-
<i>Total for Program</i>				<u>4,149,715</u>	<u>1,052,138</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	ISDOH			
Behavior Risk Factor Surveillance - 2006			U58/CCU522814-03	66,909	-
Behavior Risk Factor Surveillance - 2007			U58/CCU522814-04	136,687	-
State Epidemiology and Laboratory Surveillance and Response-05			U50/CCU523777-01	3,617	-
State Epidemiology and Laboratory Surveillance and Response-06			U50/CCU523777-02	410,387	198,286
State Epidemiology and Laboratory Surveillance and Response-07			U50/CCU523777-03	88,840	-
Tobacco Use Prevention and Control - 2006			U58/CCU522814-02	841,018	839,320
Tobacco Use Prevention and Control - 2007			U58/CCU522814-03	763,923	689,477
Bioterrorism Preparedness and Response Supplemental - 2006			U90/CCU517024-06	8,205,151	1,926,989
Bioterrorism Preparedness and Response Supplemental - 2007			U90/CCU517024-07	9,462,192	4,146,506
Bioterrorism Preparedness and Response Supplemental - 2006			U90/CCU517024-06	8,298,204	4,493,846
Bioterrorism Preparedness and Response Non Cash Assistance			U90/CCU517024-06	1,518,557	-
Addressing Asthma - 2006			U59/CCU525032-01	130,733	-
Addressing Asthma - 2007				190,628	3,293
Comprehensive Cancer Control 2006			U55/CCU521884-04	49,910	44,327
Comprehensive Cancer Control 2007			U55/CCU521884-05	191,627	176,211
Early Hearing Detection and Intervention 2006			UR3/CCU524776-01	47,375	35,791
Early Hearing Detection and Intervention 2007			UR3/CCU524776-02	46,690	36,889
Reducing the Impact of Arthritis 2006			U58/CCU522814-03	57,787	16,976
Reducing the Impact of Arthritis 2007			U58/CCU522814-04	101,491	24,445
National Program of Cancer Registries - 2006			U55/CCU521884-04	127,415	-
National Program of Cancer Registries - 2007			U55/CCU521884-05	439,892	103,800
<i>Total for Program</i>				<u>31,179,033</u>	<u>12,736,156</u>
Small Rural Hospital Improvement Grant	93.301	ISDOH			
Small Rural Hospital Improvement Grant -2006			5H3HRH00003-04-00	150,486	150,486
Small Rural Hospital Improvement Grant -2007			6H3HRH00003-05-00	88,843	88,843
<i>Total for Program</i>				<u>239,329</u>	<u>239,329</u>
Promoting Safe and Stable Families	93.556	DCS			
			G 05 01 IN OOFF	1,609,392	-
			G 06 01 IN OOFF	4,321,983	-
<i>Total for Program</i>				<u>5,931,375</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF)	93.558	FSSA			
			G 06 01 IN TANF	91,805,856	-
			G 07 01 IN TANF	88,589,897	-
<i>Total for Program</i>				<u>180,395,753</u>	<u>-</u>
Child Support Enforcement	93.563	DCS			
		DCS	G 05 05 IN 4004	1,040,708	-
		DCS	G 06 04 IN 4004	5,405,115	-
		DCS	G 07 04 IN 4004	25,496,379	-
<i>Total for Program</i>				<u>31,942,202</u>	<u>6,523,915</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	FSSA			
			G 06 AA IN 5100	212,698	-
			G 07 AA IN 5100	195,791	-
			G 06 AA IN 5110	106,511	153,215
<i>Total for Program</i>				<u>515,000</u>	<u>153,215</u>

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Low Income Home Energy Assistance	93.568	FSSA	G 06 IN LIEA	18,034,935	-
Community Services Block Grant	93.569	FSSA LT.GOV	G 05 IN COSR G 06 IN COSR G07B3INCOSR	189,736 4,966,261 7,569,005	- - 7,435,764
<i>Total for Program</i>				12,725,002	7,435,764
Refugee and Entrant Assistance - Discretionary Grants	93.576				
Health Programs for Refugees - 2006		ISDOH	90RX0132/03	21,419	21,419
Health Programs for Refugees - 2007		ISDOH	90RX0162/01	57,084	57,084
Refugee Children School Impact 2006		IDOE	90ZE04/04	17,315	-
Refugee Children School Impact 2007		IDOE	90ZE041/05	116,136	65,000
Refugee Children School Impact 2007		FSSA	90ZE008701	100,000	-
<i>Total for Program</i>				311,954	143,503
Indiana Court Improvement Program	93.586	SC			
CIP Grant FY 04			1U57G	275,478	267,294
CIP Grant FY 05			1U57G	176,764	214,679
CIP Grant FY 06			1U57G	60,496	60,000
State Court Improvement Data Sharing			1U57G	31,274	-
State Court Improvement Training Program			1U57G	37,341	-
<i>Total for Program</i>				581,353	541,973
Community-Based Family Resource and Support Grants	93.590	DCS	G 00 03 IN FRPG G 00 04 IN FRPG G 00 05 IN FRPG	246,963 551,985 689,157	- - -
<i>Total for Program</i>				1,488,105	-
Grants to States for Access and Visitation Programs	93.597	DCS			
Access and Visitation			G 04 01 IN SAVP	70,984	-
Access and Visitation			G 05 01 IN SAVP	98,738	-
<i>Total for Program</i>				169,722	-
Head Start	93.600	FSSA	G 05 CD 0012 03 G 05 CD 0012 05 G 05 CD 0012 06	(12,356) 74,708 80,484	- - -
<i>Total for Program</i>				142,836	-
Adoption Incentive Payments	93.603	DCS	05 01 IN AIPP 06 01 IN AIPP	859,013 416,000	- -
<i>Total for Program</i>				1,275,013	-
Voting Access for Individuals with Disabilities	93.617	IEC			
Election Assistance for People with Disabilities			G-0603INVOTE	180,860	180,860
<i>Total for Program</i>				180,860	180,860
Voting Access for Individuals with Disabilities	93.618	IPASC	G-0503INVOTP	53,526	-
<i>Total for Program</i>				53,526	-

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<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
Developmental Disabilities Basic Support and Advocacy Grants	93.630	IGPC	G-0401INBS15	100	100
		IGPC	G-0501INBS15	466,949	337,876
		IGPC	G-0601INBS15	570,554	71,854
		IGPC	G-0701INBS15	285,075	-
		IPASC	G0501INPA15	722,012	-
		IPASC	G0601INPA15	736,909	-
		IPASC	G0701INPA15	<u>238,568</u>	<u>-</u>
<i>Total for Program</i>				<u>3,020,167</u>	<u>409,830</u>
Child Welfare Services - State Grants	93.645	DCS	G 05 01 IN 1400	2,869,403	-
			G 06 01 IN 1400	<u>4,314,694</u>	<u>-</u>
<i>Total for Program</i>				<u>7,184,097</u>	<u>-</u>
Foster Care - Title IV-E	93.658	DCS	G 04 01 IN 1401	(153,080)	-
			G 05 01 IN 1401	771,573	-
			G 06 01 IN 1401	14,487,927	-
			G 07 01 IN 1401	<u>59,971,576</u>	<u>-</u>
<i>Total for Program</i>				<u>75,077,996</u>	<u>-</u>
Adoption Assistance	93.659	DCS	G 05 01 IN 1407	(2,000)	-
			G 06 01 IN 1407	11,073,681	-
			G 07 01 IN 1407	<u>32,723,439</u>	<u>-</u>
<i>Total for Program</i>				<u>43,795,120</u>	<u>-</u>
Social Services Block Grant	93.667	FSSA	G 06 01 IN SOSR	38,095	-
		FSSA	G 06 01 IN SOSR	17,292,410	-
		FSSA	G 07 01 IN SOSR	<u>3,765,551</u>	<u>-</u>
<i>Total for Program</i>				<u>21,096,056</u>	<u>19,096,057</u>
Child Abuse Prevention (CAPTA)	93.669	FSSA	CAPTA 06	<u>443,398</u>	<u>443,398</u>
Family Violence Protection and Services/Grants for Battered Womens' Shelters - Grants to States and Indian Tribes	93.671	DCS	G 05 01 IN FVPS	542,055	-
			G 06 01 IN FVPS	<u>1,036,135</u>	<u>-</u>
<i>Total for Program</i>				<u>1,578,190</u>	<u>-</u>
Title IV-E Independent Living	93.674	DCS	G 05 01 IN 1420	816,320	-
			G 05 01 IN 1420	1,362,407	1,862,270
			G 06 01 IN CETV	<u>802,605</u>	<u>849,255</u>
<i>Total for Program</i>				<u>2,981,332</u>	<u>2,711,525</u>
State Children's Insurance Program	93.767	FSSA	5 05 05IN 5021	59,620,837	-
			5 06 05IN 5021	<u>21,370,541</u>	<u>-</u>
<i>Total for Program</i>				<u>80,991,378</u>	<u>-</u>
Medicaid Infrastructure Grant To Support Competitive Employment	93.768	FSSA	05 00000 91781	<u>79,493</u>	<u>-</u>
Health Care Financing Research, Demonstration and Evaluations	93.779				
DDARS OLMSTEAD		FSSA	05 00000 92095	205,419	-
Comm Integrated Personal Assist Service		FSSA	05 00000 91654	484,528	-
Payment Accuracy Measure		FSSA	04 05 IN PERM	(5,535)	-
DMHA OLMSTEAD		FSSA	Direct	19,873	18,400
ADRC CMS		FSSA	91938A	<u>128,595</u>	<u>-</u>

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Health Care Financing Research, Demonstration and Evaluations (continued)					
State Health Insurance Assistance Program		IDOI	11-P-20202/5-14	590,445	-
State Health Insurance Assistance Program		IDOI	11-P-20202/5-14	8,668	-
State Health Insurance Assistance Program		IDOI	11-P-20202/5-15	14,087	-
<i>Total for Program</i>				<u>1,446,080</u>	<u>18,400</u>
State Pharmaceutical Assistance Program Training	93.786	FSSA	5 0605 IN SPAP	365,201	-
PRTF Demonstration Grant	93.789	FSSA	SO30013401	6,480	-
Grants to States for Operation of Offices of Rural Health	93.913	ISDOH			
State Office of Rural Health - 2006			6 H95RH00136-14-01	40,572	6,961
State Office of Rural Health - 2007			6 H95RH00136-15-01	94,342	45,867
<i>Total for Program</i>				<u>134,914</u>	<u>52,828</u>
Title II HIV Care Grants	93.917	ISDOH			
Fiscal Year - 2006			2X07HA00033-15	484	-
Fiscal Year - 2007			6X07HA00033-16	10,741,884	409,495
Fiscal Year - 2008			6X07HA00033-17	2,542,748	2,431
<i>Total for Program</i>				<u>13,285,116</u>	<u>411,926</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	ISDOH			
Breast and Cervical Cancer Early Detection - 2006			U55/CCU521884-04	673,591	92,161
Breast and Cervical Cancer Early Detection - 2007			U55/CCU521884-05	1,351,833	450,098
<i>Total for Program</i>				<u>2,025,424</u>	<u>542,259</u>
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems (SHEPSA)	93.938	IDOE			
CHIP and HIV-AIDS Education			CCU522603-03	394,561	63,999
CHIP and HIV-AIDS Education			CCU522603-04	184,720	-
<i>Total for Program</i>				<u>579,281</u>	<u>63,999</u>
HIV Prevention Activities - Health Department Based	93.940	ISDOH			
HIV Prevention Project - 2005			U62/CCU523488-02	1,077	1,077
HIV Prevention Project - 2006			U62/CCU523488-03	1,648,333	1,208,743
HIV Prevention Project - 2007			U62/CCU523488-04	858,730	490,081
<i>Total for Program</i>				<u>2,508,140</u>	<u>1,699,901</u>
HIV/AIDS Surveillance	93.944	ISDOH			
Morbidity and Risk Behavior- 2006			U62/CCU5244446-02	1,983	-
Morbidity and Risk Behavior- 2007			U62/CCU5235393-03	307,865	-
Morbidity and Risk Behavior- 2008			U62/CCU5235393-04	18,735	-
HIV/AIDS Surveillance and Seroprevalence - 2005			1U01PS000116-02	13,586	-
HIV/AIDS Surveillance and Seroprevalence - 2006			1U01PS000116-03	40,607	-
HIV/AIDS Surveillance and Seroprevalence - 2005			U62-CCU5235393-03	(10,359)	-
HIV/AIDS Surveillance and Seroprevalence - 2006			1U01PS000116-01	746,471	202,227
<i>Total for Program</i>				<u>1,118,888</u>	<u>202,227</u>
Assistance Programs for Chronic Disease Prevention and Control	93.945	ISDOH	N/A		
Great Lakes Stroke Prevention				34,077	-

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<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
Trauma Care Systems Planning and Development	93.952	ISDOH	4H81HS05401-01-01	879	-
Block Grants for Community Mental Health Services	93.958	FSSA	06 B1 IN CMHS 07 B1 IN CMHS	4,752,690 4,063,144	4,641,593 3,764,084
<i>Total for Program</i>				8,815,834	8,405,677
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FSSA FSSA FSSA	05 B1 IN SAPT 06 B1 IN SAPT 07 B1 IN SAPT	1,497,958 32,439,027 369,117	1,363,665 31,875,163 -
<i>Total for Program</i>				34,306,102	33,238,828
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	ISDOH			
Sexually Transmitted Disease Accel Prevention Campaign - 2006			H25/CCH504340-15	1,261,566	1,109,070
Sexually Transmitted Disease Accel Prevention Campaign - 2007			H25/CCH504340-16	616,734	508,568
<i>Total for Program</i>				1,878,300	1,617,638
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	ISDOH			
Diabetes Grant - 2007			U32/CCU522713-04	258,765	142,097
Diabetes Grant - 2008			U32/CCU522713-04	55,328	21,127
<i>Total for Program</i>				314,093	163,224
Preventative Health and Health Services Block Grant	93.991				
Preventative Health and Health Services Block Grant - 2005		ISDOH	2005-BI-IN-PRVS-03	526,326	115,649
Preventative Health and Health Services Block Grant - 2006		ISDOH	2006-BI-IN-PRVS-01	86,210	86,210
<i>Total for Program</i>				612,536	201,859
Maternal and Child Health Services Block Grant to the States	93.994	ISDOH			
Maternal and Child Health Block Grant - 2006			1B04MC04272-01	6,150,882	4,789,358
Maternal and Child Health Block Grant - 2007			1B04MC04272-01	7,753,566	3,650,088
<i>Total for Program</i>				13,904,448	8,439,446
Other Assistance					
Drug and Alcohol Services Information System (DASIS)	93	FSSA	283 95 0016	75,086	55,890
Mammography Inspection	93	ISDOH			
Program 2006			223-00-4413	4,115	-
Program 2007			223-03-4413	125,355	-
<i>Total for Program</i>				129,470	-
Social Security Administration					
Electronic Death Registration System	93	ISDOH	SS00-66-60135	87,000	-
<i>Total Other Assistance</i>				291,556	55,890
<i>Total U.S. Department of Health and Human Services</i>				4,498,360,544	232,019,607
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>					
State Commissions	94.003	CCSV			
Administrative			04CAHIN001	108,907	-
ICCSV Federal Administration			07CAHIN001	194,674	-
<i>Total for Program</i>				303,581	-

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (continued)</u>					
Learn and Serve America - School and Community Based Programs K-12 Formula Grant 2004	94.004	IDOE	03KSNIN001	211,915	202,381
			06KSNIN001	117,941	-
Learn and Serve Homeland Security Initiatives Grant 2003			04KSHIN001	23,848	12,950
<i>Total for Program</i>				353,704	215,331
AmeriCorps	94.006	CCSV			
Americorps Competitive		CCSV	03ACHIN001	395,918	395,918
Americorps Competitive		CCSV	06ACHIN001	302,460	302,460
Americorps Formula		CCSV	03AFHIN001	704,797	704,797
Americorps Formula		CCSV	06AFHIN001	812,360	812,360
<i>Total for Program</i>				2,215,535	2,215,535
Planning and Program Development Grants Disability and Placement Funds	94.007	CCSV	04CDHIN001	35,414	-
Training and Technical Assistance Program Development and Technical Assistance	94.009	CCSV	06PTHIN001	90,780	-
<i>Total for Program</i>				90,780	-
<i>Total Corporation for National and Community Service</i>				2,999,014	2,430,866
<u>SOCIAL SECURITY ADMINISTRATION</u>					
Disability Insurance/SSI Cluster					-
Social Security - Disability Insurance	96.001	FSSA	04 04 IND I00	(47,971)	-
			05 04 IND I00	(163,296)	-
			06 04 IND I00	11,987,856	-
			07 04 IND I00	21,905,299	-
<i>Total for Program and Cluster</i>				33,681,888	-
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009	IPAS	17B20018-5-02	77,289	-
			17B20018-5-02	54,552	-
<i>Total for Program</i>				131,841	-
<i>Total Social Security Administration</i>				33,813,729	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Homeland Security Cluster					
Office of Domestic Preparedness 2006	97.004	BOAH	2005	348,954	100,400
<i>Total for Program</i>				348,954	100,400
Homeland Security Grants	97.067	IDHS			
2000-2001			2003-TE-TX-0029	66,309	-
2002			2002-TE-CX-0145	100,000	100,000
2003, Part 1			2003-TE-TX-0198	1,210,475	652,991
2003, Part 2			2003-MU-T3-0027	3,622,721	2,756,716
2004 HSGP			2004-GE-T4-0029	3,476,591	925,576

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Homeland Security Cluster (continued)					
Homeland Security Grants (continued)					
2004 USAI			2004-TU-T4-0019	8,374,805	8,063,622
2004 HSGP			2005-GE-T5-0049	12,135,789	9,444,338
2005 CCP			2005-GE-T5-0049	272,699	6,853
2005 UASI			2005-GE-T5-0049	879,506	879,506
<i>Total for Program</i>				<u>30,138,895</u>	<u>22,829,602</u>
<i>Total for Cluster</i>				<u>30,487,849</u>	<u>22,930,002</u>
Boating Safety Financial Assistance	97.012	DNR	LE3001LEB00x-06	823,647	-
			LE3001LEB00x-07	997,819	-
<i>Total for Program</i>				<u>1,821,466</u>	<u>-</u>
Community Assistance Program State Support Services Element	97.023	IDHS	300WT1SSSE06001	122,366	-
		DNR	300WT1SSSE06002	(8,295)	-
		DNR	300WT1SSSE06003	(2,180)	-
		DNR	300WT1SSSE06004	(2,708)	-
		DNR	300WT1SSSE06005	(1,968)	-
		DNR	300WT1SSSE06006	(6,136)	-
		DNR	300WT1SSSE06007	(28,734)	-
		DNR	300WT1SSSE06008	(4,879)	-
		DNR	300WT1SSSE06010	(2,099)	-
		DNR	300WT1SSSE06011	(7,689)	-
		DNR	300WT1SSSE07002	15,095	-
		DNR	300WT1SSSE07002	10,576	-
		DNR	300WT1SSSE07003	2,791	-
		DNR	300WT1SSSE07004	3,203	-
		DNR	300WT1SSSE07005	2,759	-
		DNR	300WT1SSSE07006	9,009	-
		DNR	300WT1SSSE07007	61,228	-
		DNR	300WT1SSSE07008	5,302	-
		DNR	300WT1SSSE07009	93	-
		DNR	300WT1SSSE07010	3,420	-
<i>Total for Program</i>				<u>171,154</u>	<u>-</u>
Flood Mitigation Assistance	97.029	IDHS			
FMA 2003			EMC-2003-GR-7040	-	14,600
FMA 2005			EMC-2005-FM-E007	41,250	41,250
FMA 2005			EMC-2005-FM-E002	14,653	14,573
FMA 2005			EMC-2005-FM-E018	31,875	31,875
FMA 2005			EMC-2005-FM-E016	1,650	1,650
<i>Total for Program</i>				<u>89,428</u>	<u>103,948</u>
Disaster Unemployment Assistance	97.034	IDWD	UI-15120-06-55	410	-
			UI-15797-07-55	8,969	-
<i>Total for Program</i>				<u>9,379</u>	<u>-</u>
Disaster Grants - Public Assistance	97.036				
300DR9HURR06		DNR	Hurricane Katrina	995,206	-
Federal Disaster Relief #1542		DNR	300FRON	2,497	-
Disaster Related Expenses		CCSV	EM3238	9,947	-
Disaster 1476		IDHS	N/A	(18,377)	-
Disaster 1520		IDHS	N/A	262,048	257,988
Disaster 1542		IDHS	N/A	28,605	31,605

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Disaster Grants - Public Assistance (continued)					
Disaster 1573		IDHS	N/A	1,239,239	1,166,070
Disaster 3238		IDHS	N/A	1,178,582	1,175,245
Disaster 1612		IDHS	N/A	52,105	49,603
Disaster 3274		IDHS	N/A	3,719,668	3,761,061
<i>Total for Program</i>				<u>7,469,520</u>	<u>6,441,572</u>
Hazard Mitigation Grant	97.039	IDHS			
Disaster 1418			N/A	13,948	7,967
Disaster 1433			N/A	40,026	-
Disaster 1487			N/A	1,595	-
Disaster 1520			N/A	177,801	177,801
Disaster 1542			N/A	137	-
Disaster 1573			N/A	225,955	177,981
<i>Total for Program</i>				<u>459,462</u>	<u>363,749</u>
Chemical Stockpile Emergency Preparedness Program	97.040	IDHS			
Chemical Stockpile - 2003		IDHS	EMC-2003-GR-7032	100,382	-
Chemical Stockpile - 2004		IDHS	EMC-2004-GR-7002	139,684	-
Chemical Stockpile - 2005		IDHS	EMC-2005-GR-7008	1,023,145	1,088,725
Chemical Stockpile - 2006		IDHS	EMC-2006-GR-7002	1,292,646	1,026,732
Chemical Stockpile - 2007		IDHS	EMC-2006-CA-7002	1,248,700	1,018,838
2004 CSEPP		IDSP	EMC-2004-GR-7002	10,000	-
2005 CSEPP		IDSP	EMC-2005-GR-7008	889,000	-
2006 CSEPP		IDSP	EMC-2006-GR-7002	9,878	-
<i>Total for Program</i>				<u>4,713,435</u>	<u>3,134,295</u>
USDHS, FEMA, Division of Water	97.041	DNR			
National Dam Safety Program			300WT1DM2006001	103,700	-
National Dam Safety Program			300WT1DM2006001	2,892	-
<i>Total for Program</i>				<u>106,592</u>	<u>-</u>
Emergency Management Performance Grants	97.042	IDHS			
2005 EMPG			2005-GR-T5-0049	2,302,610	1,135,313
2006 EMPG			2006-EM-E6-0044	83,258	-
<i>Total for Program</i>				<u>2,385,868</u>	<u>1,135,313</u>
Cooperating Technical Partners	97.045	DNR			
			300WT1CTP040001	97,249	-
			300WT1CTP040002	73,324	-
			300WT1CTP050001	147,635	-
			300WT1CTP050002	28,220	-
			300WT1CTP050003	24,618	-
			300WT1CTP050004	132,419	-
			300WT1CTP050005	7,296	-
			300WT1CTP050006	14,802	-
			300WT1CTP050007	90,048	-
			300WT1CTP050008	19,351	-
			300WT1CTP050009	79,962	-
			300WT1CTP050010	37,995	-
			300WT1CTP050011	41,266	-
			300WT1CTP050012	14,415	-
			300WT1CTP050013	40,121	-
			300WT1CTP050014	7,598	-
			300WT1CTP060001	3,264	-
			300WT1CTP060002	9,361	-
			300WT1CTP060003	2,181	-
			300WT1CTP060004	5,925	-

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
July 1, 2006 to June 30, 2007
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Agency Note 4	Grant Number	Disbursements	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Cooperating Technical Partners (continued)			300WT1CTP06005	1,001	-
			300WT1CTP06006	2,377	-
			300WT1CTP06007	654	-
			300WT1CTP06008	1,737	-
			300WT1CTP06010	290	-
			300WT1CTP06012	18,323	-
			300WT1CTP06013	10,598	-
			300WT1CTP06014	10,289	-
			300WT1CTP06015	10,572	-
			300WT1CTP06016	496	-
<i>Total for Program</i>				<u>933,387</u>	-
Pre-Disaster Mitigation	97.047	IDHS			
2002			EMC-2002-GR-7034	17,500	17,500
PDM-C			EMC-2004-PC-0004	2,509	2,500
PDM-C 2005			EMC-2005-PC-0004	<u>1,085,964</u>	<u>1,083,571</u>
<i>Total for Program</i>				<u>1,105,973</u>	<u>1,103,571</u>
Citizen Corps	97.053	CCSV	EMC-2003-GR-7018	<u>156,124</u>	-
Division of Law Enforcement	97.056	DNR			
Port Security Grant Program					
IDNR LE DHS PSGP Lake Michigan			300LE1DHSLM07	183,658	-
2006 EMPG			300LE1DHSOR07	<u>209,678</u>	-
<i>Total for Program</i>				<u>393,336</u>	-
Map Modernization Management Support Program	97.070				
		DNR	300WT1MMMS05001	19,891	-
		DNR	300WT1MMMS05002	27,814	-
		DNR	300WT1MMMS05003	4,300	-
		DNR	300WT1MMMS05004	5,875	-
		DNR	300WT1MMMS05005	1,169	-
		DNR	300WT1MMMS05006	4,953	-
		DNR	300WT1MMMS05007	2,329	-
		DNR	300WT1MMMS05008	1,000	-
		DNR	300WT1MMMS05009	56,349	-
		DNR	300WT1MMMS06001	250	-
		DNR	300WT1MMMS06003	1,238	-
		DNR	300WT1MMMS06004	1,491	-
		DNR	300WT1MMMS06005	8,044	-
		DNR	300WT1MMMS06006	789	-
		DNR	300WT1MMMS06007	<u>1,196</u>	-
<i>Total for Program</i>				<u>136,688</u>	-
Specialty Teams Enhancement	97.073	IDSP	2005-GE-T5-0049	<u>97,125</u>	-
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	IDHS	2005-GE-T5-0049	<u>4,955,441</u>	<u>4,945,267</u>
Homeland Security Grants					
2005 BZPP	97.078	IDHS	2005-GR-T5-0070	<u>582,599</u>	<u>582,599</u>
FEMA/National Emergency Training Center					
Training Grant 2006	N/A	IDHS	EME-2004-GR-0270	<u>15,567</u>	-
<i>Total U.S. Department of Homeland Security</i>				<u>56,090,393</u>	<u>40,740,316</u>
<i>Total Federal Awards Expended</i>				<u>\$ 8,281,034,321</u>	<u>\$ 1,359,772,011</u>

The accompanying notes are an integral part of the Schedule of Federal Expenditures of Federal Awards.

STATE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Schedule

All federal awards received by the State of Indiana, as a governmental unit, have been included in the Schedule of Expenditures of Federal Awards except for the programs administered by the component units listed in Note 3.

Note 2. Basis of Presentation

- a. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the State of Indiana and is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of Federal Awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- b. The source of information for the schedule was obtained from the various agencies' grant records while the financial statements were prepared from the records of the Auditor of State. Therefore, the schedule may not necessarily coincide with the financial statements.

Note 3. Component Units

The entities listed below are component units for financial statement purposes and receive federal financial assistance. The federal transactions of these entities are not reflected in this schedule. Each of these entities has its own independent audits in compliance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations with a fiscal year end date of June 30, except for the Indiana Housing and Community Development Authority which has a fiscal year end date of December 31.

Component Unit	Federal Funds Expended
Purdue University	\$ 232,108,717
Indiana University	329,491,588
Indiana State University	15,685,163
Ball State University	22,847,638
Vincennes University	14,379,313
University of Southern Indiana	32,904,117
Ivy Tech State College	79,388,090
Indiana Finance Authority	37,674,861
Indiana Housing and Community Development Authority	<u>202,951,358</u>
Total	<u><u>\$ 967,430,845</u></u>

STATE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Note 4. State Agencies

The initials in the Agency column indicate the agency that receives the federal funds directly. The following table identifies the state agencies. See also Note 7.

<u>Agency</u>	<u>Agency Name</u>
AG	Attorney General, Office of the
BOAH	Board of Animal Health
CCSV	Governor's Commission on Community Service and Volunteerism
CHE	Commission for Higher Education
DCS	Indiana Department of Child Services
DNR	Indiana Department of Natural Resources
EPCC	Evansville Child Psychiatric Center
IBS	Indiana Blind School
IDOC	Indiana Department of Correction
IDOL	Indiana Department of Labor
IDWD	Indiana Department of Workforce Development
FSSA	Family and Social Services Administration
IAC	Indiana Arts Commission
ICJI	Indiana Criminal Justice Institute
ICPE	Indiana Commission on Proprietary Education
ICRC	Indiana Civil Rights Commission
IDEM	Indiana Department of Environmental Management
IDHS	Indiana Department of Homeland Security
IDOA	Indiana Department of Administration
IDOE	Indiana Department of Education
IDOI	Indiana Department of Insurance
IDOR	Indiana Department of Revenue
IDSP	Indiana Department of State Police
IDVA	Indiana Department of Veterans' Affairs
IEC	Indiana Election Commission
IEDC	Indiana Economic Development Corporation
IGPC	Indiana Governor's Planning Council for People With Disabilities
INDOT	Indiana Department of Transportation
IPAC	Indiana Prosecuting Attorney's Council
IPASC	Indiana Protection and Advocacy Services Commission
IPSB	Indiana Professional Standards Board
ISDOH	Indiana State Department of Health
ISL	Indiana State Library
ISSCH	Indiana Soldiers and Sailors Children's Home
IURC	Indiana Utility Regulatory Commission
IVH	Indiana Veterans' Home
JTAC	Judicial Technology and Automation Committee
LT.GOV	Lieutenant Governor – Office of Commissioner of Agriculture
MD	Military Department of State of Indiana
SC	Supreme Court
SOS	Secretary of State
SSACI	State Student Assistance Commission of Indiana

STATE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Note 5. State Unemployment Insurance Benefits

State Unemployment Insurance Benefits represent the funds returned from the U.S. Treasury for nonfederal unemployment benefits. The State collects unemployment taxes from employers and deposits them in the Unemployment Insurance Trust Fund to be used by the State.

Note 6. Noncash Assistance

The State expended the following amount of noncash assistance for the year. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Noncash Assistance Expended
School Lunch	10.555	\$ 25,030,841
Donation of Federal Surplus Personal Property	39.003	2,757,967
Immunization Grants	93.268	605,700
Bioterrorism Preparedness and Response	93.283	1,518,557

Note 7. Agency/Federal Programs Changes

Formation of New Department

Effective January 11, 2005, the Department of Child Services (DCS) was created. Several federal programs formerly under Family and Social Services Administration (FSSA) are now under the authority of DCS. However, many key processes, such as financial management and internal audit, are still under the authority of FSSA.

Transfer of Grants

Effective July 1, 2006, grants were transferred from FSSA, a state agency, to the Indiana Housing and Community Development Authority, a public body corporate and politic and a component unit for financial statement purposes. The federal transactions of the Authority are not reflected in this schedule, however, the Authority has its own independent audit in compliance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The grants transferred are as follows:

Program Title	Federal CFDA Number
Section 8 Housing Choice Vouchers	14.871
Low Income Energy Assistance Program	93.568
Weatherization Assistance for Low-Income Persons	93.268

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified Yes

Significant deficiency identified that is not considered to be a material weakness? Yes

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weaknesses identified Yes

Reportable conditions identified that are not considered to be material weaknesses? Yes

Type of auditor's report issued on compliance for major programs: Qualified for Medicaid (93.778) and Homeland Security Cluster (97.004 and 97.067). Unqualified for all others.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Dollar threshold used to distinguish between Type A and Type B programs: \$24,843,103

Auditee qualified as low-risk auditee? No

Identification of major programs:

CFDA No.	Program Title
CNC	Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
14.228	Community Development Block Grant
WIA	Work Investment Act Cluster (17.258, 17.259, 17.260)
84.010	Title 1
84.126	Rehabilitation Services – Vocational Rehabilitation
CCC	Child Care Cluster (93.575, 93.596)
MC	Medicaid Cluster (93.778, 93.775, 93.777)
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant (Title XX)
93.767	State Children's Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance
HS	Homeland Security Cluster (97.004, 97.067)

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

The audit of the State of Indiana's financial statements disclosed a significant control deficiency and material weaknesses that are required to be reported. Management's response to the findings starts on page 256.

FINDING 2003 - CAFR-1, LEASES

The Procurement Division of the Indiana Department of Administration maintains a database of lease activity. Procedures in place to update the lease database do not ensure that all qualifying leases are entered into the lease database. This results in the database not being complete.

Adequate lease records should be maintained by the Department of Administration to ensure that lease obligations are properly presented in the State's financial statements in accordance with standards issued by the Financial Accounting Standards Board.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

FINDING 2005 - CAFR-1, CAPITAL ASSETS

The Indiana Department of Administration is required by statute to provide for the periodic inspection, appraisal, and inventory of all of the State's real and personal property. The Auditor of State needs financial information relating to the State's real and personal property for financial reporting purposes and had agreed to assume the responsibility for maintaining those records. Procedures have been established which require all state agencies to send timely updates of purchases of land, equipment, buildings and related improvements, and retirement and sale of assets of \$20,000 or more to the Auditor of State. Additionally, agencies are required to physically tag assets and conduct an annual physical inventory of assets, comparing the results of such inventory to the Auditor of State and agency maintained capital asset records. Through our testing we found that state agencies do not consistently comply with the above requirements. This results in a lack of internal control over the State's capital assets as well as a misstatement of capital assets in the State's financial statements. Assets are frequently reported as additions in subsequent fiscal periods after the acquisition of the assets. This lack of timely reporting results in prior period adjustments in the State's financial statements.

The Governmental Accounting Standards Board requires the capitalization of a government's capital assets in the period in which they are acquired.

Indiana Code 4-13-1-20(b) and 4-20.5-6-3 state that the Department of Administration shall provide for the periodic inspection, appraisal, and inventory of all of the state's property, and shall require reports from agencies concerning the property in the custody of each state agency.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2007 - CAFR-1, GRANT REPORTING

The State of Indiana does not have an adequate process in place for the compilation of a complete and accurate schedule of federal awards (grant schedule). In addition to reporting federal grant activity in the Single Audit Report, this schedule is used in the calculation of accruals for grants receivable and deferred revenue in the financial statements.

The State's process for compiling the grant schedule requires each agency that receives federal financial assistance to prepare a schedule that reflects fiscal year grant activity including beginning cash balance, federal receipts, program expenditures, ending cash balance, and funds passed through to sub-recipients, for each grant award. We found various errors in the agency-prepared grant schedules. Two schedules were materially misstated. These errors if left uncorrected would have resulted in the misstatement of the accruals for grants receivable and deferred revenue in the financial statements as well as incorrect grant schedule reporting. These errors are the result of a largely manual process that exists for the preparation of the schedules by agencies. Additionally, internal controls are not in place to provide a centralized review of the agency prepared schedules nor is there a centralized compilation of the various schedules into a comprehensive schedule for the State.

Adequate grant schedule reporting should be prepared to ensure that grant related activities are properly presented in the State's financial statements in accordance with standards issued by the Governmental Accounting Standards Board.

OMB Circular A-133 requires a recipient of federal awards to prepare appropriate financial statements, including the schedule of expenditure of federal awards.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

FINDING 2007 - CAFR-2, FINANCIAL REPORTING

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the State of Indiana. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements. Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit. As a result of our audit, we identified material misstatements in the State's financial statements and notes, as well as other misstatements that were not necessarily material, but were more than inconsequential.

We provided adjusting entries that were posted and subsequently corrected the misstatements. Additionally, certain restatements were necessary to correct the beginning fund balances/net assets as a result of misstatements in previously issued financial statements due to errors. Misstatements identified by the auditor as well as restatement of financial statements are indications that the State needs to improve or strengthen its existing control procedures related to financial reporting.

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Adequate controls over financial reporting should exist to ensure that the State's financial statements are properly presented in accordance with standards issued by the Governmental Accounting Standards Board. Additionally, management should implement controls which provide for adequate reviews of the financial statements and notes prior to audit. The review should be conducted by an individual that is knowledgeable of generally accepted accounting principles.

OMB Circular A-133 requires a recipient of federal awards to prepare appropriate financial statements.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

FINDING 2007 - CAFR-3, COMPILED FINANCIAL STATEMENTS

Statement on Auditing Standards No. 112 "Communication of Internal Control Related Matters Identified in an Audit" requires consideration of whether an Organization has personnel who are capable of preparing financial statements in accordance with accounting principles generally accepted in the United States of America in cases where the independent public accountant prepares the financial statements. The State Board of Accounts prepares certain proprietary fund financial statements both as a convenience to the Organization and because the Organization does not have personnel at the agency level who would be capable of preparing financial statements in accordance with the accounting principles generally accepted in the United States of America. The statements prepared included the Unemployment Insurance Fund which is presented as an enterprise fund, the State Employee Health and Disability Insurance funds, the State Police Health Insurance Fund, and Administrative Services Fund which are presented as internal service funds.

Adequate controls over financial reporting should exist to ensure that the State's financial statements are properly presented in accordance with standards issued by the Governmental Accounting Standards Board.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1).

Section III - Federal Award Findings and Questioned Costs

The findings are numbered with the state year, then the initials of the state agency responsible (the initials are defined in Note 4 of the Notes to the Schedule of Expenditures of Federal Awards) and then a sequential number. Certain Family and Social Services findings (denoted as FSSA) have (DCS) after the sequential number. This is due to the relationship between FSSA and the Department of Child Services (DCS). See Note 7. Unless otherwise noted, prior report references are to the State of Indiana Single Audit Report for the period of July 1, 2005 to June 30, 2006, Report Number B29748.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR FINDINGS

Prior audit findings regarding procedures, compliance, or internal controls that continued to be findings per the criteria of OMB Circular A-133 during this audit period are not repeated in this Schedule of Findings and Questioned Costs. They are disclosed in the Summary Schedule of Prior Audit Findings. These findings include:

96-FSSA-33	Fund Balances - Child Support Enforcement Fund Centers
99-FSSA-7	ISETS Information Technology (IT) Controls
2000-FSSA-1	Lack of and Improper Supporting Documentation
2000-FSSA-2	Overpayment of Adoption Assistance Subsidies
2000-FSSA-3	Foster Care Provider Licensure
2000-FSSA-5	Child Support Enforcement Program Federal Reporting
2003-FSSA-1	Foster Care Payments
2003-FSSA-6	Child Care and Development Fund (CCDF) - Monitoring of Registered Ministries
2003-FSSA-16	Ongoing Verification of Provider Medical Licenses
2004-FSSA-4	Family and Social Services Advisory Committee
2004-FSSA-5	Supervision of Local Offices of Family and Children (OFCs)
2004-FSSA-6	Death Verifications
2004-FSSA-8	Provider Enrollment (HCBS Wavers, First Steps)
2005-FSSA-1	Cash Management Documentation of Procedures
2005-FSSA-2	Cash Management SCHIP Template
2005-FSSA-4	PSC 272 Quarterly Reports
2005-FSSA-5	Schedule of Federal Financial Assistance Reporting Errors
2005-FSSA-10	Overpaid and Undocumented Manual Payments Issued
2005-FSSA-11	Dental Corporation Claims
2005-FSSA-12	Duplicate Claims Identified by Contractor
2005-FSSA-13	Inpatient Hospital Duplicates Not Detected
2005-FSSA-15	C&T Process - Monitoring of Contractor
2005-FSSA-16	Tracking of Certification & Transmittal (C&T)
2005-FSSA-17	Contractor Monthly Status Report Statistics
2005-FSSA-18	Inactive Provider Records
2005-FSSA-19	Ongoing Out-of-State License Verification
2005-FSSA-20	Timely Follow-Up of License Termination
2005-FSSA-21	Provider Enrollment - Contractor Monitoring
2005-FSSA-23	AIMS Contractor Access Assignments and Controls Not Monitored
2005-FSSA-27	Incorrect Rate Applied for Managed Care
2005-FSSA-30	Medicaid Bank Reconciliations
2006-FSSA-1	Contractor Staff Credential Verifications
2006-FSSA-2	C&Ts of Acute Care and Long-Term Care Facilities
2006-FSSA-3	Provider Enrollment Errors
2006-FSSA-5	State Owned Intermediate Care Facility
2006-FSSA-6	Managed Care Payment Variances
2006-FSSA-7	Medicaid Grant Overstated Expenditures Reported
2006-FSSA-8	Medicaid Administration Grant – Expenditures Over Award
2006-FSSA-9	Medicaid Administration Grant – CMS 64 Quarterly Reports
2006-FSSA-11	TANF Eligibility Income Determinations
2006-FSSA-12	TANF Eligibility Documentation
2006-FSSA-13	Eligibility – Verification
2006-FSSA-14	TANF Allowable Cost

Our test of the Summary Schedule of Prior Audit Findings found the schedule to be materially correct except as noted in the current findings.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Findings 2007-FSSA-1 through 2007-FSSA-6 relate to programs administered by the Indiana Family and Social Services Administration (FSSA). Their response to the findings starts on page 262.

FINDING 2007 - FSSA-1, MEDICAID GRANT REPORTING ERRORS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Sid Norton
Title of Contact Person:	Chief Financial Officer, FSSA
Phone Number:	317-233-4451
Compliance Requirement:	Reporting
Internal Control:	Material Weakness

We found the following material reporting errors in our testing of the federal expenditure reports, CMS 64 for the fiscal year ended June 30, 2007:

1. Quarterly reports of Medicaid program expenditures were overstated during the state fiscal year ended June 30, 2007, by total costs of \$298,063,942.02, with the federal share overstated by \$187,372,294.80. This overstatement was due to unnecessary quality assessment adjustments applied in reporting expenditures effective for the quarters ended September 30, 2006 and March 31, 2007, which were included in the quarterly reports for September 2006 and March 2007. The error was caused by a misunderstanding of how the quality assessment fees for nursing and intermediate care facilities were included on reports prepared by the fiscal agent, EDS, compounded by FSSA finance clerical errors. Our prior Finding 2006 - FSSA-7, MEDICAID GRANT OVERSTATED EXPENDITURES REPORTED disclosed this same error. The unnecessary adjustments causing the reporting error continued.

The total overstated expenditures listed above also included clerical errors which duplicated the reported total costs by \$98,338,940.82, with a federal share of \$61,933,864.93. Some adjustments were included in both line 4B and line 3 of the CMS64 report. Other adjustments were included as both current period and prior period adjustments increasing claims. The clerical errors were all contained in the CMS64 report for the quarter ending September 30, 2006. This error could have been detected by FSSA verifying the compilation in the review process. We were informed that the CMS report compilation has supervisory review. These reviews, however, were not documented.

2. Disproportionate share hospital payments totaling \$248,986,653, with a federal share of \$155,938,105, were not separately reported within the federal expenditure report as is required. During fiscal 2007, the Medicaid contractor began to issue these as manual checks or system check adjustments at the request of FSSA. The reporting system had not been updated to properly classify these payments.
3. The CMS 64 quarterly reports for the Medicaid Administration grants reported \$4,849,991 less in federal expenditures than the grant accounting records and the total reported in the Schedule of Federal Financial Assistance for the state fiscal year 2007. Reconciliations were not prepared. We could not determine the basis for the reports and whether adjustments were needed in the grant records to reduce the federal costs.

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(Continued)

As the reports were overstated by a total amount that is material to the Medicaid program, the associated internal control weaknesses were considered material weaknesses. In addition to weaknesses reported previously, the control environment is considered lacking as the material concerns included in the prior report were not communicated and monitored for corrections. The weaknesses included in our prior report were a lack of risk assessment and information and communication concerning the reporting structure for a new transaction type. There also was a lack of analytical review procedures by FSSA finance to compare the total costs and federal share reported to that of the state grant accounting records. The report compilation process also lacked documented supervisory reviews.

45 CFR 92.20 (a) states: "A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that FSSA ensure that the federal CMS reports be revised to correct the identified errors. The reports for the administration grant should be reviewed and reconciled to the grant accounting records with appropriate adjustments made. The internal controls over federal reporting should be improved to provide formal risk assessment and information and communication to FSSA finance for new transaction types or other reporting modifications. FSSA finance should perform documented supervisory reviews of the report compilation process with analytical comparison of program costs reported to the state grant accounting records. The costs reported for the Administration grant should be reconciled to the grant accounting records.

FINDING 2007 - FSSA-2, INACCURATE GRANT ACCOUNTING RECORDS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Sid Norton
Title of Contact Person:	Chief Financial Officer, FSSA
Phone Number:	317-233-4451
Compliance Requirement:	Allowable Costs/Cost Principles, Reporting
Internal Control:	Significant Deficiency

The grant accounting records maintained by FSSA Finance are entitled Federal Expends and Allotments. These spreadsheets contain columns which are used to classify state accounting transactions into the federal and state cost components, as well as the federal program grant award funding period. The federal expenses are periodically summarized and recorded into the Federal Expense Tracking System (FETS), which is utilized to draw federal funds and is the source of the Schedule of Federal Financial Assistance.

We found that the federal costs per the grant accounting records (expends/allots) for the Medicaid program did not agree to those reported in the Schedule of Federal Financial Assistance for the fiscal year ended June 30, 2007. The total federal costs of the grant accounting records exceeded those of the Schedule of Federal financial assistance by \$26.7 million. These were comprised of material variances between grant program years of funding as follows. Fiscal 2007 federal expenditures recorded in

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

the detail records for the 2006 grant year exceeded that of the FETS and the Schedule of Federal Financial Assistance by \$103.7 million. The federal expenditures recorded for the 2007 grant year were \$77 million less than the FETS and Schedule of Federal Financial Assistance. We identified errors in the grant accounting records maintained for the Medicaid Indigent Care Trust fund/center which occurred upon recording transfer transactions between state fund/centers. These are detailed as follows:

- The detail records overstated federal Medicaid costs (Program Year (PY) 2007) by \$13.3 million when a prior fiscal year payment was again recorded as a grant expense upon transfer of the activity to the Indigent Trust Fund.
- Another transfer between state accounts was also recorded in the detail records in error between different program years of funds which understated federal Medicaid costs (PY 2007) by \$85.9 million and overstated federal PY 2006 by \$86.4 million. The overstatement to PY 2006 for this transaction included an additional \$507,473 in matching costs.

The detail accounting records (fed expends/allots) had a remaining unaccounted for variance of \$12.9 million federal costs which exceeded the FETS and the Schedule of Federal financial assistance.

Other inaccuracies and timing differences were also observed within the accounting records which could cause less federal share to have been claimed by the State.

FETS entries provided for audit were largely incomplete as certain grant records were omitted. However, we could ascertain from summary reports that the above errors were solely recorded within the underlying records.

Regular reconciliations between the supporting accounting records and the grant schedule were not done.

The conditions noted above result in a significant control deficiency.

"A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) permit preparation of reports required by this part and the statutes authorizing the grant, and 2) permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20)

We recommended that FSSA Finance reconcile and review supporting grant accounting records on a regular and timely basis during the fiscal year. We further recommended that FSSA Finance reconcile the balances in the detail accounting records as of June 30, 2007, to the Federal Expenditure Tracking System (FETS) to determine the cause of the \$12.9 million variance.

FINDING 2007 - FSSA-3, QUALITY ASSESSMENT FEE REFUNDS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Sid Norton
Title of Contact Person:	Chief Financial Officer, FSSA
Phone Number:	317-233-4451
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

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(Continued)

Nursing facilities pay the State of Indiana quality assessment fees (QAF) as part of a program approved by the federal government. These fees are a source of state funding to provide for increased rates for recognized quality measures. Most of these fees are collected as deductions from Medicaid payments issued. Upon recording Medicaid expenditures, the net payment amount is recorded in the Agency's grant records. The following quarter, the State records an adjustment to recognize the state fees collected and increase the federal share to that of the gross payments issued. The adjustment amount is taken from the total nursing facility QAF accounts receivable collected from a report issued by EDS, the Medicaid claims contractor. Another section of the report lists nursing facility QAF overpayments refunded by the State. EDS informed us that the refunds had not been deducted from the collections reported. As such, the total adjustment each quarter should include total nursing facility quality assessments less the nursing facility QAF overpayments refunded by the State. However, as of June 30, 2007, the QAF accounting adjustments had not been reduced by the amounts reported as QAF refunds. The total effect of not accounting for the refunds in the QAF adjustment entries, from the inception of the QAF program in the State fiscal year ended June 30, 2006 through June 30, 2007, is an overstatement of federal share of \$5,193,387. This results in a significant control deficiency.

We consider the overstatement of \$5,193,387 of federal expenditures to be questioned costs which may be required to be repaid to the federal government.

"To be allowable under Federal awards, costs must meet the following general criteria . . . (i). Be the net of all applicable credits." (US OMB Circular A-87 (C) (1))

We recommended that FSSA record the QAF adjustments net of the refunds issued.

FINDING 2007 - FSSA-4, REVIEW OF LONG-TERM CARE FACILITY AUDITS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA-OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions 2 – Inpatient Hospital and Long-Term Care Facility Audits
Internal Control:	Significant Deficiency

FSSA-OMPP has a contractor that performs Medicaid-participating long-term care (LTC) facilities audits. These audit results may affect rates paid to LTC facilities. OMPP had a monitoring control in place that a copy of all completed LTC facility audit reports from the contractor are to be sent to OMPP's Compliance Division. OMPP Compliance is to consider the number and severity of adjustments indicated in the reports and use professional judgment to evaluate the continuing appropriateness of the internal risk level assigned to each facility. The assigned risk level is used to determine the timing of subsequent audits based on established rotation criteria.

We found that the OMPP had not reviewed all the LTC audit reports. The OMPP employee responsible for review estimated that 25% of audit reports received from June through December 2006 were reviewed but no audit reports were reviewed from January through June 2007. In a typical year, approximately 700 LTC audits were performed by the contractor.

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The OMPP determined the audit risk level and timing based upon a spreadsheet prepared by the contractor listing the number, but not dollar amount, of adjustments. The spreadsheet did not include the number or severity of internal control findings, which could have impacted the risk assessment.

The conditions noted above result in a significant control deficiency.

42 CFR §447.253(g) states that: "The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers."

45 CFR §92.40(a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that OMPP restore their review of audit reports. The amounts of adjustments identified in the audit reports, internal control findings, and severity of identified adjustments should be reviewed when re-evaluating risk assessments. Indication of review of audit reports should be marked on a permanent record to demonstrate: that all facility risk levels have been reviewed and evaluated; when the last audit report was received; when the last update to the risk level was made; and who updated the record.

FINDING 2007 - FSSA-5, ON-GOING PROVIDER FEDERAL EXCLUSION VERIFICATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA-OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions 4 - Provider Eligibility, Activities Allowed or Unallowed
Internal Control:	Significant Deficiency

Controls are inadequate to ensure that each current active provider and the specific individuals and entities which the provider are required to disclose, had not attained federal exclusion status after the date of the most recent documented verification. The potential effect of continued active enrollment is improper payment to a provider after any disclosed individual or entity acquires federal exclusion status.

The EDS (Medicaid claims contractor) Provider Enrollment unit enrolls providers and maintains provider files. Providers are required to make disclosures of specific individuals and entities on the provider application. None of the individuals or entities required to be disclosed may be federally excluded. Prior to active enrollment of the provider, staff queries the federal Office of the Inspector General (OIG) exclusion database for all disclosed individuals and entities to make this eligibility determination and retains evidence in the provider's hardcopy file. Subsequent to initial enrollment, the federal exclusion verification procedure is only performed when a provider file update is necessary. Among other things, an update is necessary if an additional location is added, ownership changes, or recertification procedures are required due to the provider type or state of licensure. Evidence of verifications performed for provider file updates were not retained.

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(Continued)

When notifications of federal exclusions are received by the EDS Provider Enrollment unit, the name is queried in the AIMS, the Medicaid claims processing system, to identify if there was a match and, if found, to then begin the termination process. However, there were no comparisons made to OIG's full list of federal exclusions.

Additionally, disclosure information on the provider application was not entered electronically. This decreased the potential capability for systematic identification of affected providers upon learning of a federal exclusion of a disclosed individual or entity.

The conditions noted above result in a significant control deficiency.

42 CFR §1002.211(a) states: "Except as provided for in Sec. 1001.1901(c)(3), (c)(4) and (c)(5)(i) of this chapter, no payment may be made by the State agency for any item or service furnished on or after the effective date specified in the notice by an excluded individual or entity . . ."

We recommended that FSSA-OMPP strengthen procedures in place to ensure that no OIG excluded providers and those individuals and entities which the provider is required to disclose are actively enrolled in the Indiana Medicaid program. Sufficient evidence of all OIG federal exclusion verifications should be retained in the hardcopy provider file. We further recommended that individuals disclosed on the provider application be captured electronically for systematic identification of all interests for which a federally excluded individual or entity may have in providers actively enrolled in the Indiana Medicaid program.

FINDING 2007 - FSSA-6, FACULTY PHYSICIAN ACCESS TO CARE ADJUSTMENTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

FSSA-OMPP is authorized by the approved state plan to make adjustments to payments for services provided by faculty physicians to Medicaid recipients. These payments are made in order to maintain adequate access to such care, and in recognition of additional costs incurred in providing faculty physician services to Medicaid patients. There are two physician groups that were identified as qualified to receive these payments as faculty of the School of Medicine.

The approved state plan, attachment 4.19B part V, 1.a. specifies the calculation method as follows:

". . . adjustments to payments for faculty physician services will be made quarterly by the office in an amount not to exceed the lesser of billed charges or an amount equal to the difference between:

- i. The amounts paid for services rendered to Medicaid recipients pursuant to the RBRVs fee schedule and
- ii. The amounts that are the usual charges as defined in c. below, for the same services."

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Usual charges are defined for calendar years beginning after December 31, 2003, as "an amount equal to the amount of the immediately preceding calendar year's usual charges, increased by an amount that is equal to the applicable Medicare Sustainable Growth Factor as calculated pursuant to the formula at 42 USCS 1395w-4(f)(2)."

The plan further provides that results of an annual review will be applied to the quarterly payments for the following calendar year. Examples were given which indicate that payment reductions would occur if performance levels are not met.

Payments issued for the faculty physician access to care adjustments for calendar 2006 and 2007 were based upon estimates. The estimated payments for 2006 were the 2005 payments multiplied by the percentage change between 2004 and 2005. The estimated payments for 2007 were the 2006 estimate multiplied by the same percentage change between 2004 and 2005. The two faculty physician groups experienced rates of change between 2004 and 2005 of 17% increase and 15.5% decrease, respectively.

There also were no state contracts with the provider entities even though the payment adjustments were only based upon estimates, and as such could result in amounts owed back to the program.

During fiscal 2007, a total of \$41,666,667 was paid for 2006 and 2007 estimated faculty physician access to care adjustments. The federal share of these costs was \$26,087,500. By February 2008 the actual payments owed for these periods had not yet been calculated, nor had the effect of the performance measures been applied. Due to the use of the estimates only, we were unable to determine the accuracy of the payments issued. As a result, we consider the federal share of the amounts paid to be questioned costs which may be required to be repaid to the federal government.

The conditions noted above result in a significant control deficiency.

"The plan must describe the policy and the methods to be used in setting payment rates for each type of service included in the State's Medicaid program." 42 CFR 447.201 (b)

Indiana Code 4-13-2-14.2 requires that state agency contracts be in writing. Indiana Code 4-13-2-1-20 generally prohibits advance payments without the approval of the State Budget Agency.

We recommended that FSSA ensure that the faculty physician service adjustments are calculated in accordance with the approved state plan provisions. The amounts calculated for 2006 and 2007 should then be compared to the payments that were issued, with collection sought for any excess payments issued. Written state contracts should be issued to the faculty physician groups to specify the terms of the access to care adjustment payments and to document the performance attributes referred to in the plan.

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(Continued)

Finding 2007 - IDOE-1 relates to a program administered by the Indiana Department of Education (IDOE). Their response to the finding starts on page 277.

FINDING 2007 - IDOE-1, SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE – REPORTING ERRORS

Federal Agency:	U.S. Department of Agriculture
Federal Program:	Child Nutrition Cluster
CFDA Number:	10.553, 10.555, 10.556, 10.559
Auditee Contact Person:	Yvette Hauser
Title of Contact Person:	Director of Accounting
Phone Number:	317-234-0511
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

During our audit of the Department of Education (DOE), we found that disbursements on the Schedule of Federal Financial Assistance (Schedule) for the Child Nutrition Cluster were understated by \$84,218. The Schedule did not agree with the agency's supporting records. There was no review process in place to ensure that the Schedule was correct. This is a significant control deficiency.

45 CFR 92.20 states: "(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that DOE implement adequate controls to ensure accurate and complete disclosure of financial information on the Schedule.

Finding 2007 - IDWD-1 relates to a program administered by the Indiana Department of Workforce Development (IDWD). Their response to the finding starts on page 278.

FINDING 2007 - IDWD-1, INACCURATE REPORTING

Federal Agency:	U.S. Department of Labor
Federal Program:	Workforce Investment Act (WIA) Cluster
CFDA Number:	17.258, 17.259, 17.260
Auditee Contact Person:	Scott Sanders
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-7472
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

During our audit of the Indiana Department of Workforce Development (DWD) WIA Cluster grant we found that ETA-9076-A Statewide Activities - Financial Status Reports (FSR) and ETA-9076-C Local Administration - FSRs had inaccurate amounts reported. The amounts for the ETA-9076-A reports are obtained from the GA-17 Report - Project Summary which is generated by DWD's accounting system. The ETA-9076-C report amounts are obtained from the GA-17 and from the local Regional Workforce Boards (RWB) aggregate submission of local activities expenditures on an Accrued Expenditure Report (AER).

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting errors were found on three of the FSRs for the tested quarters ending September 30, 2006, and June 30, 2007. Two of the FSRs with errors were in the quarter ending September 30, 2006, for WIA Local Youth Program Activities for funding years FY04 and FY06. Our review of the ETA-9076-C Local Administration - FSR for WIA Local Youth Program Activities for funding year FY04 found that the amount reported for Total Federal Outlays was over reported by \$126,222. The review of the FY06 ETA-9076-C Local Administration - FSR for WIA Local Youth Program Activities found that Total Federal Outlays were under reported by \$767,297. The AERs for each RWB which are the supporting documentation for the FSR did not include the AER for the Indianapolis Private Industry Council RWB. The net effect of these errors for the quarter ending September 30, 2006, resulted in expenditures being under reported by \$641,075.

The third report which was incorrect was the WIA Statewide Rapid Response report for funding year FY04 for the quarter ending June 30, 2007. Total Federal Outlays were under reported by \$150,875.

While DWD's Federal Grant Accounting division had controls in place to review the FSRs prior to submission to the U.S. Department of Labor they were not sufficient enough to prevent inaccurate reporting. This is a significant control deficiency.

28 CFR 66.20 provides that a State's financial management system must maintain accurate, current, and complete disclosure of the financial results of financially assisted activities. Additionally, effective control and accountability must be maintained for all grant assets.

We recommended that the DWD implement additional internal control procedures to ensure the accurate preparation, approval, and submission of the ETA-9076-A and ETA-9076-C FSR's.

Finding 2007 - IDHS-1 through 2007-IDHS-2 relates to a program administered by the Indiana Department of Homeland Security (IDHS). Their response to the finding starts on page 281.

FINDING 2007 - IDHS-1, REPORTING

Federal Agency:	U.S. Department of Homeland Security
Federal Program:	Homeland Security Cluster
CFDA Number:	97.067, 97.004
Auditee Contact Person:	Nancy Stevens
Title of Contact Person:	Controller, IDHS
Phone Number:	317-232-6199
Compliance Requirement:	Reporting
Internal Control:	Material Weakness

During our audit of the Indiana Department of Homeland Security (IDHS), we could not reconcile the quarterly federal Financial Status Reports (SF 269A) and the Schedule of Federal Financial Assistance (Schedule) to the agency's grant ledger. The net total over reported on the SF 269A was \$1,791,704.85. In addition, we found \$2,064,896 of disbursements on the Schedule that could not be verified to the correct grant year. There was no review process in place to ensure that postings to the grant ledger were correct. There were no reconciliations of the federal financial reports to supporting accounting records. In addition, there was no review and approval process by a responsible official before filing. This is a material weakness.

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

28 CFR 66.20 provides that a State's financial management systems must maintain accurate, current, and complete disclosure of the financial results of financially assisted activities. Additionally, effective control and accountability must be maintained for all grant assets.

We recommended that IDHS implement adequate controls to ensure accurate and complete disclosure of financial information on both the SF 269A and the Schedule.

FINDING 2007 - IDHS-2, CASH MANAGEMENT CONTROLS

Federal Agency:	U.S. Department of Homeland Security
Federal Program:	Homeland Security Cluster
CFDA Number:	97.067, 97.004
Auditee Contact Person:	Nancy Stevens
Title of Contact Person:	Controller, IDHS
Phone Number:	317-232-6199
Compliance Requirement:	Cash Management
Internal Control:	Significant Deficiency

During our audit of the Indiana Department of Homeland Security (IDHS), IDHS could not provide adequate documentation to reconcile federal drawdowns to the supporting disbursements in the agency's grant ledger. This incomplete audit trail was due to incomplete grant ledger records. Thus, we could not verify whether IDHS received any advance federal funding which would result in interest due the federal government. This is a significant control deficiency.

28 CFR 66.20(a) states: "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that IDHS maintain accurate grant ledger records to ensure that federal draw-downs are correct.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 96 - FSSA-33, FUND BALANCES – CHILD SUPPORT ENFORCEMENT FUND CENTERS

Federal Agency: Department of Health and Human Services - ACF
Federal Program: Child Support Enforcement Program (IV-D)
CFDA Number: 93.563
Auditee Contact Person: Peggy Boggs
Title of Contact Person: Financial Manager, Department of Child Services
Phone Number: 317-232-3450

Finding:

The Child Support Bureau of Family and Social Services Administration is responsible for the implementation of the Child Support Enforcement Program (IV-D) (93.563), including the collecting and the distribution of child support payments. The Bureau receives collections that must be either held as reimbursements to Federal, County and State governments to offset AFDC costs or forwarded to the child support client. 45 CFR S 302.15 states that the IV-D agency will maintain the records necessary to identify the amount, source, and distribution of collections.

As of June 30, 1996, Family and Social Services was holding \$34,861,131 in several accounts identified for distribution to select entities or custodial parents. A reconciliation tying these funds to the Terminal Communication Access Method (TCAM) system which identify the amount, source and distribution had not been completed by the Agency. We requested an accounting to identify the proper recipients of these funds. The Agency responded by identifying potential reconciling items as follows:

Description of Funds Held	Amount
Federal AFDC Reimbursements	\$ 6,827,069
State AFDC Reimbursements	3,456,123
County AFDC Reimbursements	919,195
Other Reimbursements in Process	4,086,144
Returned Monies Held by Agency	2,932,082
Potential Refunds to Payors and Other Undistributed Funds	10,387,617
June, 1996 Receipts Distributed in July 1996	5,984,327
Unexplained Difference	<u>286,574</u>
Total	<u>\$ 34,879,131</u>

We recommended that the funds in these accounts be reconciled to detailed source records. We also recommended that an aging account be maintained for funds that are held because the proper recipient either cannot be identified or located. We instructed that any funds deemed to be abandoned property as detailed in Indiana Code 32-9-1.5-20 and 4-10-10 be transferred to the Attorney General's Unclaimed Property Division.

Status of Finding as of September 2007:

The balance in account 3510-150200 as of September 30, 2007, is \$58,790.91. We will continue the reconciliation process in an effort to bring the balance to zero. This is currently being done by the Child Support Accounting and Reconciliation unit. Processes and procedures are now in place to ensure that accounts performing similar purposes are reconciled periodically with the State's official accounting system. This finding is still open.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 99 - FSSA-7, ISETS INFORMATION TECHNOLOGY (IT) CONTROLS

Federal Agency:	Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93.563
Auditee Contact Person:	Mary Edmonds
Title of Contact Person:	Deputy Director, Department of Child Services
Phone Number:	317-232-4758
Compliance Requirement:	Special Tests and Provisions
Internal Control:	Material Weakness

Finding:

The Indiana Support Enforcement Tracking System (ISETS) is the computer system used to administer the collection and distribution of child support payments and manage other support enforcement activities. Our review of this system found the following:

Accounting Procedures and Controls

45 CFR 74.21 requires that the financial management system have effective control over and accountability for all funds. We found that the accounting of child support funds was inadequate. Deficiencies include the inability to balance and reconcile child support receipts and disbursements processed at the State level, inaccurate sub account balances that track support delinquencies and Unreimbursed Past Public Assistance, and inaccurate tax intercept processing. These deficiencies were communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.

We recommended that FSSA correct the accounting procedures and control deficiencies as documented in the management letter.

Cash Receipts Handling

45 CFR 302.20 states in part: "The IV-D agency will maintain methods of administration designed to assure that persons responsible for handling cash receipts of support do not participate in accounting or operating functions which would permit them to conceal in the accounting records the misuse of support receipts. Such methods of administration shall follow generally recognized accounting standards." We found deficiencies in the areas of batching, balancing, chain of custody, and timely deposit of cash receipts processed at the State level. These deficiencies were communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.

We recommended that FSSA correct the cash receipts handling deficiencies as documented in the management letter.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Security

45 CFR 95.621(f) states that: ". . . state agencies shall determine the appropriate ADP security requirements based on recognized industry standards or standards governing security of Federal ADP systems and information processing." 45 CFR 95.621(h) also requires the designation of an Agency ADP Security Manager and the performance of periodic risk analyses. FSSA has not designated an ADP Security Manager nor has a risk analysis been performed for ISETS. These and other information technology control deficiencies within ISETS security implementation were communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.

We recommended that FSSA designate an ADP Security Manager, conduct periodic risk analyses of ISETS, and correct the security implementation deficiencies as documented in the management letter.

Child Support Data Supplied to the Welfare System

45 CFR 307.10.b.10 states that child support data should be transmitted to the State's TANF system. Although such a transfer is occurring, we found errors in the data transmitted. Deficiencies in the transfer were communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.

We recommended that the transfer of child support data to the welfare system be corrected as documented in the management letter.

Verification of Social Security Numbers

45 CFR 307.10.b.1 and 2 states that the Social Security Numbers (SSNs), names, and dates of birth for Absent Parents and Custodial Parents should be verified with Federal, State, and local agencies. We found that the SSNs, names, and dates of birth of ISETS participants have not been verified. This deficiency was communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.

We recommended that FSSA verify SSNs, names, and dates of birth as documented in the management letter.

Status of Finding as of September 2007:

Accounting Procedures and Controls

Manual processes are in place to balance and reconcile child support receipts and disbursements processed at the State level. CSB has directed county offices to correct the inaccuracies of subaccount balances, as required by the Cooperative Agreements between CSB and the county offices.

Inaccurate tax intercept processing has been corrected by ISETS system edits that prevent duplication of files.

This aspect of the finding remains open because of inaccurate subaccount balances on some of the county's cases. CSB staff will continue to work closely with the county offices on this issue by communicating with the counties via the field consultants, user meetings, newsletters, and policy letters.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Cash Receipts Handling

Manual processes are in place to balance the cash accounts on a daily basis. Through the use of existing reports, funds that posted and disbursed using the ISETS system are reconciled to deposits and disbursements recorded in the State Auditor's accounts. System queries are used to regularly review financial transactions for accuracy. Discrepancies are researched, corrected, and documented manually.

Manual processes are also used to reconcile accounts with the Auditor's fund/centers monthly. This aspect of the finding remains open until CSB reconciles the balance in the 3510-150200 account in order to bring the balance down to zero. The CSB accountant continues to work on the reconciliation of this account.

Security

DCS has designated an ADP Security Manager: Kathee Saylor, Information Security Manager for FSSA.

IOT is responsible for performing Homeland Security analyses and COOP analyses annually for the ISETS system.

This aspect of the finding remains open as it is perceived that some county and state users have more access than they need in various county systems. CSB will continue to review and monitor user IDs and profiles in the counties in order to limit access.

Child Support Data Supplied to the Welfare System

Transfer of the referenced child support data to the welfare system has been corrected. The disbursement date is now used to pass data back to ICES, and this data is now displayed on the DECB screen in that system for the case. Considered closed.

Verification of Social Security Numbers

A verification process for SSNs with the Social Security Administration was completed in December 2000. On an automated basis, all child support participants are submitted for SSN verification to SSA. When ISETS receives the verification from SSA, the SSN is automatically coded in ISETS as VSSA (verified by SSA). Considered closed.

FINDING 2000 - FSSA-1, LACK OF AND IMPROPER SUPPORTING DOCUMENTATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Adoption Assistance Program
CFDA Number:	93.659
Auditee Contact Person:	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management, Department of Child Services
Phone Number:	317-234-5686
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

45 CFR 1356.40 lists requirements that a state must meet in order to participate in the Adoption Assistance Program. FSSA has in its Child Welfare Manual detailed instructions that should be followed so that the Agency will be in compliance with these requirements.

Paragraph 807 of the Manual requires form SF2973 (Application for Adoption Assistance) to be completed by the adoptive parent(s), and signed by the Director of the county Office of Family and Children (OFC), for each child prior to the final decree of adoption. However, in 3 of the 25 cases tested this form was executed after the final decree of adoption, and in 2 cases the form was not found, for a total of 20% noncompliance.

Paragraph 808 of the Manual requires form SF2976 (Adoption Assistance: Child Certification) to be completed by the Director of the OFC for each child prior to the final decree of adoption. However, in 4 of the 25 cases tested this form was executed after the final decree of adoption, and in 2 cases the form was not found, for a total of 24% noncompliance.

Paragraph 809 of the Manual requires form SF2974 (Adoption Assistance Agreement) to be completed by the adoptive parent(s) and signed by the Director of the OFC prior to the final decree of adoption. However, in 4 of the 25 cases tested this form was executed after the final decree of adoption for a 16% noncompliance. Also, paragraph 814 of the Manual requires this form to be renewed biennially and whenever there is a change in the amount of payment. However, in 4 of the 25 cases tested the current form was not found for a 16% noncompliance.

Paragraph 816.2 of the Manual requires that copies of forms SF2973, SF2974, and SF5374 be submitted to the Central Office Financial Management. From there they are routed to the Central Eligibility Unit for filing. The method used for filing documentation sent in by the OFC is by date received. In retrieving any case record it becomes impracticable to determine the date of receipt and, therefore, to be able to locate any particular record. In our testing for documentation controls we were not able to locate copies of documentation from the test cases that were to have been submitted to the Central Office by the OFC because of the filing method being used.

We recommended that FSSA complete and process forms in compliance with the Child Welfare Manual and maintain proper documentation to support the Adoption Assistance Program. We also recommended that documentation be filed in such a way that allows for an adequate audit trail.

Status of Finding as of September 30, 2007:

The draft manual section has not been released. It has not been released because a structured policy and practice analysis is currently underway that will result in identifying gaps in practice and procedure which will result in the implementation of new policy and training. This will be finalized in the SFY 2008. AAP training is provided as one of the breakout sessions to the Foster Parent Conferences and has also been occurring in the different counties.

As a part of the analysis, changes to the Department of Child Services' (DCS) data system, ICWIS will occur. Currently DCS is working with ACF on a redesign to ICWIS to become SACWIS compliant. As a part of the redesign it is envisioned that the documents and forms required will be included in the data system with edits that will enforce the rules to assist in preventing these types of findings. The redesign effort will not be completed until July/August 2008.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

A monthly ICWIS tip of the day is currently being sent to all ICWIS users. These tips of the day will explain when adoption assistance forms need to be executed.

It has been determined that there is no reason for Central Office Child Welfare to receive a copy of the AAP agreement. State Board of Accounts needs the entire case to complete an audit not just the agreement. The case file is located at the local office, not central office. The entire case file is sent from the local office to central office so that SBC can complete the audit. Since there is no need for these forms in central office, this step will be eliminated thus eliminating the need for a new filing system. This finding remains open.

FINDING 2000 - FSSA-2, OVERPAYMENT OF ADOPTION ASSISTANCE SUBSIDIES

Federal Agency:	Department of Health and Human Services
Federal Program:	Adoption Assistance Program
CFDA Number:	93.659
Auditee Contact Person:	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management, Department of Child Services
Phone Number:	317-234-5686
Compliance Requirement:	Activities Allowed or Unallowed
Internal Control:	Significant Deficiency

Finding:

42 USC 673(a)(3) requires that adoption assistance subsidy payments not exceed the foster care maintenance payment. As stipulated in paragraph 810.3 of FSSA's Child Welfare Manual, FSSA's policy on the limitation on payments under the Adoption Assistance Program (AAP) is 75% of the county's rate for foster care per diem. Any amounts paid by the counties over this limitation are to be borne by the county.

We found that two of the twenty-five payments tested were in excess of the 75% allowable amount. One, a case in Jennings County, was overpaid by \$248.02 during the month tested, and another, a case in Vigo County, was overpaid by \$142.97. Neither of these overpayments exceeded 100% of the foster care maintenance payment. We expanded our testing of payments in these two counties. In Jennings County we found the same amount of overpayment for the same child for the additional month tested. In Vigo County we found a different child was overpaid \$775.07 for the additional month tested. This overpayment was a violation of both the State 75% policy and the 100% Federal requirement. The allowable foster care maintenance payment at 100% was \$571.91 and so the overpayment exceeded the Federal threshold by \$203.16.

Through inquiry we found that the Central Office did not review for payments in excess of limitation either on a systematic or sample basis. Further, we found that while reviews are completed by the agency's three state-wide consultants, these reviews are completed on a special case basis rather than systematically.

We recommended that the payments from the AAP not exceed limitations. We also recommended that a system of review to detect payments in excess of limitations be implemented.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 30, 2007:

The draft policy and procedure manual is in the process of development. The delay has been due to a structured policy and practice analysis at the same time as completing "practice reform" in different sections of the State. The process that is currently underway will result in identifying gaps in practice and procedure which will result in the implementation of new policy and training. This will be finalized in 2008. As a part of the analysis, changes to the Department of Child Services (DCS) data system, ICWIS is in the requirements building stage as a part of a redesign to ICWIS for SACWIS compliance. It is envisioned that the AA agreement will be completed in the ICWIS and the ongoing negotiated monthly payment will be validated through a new unit, the Centralized Eligibility Unit, prior to authorization. Upon finalization, the data system will automatically move the agreement from the foster care case to the adoption assistance case. Payments will be made against the amount that is in the agreement with edits that will enforce the rules to assist in preventing this audit finding. The redesign effort will not be completed until 2008.

The Centralized Eligibility Unit should be operational in 2008. At that time, some components of the above enhancement will be operational to assist in eliminating this audit finding.

The recommendation that a system of review to detect payments in excess of limitations is currently being designed (KIDTRAX).

Payment to the adoptive parent cannot be reduced unless all parties are in agreement through an amendment to the subsidy. This finding remains open.

FINDING 2000 - FSSA-3, FOSTER CARE PROVIDER LICENSURE:

Federal Agency:	Department of Health and Human Services
Federal Program:	Foster Care Program
CFDA Number:	93.658
Auditee Contact Person:	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management, Department of Child Services
Phone Number:	317-234-5686
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness

Finding:

42 USC 671 and 672, and the approved Indiana State Plan both state that Foster Care Program payments may be made only to properly licensed or approved providers. We reviewed ten foster children cases to determine if licensure controls were in place. We found that five providers were not properly licensed. We also were not able to determine for an additional case, as the case file could not be found.

Through inquiry we found several control issues. During our audit period the automated system known as the Indiana Child Welfare Information System used for data eligibility collection (which includes licensing status) was not linked to either county or central office accounting systems. Reliance had to be placed on manual forms of communication to stop ineligible payments. In addition, the central office did not review to ensure that payments were made only to properly licensed or approved providers, either on a systematic or sample basis. Further, we found that while reviews are completed by the agency's three state-wide consultants, these reviews are completed on a special case basis rather than systematically.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that controls be implemented to ensure payments are made only to properly licensed or approved providers.

Status of Finding as of September 30, 2007:

The Department of Child Services is currently working on a system enhancement within ICWIS on the Resource and Licensing Modules. The licensing status will be clearly identifiable throughout ICWIS through the changes made within this enhancement. This enhancement should be completed in 2008.

The Department is in the requirements building stage as a part of the redesign effort for SACWIS compliance. One of the functional requirements in this redesign would send to the payment system the child's eligibility based on the new Licensing Status codes implemented in the Resource and Licensing Enhancement. This would dictate the correct account and sub account coder for generation of the payment and subsequent claiming when eligible and reimbursable for a licensed home/facility. If the foster home of facility is not licensed, the system will change the child's eligibility and the payment system would be required to pay out of a non-eligible account and sub account code thus not allowing federal reimbursement for the payment when and if made. The redesign effort including the payment system will not be completed until 2008. This finding remains open.

FINDING 2000 - FSSA-5, CHILD SUPPORT ENFORCEMENT PROGRAM FEDERAL

Federal Agency:	Department of Health and Human Services - ACF
Federal Program:	Child Support Enforcement Program (IV-D)
CFDA Number:	93.563
Auditee Contact Person:	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management , Department of Child Services
Phone Number:	317-234-5686
Compliance Requirement:	Reporting
Internal Control:	Material Weakness

Finding:

Collections of child support by the central office of FSSA are deposited with the Treasurer of State. These child support funds are separately accounted for within the State's accounting system which is maintained by the Auditor of State. The Treasurer of State reconciles the deposits to the State accounting system. The State accounting system is the official record for both the collections and disbursements of child support funds made by the central FSSA office.

The collection and disbursement of child support funds are also entered on the Indiana Support Enforcement Tracking System (ISETS) which maintains detailed information for each child support case.

We found that amounts recorded on the federal reports are pulled from both of these sources. However, there is no reconciliation of ISETS transactions and balances on the State's accounting system. (Details of possible reconciling items were communicated to FSSA management in a letter dated March 27, 2000.)

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

In addition, ISETS produces the WEAAC224 - Daily Book Balancing report which documents the balance of funds remaining within ISETS on a daily basis. At the counties, the report is used to support the reconciliation of ISETS to their bank accounts. The left side of the report calculates the balance at the end of the day by taking the prior day's balance and applying the total receipts, disbursements, and other transactions processed for the day. The right side of the report breaks the balance down into undistributed receipts (held items) and undistributed checks (the items that will be in the next check run). The left side balance should always match the right side balance. Although the report balances for funds processed at the counties, it does not balance for funds processed at the State. At June 29, 2000, there was a difference between the two balances of \$43,635,881.

Since we were not able to verify the ISETS transactions and balances to the official Auditor of State records, we were not able to determine the reliability of those ISETS amounts used in the federal reports.

45 CFR 74.21 defines the financial management standards for child support enforcement programs. The code requires that the financial management system provide effective control and accountability for all funds.

To ensure accurate and reliable federal reporting, we recommended that FSSA strengthen the accounting procedures and controls over the above areas as required by 45 CFR 74.21.

Status of Finding as of September 30, 2007:

A number of the programming changes necessary to strengthen the accounting procedures and controls to ensure accurate and reliable federal reporting were put into production in July 2004.

Manual processes are used to balance the accounts on a daily basis. The accounts are also manually reconciled on a monthly basis. Reports and database queries are used for these processes.

A file is received monthly from the State Auditor's office and is used to update the status of warrants on ISETS. Manual processes are also used to reconcile both outstanding and stale-dated state warrants to the ISETS database on an annual basis.

The corrections recommended in connection with the WEAAC224 report have not been completed because of the extensive nature of the ISETS enhancements required. DCS will need to modernize or replace the ISETS system in the next several years, and has chosen not to invest in this set of enhancements at this time because of these types of deficiencies in the system will be addressed through the modernization/replacement of ISETS. This finding remains open.

FINDING 2002 - FSSA-3, TITLE XX AND VALIDATION OF DAY SERVICES CLAIMS

Federal Agency:	Department of Health and Human Services
Federal Program:	TITLE XX
CFDA Number:	93.667
Auditee Contact Person:	John Parks
Title of Contact Person:	Director of Business Operations DDRS, FSSA
Phone Number:	317-233-3828
Compliance Requirement:	Allowable Costs/Cost Principles, Subrecipient Monitoring
Internal Control:	Reportable Condition, Material Weakness

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Findings:

The Bureau of Developmental Disabilities Services (BDDS) is a part of the Division of Disability, Aging, and Rehabilitative Services (DDARS) within FSSA. BDDS is responsible for the planning and administration of services in community based, residential alternatives for those who meet the criteria of developmentally disabled. The major goal of the Bureau is to support independent living in the least restrictive setting possible for the recipient. To fulfill its goal a variety of services are offered through approved providers. This includes services identified as community day services (i.e., facility-based sheltered employment, transportation, group habilitation, group speech therapy, etc.). Title XX is the funding source used by FSSA to pay providers for services that are identified as community day services. During our audit of Title XX we found internal control weaknesses in the procedures used by FSSA to determine the validity, appropriateness, and necessity of day services claims from providers.

FSSA requires that day service providers maintain sufficient documentation to support the claims that are presented to the State for payment of services. However, FSSA does not request this documentation at the time of payment for validation. Instead, FSSA relies on front and back-end processes to provide assurance. We found that these processes are not applied consistently to day services.

A front-end process that BDDS utilizes to ensure appropriate and reasonable services for the developmentally disabled is the developmentally disabled recipient plan. This plan details the appropriate services that will enable a recipient to meet the goal of independent living. Incorporated in the plan is a budget for the detailed services. However, a developmentally disabled recipient only has a plan if the recipient is receiving State funding for residential services or Medicaid Waiver funding. A plan is not required for a recipient receiving day services only. Furthermore, if a recipient has a plan and is receiving day services, the day services portion does not have a budget. This means that for day services funding there is no budgetary control per recipient. Whereas those services that have a budget are reviewed by FSSA's Financial Management before the payment of a claim on behalf of a recipient, this cannot be done for day services. In addition, while some day services are required to have a limit on the number of units allowed per recipient, this is tracked by the provider and not submitted to FSSA.

A back-end process that is utilized by FSSA is the on-site review by FSSA's Audit Services. Audit Services is to determine whether or not a provider is in compliance with a completed contract. When a provider is selected, Audit Services does review for allowable costs and sufficient supporting documentation. However, as provider selection is a risk based approach, not all providers will have an on-site review. Also, as the personnel in Audit Services are not experts in the needs of the developmentally disabled, Audit Services may not be able to determine the appropriateness or necessity of a day service. In addition, Audit Services reviews transactions after the close of the contract period. While this may be used as one part of a system of assurance of the validity of claims, it is not a timely method and does not guarantee that all providers will be adequately reviewed.

We found that there is no substantial verification of the validity of day services claims at the time of payment processing. We also did not find consistent compensating controls that would provide assurance that the recipient was receiving appropriate and reasonable services. We recommended that FSSA implement adequate controls to assure the validity of Title XX expenditures for day services.

45 CFR 96.30 states that: ". . . a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditures of its own funds."

45 CFR 96.31(b)(2) states that the State shall: "Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations." If a commercial contract 45 CFR 96.31(b)(1) states that the State ". . . should use their own procedures to ensure that the contractor has complied with the laws and regulations affecting the expenditure of Federal funds."

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Each agency, department, institution or office should have internal controls in effect, which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

Agency approval procedures are those necessary to determine a correct, valid, and proper charge in order to certify the claim voucher. . . . Basic Expenditure Payment Procedures: . . . Determine that the expenditure is reasonable and necessary for the agency and is a proper charge to a specific fund or fund/object/center. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

Status of Finding as of September 2007:

Effective December 1, 2006, a web-based, electronic billing portal was implemented through which providers bill actual services rendered by consumer. This portal links directly to the Claims Management System and on to the Auditor's office for electronic payment to the provider. This was the final implementation phase of the restructured of budget preparation and service billing for all State-line programs, including those funded by the SSBG. The audit trail is much more complete compared to the system it replaces, which involved zero-sum contracts without consumer-based billing data for verifying liabilities. We consider the finding closed.

FINDING 2003 - FSSA-1, FOSTER CARE PAYMENTS

Federal Agency:	Department of Health and Human Services
Federal Programs:	Foster Care Program
CFDA Numbers:	93.658
Auditee Contact Person:	David Nelson
Title of Contact Person:	Director of Finance, FSSA
Phone Number:	317-232-7088
Compliance Requirement:	Activities Allowed or Unallowed, Reporting
Internal Control:	Significant Deficiency

Finding:

Eligibility of children for the Foster Care, Foster Care Waiver, and Adoption Assistance programs are determined at FSSA's local offices of Family and Children. The claims for reimbursement from these programs are also prepared by these local offices. These claims are sent to FSSA's central office of Financial Management for processing. Financial Management makes payments from the appropriate program funds as indicated on the claims. There are separate federal funds for the Adoption Assistance Program and the Foster Care Program. Foster Care and Foster Care Waiver are both paid from the same federal program, but the amount that may be paid for Foster Care Waiver children is limited and must be identified for reporting and analysis purposes.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We tested ten payments to verify allowability and found two exceptions. One case had been identified on a claim as eligible for Foster Care and should have been identified as a Foster Care Waiver case. This resulted in the under reporting of Waiver payments. Another case had been identified on a claim as eligible for Foster Care and should have been Adoption Assistance. This resulted in \$511.50 being paid from Foster Care funding instead of Adoption Assistance funding. Through further research we found that both cases had been properly classified on claims the following month. However, no corrections for the prior improper claims had been made. Through inquiry we found that there is no formal mechanism in place for the local offices to inform the central office of incorrect claims for these programs.

45 CFR 74.20 states that: ". . . (b) Recipients' financial management systems shall provide for the following: . . . (2) Records that identify adequately the source and application of funds for HHS-Sponsored activities. . . . (3) Effective control over and accountability for all funds, property and other assets."

We recommended that FSSA implement a process for the local offices to apprise financial management of incorrect claims.

Status of Finding as of September 30, 2007:

FSSA Finance has completed an electronic claiming system. Child Welfare Claiming System (CWCS) for reimbursements to counties under Title IV-E, Assisted Guardianship and Title IV-A Emergency Assistance. During 2005, enhancements to CWCS were made to continue to improve FSSA efforts to audit claims for reimbursement prior to payment. These enhancements include the ability to search database for duplicate payments; ability to find and insert ICWIS ID and Vendor information to reduce data entry errors; user must check certification and certified amount for claiming; and institution/facility rates are now included in the system to reduce data entry errors. A monthly report is prepared for staff to identify possible duplicate payments from one payment source or the possibility of two programs paying for the same service. A manual electronic schedule of payments is currently available within the CWCS system so data can be imported into CWCS rather than being reentered. Since enhancements continue, this finding remains open.

FINDING 2003 - FSSA-6, CHILD CARE AND DEVELOPMENT
FUND (CCDF) – MONITORING OF REGISTERED MINISTRIES

Federal Agency:	U.S. Department of Health and Human Services
Federal Program:	Child Care Cluster
CFDA Number:	93.575, 93.596
Auditee Contact Person:	Michelle A. Thomas
Title of Contact Person:	Child Care Administrator
Phone Number:	317-234-3313
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

Of the four major classes of child care providers that participate in Indiana's CCDF voucher program (licensed centers, licensed homes, registered ministries, and legally licensed-exempt in-home providers), only registered ministries are not subject to minimum staff/child ratios or total capacity limitations. In addition, the Bureau of Child Development (BCD) does not routinely verify attendance records against CCDF enrollment records during its periodic inspections of registered ministries. The absence of staff/child or total capacity restrictions, combined with the absence of cross-verification of records, creates unique opportunities for manipulation of enrollment records at registered ministries that participate in the CCDF voucher program. During the audit period, an investigation of a registered ministry by FSSA's Bureau of Investigation resulted in 26 felony charges related to the manipulation of enrollment records.

45 CFR 98.11 states: "In retaining overall responsibility for the administration of the program, the Lead Agency shall . . . (5) Oversee the expenditures of funds by subgrantees and contractors and (6) Monitor programs and services."

We recommended FSSA monitor registered ministries for allowable costs.

Status of Finding as of September 2007:

The Bureau of Child Development (CCDF) has taken the following actions in regard to monitoring of registered ministries:

- Amended the CCDF Provider Statement to include the following language: "I may not possess or use a Hoosier Works for Child Card to authorize electronic attendance transaction for any CCDF children."
- A provider manual has been completed and disseminated that includes the above statement and an inclusive list of provider responsibility, rights and consequences.
- Complaints are taken, investigated and letters sent warning providers of consequences when complaints are validated.
- Ministry inspectors routinely check the number of children present. Questionable situations are referred to the Quality Assurance unit and/or Fraud Investigator.

The Division of Family Resources (DFR) is in the final stages of RFP development to procure a more simplified, yet accountable electronic payment system. DFR is currently in contract negotiations and system development with the contractor. The contract start date is anticipated at April 1, 2008. TANF and Food Stamp benefits are expected to be combined with child care onto an electronic swipe card to limit the potential for parents leaving their cards with child care providers. CCDF and FSSA Audit Services are currently in the process of development of a new system to monitor attendance.

This finding remains unresolved.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2003 - FSSA-9, CHILD CARE AND DEVELOPMENT
FUND (CCDF) – LOCAL OFFICES OF FAMILY AND CHILDREN

Federal Agency:	U.S. Department of Health and Human Services
Federal Program:	Child Care Cluster
CFDA Number:	93.575, 93.596
Auditee Contact Person:	Michelle A. Thomas
Title of Contact Person:	Child Care Administrator
Phone Number:	317-234-3313
Compliance Requirement:	Eligibility
Internal Control:	Reportable Condition

Finding:

During the audit period, to determine child care eligibility for a Temporary Aid to Needy Families (TANF) recipient, the voucher or intake agent examined a referral provided by the local Office of Family and Children (OFC).

We found that the Division of Family and Children (DFC) does not impose statewide standards on the TANF referral process other than to require in the CCDF Policies and Procedures Manual that the referral (1) be written and (2) include the identification number assigned to the applicant by the Indiana Client Eligibility System (ICES).

During the audit period, voucher agents were required by contract to execute a Memorandum of Understanding (MOU) with the County Team, which includes representative(s) of the local OFC, to outline the roles and responsibilities of members of the County Team. Intake agents were only required to appoint a liaison with the local OFC to facilitate communication.

We inspected the MOUs and procedures governing TANF referrals for a sample of voucher and intake agents. We found that procedures were inconsistently documented from county to county. In addition, several counties did not have a procedure in place to ensure that the local OFC communicated changes in TANF status to the voucher/intake agent after the initial referral. CCDF vouchers have a potential life of six months, and a change in TANF status should trigger an eligibility redetermination. In addition, we found that the Bureau of Child Development (BCD) does not monitor whether TANF referrals are updated in a timely manner.

45 CFR 98.11(a)(1) states: "The Lead Agency shall retain overall responsibility for the administration of the program."

45 CFR 98.20(a) states: "In order to be eligible for services under §98.50, a child shall: (2) Reside with a family whose income does not exceed 85 percent of the State's median income for a family of the same size."

45 CFR 98.50(e) states: "Not less than 70 percent of the Mandatory and Matching Funds shall be used to meet the child care needs of families who: (1) Are receiving assistance under a State program under Part A of title IV of the Social Security Act, (2) Are attempting through work activities to transition off such assistance program and (3) Are at risk of becoming dependent on such assistance program."

We recommended that DFC implement consistent standards and controls to ensure that local OFCs supply adequate and timely information to CCDF intake agents to verify and monitor the child care eligibility of TANF recipients.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

The Indiana Bureau of Child Care submitted a detailed corrective action plan to address the areas of concern raised by the State Board of Accounts auditors to ensure eligibility determinations and redeterminations are performed and documented in compliance with Federal requirements. The State has initiated the following process for implementing a statewide eligibility form:

- A statewide TANF/CCDF eligibility form has been developed.
- This form has been approved internally and submitted for state form approval.
- The Division of Family Resources has restructured the Quality Assurance Unit to include monitoring of TANF/Child Care referrals.

CCDF believes that these actions resolved this finding, and considers this item closed.

FINDING 2003 - FSSA-16, ONGOING VERIFICATION OF PROVIDER MEDICAL LICENSES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions - Provider Eligibility
Internal Control:	Significant Deficiency

Finding:

FSSA's Medicaid Program contracts with an outside contractor, EDS, for determining provider eligibility. During our audit of FSSA's Medicaid Program, we found that the current status of provider medical licenses was not verified by EDS on a consistent basis. The Indiana Health Professions Bureau (IHPB) maintains a centralized database of health profession licenses. IHPB transmits to EDS on a monthly basis an electronic list of active licenses. EDS used this file to verify that new Medicaid providers applying for enrollment were licensed. However, EDS did not use this file to verify that the licenses of active providers were current. In one instance, we discovered a provider that remained actively enrolled whose license had been revoked more than two years previously. Upon inquiry, we found that EDS performed a limited verification of license revocations using manual procedures. However, these manual procedures were insufficient to assure that providers without a current license would be determined ineligible on a consistent basis. This is a control weakness.

42 CFR 440 Subpart A includes definitions of the various medical services eligible for reimbursement under Medicaid. 42 CFR 440.50 defines physicians' services as "services furnished by a physician . . . by or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

We recommended that FSSA implement procedures to ensure that providers whose medical licenses are not current do not remain eligible for participation in Medicaid.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

OMPP has implemented a full data exchange with the Health Professions Bureau to review the status of licensed professionals. Reports are generated and categorized to identify if a match to the Medicaid enrollment file is found for comparison. EDS has reviewed all appropriate provider enrollment linkages for the providers listed on the original reconciliation report labeled "Matched- Non Pharmacy Providers" and closed those providers where necessary. There is now a standard termination letter process in place for this activity which has been added to the EDS provider enrollment daily workload. This process will be enhanced and manual work reduced through purging inactive provider enrollment records to ensure that periodic archival of inactive provider records occurs.

A change to the system catalogued as change order (CO) 253, "Purge Inactive Providers" has been reviewed and approved by OMPP's Operational Effectiveness Team (OET). OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems. CO #253 requires that non-managed care providers who have failed to bill within an 18 month period be disenrolled. A systematic quarterly report will identify those providers, and will be forwarded to provider enrollment for action. The disenrollment process will include notifying the provider in advance of the action in accordance with provider termination processes.

The Re-Enrollment Project for waiver providers is in its final stages. All letters requesting re-enrollment have been mailed. In July 2006, a banner was published notifying providers of the re-enrollment project. EDS staff is carefully monitoring the return of these applications and providing OMPP with routine updates. Additional direct outreach through telephone contact will begin September 2007 to the remaining approximate 100 providers who have been unresponsive. This project will be completed by the end of fourth quarter 2007.

This finding is currently open.

FINDING 2004 - FSSA-2, VOCATIONAL REHABILITATION SERVICES FUND (VR) – IRIS SYSTEM

Federal Agency:	Department of Education
Federal Program:	Vocational Rehabilitation Services
CFDA Number:	84.126
Auditee Contact Person:	Mike Hedden
Title of Contact Person:	Director, Bureau of Rehabilitative Services
Phone Number:	317-232-1523
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Reportable Condition

Finding:

During our audit of FSSA, we found anomalies of counselor activities. Through inquiry we then found that FSSA had an ongoing investigation of a Vocational Rehabilitation Services (VR) counselor and vendor that had approved inappropriate expenditures. Procedures were inadequate to identify these inappropriate disbursements in a timely manner.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Currently VR has the Indiana Rehabilitation Information System (IRIS) which maintains eligibility and fiscal information for VR clients. Several different reports are generated from this system for management's use. However, upon inquiry we found that these reports were not being utilized by management as a risk assessment of counselor activity that would identify the aforementioned inappropriate disbursements. One method to identify inappropriate disbursements in a timely manner would be to develop reports that would identify the following:

- (1) Analysis of counselors and vendors to determine that clients are directed to an appropriate vendor for their services and that the counselors are using an array of vendors; and
- (2) Analysis of the cost per case or average cost per case to isolate any counselor activity falling outside selected parameters.

Analysis should be done to determine that inappropriate activities are isolated and corrective actions are implemented.

The lack of monitoring and risk assessment are significant control weaknesses.

34 CFR 80.40(a) states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

34 CFR 361.12 states: "The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability."

We recommended that FSSA implement procedures to adequately monitor program activity and assess risk.

Status of finding as of September 2007:

Vocational Rehabilitation Services' (VR) has implemented in the past year a stringent approval process designed to avoid inappropriate expenditures. Supervisors must approve every Individual Plan of Employment (IPE) which includes the services that will be provided. We have implemented a series of monthly reports that must be reviewed by supervisors, then the Region Managers looking especially for indicators of abnormal costs per client, above average expenditures, and any other anomalies that will result in further investigation of the case and or counselor and supervisor. In addition, all costs over \$10,000 must be approved by the Region Manager for their entire region and all costs over \$15,000 must be approved by the Director of the Bureau. We believe these safeguards will prevent a situation of this type from occurring again.

The FSSA Office of General Counsel (OGC) has completed its discovery regarding the VR counselor in question and has forwarded to the Marion County Prosecutors Office. The VR counselor termination has occurred. No additional recommendations have been presented by the OGC for implantation.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The continued review, monitoring and added supervisor approval has shown no significant inappropriate activity. VR is continuing to enhance the quality of the program. VR has finalized plans to have a new Quality Assurance unit in place by January 2008. VR believes the implementation of the above and previously identified procedures.

This finding is considered closed.

FINDING 2004 - FSSA-4, FAMILY AND SOCIAL SERVICES ADVISORY COMMITTEE

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Activities Allowed or Unallowed
Internal Control:	Significant Deficiency

Finding:

42 CFR 431.10 (b) states: "A State Plan must . . . (2) Include a certification by the State Attorney General, citing the legal authority for the single State agency to—(i) administer or supervise the administration of the plan; and (ii) make rules and regulations that it follows in administering the plan . . ."

Indiana Code 12-8-6-1 states: "The office of Medicaid policy and planning is established." Indiana Code 12-8-6-3 states: "The office is designated as the single state agency for administration of the state Medicaid program under IC 12-15." Attachment 1.1-A of the Indiana State Plan includes a certification by the State Attorney General regarding the legal authority of OMPP as the single State agency to administer the plan.

However, the certification is silent regarding OMPP's authority to make rules and regulations that it follows in administering the plan. Indiana Code 12-8-6-5 states: "The secretary [of the Family and Social Services Administration (FSSA)] may adopt rules under IC 4-22-2 to implement . . . the state Medicaid program." In past years, the Center for Medicare and Medicaid Services (CMS) has made inquiries regarding the apparent conflict between OMPP's and FSSA's rulemaking authority. In practice, FSSA's Office of General Counsel has resolved this conflict by submitting all Medicaid-related rules to both OMPP and the Secretary's office for approval.

Indiana Code 12-8-1-9 states: ". . . any rules adopted by the secretary . . . must be approved by the family and social services committee established by IC 12-8-3-2 before submission to the attorney general . . ." Indiana Code 12-8-3-3 states: "The committee consists of fifteen (15) voting members appointed by the governor . . . The voting members may not be employees of the executive branch or legislative branch of the state. Not more than five (5) of the members may be health care providers . . ." These members must include at least one licensed physician, one representative of a disproportionate share (DSH) hospital, and "One (1) individual who serves as a provider on the Medicaid advisory committee (IC 12-15-33-2) who shall represent the interests of health care providers having representation on the Medicaid advisory committee."

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Prior to 1995, the Family and Social Services Advisory Committee (Advisory Committee) consisted of a predecessor entity, the Family and Social Services Advisory Commission. The commission primarily consisted of executive branch members and did not have authority to approve rules.

We were informed of the rule-making authority of the Advisory Committee during an exit interview with senior FSSA management staff during December 2004. Upon further inquiry, we discovered that neither FSSA's Audit Division nor CMS were aware of the existence of the Advisory Committee and its rule-approval authority. The organization charts for OMPP and FSSA (Attachment 1.2-A of the Indiana State Plan) do not disclose the existence of the Family and Social Services Advisory Committee.

We also discovered that members of the Advisory Committee are not required to excuse themselves from voting unless they have a personal financial interest in the outcome of the vote. According to the Office of General Counsel, unless their personal compensation is directly affected by the proposed rule, potential conflicts of interest for their employer do not disqualify the member from voting.

We reviewed the minutes of the Advisory Committee during the audit period and discovered that votes were frequently taken if the minimum quorum of eight members were present. At times up to four representatives of the health care industry contributed to the minimum quorum, including an employee of a managed health care organization, a doctor, a member of Health and Hospital Corporation (a Marion County DSH provider), an employee of a mental health care center, and a former director of OMPP who now works for a health-care research and consulting firm periodically retained by FSSA.

42 CFR 431.10(e) states: "In order for an agency to qualify as the Medicaid agency—(1) The agency must not delegate, to other than its own officials, authority to . . . (ii) Issue policies, rules and regulations on program matters. (2) The authority of the agency must not be impaired if any of its rules, regulations, or decisions are subject to review, clearance, or similar action by other offices or agencies of the State."

The submission of Medicaid-related rules to an Advisory Committee which contains a significant voting bloc of health-care industry representatives represents a potential impairment of OMPP's rule-making authority. The potential impairment cannot be evaluated as to the extent that the existence of the Advisory Committee may affect what rules are proposed and submitted. The additional delays imposed on the rulemaking process through the introduction of several layers of approval, including the Secretary's office, also represents a potential impairment.

We recommended that OMPP communicate with CMS and, if necessary, members of the Indiana State Legislature regarding the potential impact of the existence of the Advisory Committee on its ability to serve as the single State agency.

Status of Finding as of September 2007:

Family Social Service Administration (FSSA) notes that the Attorney General's certification and corresponding State Plan Amendment (TN 92-06) were submitted to the Health Care Financing Administration (HCFA, now CMS) and approved by that agency on April 24, 1992. It is the case that the legal reference contained in the certification does not include the agency's rulemaking authority. The State Plan will be modified to include citation to Indiana Code 12-8-6 and Indiana Code 12-15 as the appropriate legal authority for statewide administration of the Plan by OMPP. This portion of the State Plan also contains attachments that include organizational charts for the OMPP and FSSA. Due to a re-organization of the Agency, the State Plan Amendment will not be submitted until the organizational charts are finalized.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The Agency does not agree with this finding's conclusion that a conflict exists between OMPP's and FSSA's rulemaking authority. The office of the secretary of Family and Social Services is accountable, *through the offices of FSSA*, for "overall policy development and management of the state Medicaid plan under IC 12-15." See IC 12-8-1-5(b)(5). OMPP is one of the offices within FSSA and it has been designated to administer the Medicaid state plan under the secretary's direction. See IC 12-8-6. OMPP is part of FSSA, therefore, it is not correct to conclude that a conflict with respect to rulemaking exists between them because they are part of the same agency.

FSSA does not agree with this finding's conclusion that the Family and Social Services Advisory Committee (hereinafter "Committee") legally impairs OMPP's ability to serve as the single state agency administering the Medicaid program. This finding appears to use the terms "rulemaking" and "rule approving" authority interchangeably, when they are not the same. "Rulemaking" is a term of art and does not equate to rule approval. Rulemaking "means the process of formulating and adopting a rule." See IC 4-22-2-3(c). The Committee does not have rulemaking authority. With regard to Medicaid rules, rulemaking authority resides appropriately with FSSA/OMPP. The FSSA Advisory Committee does have authority to approve, reject or return a rule; however, this action does not, on its face, legally impair the single state agency's authority in administering the Medicaid program. FSSA points out that federal law does not prohibit review or clearance of rules by other offices or agencies in the state, only that the single state agency's legal authority not be impaired by such action. See 42 CFR 431.10(e)(2). Indiana Code 12-8-3-5 limits the Committee's role to an advisory one with regard to policy. The Committee has construed its mission as follows:

"The Committee is entrusted with the authority to approve a rule, disapprove it, or return it to a division or the Office of the Secretary with suggestions for revision or to request additional information. A rule presented to this Committee is forwarded to the Attorney General for approval only after approval by this Committee. *The Committee is not to judge the legal authority of a rule as that rests with the Attorney General's Office, and the policy that is set by the Governor's Office.*"

Emphasis added. See FSSA Committee Minutes, July 10, 2001, Comments from the Chair.

This statement of the Committee's mission is consistent with the statutory limitations placed on it with respect to policy matters. Thus, nothing in state statute or the Committee's operations would impair OMPP's authority or ability to serve as the single state agency. Likewise, the Attorney General also has a state statutory responsibility to approve all rules adopted by state agencies. That role is limited to review of the rule for legality (see IC 4-22-2-31) and does not impair the single state agency's authority either.

Moreover, the evidence from the audit period supports the Agency's conclusion that no impairment exists because no Medicaid rule was rejected or returned during the audit period. The State Board of Accounts (SBOA) also expresses some concern regarding the membership of the Committee. FSSA responds that the members are appointed by the Governor and their qualifications have been set by statute. Further, with regard to the matter of perceived or potential conflicts, a specific statute addresses that matter. See IC 12-8-3-4.1. SBOA cites no evidence that either of these statutes was not followed. Further, nothing in federal law supersedes or contradicts state law on either the membership of the Committee or the definition of a conflict of interest for a committee member.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The Agency agrees that the requirement of Committee approval can create operational delays in the rulemaking process, but even without the Committee such "delays" would be present. For example, an agency must publish a notice of intent to adopt a rule at least 30 days before publishing a proposed rule. See IC 4-22-2-23. An agency must hold a public hearing and publish notice of the time and location of the hearing at least 21 days before the hearing. See IC 4-22-2-24. For rules with an economic impact of \$500,000 or more on regulated entities, the agency must submit the rule to the Legislative Services Agency. LSA has 45 days to prepare a fiscal analysis. See IC 4-22-2-28. The Attorney General has 45 days to approve or disapprove a rule. See IC 4-22-2-32. The Governor has 15 days to approve or disapprove a rule, and can request a 15 day extension. See IC 4-22-2-34. Once a rule is filed with the secretary of state, it cannot take effect for thirty days. See IC 4-22-2-36.1

Rather than impairing its ability to serve as the single state agency, these procedures ensure that the Medicaid agency's activities comport with due process and ensure that governmental actions satisfy standards of fairness and justice.

The Office of Medicaid Policy and Planning maintains that no impairment exists to its ability to administer the Medicaid plan due to review of rules by the FSSA Advisory Committee. Federal law does not prohibit review or clearance of rules by other offices or agencies in the state, only that the single state agency's legal authority not be impaired by such action. See 42 CFR 431.10(e)(2). Indiana Code 12-8-3-5 limits the Committee's role to an advisory one with regard to policy.

This finding remains unresolved due to the need to update the citations mentioned above.

¹ Note also that federal requirements may represent, to use SBOA's terminology, "potential impairment": CMS has ninety days to act on state plan material and can extend that period by requesting additional information from the state. See 42 CFR 430.16. The state's Medical Care Advisory Committee (whose membership includes Medicaid providers) must have an opportunity for participation in policy development and program administration. See 42 CFR 431.12. Public notice of changes in statewide methods and standards for setting payment rates is required under certain circumstances. 42 CFR 447.205. When institutional reimbursement is involved, CMS has taken the position that such period cannot be less than thirty days prior to the proposed effective date. See Letter to State Medicaid Directors, December 10, 1997. The agency is required to provide advance notice of actions to recipients. See 42 CFR 431.211. All of these requirements could be characterized as potentially impairing the single state agency's authority but in fact they ensure due process.

FINDING 2004 - FSSA-5, SUPERVISION OF LOCAL OFFICES OF FAMILY AND CHILDREN (OFCs)

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Activities Allowed or Unallowed, Eligibility
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

As noted in Attachment 2.2-A of the Indiana State Plan, the Agency that determines eligibility for coverage is "Each County Welfare Department under the supervision of the Family and Social Services Administration" (FSSA). In 1986, the County Welfare Departments were transformed into the local Offices of Family and Children (OFCs). FSSA's Division of Family and Children (DFC) has oversight responsibility for the local OFCs.

We reviewed monitoring and reporting mechanisms between DFC's central office and the local OFCs during the audit period. We discovered that the monitoring controls for central office oversight of local OFCs mainly concerned the Food Stamp program, and applicability to the Medicaid program was limited:

Second-Party Review (SPR). Local supervisors perform an SPR or desk review on all cases authorized by caseworkers who are on probation or who have been employed less than six months. In prior years, SPRs were also performed for a sample of all experienced caseworkers. However, as of 2003, targeted SPRs were implemented to review earned-income determinations for the Food Stamp program only.

Management Evaluation Reviews (MERs). As part of the MER, a random sample of Food Stamp cases is selected for desk review. Since Medicaid cases are frequently handled by specialized staff, and program requirements significantly differ, MERs are of limited usefulness in monitoring Medicaid-related duties.

Quality Control (QC) Reviews. During the audit period, DFC's Bureau of Family Resources (BFR) completed a Medicaid Eligibility Quality Control (MEQC) pilot project, as mandated by CMS. The scope of the MEQC project was limited to a highly technical area of nursing home admissions involving potential estate-shielding tactics. Although error rates identified were high, broad-based conclusions cannot be necessarily projected to the program as a whole.

Audit Division Reports. FSSA's Audit Division performed on-site audits of local OFCs throughout 2002-2004. We reviewed the scope of these audits and found that, for all but two counties, the audits did not test any federally-funded Medicaid-related functions.

Through interviews with staff and management we verified that the primary purpose of these monitoring and reporting mechanisms was to achieve a lower statewide error rate for Food Stamp eligibility determinations. FSSA allocated quality control resources to lowering the Food Stamp error rate to avoid financial penalties imposed by the United States Department of Agriculture (USDA). In contrast, by opting for the pilot project option offered by CMS for Medicaid, the State was able to avoid potential exposure to the risk of broad-based penalties altogether. As resources were reallocated to lowering the Food Stamps error rate, residual coverage of Medicaid functions by the SPR process was eliminated.

Furthermore, we determined that FSSA management had fostered a culture that encouraged autonomy at the local level, to the point where the central office of the DFC served as a clearinghouse for information and technical assistance but not accountability for program management, which rested with the local directors.

The association of quality control with penalty avoidance rather than a management responsibility in its own right, combined with an emphasis on local autonomy, constitutes a deficiency in the control environment at DFC. Upon inquiry, OMPP indicated it was unaware of the extent of these deficiencies and their potential impact on the Medicaid program. This lack of communication between divisions constitutes a deficiency in the control environment at OMPP and FSSA.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

To test the potential impact of these control deficiencies on the Medicaid program, we focused on whether local offices were being held accountable to follow up on independent verifications of local office data against outside sources. As required by 42 CFR 435.940 through 435.960 and Section 4.32 of the State Plan, eligibility data entered by local caseworkers in the Indiana Client Eligibility System (ICES) is periodically verified against independent information, including (but not limited to) information from the Social Services Administration (SSA), Internal Revenue Service (IRS) and Indiana's Department of Workforce Development (DWD). If a discrepancy is found, a data alert is generated by ICES to the caseworker. If the caseworker does not enter a code indicating what type of action was taken and the date action was taken, an alert is generated by ICES to the supervisor. Data will not be automatically overwritten in ICES as the result of a data exchange except for Social Security (SS) benefits or Supplemental Security Income (SSI) verified by SSA.

We were unable to identify any reporting mechanism by which DFC monitored the disposition of data alerts by local OFCs. We requested a custom query from the ICES data warehouse for alerts received during 2003 and 2004 that (1) remained uncompleted despite (2) having generated a supervisory alert. We verified that over 13,000 such alerts remained on the system, including over 2,000 new hire matches against Indiana's child support system and over 200 prison inmate matches against SSA.

More than 7,000 alerts belonged to St. Joseph County, including multiple repetitive alerts for the same case file across time periods. St. Joseph County was selected for a MER in 2000 and 2004. We reviewed the 2000 report and found that problems had been noted in this area, and a recommendation for additional training issued. The same problems were noted in 2004, but no recommendation was made.

However, even for counties for which data alert screens are being completed by caseworkers, no effective oversight exists that these screens are being completed on other than a perfunctory basis unless the case file is selected as part of an SPR or QC sample. Medicaid files are not included in the selection process except under limited circumstances.

The risk of inadequate follow-through for data alerts is exacerbated for pregnant women and children under the age of 19 covered under Hoosier Healthwise, a health coverage program jointly funded by Medicaid and the State Children's Health Insurance Program (SCHIP). Applicants to Hoosier Healthwise are subject to simplified verification rules. Under simplified verification, the applicant's statement is accepted as verification of name, citizenship, address, residency, marital status, and date of birth so long as a valid Social Security number is submitted. Income may be verified by a single pay stub or child support receipt so long as the applicant states that monthly income did not fluctuate from the current level in the prior three months.

42 CFR 435.903 states: "The agency must---(a) Have methods to keep itself currently informed of the adherence of local agencies to the State plan provisions and the agency's procedures for determining eligibility; and (b) Take corrective action to ensure their adherence." 42 CFR 435.952 sets forth requirements for the timely review of information received through data matches. 42 CFR 435.952(f) states: "The agency must use appropriate procedures to monitor the timeliness requirements of this section."

We recommended that OMPP coordinate with DFC to implement monitoring procedures to ensure appropriate follow-up on data alerts by the local OFCs.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

A summary of the productivity report GDE010RA has been developed for closer monitoring of statewide eligibility activities as they relate to working data alerts.

Significant changes have occurred to the organizational structure within OMPP and DFR. The Central Office Eligibility Unit (CEU) formally responsible for eligibility policy within the DFR has been incorporated within OMPP. This provides OMPP staff direct and immediate information regarding issues identified by the county offices.

Further, DFR has contracted with IBM, who will be responsible for processing new applications and updates to eligibility files. This contract includes timely processing requirements and will be reviewed through contract oversight. OMPP staff meet routinely in a Steering Committee to ensure coordination of Medicaid eligibility with the new vendor. Further, the Division of Family Resources has created a Monthly Financial Review (MFR) report which captures timeliness and volume statistics for Medicaid. This information is shared monthly with the Director of Medicaid in meetings with the Secretary of FSSA. It is also available to the general public in Quarterly Financial Reviews (QFR) and to the division controllers for monitoring purposes. This information sharing has strengthened the decision-making processes and monitoring capacity between the OMPP and DFR.

OMPP will spend additional time reviewing the methods for proper oversight of local OFCs with DFR as the new state contract for eligibility processing is implemented.

This finding remains unresolved.

FINDING 2004 - FSSA-6, DEATH VERIFICATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Activities Allowed or Unallowed, Eligibility
Internal Control:	Significant Deficiency

Finding:

On a daily basis, the Family and Social Services Administration (FSSA) submits the Social Security numbers of new applicants for programs served by the local Offices of Family and Children (OFCs) to the Social Security Administration (SSA) for verification that the number is valid, has been assigned to the corresponding name, and the number/name are not in the SSA death registry. In addition, FSSA verifies data for active household members against the SSA death registry on a quarterly basis for all recipients above 13 years of age.

If SSA records indicate that a recipient has died, an alert is generated to the caseworker. The Indiana Client Eligibility System (ICES) permits caseworkers to authorize file changes once daily. Most changes can be batched prior to authorization, but death information must be authorized in two sequential steps for the recipient to be properly removed from the household and the remaining household members' eligibility to be recalculated.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

If a recipient is properly removed, the recipient's case should become inactive and therefore not be included in the next quarter's death verification request. We requested a query of the ICES data to determine if any death matches were returned for the same recipient from one quarter to the next. A query was generated to compare results for the 4th quarter of 2004 to results for the 4th quarter of 2005. We found 133 matches statewide. Of these matches, 38 indicated some kind of benefit had been provided in 2005. Of these matches, 10 indicated a date of death prior to June 2002.

For these 10 matches, we obtained payment data for the audit period. Out of the 10 matches, 6 recipients were identified who received a combined total of more than \$200,000 in services during SFY04. We also tested a match for a date of death from 1957 and discovered that Medicaid payments had been provided through 2001.

These results are not conclusive until additional research is conducted. For example, if services were provided under a stolen identity, the sum of inappropriate payments would potentially span a longer time-frame than SFY04. Even if each instance of discrepant data can be traced to an error rather than the intentional misuse of an identity, the failure to detect and correct the discrepancies in a timely manner indicates control weaknesses over the payment function. In addition, failure to fully complete the two-step authorization required by ICES for death data affects the accuracy of eligibility determinations for remaining household members.

42 CFR 430.0 states: "Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low income persons who are age 65 or older, blind, disabled, or members of families with dependent children or qualified pregnant women or children." Medical assistance cannot be provided to a person who is deceased.

We recommended that research be conducted to determine the cause of discrepant death verification data for repetitive data alerts. In addition, we requested that the ultimate disposition of each instance of discrepant data, whether correction of erroneous data, recoupment or referral to an appropriate investigative or law enforcement authority be documented and reported to us.

We also recommended that adequate oversight be exercised to ensure timely and appropriate resolution of discrepant death data by local OFCs.

Status of Finding as of September 2007:

The enhancement to notify workers when a deceased individual has failed to be properly removed from the case was implemented in November of 2005. Also reports, GRP687, GRP689 and GRP690, have been added to the COGNOS reporting system. A flash bulletin, viewable to all ICES users, in conjunction with these reports, was released on December 19, 2005, addressing alerts 422 to remind workers to run eligibility to process the case, and alerts 614/615 to remove the individual on AEIID the following day. In addition, these reports were discussed with the field consultants responsible for following up to ensure proper case worker action is taken.

Research has been conducted on those select cases from the original file that required additional review to ensure that expenditures were not improperly paid out. Documentation of this research has been made available to the SBOA for their review.

OMPP will evaluate new implemented processes and monitoring reports to ensure that adequate oversight is being exercised that will ensure timely and appropriate resolution of discrepant death data by local OFC.

This finding remains unresolved.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2004 - FSSA-8, PROVIDER ENROLLMENT (HCBS WAIVERS, FIRST STEPS)

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person	Compliance Manager
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

Finding:

Prior to the formation of the cross-divisional Waiver Unit between the Office of Medicaid Planning and Policy (OMPP) and the Division of Disability, Aging and Rehabilitative Services (DDARS) in early 2004, home and community based service (HCBS) waiver providers were enrolled by DDARS staff under a provider agreement that did not meet Medicaid disclosure standards. Some providers separately executed a Medicaid-compliant agreement with the Medicaid claims payment contractor, EDS, to provide traditionally covered services. An enrollment project to ensure that all waiver providers have executed a Medicaid-compliant agreement is scheduled for completion in early 2005.

In addition, during the audit period, providers participating in the First Steps early intervention program were enrolled by the Division of Family and Children's (DFC's) central reimbursement office (CRO) contractor, Covansys. These providers did not complete a Medicaid-compliant agreement, even though their services were submitted by DFC for reimbursement by EDS if provided to a Medicaid-eligible recipient, as confirmed by data matches to the Indiana Client Eligibility System (ICES).

42 CFR 455.104 enumerates various provider disclosure requirements for the Medicaid program. We recommended that adequate disclosures be obtained from all First Steps providers whose services are potentially billable to the Medicaid program.

We also recommended completion of the HCBS waiver provider enrollment project.

Status of Finding as of September 2007:

The enrollment of rendering providers for First Steps was completed in February 2006. The Re-Enrollment Project for waiver providers is currently in progress and all letters requesting re-enrollment have been mailed. In July 2006, a banner was published notifying providers of the re-enrollment project. EDS staff is carefully monitoring the return of these applications and providing the Office of Medicaid Policy and Planning with routine updates. Additional direct outreach through telephone contact will begin September 2007 to the remaining approximate 100 providers who have been unresponsive. This project will be completed by the end of fourth quarter 2007.

This finding remains unresolved.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-1, CASH MANAGEMENT DOCUMENTATION OF PROCEDURES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Audited Contact Person:	David Nelson
Title of Contact Person:	Director of Finance, FSSA
Phone Number:	317-232-7088
Compliance Requirement:	Cash Management
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we found that FSSA's Financial Management Division did not have an adequate system of documentation to trace specific expenditures to its corresponding federal draw. This is a systematic issue which could affect most grants. This occurred due to a lack of formal written procedures over Cash Management. This is a control weakness.

45 CFR 92.20 (b)(2) states in part: "Accounting Records. Grantees . . . must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards . . . assets, liabilities, outlays or expenditures and income."

45 CFR 92.20 (a) states in part: "A state must expend and account for grant funds in accordance with State laws and procedure for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees . . . must be sufficient . . ."

We recommended that FSSA develop formal written procedures over Cash Management to ensure that federal draws follow their respective check clearance pattern templates and that adequate supporting documentation of draws are maintained.

Status of Finding as of September 2007:

Currently, the FSSA Finance Accountants reconcile each fund center expenditures and income deposits on a daily/weekly basis. These daily/weekly reconciled federal expenditures and/or income deposits are then submitted to cash management in FSSA Finance as a request to be drawn from the appropriate federal grant(s). The implementation of PeopleSoft will in the future enhance the ability to trace specific expenditures transactions and or income deposits to the appropriate federal draws from the appropriate federal grant(s). These enhanced business processes for the proper drawing and receiving of federal funds are being developed in coordination with the PeopleSoft implementation as part of the Encompass project planned for January 2008. These PeopleSoft processes will generate reports from PeopleSoft project(s) detailing the expenditures and income deposits eligible and required to be drawn from federal grants subject to the federal grant draw rules.

This finding remains open until Encompass enhanced PeopleSoft is fully implemented at the earliest in January 2008.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-2, CASH MANAGEMENT SCHIP TEMPLATE

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Director of Finance, FSSA
Phone Number:	317-232-7088
Compliance Requirement:	Cash Management
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we found that the check clearance pattern template for the State Children's Health Insurance Program (SCHIP) was inaccurate because it had not been properly updated to include only necessary data. Furthermore, we found other check clearance pattern templates that had not been properly updated to include additional necessary data and remove outdated data. The change in data would not have changed the final templates. FSSA did not properly monitor to ensure that only necessary data utilized to calculate the check clearance pattern templates, was properly included. This is a control weakness.

45 CFR 92.40(a) states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and sub grant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA implement procedures to adequately monitor to ensure that only necessary data be included in the computation of the check clearance pattern templates.

Status of Finding as of September 2007:

The check clearance pattern was entered into FETS (legacy system) on July 1, 2007, for the 2008 fiscal year based on the numbers generated by Auditor of State Reports for actual clearing of expenditure transactions in support of the Cash Management Improvement Act (CMIA) Agreement. As the Encompass PeopleSoft project is implemented at the earliest in January 2008 the possible automation of this process could enhance the current monthly reporting for check clearing statistics. Currently, FETS generates on hand cash balances and a future PeopleSoft process may be considered for daily automatic calculation of cash balances as an audit control.

This finding remains unresolved.

FINDING 2005 - FSSA-4 (DCS), PSC 272 QUARTERLY REPORTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Title IV-D, Child Care Cluster
CFDA Number:	93.563, 93.575, 93.596
Auditee Contact Person:	David Nelson
Title of Contact Person:	Director of Finance, FSSA
Phone Number:	317-232-7088
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

During our audit of FSSA, we found that the Federal Cash Transaction Report, PSC 272, quarterly reports had inaccurate amounts reported as compared to FSSA's Federal Expense Tracking System (FETS). FSSA did not have a reconciliation process in place to verify that expenses in FETS were recorded properly on the PSC 272 quarterly report. Through inquiry and observation, there is a lack of monitoring controls to verify that the dollar amounts recorded on the PSC 272 quarterly reports are accurate prior to being reported to the federal government.

45 CFR 92.20(b) states: "The financial management systems of other grantees and subgrantees must meet the following standards: - (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that FSSA implement a reconciliation process to verify that the amounts recorded on the Federal Cash Transaction Report PSC 272 quarterly reports are accurate prior to being reported to the federal government.

Status of Finding as of September 2007:

The PSC 272 reports were completed based on a new report in the FETS system identified as the "FETS – Schedule of Federal Financial Assistance." The report can be run utilizing date ranges and captures data included in the FETS transaction processing. The report breaks out Federal Assistance reporting by Grantor Agency/PIN/CFDA #/Grant number/Start balance/Deposits/Draws/Expenditures/End Balance/Account (fund center) with totals by Grantor Agency. The development within PeopleSoft of Project reporting, in the future, will create transaction queries or reports that will be utilized to drive both deposits and expenditures that will be invoiced in PeopleSoft and tracked utilizing PeopleSoft Account Receivable module. The current reconciliation process is at fund center level utilizing the Cash Management Accountants prepared reconciliation to the "expenditures/allots" spreadsheets maintained and submitted by Financial Management Accountants by fund Center. These spreadsheets are reconciled to the balances in FETS system by transaction type and the various federal system Pin number balances on at a minimum on a monthly basis. This finding remains open pending the PeopleSoft implementation in the Encompass project with AOS.

FINDING 2005 - FSSA-5 (DCS), SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE - REPORTING ERRORS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program, Child Support, Child Care Cluster
CFDA Number:	93.778, 93.563, 93.575, 93.596
Auditee Contact Person:	David Nelson
Title of Contact person:	Director, Financial Management
Phone Number:	317-232-7088
Compliance Requirement:	Reporting
Internal Control:	Material Weakness

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

During our audit of FSSA, we found that the Schedule of Federal Financial Assistance had numerous errors totaling over \$100 million. FSSA resubmitted the Schedule to us multiple times throughout the period August 2005 to March 30, 2006. Errors were found in receipts, disbursements, pass-through amounts, CFDA numbers, cross-footing in ending balances, and entire grants being left off the schedule. Even though these errors were resolved, such materially significant errors in the future could result in a qualification of the Schedule. This also affects the reliability of how major programs are determined. The lack of formal written procedures and an inadequate review process of the Schedule contributed to the potential for errors. This is a control weakness.

45 CFR 92.20 states: "(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to— (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

We recommended that FSSA develop formal written procedures in preparing the Schedule of Federal Financial Assistance and institute a thorough review process of the schedule to ensure accurate, current and complete disclosure of the financial results.

Status of Finding as of September 2007:

The A-133 Schedule of Federal Financial Assistance report was completed based on a new report in the FETS system identified as the "FETS – Schedule of Federal Financial Assistance." The report can be run utilizing date ranges and captures data included in the FETS transaction processing. The report breaks out Federal Assistance reporting by Grantor Agency/PIN/CFDA #/Grant number/Start balance/Deposits/Draws/Expenditures/End Balance/Account (fund center) with totals by Grantor Agency. The development within PeopleSoft of Project reporting, in the future, will create transaction queries or reports that will be utilized to drive both deposits and expenditures that will be invoiced in PeopleSoft and tracked utilizing PeopleSoft Account Receivable module. The current reconciliation process is at fund center level utilizing the Cash Management Accountants prepared reconciliation to the "expenditures/allots" spreadsheets maintained and submitted by Financial Management Accountants by fund Center. These spreadsheets are reconciled to the balances in FETS system by transaction type and the various federal system Pin number balances on at a minimum on a monthly basis. This finding remains open pending the PeopleSoft implementation in the Encompass project with AOS.

FINDING 2005 - FSSA-7, SAPT - MAINTENANCE OF EFFORT

Federal Agency:	Department of Health and Human
Federal program:	Prevention and Treatment of Substance Abuse (SAPT)
CFDA Number:	93.959
Auditee Contact Person:	John Viernes
Title of Contact Person:	Deputy Director, DMHA
Phone Number:	317-232-7913
Compliance Requirement:	Maintenance of Effort
Internal Control:	Reportable Condition

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

During our audit of FSSA, we found that the fiscal year aggregate SAPT state expenditures for authorized activities was less than the average level of such expenditures maintained by the State for the two state fiscal years preceding the fiscal year for which the State applied for the grant. The minimum amount of expenditure required to be spent by the State was \$10,514,118 which was the amount expended by the State for the fiscal year 1994. This amount was the average level of expenditure by the State for the two year period preceding the first year for which FSSA applied for the grant. However, the State's fiscal year aggregate expenditures were \$10,360,318 which fell short of the minimum required expenditure by \$153,800. Furthermore, we found that FSSA does not monitor to ensure that they have met the required minimum amount of expenditure.

45 CFR section 96.134(a) states in part: "With respect to the principal agency of a State for carrying out authorized activities, the agency shall for each fiscal year maintain aggregate State expenditures by the principal agency for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two year period preceding the fiscal year for which the State is applying for the grant."

45 CFR section 96.124(c)(3) states: "For grants beyond fiscal year 1994, the State shall expend no less than an amount equal to the amount expended by the State for fiscal year 1994."

We recommended that FSSA monitor SAPT expenditures to ensure that the required minimum expenditure level for each state fiscal year is met.

Status of Finding as of September 2007:

State requested review was completed by Johnson, Basin and Shaw (JBS), May 2, 2007. JBS found that the Division was following state statute and that the Gambling allocation should be treated as a one-time infusion of funds and, therefore, may disallow gambling dollars from the Maintenance of Effort (MOE). However, the recommendation to Center for Substance Abuse Treatment (CSAT) to discount Gambling funds from the MOE was rejected since it is unclear, as mentioned in the JBS report, that the Division's use of the Gambling funds constituted a permanent increase in the funding of those services. Although the Technical Assistance (TA) pointed out multiple year shortfalls of the MOE, SAMHSA, administrator Terry L. Cline, PhD., ruled in May 2007, that the Division is in material compliance with requirements of the maintenance of effort. TA reports are available in FSSA Audit Services.

As to the Addiction Services Fund augmentation, according to the Budget Bill HEA 1001, 2005, page 62, augmentation is allowed for the youth tobacco inspection programs, for which additional funds were allocated. In the legislative session ending April 2007, additional funds were requested. However, the Division was not appropriated any additional funding and will operate with what is appropriated to the Division. Since augmentation from the Addiction Services Fund is allowable, funds will be requested if necessary to address MOE shortfalls.

DMHA monitors SAPT expenditures by tracking expenditures monthly to determine rate of expenditures for set-asides. If providers are not expending at a rate that require meeting the set-asides as in the prevention providers we make contact with to get an explanation as to why, and what recommendation might help to meet targets. On the other hand where the MOE is in jeopardy we consider how to expend those dollars to the target population, such as women with dependent children or pregnant women, by considering other program offerings to expend dollars to meet the MOE requirement.

DMHA believes that these actions resolves this finding, and considers this item closed.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-8, MINIMUM PRIMARY PREVENTION REQUIREMENT
NOT MONITORED, DIVISION OF MENTAL HEALTH AND ADDICTION

Federal Agency:	Department of Health and Human Services
Federal Programs:	Prevention and Treatment of Substance Abuse
CFDA Number:	93.959
Auditee Contact Person:	John Viernes
Title of Contact Person:	Deputy Director, DMHA
Phone Number:	317-232-7913
Compliance Requirement:	Earmarking
Internal Control:	Reportable Condition

Finding:

During our audit of FSSA, we found that DMHA did not monitor primary prevention expenditures for individuals who do not require treatment for substance abuse to ensure that at least 20% of the grant award was spent on primary prevention.

45 CFR 96.124 (b)(1) and 45 CFR 96.125 provides in part that the State shall expend not less than 20% of the total grant amount to be used for primary prevention programs for individuals who do not require treatment for substance abuse.

45 CFR 92.40(a) states: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity."

We recommended that FSSA implement procedures to monitor that at least 20% of the grant award is spent on primary prevention.

Status of Finding as of September 2007:

DMHA has responded to correspondence with Health and Human Services (HHS) supplying documentation and corrective action to support at least 20% of the grant award spent on primary prevention on March 7, 2007. On April 17, 2007, HHS responded stating the DMHA has satisfactorily resolved this finding. This documentation and corrective action is available for review in FSSA Audit Services.

DMHA considers this finding closed.

FINDING 2005 - FSSA-10, OVERPAID AND UNDOCUMENTED MANUAL PAYMENTS ISSUED

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

The State's fiscal agent for the Medicaid program, EDS, has a process to pay expenditures based on payout requests and manual check requests. We reviewed and tested these payment records and found that EDS did not always obtain OMPP approval to issue payments, or sufficient documentation to support the expenditure. The following payments are considered as questioned cost to the federal program:

OMPP approved that an interim payment be issued to a hospital, however, the calculations were not approved. The manual calculations made were in error, as was a subsequent system payment that was issued for the balance of the dates of service. The total overpaid was \$623,101.

A payment was issued for a 1995 settlement agreement. The total interest paid was \$161,648.

A payment was issued without the supporting calculation for \$468,804.

A dentist was refunded the amount he reimbursed for duplicate payments identified. The basis for the refund was not documented in EDS records. The refund issued was \$25,959.

The above questioned costs total \$1,279,512. The federal share of the questioned costs may be required to be repaid with State funds.

"To be allowable under Federal awards, costs must meet the following general criteria: a. be necessary and reasonable for proper and efficient performance and administration of Federal awards. b. Be allocable to Federal awards under the provisions of this Circular . . . d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items. . . . j. Be adequately documented." US OMB Circular A-87, section C (1)

"Costs incurred for interest on borrowed capital or the use of a governmental unit's own funds, however represented, are unallowable except as specifically provided in subsection b. or authorized by Federal legislation." US OMB Circular A-87, Attachment B, 23.

We recommended that FSSA review and approve calculations for expenditures based on payout requests and manual check requests. Controls to ensure only allowable, documented costs are recorded by the fiscal agent should be developed and monitored. FSSA should obtain adequate documentation, seek reimbursement for and repay the federal share of the total questioned costs to the federal government.

Status of Finding as of September 2007:

Of the four questioned costs identified by this finding, OMPP agreed that an error was made in the calculation of an interim payment to a hospital resulting in an identified overpayment of \$623,100.80. The hospital was issued an advance payment on October 6, 2004, with the approval of OMPP; however, OMPP did not review the final computation of the payment prior to issuance. Documentation though was located after the close of the previous audit cycle which identified that on March 12, 2005, the provider refunded the overpayment in the amount of \$622,742.48. The federal portion was then returned through routine system adjustments. The payment documentation is available for review. OMPP acknowledges that there is a discrepancy between the amount the provider refunded and the identified overpaid amount. To resolve this discrepancy, the provider was required to void out the original claim and resubmit it. The claim was then suspended and manually processed so that it would pay appropriately. The total amount refunded back to the State was \$623,119.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The interest payment noted in the finding is for a 1995 settlement agreement. The calculation of the settlement was reviewed and approved by OMPP staff. The documentation for this expenditure was held with the OMPP staff person regarding the necessity for the payment and is available for review. OMPP confirmed that federal funds were used to repay the interest portion of this settlement payment. FSSA Finance will return the federal portion in December of 2007.

The FQHC supplemental payment amount of \$468,804 was fully supported and documented. The documentation, although available, was not provided for review until after completion of the previous audit cycle. The documentation is maintained by Myers and Stauffer, who is responsible for calculating the supplemental payment amounts. Myers and Stauffer calculated the payment amount due the provider and notified OMPP of same. OMPP reviewed and authorized EDS to issue payment to the provider in the amount of \$468,804.

The payment to the dentist was based upon an audit reconsideration performed by Myers and Stauffer and in coordination with OMPP. Myers and Stauffer recalculated the amount the provider owed the program, since the provider had already refunded the original overstated overpayment amount. It was determined the provider was due a refund of \$25,959. Myers and Stauffer performed the refund calculation at OMPP's direction and notified EDS of the amount due the provider. Myers and Stauffer maintained all supporting documentation.

OMPP agreed to review the procedures related to manual expenditure payouts. The Finance Operating Procedures for the State's fiscal agent have been updated and are currently under review by the State.

This finding remains unresolved.

FINDING 2005 - FSSA-11, DENTAL CORPORATION CLAIMS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Utilization Control and Program Integrity
Internal Control:	Significant Deficiency

Finding:

We observed that claims for dental groups were paid without rendering provider information. As a result of omitting the rendering provider from dental group claims, proper utilization analysis could not be performed. This condition precludes analysis of claims billed from dental groups, as well as claims billed for dental providers which operate a private practice in addition to working in a group practice. The Surveillance and Utilization Review (SUR) function provides profiles of health care delivery and utilization patterns of providers and recipients. By analyzing and comparing providers and recipients to their peer groups, atypical practices can be identified and appropriate action may be pursued.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We found that AIMS has not evaluated dentist claims for edit 1008 (rendering provider must have an individual provider number) since at least the year 2000. On June 3, 2005, Change Order fifty-two (52) was released into production. The change order narrative states that its purpose is, "to meet HIPAA requirements by allowing dental rendering at the detail level." A provider bulletin dated June 1, 2005, informed providers that the rendering provider's number is required and where it should be submitted on the claim. We observed denial of dental claims because of edit 1008 during June 2005.

Subsequent to our audit period, on July 25, 2005, edit 1008 was inactivated for dentists at the request of FSSA on Reference Change Order 2877. In addition, the following other edits were also inactivated for dentist claims at that time: 231 (rendering provider number is missing), 232 (rendering physician number is not in a valid format), 1010 (rendering provider is not a member of the billing group, or rendering not equal billing), 1004 (rendering provider not eligible to render services on this program for the date of service), and 7509 (rendering provider on prepayment review). According to the document describing the change, "... the OMPP feels that there was not adequate notification to providers for them to modify their procedures to enroll rendering providers in the system." From start to finish, the provider enrollment process is roughly 30 days. As of March 31, 2006, FSSA has not requested that the edits be reactivated.

42 CFR §456.23 states that: "The agency must have a post-payment review process that-- (a) Allows State personnel to develop and review-- (1) Recipient utilization profiles;(2) Provider service profiles; and (3) Exceptions criteria; and (b) Identifies exceptions so that the agency can correct mis-utilization practices of recipients and providers."

42 CFR §456.3 states that: "The Medicaid agency must implement a statewide surveillance and utilization control program that-- (a) Safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments; . . . (c) Provides for the control of the utilization of all services provided under the plan in accordance with subpart B of this part; and (d). . . ."

We recommended that FSSA ensure that rendering dentists are identified on all dental group claims. FSSA should also ensure that post-payment review processes and the SUR program include necessary procedures to ensure proper payments are issued for dental services.

The EDS Claims Resolutions Manual indicated that the following other types of providers/ specialties and codes are excluded from edit 1008: Rehabilitation Center (06), Title V Clinic (08/085), School Corporation (16), Public Health Department (17), Optician (21), Durable Medical Clinic (35), Transportation (36), Laboratory (38), and Radiology Provider (39). We further recommended that FSSA ensure that rendering provider information is required for all applicable provider group practice claims for SUR purposes.

Status of Finding as of September 2007:

Edit 1008, "Rendering Provider Must Have an Individual Provider Number," is only applied to group providers with rendering providers linked to their provider number. Per the Indiana Health Coverage Programs Provider manual, the following provider types are enrolled as billing providers only (not group providers): 04 Rehabilitation Facilities, 12 School Corporations, 19 Optician, 25 Durable Medical Equipment, 26 Transportation, and 28 Laboratory. Thus the edit 1008 does not apply to these provider types. For these provider types, the Surveillance and Utilization Review (SUR) team holds the billing provider accountable for the overall pattern of services rendered and appropriate post-payment reviews are in place. When a SUR audit is conducted for this type of billing provider, the medical record is reviewed to determine who rendered the services and if it was appropriate for that employee to render that service.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The 1008 edit which requires a rendering provider linkage was activated April 2007 for Dental providers. Preliminary discussions have occurred with the fiscal agent regarding activating edit 1008 for provider types 08/085 Title V Clinics, 13 Public Health Department and 29 Radiology and the course of action that needs to occur for the enrollment of these types of rendering providers.

This finding remains unresolved.

FINDING 2005 - FSSA-12, DUPLICATE CLAIMS IDENTIFIED BY CONTRACTOR

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

Finding:

The rate-setting contractor performs desk reviews of hospital cost reports and is also the Payment Integrity Program (PIP) contractor. During our audit period, the contractor finalized the desk reviews of the 2002 inpatient hospital cost reports. One of the desk review procedures performed during 2002 was the identification of duplicate hospital claims. From the rate-setting/PIP contractor, we were provided with a listing dated January 25, 2003, with \$1,067,465.50 in identified duplicate payments from 50 different providers for claims paid between 1998 and 2002.

We inquired as to the collection of the identified duplicate hospital claims and requested all of the related documentation. OMPP determined that this was one of two duplicate claim recovery projects that had been performed. The rate-setting/PIP contractor was then to recover for those duplicate claims paid prior to January 1, 2000, and the fiscal agent was to recover the balance.

The rate-setting/PIP contractor provided the repayment spreadsheet which listed duplicate claims prior to January 1, 2000, and totaled \$255,535.45. Check copies were not provided to substantiate the repayments listed on the spreadsheet. According to the listing, there are also accounts which have not been paid in full. Notes were also entered where overpayments were reduced in the appeals process. Documentation to support the reductions was also not provided. As these were not fully documented for our audit, the duplicate payments listed on the spreadsheet are considered questioned cost.

OMPP stated that the duplicate claims paid after January 1, 2000, were subject to a mass identification and recovery process that the fiscal agent contractor performed on March 14, 2003. We were provided with the mass adjustment and confirmed that accounts receivable were set up for \$86,352.95 of the duplicate claims discovered. As of March 31, 2003, we were not provided with any documentation of any attempt to recover, or to adjust the expenditures for the balance of the duplicate claims identified which totaled \$725,577.20. For a sample of the duplicate claims identified, payment recoveries were not located on the AIMS accounts receivable record nor were void/replaced check information located for the claims when searching the record by claim number.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

As the payment of duplicate claims is not an allowed cost for the program, and adequate information documenting the recovery and accounting entries to adjust expenditures were not provided for audit, we consider the total of the spreadsheet list items, \$255,535.45 plus those which were not recorded for adjustments or collections, of \$725,577.20 to be questioned cost. The federal share of the total questioned costs of \$981,112.65 may be required to be repaid to the federal government with State funds.

"If the administrator and a provider fail to enter into an agreement not more than sixty (60) days after the administrator's discovery of an overpayment, the administrator shall immediately certify the facts of the case to the Medicaid fraud control unit established under IC 4-6-10." Indiana Code 12-15-23-5

45 CFR §92.40 (a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

45 CFR §92.36 states: "(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

45 CFR §92.22 states that: "Grant funds may be used only for: "(1) the allowable costs of the grantees, subgrantees and cost-type Contractors . . ."

We recommended that FSSA ensure controls are in place for the timely identification and recovery of duplicate or other claims paid in error. Adequate documentation must be obtained and retained concerning the recovery process of identified overpayments. Those which have either not been recovered, or that have not been agreed to be repaid, must be certified to the Medicaid fraud control unit in accordance with Indiana Code 12-15-23-5.

Status of Finding as of September 2007:

As noted in the Office of Medicaid Policy and Planning's (OMPP) initial response, under a contract with Myers and Stauffer to review claims payment and recover overpayment findings, one study revealed that overpayments were occurring for Crossover 'B' and 'C' claims due to the fact that the duplicate edit logic was being applied at the header level versus the detail level. Of these identified dollars, there were noted questioned costs in the amount of \$981,112.65 resulting from a lack of documentation to confirm OMPP's recovery actions. Of those dollars, OMPP had approved Myers and Stauffer to recover claims only for years prior to 2000 which affected 18 providers. This resulted in a repayment of \$248,060.63. The documentation was collected subsequent to the audit cycle and is available for review.

Of the remaining dollars, \$374,099.78 of the questioned costs has been confirmed as adjusted through provider initiated adjustments. The documentation for these adjustments is also available. A mass adjustment took place in January 2007. During review of the claims mass adjusted, it was discovered that the majority of the claims repaid due to the fact that the history claim is no longer on our MedPol history file. The MedPol history file, used for auditing of duplicate services, maintains three years of paid claims data based on the date of service identified on the claim. Because the file is purged quarterly, any claims process today with dates of service over three years ago would not be in the history file. In an effort to properly adjust the claims and collect the monies associated to these duplicate payments, EDS will perform manual adjustments for all claims involved.

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(Continued)

To refine the duplicate claim logic in IndianaAIM, OMPP and EDS have created a system modification change order 803, Revisions to Duplicate Claim Logic. The system will edit crossover 'B' and crossover 'C' claims at the detail level instead of the header level. System logic will be revised to look at all five characters of a procedure code and all four modifiers in determining if a detail is an exact, or possible duplicate of a detail in history.

This change order was implemented September 2007. OMPP will continue to monitor duplicate claims processing to ensure that the system changes are working properly. OMPP is coordinating with EDS to identify the most efficient avenue of resolution surrounding claims with dates of service January 1, 2003 through September 2007; mass adjustments, random sampling, etc., will be considered. OMPP intends to recoup any overpayments identified as a result of this review.

This finding remains unresolved.

FINDING 2005 - FSSA-13, INPATIENT HOSPITAL DUPLICATES NOT DETECTED

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program, State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778, 93.767
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

Finding:

We performed claims data analysis to identify possible duplicate inpatient hospital claims paid during the quarter ended June 30, 2005. Our analysis listed 156 pairs of claims paid with date of service conflicts for the same eligible recipient. Of the 38 pairs of claims tested, all except for 3 pairs were previously identified within the system and corrected by voiding the check, replacing the check, voluntary return of a check by provider, or an accounts receivable entry. The 3 pairs of duplicate claims we identified were not previously identified by the system as errors.

Of the 3 duplicate claim pairs identified, 2 were inpatient crossover claims and 1 was an inpatient claim. Each claim in each pair was submitted using a different provider number than the claim's duplicate. There were failures in the system edits used to identify duplicate claims.

For the 2 inpatient crossover duplicate claims, the fiscal agent identified the reason for paying the claims as an error in the system logic for the identification of this type of duplicate. The duplicate claim for each of the pairs was identified by the system for inpatient crossovers, but was automatically paid. The identified duplicate inpatient crossover claims were not subsequently reviewed after being paid and have not been reimbursed by the provider.

For the 1 inpatient duplicate claim, the system did not identify the duplicate to the other claim, the claims were not reviewed following payment, and the duplicate payment has not been recovered.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

There is no process in place by the fiscal agent to report and review each duplicate inpatient hospital claim payment identified by system claim edits for review. The only way that inpatient claims may be reviewed is if they fall into the 2% to 5% review of all work performed in the department that is selected for supervisory quality control review.

42 CFR §447.45 states that a prepayment review must consist of ". . . (iii) Verification that the claim does not duplicate or conflict with one reviewed previously or currently being reviewed."

45 CFR §92.22 states that: "Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type Contractors. . . ."

Under OMB Circular A-87, a cost must meet the following general criteria to be allowable under Federal awards: be necessary and reasonable for proper and efficient performance and administration of Federal awards and be authorized or not prohibited under State or local laws or regulations.

The duplicate claims found in our test totaled \$6,009.63. Expenditures for duplicate claims are not allowed and are considered to be questioned costs. The federal share of the questioned costs may be required to be repaid to the federal government with State funds.

We recommended that FSSA ensure that system edits used in the identification of potential duplicate claims are reviewed for completeness and accuracy. We recommended the creation of a report of inpatient claims which have been paid with date of service conflicts for the same recipient. The reported claims should be reviewed for appropriateness. Reimbursement for questioned costs should be obtained. The balance of the fiscal year ended June 30, 2005, should be reviewed for possible duplicate claims which may have been paid in error. Reimbursement should also be obtained for duplicate claims identified from this process.

Status of Finding as of September 2007:

OMPP, in conjunction with its fiscal contractor has developed a biannual report, which reviews claims identified as related history claims to determine if the duplicate claims were manually dispositioned appropriately.

Revisions have been made to the fiscal contractor's Resolution Manual pages and are under review. These revisions detail criteria for the Resolution staff to determine when to force and deny duplicate claims. Additional training will be offered to the Resolution staff on the added criteria.

Review of the balance for fiscal year ended June 30, 2005, for possible duplicate inpatient claims was completed in June 2006. There were 14 additional claims identified as duplicate claims. OMPP has recouped the \$6,009.63 questioned cost, plus \$40,646.64 associated with the 14 additional claims identified. The federal share associated with the questioned costs was returned through the routine system. All questioned costs are now considered supportable.

A change request (CR) is required to prevent inappropriate DRG payments to hospitals for transfer patients within the same facility. This CR catalogued as #233 was approved by OMPP's Operational Effectiveness Team (OET) and is awaiting resources to be worked. OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems.

This finding remains unresolved pending implementation of CO 233.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-14, CONTRACTOR MONITORING – DESK REVIEWS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Inpatient Hospital Audits
Internal Control:	Reportable Condition

Finding:

The rate-setting contractor performs desk reviews of hospital cost reports. FSSA's OMPP selects desk review files to be reviewed during on-site monitoring of the contractor. However, the monitoring procedure and outcome of monitoring procedures in place by OMPP for the desk reviews is not documented. Documented procedures and the documentation of the outcome of each procedure for each item tested would ensure that consistent procedures are applied during the on-site monitoring of the contractor.

45 CFR §92.40(a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended FSSA develop written procedures for monitoring of the rate-setting contractor's hospital desk reviews. This should include methods to document the sampling technique, procedures performed, and outcome of procedures.

Status of Finding as of September 2007:

OMPP conducts on-site reviews to inspect Myers and Stauffer's work papers for completed desk reviews. OMPP agreed with the finding that procedures needed to be documented and implemented to ensure consistency in OMPP's evaluation and review process. New procedures have been implemented. These written procedures are utilized to monitor Myers and Stauffer's performance of, and compliance with, contracted duties regarding hospital desk reviews. In addition, a template form has been developed that is being used by the OMPP representative who monitors the Myers and Stauffer's contract deliverables in regards to hospital desk reviews.

A report of activities is generated from this form that records an explanation of the outcome of Myers and Stauffer's desk reviews and any findings as a result of OMPP's evaluation of the desk review. This new form and procedures replace the use of the log.

OMPP believes that these actions resolves this finding, and considers this item closed.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-15, C&T PROCESS - MONITORING OF CONTRACTOR

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

Finding:

OMPP has not performed on-site visits to their fiscal agent contractor since at least June 2004 to observe procedures and test documents to ensure that procedures are performed as detailed in the manual for the handling of Certification and Transmittal (C&T) documents. The Indiana State Department of Health (ISDH) is responsible for the issuance of C&T documents. C&Ts inform the Medicaid fiscal agent whether or not facilities have met prescribed health and safety standards. OMPP reviews and approves revisions to the fiscal agent's Provider Enrollment Operations Manual. The manual addresses the handling of documents received from the OMPP and ISDH. Improper handling of C&Ts may result in payments to facilities which have not met the prescribed health and safety standards.

45 CFR §92.40 states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

42 CFR §442.12 states: "Provider agreement: General requirements. (a) Certification and re-certification. Except as provided in paragraph (b) of this section, a Medicaid agency may not execute a provider agreement with a facility for nursing facility services nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services."

The Social Security Act §1919 (g)(2)(A)(iii)(I) states that: "Each nursing facility shall be subject to a standard survey not later than 15 months after the date of the previous standard survey conducted. . . ."

We recommended that FSSA perform on-site monitoring as it relates to C&Ts in accordance with federal requirements.

Status of Finding as of September 2007:

The current procedure for Provider Enrollment's C&Ts process is under review. The OMPP has hired additional staff that has been tasked with the responsibility of monitoring provider enrollment functions at Medicaid's fiscal agent contractor, to include the C&T process. Monthly meetings have been established to cover the monitoring of the C&T process and OMPP staff is now copied on all C&T's as they take place.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

In addition to examining current provider enrollment procedures, relationships with the ISDH and/or Certifying Agencies are also under review. Upon completion of review and evaluation, all processes will be documented to ensure consistent monitoring of the provider enrollment functions performed by EDS.

This finding remains unresolved.

FINDING 2005 - FSSA-16, TRACKING OF CERTIFICATION & TRANSMITTAL (C&T)

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

Finding:

In order to be eligible to receive Medicaid payments, long-term care facilities must meet prescribed health and safety standards. The Indiana State Department of Health (ISDH) is responsible for the issuance of Certification & Transmittal (C&T) documents. Among other purposes, C&Ts inform the Medicaid fiscal agent whether or not facilities have met prescribed health and safety standards. EDS may receive several C&Ts for each facility in the course of a year. Not all of the C&Ts received will be for the purpose of recertification. Other than Intermediate Care Facilities for the Mentally Retarded (ICF/MR), EDS does not have a system in place to ensure that only those facilities certified by the Indiana State Department of Health as having met prescribed health and safety standards receive Medicaid payments.

There is a lack of controls in place to ensure that all providers being paid have a current and satisfactory C&T. Upon receipt, C&T documents are logged in the Document Tracking System at EDS and filed in hardcopy facility files. No information is entered into AIMS for long-term care facilities other than ICF/MR. The papers inside provider files are loose-leaf, not in any specific order, and are not indexed. There is no process in place to ensure that all required C&Ts are received and to follow-up on those that are missing. The lack of controls increases the risk of paying providers who do not have a current and satisfactory C&T.

42 CFR §442.12 states: "Provider agreement: General requirements. (a) Certification and recertification. Except as provided in paragraph (b) of this section, a Medicaid agency may not execute a provider agreement with a facility for nursing facility services nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services."

The Social Security Act §1919 (g)(2)(A)(iii)(I) states: "Each nursing facility shall be subject to a standard survey not later than 15 months after the date of the previous standard survey conducted . . ."

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that FSSA ensure that a process is implemented to make certain that the most current C&T is in the provider files and to examine files for completeness. If a provider's file does not have a recent C&T, follow-up should be performed with ISDH. The communication process should be enhanced to ensure that C&Ts are received in a timely manner. A list of finished surveys from ISDH should be periodically obtained and compared to hardcopy provider files.

Status of Finding as of September 2007:

Certification & Transmittal operating procedures have been drafted and are currently under review. The procedures include monitoring metrics and processes; documenting the enrollment processes across the necessary agencies and contractors; and implementing any additional process efficiencies identified through the project. The fiscal agent is working to map the C&T process and make enhancements where necessary. EDS's Provider Enrollment unit will then update flowcharts to reflect the changes made to the C&T process and include these changes in their Provider Enrollment Standard Operating Procedures.

This finding remains unresolved.

FINDING 2005 - FSSA-17. CONTRACTOR MONTHLY STATUS REPORT STATISTICS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

Finding:

The contract between OMPP and EDS requires EDS to maintain controls to achieve results at agreed-upon standards. EDS submits a monthly electronic PDF file report outlining statistics and business activities to illustrate whether or not certain contract requirements have been met. The report is sent to several OMPP employees as well as other contractors who may require the information. EDS reports on the following business areas on a monthly basis: claims and encounters, member and provider relations, finance and third party liability, and systems.

OMPP management does not receive a complete package of detail documentation for review to support statistics presented. Depending on the area that each recipient of the report is responsible for, additional information may be available in the form of reports automatically received or available online. There is no requirement that the OMPP employees receiving the report review and confirm statistics or other information presented. This is an ineffective control over the operations of EDS in confirming that contract requirements are met.

In addition, the monthly report specifies several contract requirements with conclusions as to if the requirement was met or not met during the month reported. Items reported are identified by contract number and a brief description of the requirement. We found that the brief description of the contract requirement does not always coincide with the contract requirement number from the Scope of Work for the most recent contract. The most recent contract became effective January 1, 2004. This was not detected by OMPP despite approximately 20 employees and other contractors receiving this report each month.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

There are provider enrollment unit data entry accuracy rate requirements in the EDS contract. EDS did not retain adequate documentation to support the originally reported calculations of statistics for the provider enrollment unit contained within their monthly status report. The information to support statistics and information presented for provider enrollment in this report was not requested, nor reviewed, by OMPP to ensure that the performance of the contractor is adequately monitored.

45 CFR §92.40 (a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

45 CFR §92.36 states: "(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

We recommended that FSSA develop written internal control procedures for monitoring contract performance which include identification of information monitored and the communication of monitoring results to OMPP management. OMPP should review the report format for consistency with contract requirements and ensure that OMPP has documented how the contractor is meeting, or not meeting, each of the current contract provisions.

Status of Finding as of September 2007:

OMPP's Contract Oversight staff continues their analysis of current business needs, outcomes and metrics, as they related to the Contractor Monthly Status Report, to ensure that there are effective contract monitoring procedures in place which meet the expectations of FSSA management staff. Change Request (CR) 454, Changes to Monthly Status Report and Change Request (CR) 499, Changes to the EDS Monthly Status Report – Customer Assistance and Written Correspondence have been approved by OMPP's Operational Effectiveness Team (OET). OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems. These CRs will allow for modifications to the Claims, Encounters and Provider Relations sections of the monthly report. Expected implementation of these CRs is December 2007.

This finding remains unresolved.

FINDING 2005 - FSSA-18, INACTIVE PROVIDER RECORDS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

EDS, the Indiana Medicaid fiscal agent contractor, does not terminate the eligibility of inactive provider records. Terminating records would enable efficient database comparisons to license records, assist in cleaning up the database, provide a better estimate of the number of active providers, and may assist in preventing fraud perpetrated against the federal program. As an example, we located an active Medicaid-enrolled provider who has been in the program for nearly 19 years without ever having been paid or submitting any claims.

Contractor requirement PRC-87 of the January 1, 2004, Scope of Work of the EDS contract states: "Periodically purge inactive provider records on a schedule and using criteria specified by the state."

45 CFR §92.36 states: "(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

We recommended that FSSA establish a schedule for periodic archival of inactive provider records.

Status of Finding as of September 2007:

OMPP has already identified this concern and taken action to correct the problem. A system change catalogued as Change Order 253, has been reviewed and approved by the Operational Effectiveness Team (OET). OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems. Change order #253 requires that non-managed care providers who have failed to bill within an 18 month period will be disenrolled. A systematic quarterly report will identify those providers, and forward to provider enrollment for action. The disenrollment process will include notifying the provider in advance of the action in accordance with provider termination processes.

This finding remains unresolved.

FINDING 2005 - FSSA-19, ONGOING OUT-OF-STATE LICENSE VERIFICATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

There is no consistent procedure to verify on an on-going basis that the licenses of out-of-state providers enrolled in the Indiana Medicaid program remain active. The process to verify in-state provider license numbers involves a monthly systematic interface with the Indiana Health Professions Bureau (now merged with the Indiana Professional Licensing Agency). The policy manual for provider enrollment states that out-of-state providers are to be end dated at the date of their license expiration date. Out-of-state providers were not consistently found to be end dated when their license came up for recertification. In these cases, there is no procedure to verify licensure other than at the time of initial enrollment. License expiration dates vary by state and medical specialty. License expiration dates for states contiguous to Indiana may be as long as three years between recertifications. In the three years between recertification, disciplinary actions or other events may occur which could render a physician's license invalid. Improper Medicaid payments may be made to providers which bill after this date.

There are several obstacles to the systematic verification for out-of-state licenses. Provider license numbers are not identified in AIMS by licensing state. License numbers were inconsistently entered in AIMS when the provider was enrolled. Some provider license numbers include letters within the license number (such as a postal abbreviation for the state or a specialty abbreviation) or special characters such as hyphens. Some of the entered license numbers are incorrect or incomplete. Therefore, if the numbers were systematically interfaced with another state's licensing data, there would be several exceptions for nonmatches even if the provider's license was active. This would require substantial manual follow-up procedures.

Contractor requirement PRC-9 of the January 1, 2004, Scope of Work of the EDS contract states: "Maintain regular communication with the applicable State agencies to perform certification and licensure verification. Verify certification in other states for out-of-state providers."

42 CFR §440.50 states that the services of physicians and dentists must be "(2) By or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

42 CFR §447.45 states: "(f) Prepayment and postpayment claims review. (1) For all claims, the agency must conduct prepayment claims review consisting of--(i) Verification that the recipient was included in the eligibility file and that the provider was authorized to furnish the service at the time the service was furnished . . ."

We recommended that FSSA review the medical license verification process for completeness across all provider types and provide for on-going licensure reviews of out-of-state providers.

Status of Finding as of September 2007:

OMPP continues to assert that systematic processes with out-of-state providers are not currently feasible; however, with the additional implementation of the National Provider Identifier (NPI), there will be increased control mechanisms to review out-of-state providers. Implementation of the NPI has been postponed. OMPP agrees to evaluate current processes to determine if additional manual mechanisms can be added to ensure that timely reviews are conducted for out-of-state providers.

This finding remains unresolved.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-20, TIMELY FOLLOW-UP OF LICENSE TERMINATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778; 93.767
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility; Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

Finding:

AIMS does not provide a computer field to record the license termination date of providers. For providers with a license that is no longer valid, the end date of the license is not the end date used in AIMS. The end date used in AIMS is the date that the termination letter is sent out and may be several months after the date that the license became invalid.

As the system does not provide license termination dates, identification of services performed after a provider's license became invalid is not readily determinable. Manual processes are relied upon when making the determination as to whether the provider has performed services after the date that his or her license became invalid.

In our review of the license termination process, two providers were identified who received payments for services performed after the date which the provider's license became invalid. Action had not been initiated to recover the overpayments.

The first provider's eligibility was not terminated from AIMS until more than three months had passed after receiving an emergency suspension. The provider was identified in a newspaper article which stated that the provider was under a 90 day emergency suspension for committing possible fraud against Medicaid and private insurers. The emergency suspension has since been extended an additional 90 days. We are questioning claims which were paid for services performed after the date of the provider's emergency suspension in the amount of \$2,356.14.

The second provider's eligibility was not terminated from AIMS until more than 16 months had passed after the date of the company's license expiration. The delays in terminating the eligibility of this provider in AIMS resulted in \$298,604.37 paid for claims with dates of service subsequent to the license expiration.

42 CFR §440.50 states that the services of physicians and dentists must be "(2) By or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

45 CFR §92.22 state that: "Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type Contractors. . . ."

Under OMB Circular A-87, a cost must meet the following general criteria to be allowable under Federal awards: be necessary and reasonable for proper and efficient performance and administration of Federal awards and be authorized or not prohibited under State or local laws or regulations.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The total paid to these providers for services claimed beyond the date of license expiration or termination of \$300,960.51 is considered a questioned cost. The federal share may be required to be repaid to the federal government with State funds.

We recommended that FSSA require that AIMS maintain the date on which a provider's license becomes invalid. FSSA should perform monitoring procedures to ensure that license changes are recorded in a timely manner. FSSA should also develop information and communication procedures to ensure timely AIMS eligibility terminations occur.

Status of Finding as of September 2007:

To monitor license changes and terminations more effectively, a system modification catalogued as Change Order (CO) 939 was written and reviewed by the Office of Medicaid Policy and Planning's (OMPP) Operational Effectiveness Team (OET), and has been prioritized. OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems. This change order will create a new window to capture the license number, effective date, expiration date, and the state that issued the license. The license information will be verified against the Health Professions Bureau data file. In an effort to further automate the process, the EDS Provider Enrollment unit is researching whether a new claim edit can be created using the license expiration date.

OMPP will coordinate with the Medicaid Fraud Control Unit (MFCU) to pursue recoupment of the \$300,960.51 in questioned costs identified in this finding.

This finding remains unresolved.

FINDING 2005 - FSSA-21, PROVIDER ENROLLMENT - CONTRACTOR MONITORING

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

Finding:

Monitoring of the EDS provider enrollment function is inadequate. OMPP does not perform on-site reviews for a sample of provider files and does not perform on-site performance assessments of procedures. These monitoring activities would ensure for a sample of files that provider enrollment processes are performed by EDS as stated in their provider enrollment operations manual. On-site monitoring has not been performed since at least June 2004 due to the need to split staff responsibilities with claims processing.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

45 CFR §92.40 (a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

We recommended that FSSA develop procedures in order to monitor the provider enrollment function.

Status of Finding as of September 2007:

OMPP concurs that there has been a lack of on-site sampling of provider enrollment files in the recent past due to limited staff resources. However, there have been on-going assessments of the provider enrollment procedures as new procedures are implemented, as well as direction to develop additional systematic auditing mechanisms. Specifically, the new Provider Document Tracking System (PDTs) was implemented in April of 2006 and allows for additional monitoring controls and reporting criteria of the enrollment process. This system closely tracks receipt and loading of enrollment information.

OMPP has hired additional staff that is performing onsite monitoring of the fiscal agent's provider enrollment functions, to include bi-weekly visits to review provider enrollment files for completeness and accuracy, and review and evaluation of the fiscal agent's current provider enrollment standard operating procedures. Monitoring procedures have been developed and are under review. Further, an assessment of overall provider enrollment procedures is being conducted to ensure proper contractor oversight is occurring.

This finding remains unresolved.

FINDING 2005 - FSSA-22, ADP REVIEW NOT PERFORMED

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Internal Control:	Reportable Condition, Material Weakness

Finding:

The FSSA Office of Medicaid Policy and Planning (OMPP) has not had an ADP system security review conducted for the Indiana Advanced Information Management System (AIMS) since 2002. At that time, an Independent Service Auditor's Report on Controls Placed in Operation and Tests of Operating Effectiveness was obtained for the period January 1, 2002 to June 30, 2002. The review was conducted for the controls relating to the processing of transactions by EDS for AIMS in accordance with standards established by the American Institute of Certified Public Accountants.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Indiana contracts with EDS Corporation to operate the AIMS. The AIMS maintains recipient eligibility data, adjudicates, and pays claims to providers, whose records are also maintained in the system. The AIMS operations are material to the Medicaid and SCHIP programs. The absence of documented ADP reviews is considered a reportable condition and material weakness of internal control.

"State agencies shall review the ADP system security of installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices." 45 CFR 95.621(f)(3) "The State agency shall maintain reports of their biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site review." 45 CFR 95.621(f)(6)

We recommended that FSSA have documented review reports for the ADP system, AIMS, in accordance with federal regulations. FSSA should consider having the ADP system reviewed in accordance with accounting standards, as was previously performed, in order to provide the required coverage of the ADP controls, together with tests of the effectiveness, in order to ensure continuous, consistent integrity of the surrounding financial processes and reports.

Status of Finding as of September 2007:

OMPP contracted with Clifton Gunderson to perform a comprehensive claims and security review of the Medicaid Management Information System (MMIS). The review covered claims, change orders, and current information systems controls. The final report has been received by OMPP staff.

This finding is considered closed.

**FINDING 2005 - FSSA-23, AIMS CONTRACTOR ACCESS
ASSIGNMENTS AND CONTROLS NOT MONITORED**

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Internal Control:	Significant Deficiency

Finding:

During the fiscal year ended June 30, 2005, FSSA's OMPP did not monitor the access assignments and associated controls maintained by the contractor for the AIMS. The contractor operates the Medicaid and SCHIP programs for OMPP using AIMS. Monitoring of access assignments is necessary to ensure adequate controls are in operation for the proper segregation of duties and security of records.

"State agencies are responsible for the security of all ADP projects under development, and operational systems involved in the administration of HHS programs. State agencies shall determine the appropriate ADP security requirements based on recognized industry standards or standards governing security of Federal ADP systems and information processing." 45 CFR 95.621(f)(1)

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that FSSA develop a monitoring plan which would include regular review of the access assignments maintained by the AIMS contractor to ensure proper segregation of duties, and that controls are in operation to ensure that access is changed or terminated corresponding to changes in job positions or terminations, as applicable.

Status of Finding as of September 2007:

OMPP has hired additional staff to work in the privacy/security area and whose duties include monitoring access assignment to IndianaA/M. OMPP has developed a plan to conduct regular IndianaA/M audits, to be completed quarterly.

It is this staff person's responsibility to assist with ensuring the audit of IndianaA/M access is completed.

In addition, Change Order (CO) 701, Security Website Request, was implemented in June 2006. With the implementation of this CO the website has automated the security request process and allows OMPP to routinely monitor EDS' access to IndianaA/M.

OMPP contracted with Clifton Gunderson to perform a comprehensive claims and security review of the Medicaid Management Information System (MMIS) was completed September 2007. The review covered claims, change orders, and current information systems controls. The final report identified additional items that will enhance ADP security. These changes are expected to be implemented in SFY 08.

This finding remains unresolved pending implementation of these changes.

FINDING 2005 - FSSA-25, DETAIL ACCOUNTING NOT PRODUCED

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Reportable Condition

Finding:

FSSA contracts with a fiscal agent, EDS Inc., to operate the AIMS and perform accounting and reporting functions for the Medicaid and SCHIP programs. The program expenditures are reported in the format that conforms to the federal requirements thru a subsystem known as Management and Administration Reporting Subsystems (MARS). The MARS software calculates and classifies the AIMS claims payment transactions, using the associated recipient data and other logic. The data created upon running the MARS is retained by EDS. We consider the MARS to be the expenditure records for the Medicaid and SCHIP programs as this is where the claims are classified. The MARS does not produce reports of the detail transactions to support the totals on the summary reports. This is considered necessary for financial monitoring and to provide a complete audit trail.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." 45 CFR 92.20(a)

"The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely." Accounting and Uniform Compliance Guidelines Manual for State Agencies 16:4.

We recommended that FSSA have the contractor produce accounting expenditure reports for the Medicaid and SCHIP programs that support the totals of MARS reports.

Status of Finding as of September 2007:

MARS provides information to evaluate program status and trends as well as historical data to predict the impact of program policy changes. MARS consists of four subsystems which process independently and have varying retention periods for detailed data. These subsystems are (1) the monthly summary process, (2) the quarterly CMS64 summary process, (3) the CMS372 subsystem; and, (4) the quarterly MSIS summary process. These reports provide high-level data summarized by such variables as state category of service, aid category, provider type/specialty, benefit plan, et al. To satisfy federal reporting requirements, data is aggregated by CMS-defined line items, often categories of service. To enhance MARS reporting functions the following modifications were tested and implemented:

The CMS64 and monthly detail tables have been moved into their own table spaces in the system production environment which will allow for retention of one year of detail and will also allow for quick and easy reporting access. All changes were implemented with the September 2007 Monthly Release. In addition, the MARS production support guide was updated to indicate that three years will be kept active and the prior four years of data will be archived to tape. An annual task will be performed to copy the CMS64 load files from the fourth year to tape so the space can be freed up in the processing environment. In order to quickly perform trending analysis and respond to any resulting questions, detailed data from both the last two quarterly and annual cycles will be kept on the database or archived so it can easily be loaded to the database. These changes were finalized and implemented with the September 2007 Monthly Release. Additional space in the MARS will also be added.

The retention period of the monthly summary process has been changed to a year to match the CMS64 summary process. The critical monthly detail tables were moved into their own table space which will allow for ample room to retain 12 or more months of detail and eliminate indexing abends in the monthly cycle. The process changes were promoted with the August 2007 Monthly Release and will be active for future monthly cycle.

The output from the MSIS summary process is either accepted or rejected by CMS. Any analysis is performed using the files generated during the last cycle or the IndianaA/M/MAR databases. No trending analysis is currently performed, however, EDS has implemented a process to make sure the MSIS totals balance to the monthly summary process.

OMPP believes that these actions resolves this finding, and considers this item closed.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING 2005 - FSSA-26, REPORTING SYSTEM WITH OUT OF BALANCE CONDITION

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles, Reporting
Internal Control:	Reportable Condition

Finding:

The FSSA fiscal agent contractor, EDS Corporation, uses a Management and Administration Reporting Subsystem (MARS) to produce the CMS 64 report for the transactions it has processed. The EDS MARS reports, used to prepare the federal CMS 64 report, do not reconcile to the payments issued from the AIMS for either the Medicaid or SCHIP programs. We received calculations of the unidentified difference for the five quarters from June 30, 2004 to June 30, 2005. The net total unidentified difference for the Medicaid program resulted from total expenditures reported on the federal reports being over the payments issued by \$12,969,498. The net total unidentified difference for the SCHIP package C program resulted from total expenditures reported on the federal reports being over the payments issued by \$438,997. This represented quarterly error rates of as much as .54% for the Medicaid program and 2.83% for the SCHIP package C.

Identified differences were shown in the reconciliations as a timing difference in recognizing the accounts receivable transactions, whereby the MARS immediately reduces expenditures, which will subsequently reduce payments issued. We noted, however, that there was no breakdown of the receivable timing difference for the effect on the SCHIP package C, which is reported and reconciled separately. As such, some of the identified receivable recognition timing difference listed for the Medicaid could apply to the SCHIP package C.

There is a logical timing difference that occurs in transaction recognition between MARS cutoff, which is that of calendar, and the Finance cutoff, which is for payment date. The effect of the timing differences has not been identified for use in the reconciliations.

EDS has employed a national consultant to begin a project to research and identify the causes of variances between the MARS and AIM Finance reports for use in developing complete reconciliation procedures.

FSSA did not have complete records or file copies of the reconciliations performed by EDS, and had not prepared an ongoing summary of the unidentified variances.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." 45 CFR 92.20(a)

The Accounting and Uniform Compliance Guidelines Manual for State Agencies (Chapter 1) requires that at all times the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balances should agree.

"Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity." 45 CFR 92.40(a)

We recommended that FSSA require the fiscal agent contractor to reconcile the reporting sub-system to the financial records of payments issued. FSSA should also regularly obtain the EDS reconciliation files, and perform verification procedures of the information presented. Any unidentified variances should be tracked and analyzed for trend purposes. FSSA should obtain further results of identified causes and ascertain that complete a study of transaction calculations in MARS has occurred. Consideration should be given to aligning the payment information to that of the MARS report timing basis.

Status of Finding as of September 2007:

FSSA, in conjunction with its fiscal agent, EDS has reconciled the MARS reporting system quarterly CMS64 report to the weekly financial report series. A quarterly comparison between the CMS64 and financial reporting was prepared, and reviewed with Family Social Service Administration (FSSA) Finance. EDS reconciled the CMS64 to the "Total Weekly Assistance Expenses" line on the "Financial Balancing Report" (Fin-0005-W). The results of the quarterly reconciliations were reviewed by the State.

FSSA is confident that the reconciliation of actual claims payments is accurate and can be balanced to the FIN-8000 report. The issue is one of reporting discrepancies rather than one of payment discrepancies. That said, FSSA acknowledges that the reporting issue is a concern to all parties involved. To address this issue, EDS implemented Change Order 1039, "First Steps, PASRR, and MRT Programs to MAR," October 2006. The implementation of this CO brings First Steps, MRT and PASSR financial data into the MAR system. Previously, this data was not included in the MAR monthly cycles but the financial date for these programs is included on the FIN-0005-W report. This change allows EDS to balance monthly MAR data to the cumulative sum of the "Total Weekly Assistance Expenses" line on each week's FIN-0005 report for the month.

OMPP believes that these actions resolves this finding, and considers this item closed.

FINDING 2005 - FSSA-27, INCORRECT RATE APPLIED FOR MANAGED CARE

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

Managed care contract rates are established based upon actuary study and acceptance by OMPP. In accordance with 42 CFR 438.6, the rates are then approved by the federal government (CMS) prior to use in the state contracts and submission to EDS for the AIMS computer managed care rate table change. We found that FSSA did not have a process in place to verify that the managed care rates were accurately recorded in the managed care contracts and in the AIMS computer system.

EDS issues payments to the managed care organizations on a monthly basis as calculated by the AIMS from information as to each recipient for each rate category and region. OMPP also did not adequately monitor the payments issued to the managed care organizations to ensure the rates applied were those approved by CMS. We found that OMPP does not review managed care payments, and calculations. While OMPP staff review summary level totals on the monthly financial reports that are prepared by EDS, these do not contain sufficient detail in order to verify the rates paid.

In December 2005, the actuary discovered that an incorrect rate was entered into the AIMS table that had been in effect since January 1, 2005. The rate was entered in the table, however, as it was submitted by OMPP. The rate was also listed incorrectly in all of the state contracts with the managed care organizations. The error found was in the rate for children ages 6 to 12 for the central region of the State. The contract rate paid was \$82.57 per month per child, which was \$10 over the approved rate calculated by the actuary.

The actuary calculated the total overpaid for the child rate category error, from January 1, 2005 through December 31, 2005, as \$202,805. The federal share of the overpaid amount is \$150,068. This was calculated using the SCHIP cost share.

We compared all contract rates for 2004 and 2005 to the approved actuary rates and found two additional errors in the central region rates for 2005. The contract rate for newborns under age one, was eight cents over the approved rate and the rate for preschoolers, age one to five, was under the approved rate by three cents. Further analysis of the effect of these variances was not considered necessary.

"All payments under risk contracts and all risk-sharing mechanisms in contracts must be actuarially sound." 42 CFR 438.6 (c) (2)

The federal share of the excess payments issued is considered as questioned costs which may be required to be repaid to the federal government. The contract rates in error remained in effect at the time of our review in March 2006. Until such time as contracts are amended, or new rates are approved, further calculations of the amount overpaid will also be required.

We recommended that FSSA establish a control procedure whereby the state contract rates and the AIMS managed care rate tables are compared to the approved rates. FSSA should also establish controls to verify that the monthly payments to managed care organizations accurately reflect approved rates. Procedures performed should be documented, with results transmitted to management.

Status of Finding as of September 2007:

OMPP conducted a review of the 2005 capitation rates paid compared to the rates approved by CMS and agrees with the discrepancy identified. The capitation rate for 2005 has been changed as of October 2006, from \$82.57 to \$72.57 and payment adjustments have been completed as of November of 2006. The capitation reconciliation process identified past payments and those payments were recouped in full and paid at the corrected rate during the November 2006 capitation payment cycle. The federal share has been returned through the routine system, and the questioned costs were considered supportable.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

To ensure an accurate load of the managed care rates into IndianaAIM, EDS has implemented quality controls which are as follows:

Upon receipt of the capitation rate source documents from OMPP, the fiscal agent will load the rates in IndianaAIM. In order to ensure the rates are entered accurately, an additional quality check will be performed by an individual other than the individual who loads the rates. EDS will then copy the rates directly from IndianaAIM and send them to OMPP for final verification. The comparison of the rates will be made at each step of the process to the original source document which was approved by CMS to eliminate potential errors in data entry. OMPP will review the rates included in the MCO contract document to ensure compliance with the CMS approved rates.

EDS has documented this procedure in the EDS Managed Care Operations Manual which is on file in OMPP shared drive in the Managed Care Folder. Enhanced audit trails will be added to these procedures to ensure validation of the process.

The OMPP-Managed Care Unit has a Standard Operating Procedure in place to ensure correct payment of capitation rates to MCOs by the accurate transfer capitation rates from the actuary source document to the fiscal agent. This documented procedure is stored on the OMPP shared drive in the Managed Care Folder and is as follows:

The Medicaid Director reviews the actuary rate setting document. Upon directive of the Medicaid Director, an OMPP Managed Care staff completes a draft of the OMPP Authorization to Enroll or Update Hoosier Healthwise MCO (Form TR- 499) filling in the capitation information from the actuary source document. A different member of the Managed care staff verifies the capitation information on Form TR-499 then sends it to the fiscal agent's Managed Care Unit with the actuary source document attached. The Fiscal agent enters figures into Indiana AIM and sends screen prints back to OMPP's Managed Care staff to verify and give final approval.

This finding remains unresolved.

FINDING 2005 - FSSA-28, MANAGED CARE PAYMENTS NOT SUPPORTED

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Reportable Condition, Material Weakness

Finding:

For the audit period of July 2004 to June 2005, supporting documentation for two monthly payments issued to all of the contracted managed care organizations was not made available for audit. As such we could not verify the accuracy of the payments issued. The AIMS calculates the managed care payments based upon the recipient data and rate tables on file. A monthly capitation report is generated that provides the detail for each recipient and rate paid. A summary at the end of the report agrees to the total payment issued to the managed care organization. There were no capitation reports retained in the system to support the payments issued on December 22, 2004, and February 23, 2005.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The capitation reports for managed care which were available were each run a few days prior to the payment issuance, except for the payment issued in January 2005. The payments issued on January 26, 2005, agreed to capitation reports which were run on February 15, 2005, and which stated they were for the February 2005 coverage. This indicates that the January payment was issued in advance of the coverage period, which is in noncompliance with the contract provisions for payments in arrears. Due to this change in timing, the capitation coverage periods for December 2004 and January 2005 are not documented. A capitation report for January was run on January 19, but did not agree to any payments issued.

The fiscal agent contractor EDS, who operates AIMS, has not identified a cause for the missing reports or explained the timing of the reports retained. OMPP did not monitor these payments or reports.

As there was no documentation available to support the payments issued to managed care organizations on December 22, 2004, and February 23, 2005, we consider the payments as questioned cost. The payments issued total \$91,688,595. The federal share, calculated applying the normal Indiana Medicaid matching rate, is \$57,562,100 and may be required to be repaid to the federal government using State funds.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." 45 CFR 92.20(a)

"Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity." 45 CFR 92.40(a)

"The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely." (Accounting and Uniform Compliance Guidelines Manual for State Agencies 16:4)

We recommended that FSSA identify the cause of the missing reports and misaligned coverage periods. The recipient coverage periods from December 1, 2004 through February 28, 2005, should be reconstructed with comparisons made to payments issued, actuary data and system information. The data should be confirmed with the managed care organizations to ensure that coverage was in place for the identified recipients. FSSA should seek collection for any payments found to be issued in amounts over the actual coverage in force. FSSA should further ensure that controls for this process are developed and in operation to prevent a recurrence. In addition the FSSA controls should be developed to monitor the payments issued and capitation coverage performance.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

The following is the EDS quality control measure. EDS has documented this procedure in the EDS Managed Care Operations Manual which is on file in OMPP shared drive in the Managed Care Folder.

The Managed care payments with detailed member information are submitted to the Managed Care Organizations' (MCOs) through a file transfer known as the 820 Capitation file. This file is based on information received regarding member enrollment which is submitted to the MCOs through a file known as the 834 Enrollment file roster. This file is submitted to the MCOs twice monthly near the first and the fifteenth of the month. The 820 Capitation file is generated once a month after the submission of the roster files. The coverage period for both files is therefore the same. This information is then archived and maintained in On Demand reports. EDS Managed Care now has a regular process in place to compare the 820 file against the On Demand reports. This process will detect any discrepancies in the 820 file and the On Demand reports.

The problem where the report inaccurately identified a coverage period has been isolated and resolved. These concerns relate to the archival process and not to actual payments made. However, a process is in place for the MCOs to address payment discrepancies noted between the 820 and the 834 files. To date, the MCOs have not identified any additional concerns. The questioned costs have been adequately supported and reconcile appropriately.

To strengthen the routine archival process, EDS Managed Care now verifies with EDS Finance that the amount actually paid to the MCOs through the 820 process is the same amount reflected in the On-Demand report for each monthly capitation payment time period.

OMPP believes that these actions resolve this finding, and considers this item closed.

FINDING 2005 - FSSA-29, MANAGED CARE DELIVERIES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Reportable Condition

Finding:

Managed care organizations are paid a contracted fixed fee for each newborn delivered. Claims are submitted by the managed care organization for the mother's delivery and processed for payment through the AIMS. These are accumulated and paid together with the monthly fees for managed care recipients. The capitation reports that support the total payment issued to each managed care organization include a list of delivery payments. The delivery payments reported, however, do not reference the claim document, nor is the date of delivery given. It only lists the recipient identification number and provider number.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." 45 CFR 92.20(a)

We recommended that FSSA ensure that the managed care capitation payment reports provide the reference to the claim document paid. Consideration should also be given to reporting the delivery date, which is to correspond to the contract rate paid.

Status of Finding as of September 2007:

Previously, there was no system functionality to report the linkage between delivery capitation payments to the Managed Care Organizations' (MCOs) shadow claim that generated the payment. A system modification catalogued as Change Order 1049, MCO Delivery Kick Payment Report, was implemented July 2007. This change order allows the IndianaAIM system to generate the MCO Delivery Kick-Capitation Payment Report (MGD-2050-M). This report systematically generates for each active MCO, all delivery "kick" (capitation) payments, the date the payment was made, and the internal control number (ICN) that caused the payment to be generated. This is an OnDemand Report generated monthly that is reviewable to validate payments.

OMPP believes that this action resolves this finding, and considers this item closed.

FINDING 2005 - FSSA-30, MEDICAID BANK RECONCILIATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

Finding:

Indiana has a contracted fiscal agent for the Medicaid and SCHIP programs, EDS Corporation. The fiscal agent operates the AIMS, adjudicates and pays claims to providers, and maintains a bank account. We reviewed the bank statements and reconciliations performed by EDS for the period March through June 2005. The reconciliations were only of the monthly transactions and were not complete reconciliations using the total general ledger balance, outstanding checks and showing reconciliation to the bank balance. As a result, while monthly transactions are shown as compared between source records and the bank, we cannot ascertain that the records in total are in balance with the bank, or what the variance would be.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We further found that there is no process in place for FSSA to compare the state accounting transaction records maintained for the Medicaid program to the bank statements.

Reviews of bank statements were performed by FSSA budget section, but were not formally documented. In March 2006, we were informed that the EDS bank statements and reconciliations had not been reviewed since July 2005.

There are no written procedures for the process of monitoring the EDS bank and financial reporting.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." 45 CFR 92.20(a)

"In addition to supporting documentation required for the state accounting system, some agencies maintain additional subsidiary records. These records may be so extensive as to constitute the agency's accounting system, particularly for financial reporting requirements. The agency provision of an effective accounting system would entail internal control structure elements, as well as accurate and functional forms and reports. An agency's accounting system, forms, and records must be approved by the State Board of Accounts. It should be noted that the Auditor of State system and reports issued constitutes the official record of the budget, cash receipts and disbursements. As such, the agency's own accounting system should operate congruently with the state system with reconciliations of as much information as is practicable. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree . . ." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended to FSSA that complete bank reconciliations be performed for the account maintained by the fiscal agent. Written procedures should be developed regarding the review of the bank statements and reconciliations which include timely performance, documenting such reviews, assuring that identified errors are corrected, and comparisons to state accounting records for the Medicaid program.

Status of Finding as of September 2007:

Beginning with the July 2006 bank reconciliation, Family Social Service Administration (FSSA) Finance has put into place a process to document and verify that the reconciliation prepared by the fiscal agent contractor is both timely and accurate. Files are maintained in FSSA Finance containing the entire reconciliation, including a copy of the form signed by both the fiscal agent contractor and FSSA Finance, along with all associated work papers.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

The bank reconciliation process contracted to EDS includes a summary document supported by all details received from the bank. The summary verifies that payments made by the EDS AIM system match the Fifth Third bank statement of total expenditures, including any reconciling items. The FSSA Finance process includes a review and verification of the summary level document that accompanies the bank reconciliation. FSSA Finance ensures that the summary document reconciles to the FIN-8000 financial control summary reports issued weekly by EDS.

When an EDS Medicaid bank reconciliation is delivered to FSSA Finance (approximately 30 days following the end of the month to be reviewed,) it must be accompanied by a "sign-off" form originating at EDS. The reconciliation is reviewed and verified by FSSA staff. Once the verification is complete, the Finance staff forwards it to the Director of FSSA Finance for approval. The Director will send an acceptance of the reconciliation to EDS within 30 days of receipt (approximately 60 days following the end of the month) using the original form sent by EDS. This process occurs monthly. Once a year, Finance will conduct a detailed review of the entire reconciliation with EDS staff involved in preparing the reconciliation. The detail level review will occur within 60 days of receipt of the June bank reconciliation to finalize state fiscal year-end business.

In the event that an error is identified during this reconciliation process, FSSA will not accept it. The reconciliation will be returned to EDS for review and correction. EDS will be responsible for advising as to why the reconciliation was. Once the corrections are made, EDS will return the Medicaid Bank Reconciliation to FSSA Finance for acceptance and approval.

OMPP and FSSA Finance agree that there may be a need for full reconciliation using a general ledger balance. This issue is still under review and will be resolved when FSSA Finance implements PeopleSoft with Auditor of State. This implementation will take place January 2008. At that time, there will be general ledger numbers readily available for reconciliation.

In addition to the above corrective actions, two EDS Finance personnel work onsite at FSSA on a weekly basis. Jointly, the onsite EDS Finance personnel and FSSA Finance Staff work to reconcile any and all outstanding issues with regard to banking.

This finding remains unresolved.

FINDING 2006 - FSSA-1, CONTRACTOR STAFF CREDENTIAL VERIFICATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778; 93.767
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions 1 – Utilization Control and Program Integrity
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

The FSSA Office of Medicaid Policy and Planning (OMPP) has contracted with Health Care Excel, Inc. (HCE) to provide services of developing and maintaining medical policy requirements that provide the basis for operating the Medicaid program; reviewing medical services to evaluate appropriateness and to determine and apply service limitations; and conducting utilization analyses to identify aberrant behavior as well as potential fraud and abuse.

A control system for the Medicaid program is the required utilization control and program integrity function. In our tests of the control environment attribute of HCE staff competence and specialties we obtain their staff listing for the Surveillance and Utilization Review function. In comparing to state license information, we found that an employee was listed as a certified pharmacy technician who had never held that license. Upon further review and inspection, we found that HCE had listed the credentials based upon the employee's application for hire. The application and resume also included apparent contradictions concerning education attainment, such as seeking a Masters degree when the undergraduate degree was not listed. In 2002, the applicant was hired for a pharmaceutical benefits position for prior authorizations. At that time, HCE did not verify application representations prior to hire. The employee transferred to the Surveillance and Utilization Review unit of HCE in 2003 and currently performs surveillance reviews on providers.

The State receives a greater federal funding participation rate for skilled professional medical personnel and direct supporting staff. HCE submits summary totals to FSSA finance for inclusion in this reimbursement. HCE provided us with the detail reports supporting the summary totals and verified that this employee was not included in the additional reimbursement for fiscal 2006.

Concerns with the misrepresentation of medical qualifications include the effects of reliance placed on those qualifications as to obtaining the position, performance judgments as to approval or denial of claims, program utilization, and levels of supervision required. High ethical standards should also be expected of staff assigned to detect fraud and abuse.

Section 27 of the contract between FSSA and HCE states: "The parties agree that Contractor and its employees and subcontractors shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Contractor pursuant to this Contract. The State shall not be required to reimburse Contractor for services performed when Contractor or its employees or subcontractors are not in compliance with such applicable standards, laws, rules or regulations. If licensure, certification or accreditation expires or is revoked, Contractor shall notify State immediately and the State, at its option, may immediately terminate this Contract."

42 CFR §456.4(a) states that: "The agency must (1) Monitor the statewide utilization control program; (2) Take all necessary corrective action to ensure the effectiveness of the program; (3) Establish methods and procedures to implement this section; (4) Keep copies of these methods and procedures on file; and (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program."

45 CFR §92.40 (a) states that: "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that the FSSA require contractors to maintain controls over personnel practices especially with respect to skilled professional medical personnel positions. This may include obtaining copies of licenses, and periodically verifying licensure status. We also recommended that FSSA monitor contractor practices, including personnel verifications and waivers of minimum requirements to ensure compliance with prudent business practices. We also recommended that FSSA work with contractors to determine the minimum qualifications acceptable for applicants to possess while providing for the effective administration of the Medicaid program. FSSA Finance should obtain further detail reports to support quarterly claims for higher federal financial participation rates.

Status of Finding as of September 2007:

Currently there are controls in place to monitor executive and supervisory level contracted staff. For key personnel, OMPP require final approval authority of selected staffing positions. This includes a review by OMPP of the candidates' resumes with background and experience identified. OMPP may also exercise the option to interview prospective candidates, or request additional information. Further, OMPP is to be notified when there are changes to personnel assigned to supervisory positions. In the response to a Request for Proposal (RFP), minimum qualifications are noted for staffing positions.

OMPP receives a greater federal funding participation rate for skilled professional medical personnel. OMPP agrees that for staff for which an enhanced match rate is requested, it is important to ensure that practices are in place to ensure appropriate certification. OMPP will investigate methods to ensure that controls are in place for the hiring practices of these professionals. In addition, OMPP will request a more detailed report that supports the quarterly claims for enhanced match rate and provide copies to Family Social Service Administration (FSSA) Finance.

This finding remains unresolved.

FINDING 2006 - FSSA-2, C&Ts OF ACUTE CARE AND LONG-TERM CARE FACILITIES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

Finding:

In order to be eligible to receive Medicaid payments, acute care and long term care facilities must meet prescribed health and safety standards. Compliance with the standards is determined by the Indiana State Department of Health (ISDH) based on a survey and documented by the issuance of a Certification & Transmittal (C&T) document. C&Ts, among other uses, inform EDS, the Medicaid fiscal agent contractor, whether or not facilities have met prescribed health and safety standards. EDS is responsible for making payments to providers, enrolling new providers, and maintaining provider data on behalf of the Office of Medicaid Policy and Planning (OMPP).

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We examined seven active facility provider files at EDS as follows: one hospital, two intermediate care facilities for the mentally retarded (ICF/MRs), one rural health clinic, one home health agency, and two nursing homes. The provider files for the hospital, rural health clinic, and home health agency lacked any C&Ts. The files for the two nursing homes lacked current recertification C&Ts. Of the seven facility files tested, only the two ICF/MRs had current C&Ts in their respective provider files. There also was no indication of accreditation or state licensure located in any of the provider files.

Upon determining that current information was not available in the EDS provider files as needed, we reviewed the facility files at the ISDH to ensure that these facilities have met the health and safety standards with a survey performed in the acceptable time frame for the facility type. We found that these facilities had met the requirements.

The EDS *Provider Enrollment Provider Type and Specialty Matrix* document publicly available on the Indiana Health Coverage Programs website and the manual used by provider enrollment analysts requires an ISDH survey for the initial Medicaid enrollment of all of the facility types which we tested. C&Ts provide proof that facilities were surveyed and found in substantial compliance. Without a C&T on file, EDS cannot evidence that the facility has met the Health and Safety Standards which are necessary for payment. The matrix also states that EDS requires recertification for the hospitals, nursing homes, ICF/MR, and residential care facilities.

A letter was obtained from ISDH that was written by a former EDS Provider Enrollment Supervisor which provides an explanation as to why we did not locate current C&Ts in most acute care files. The letter is dated June 15, 2000, and involves acute care (non long-term care) facility documents which EDS would like to continue or discontinue receiving from ISDH. Concerning items which EDS would like to discontinue receipt of, the letter states in part: ". . . Currently, EDS receives letters that do not require a provider file change or disenrollment of a provider in the IndianaAIM system. Effective upon receipt of this letter, EDS would like to discontinue receiving the following documents: . . . C&T's for recertification of providers other than Group Home and IC[F]/MRs, C&Ts noting a survey took place, . . . EDS hopes that by reducing the number of documents which are needed, this will help save time, resources, copying and filing for both parties. . . ." This letter continues to be used by the clerk at ISDH who sends documents to EDS.

Another area of concern is that, according to the ISDH Acute Care Director, ISDH does not always receive notification from EDS when EDS changes acute care provider numbers. This has resulted in the surveyors relying upon Medicaid provider numbers obtained from the facility while on-site for a survey. If a facility number given to the ISDH is incorrect or outdated, then the C&T will have an incorrect file reference.

"Certification and recertification. Except as provided in paragraph (b) of this section, a Medicaid agency may not execute a provider agreement with a facility for nursing facility services [includes ICF/MR] nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services." (42 CFR 442.12(a))

Inpatient hospitals providing Medicaid services are required to be licensed by 42 CFR 440.10. Rural health clinics providing Medicaid services are required to be licensed by 42 CFR 440.20(b). Home health agencies providing Medicaid services are required to be licensed by 42 CFR 441.302. Medicaid provider agreements do not become effective until the requirements are met for entities which, as a basis for participation in Medicaid, are subject to survey and certification by CMS or the State survey agency, or meet federal requirements on the basis of an approved accreditation. (42 CFR 431.108(a)(b))

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

An Interagency Agreement between FSSA's OMPP and ISDH exists. The agreement exists to assist with "defining interrelationships and responsibilities as well as providing for coordination between the parties in the certification of nursing facilities and ICF/MR . . . , home health and hospice service providers for participation in the Indiana Medical Assistance Program (Medicaid)." Further, section III(E) provides, "2. OMPP shall issue, renew, cancel, or terminate provider agreements in accordance with certification findings issued by Health (or in the case of a Medicare participating facility, the Department of Health and Human Services, hereinafter referred to as DHHS). 3. OMPP [or EDS as the fiscal agent] shall notify Health on a timely basis of all provider agreement issuances, assignments, amendments, expirations and denials."

We recommended that FSSA ensure that a process is implemented to make certain that the requirements for initial and continuing provider enrollment in the Medicaid program are met and that this documentation is retained as required by the respective regulations. The information and communication controls should be reviewed and modified in order to reflect these requirements and also to improve the notifications to ISDH for acute care facility provider number and/or name changes.

Status of Finding as of September 2007:

In 2000 and 2001, meetings occurred to define workflow and process definitions between ISDH and the fiscal agent, EDS, to determine points of communication with both entities as it relates to the C&T process. As a result of those discussions, the fiscal agent assigned a primary liaison for ISDH in 2002, which is the primary point of contact and source of communication for ISDH regarding questions for the C&T process. Due to the noted concerns, the fiscal agent has expanded the communication with ISDH by establishing ongoing coordination meetings in order to further facilitate discussion and answer questions regarding the C&T process.

Meetings are held on a quarterly basis and representatives from the acute care and long-term care divisions of ISDH, OMPP staff and EDS provider enrollment are in attendance. All C&T procedures regarding notification to and from ISDH for enrollment and updates are being reviewed to ensure that appropriate information is being sent to all affected staff and contractors. A revised draft is expected to be incorporated in the provider enrollment operations manual within the final quarter of 2007. This will include reviewing the type and methods to which documentation is maintained by EDS' provider enrollment unit.

This finding remains unresolved.

FINDING 2006 - FSSA-3, PROVIDER ENROLLMENT ERRORS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778; 93.767
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility; Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

Several errors were noted during our testing of provider enrollments at EDS, the Medicaid fiscal agent contractor. Of 26 provider enrollment files tested, 8 contained one or more errors. The errors included an enrollment of a federally excluded provider, provider name and license number errors and an active provider number without a provider name. The errors were caused by inadequate procedures and oversight. The errors found are further described in the sections that follow:

Federal Exclusion Verifications

- We found one provider was enrolled as a rendering provider in a group despite his status as federally excluded from participation in the Medicaid program by the U.S. Office of the Inspector General. After the error was found by the Analyst, the provider's enrollment documents were sent back to the provider with no copy maintained by EDS. As federally excluded providers are strictly prohibited from enrollment, the attempt to enroll should be evidenced. The provider was physically enrolled from July 3, 2006 to July 10, 2006. However, the provider's eligibility was effective April 1, 2005. During the week that the provider was physically enrolled, his group could submit claims with dates of service dating back as far as April 1, 2005. We attempted to determine if any services had been billed by the group with this provider listed as rendering provider. We performed a query of claims detail for the group number for dates of service between April 1, 2005 and July 10, 2006. A total of \$97,292.65 was paid for services recorded using only the group's provider number. The individual provider number who rendered the medical services was not included. The EDS Resolutions Manual states that system edit 1008 should have denied the claims. As we cannot determine that none of the services billed were performed by the excluded provider, we are questioning these costs. The federal share may be required to be repaid to the federal government with state funds.
- For another provider, the Analyst performed an inadequate query for federal exclusion prior to enrollment. The last name of the provider was misspelled on the query and all possible combinations of initials for the applicant's first name were not attempted when performing the query.

If names are queried improperly, a federal exclusion may be missed and may result in improper enrollment. The current method of identifying excluded provider applicants is inherently limited. EDS only queries the U.S. Office of the Inspector General's exclusions database for the name(s) furnished on the application. The application does not require that applicants provide his or her birth name, previous legal names, or aliases.

License Information

- In two files, provider license numbers were input into EDS's claim processing system, AIM incorrectly. For one of the files no signed provider agreement was located. As no provider agreement was found, EDS does not have support that all disclosure requirements were met for proper initial enrollment. We examined the claims history for both this provider's group and individual provider numbers for the period of his initial effective date of January 1, 2006 through June 30, 2006, and found no claims paid. However, the provider number remained active in AIM.
- In one group file, two providers with Indiana licenses are enrolled with the same license number. Both providers are individually licensed and otherwise eligible.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

- The names of providers in two files were misspelled when input into AIM. For one provider, the last name and middle initial associated with the provider's license issued by the Indiana Professional Licensing Agency does not match the last name and middle initial in AIM. Documentation of a legal name change was not located on file at EDS to support that the licensee is the same as the provider. The first name of the other provider is misspelled in AIM when compared with the provider's license.

Improper Enrollment Creation Not Corrected

- A provider number effective on June 23, 2006, was created with no name entered. We were told that this was caused by the system timing out during the enrollment and that the enrollment was completed using a different provider number. The bad provider number was not end-dated upon determining the need for the creation of a different provider number. While no claims were submitted for the bad provider number, the number remained active with an end date specified of June 23, 2007. In March 2007, we found that while the end date reason was changed from recertification to duplicate enrollment, the end date was not changed.

The above errors were caused by inadequate procedures and a lack of oversight for the processing of enrollments. Quality Control is only performed on a random sample basis. EDS does not use checklists and staff cross checking to identify basic errors, such as incorrect license number or misspelled provider name.

The quantity and severity of errors found indicate EDS is at risk of performing inadequate automated license verifications, inefficient on-going license verifications, inadequate queries for federal exclusion, making improper claim payments, payments to ineligible providers, and/or creating duplicate enrollments which may result in inaccurate utilization analysis of providers.

42 CFR §1001.1901(b) states: "(1) Unless and until an individual or entity is reinstated into the Medicare, Medicaid and other Federal health care programs in accordance with subpart F of this part, no payment will be made by Medicare, Medicaid or any of the other Federal health care programs for any item or service furnished, on or after the effective date specified in the notice period, by an excluded individual or entity, or at the medical direction or on the prescription of a physician or other authorized individual who is excluded when the person furnishing such item or service knew or had reason to know of the exclusion. This section applies regardless of whether an individual or entity has obtained a program provider number or equivalent, either as an individual or as a member of a group, prior to being reinstated. (2) . . . (3) An excluded individual or entity that submits, or causes to be submitted, claims for items or services furnished during the exclusion period is subject to civil money penalty liability under section 1128A(a)(1)(D) of the Act, and criminal liability under section 1128B(a)(3) of the Act and other provisions. In addition, submitting claims, or causing claims to be submitted or payments to be made for items or services furnished, ordered or prescribed, including administrative and management services or salary, may serve as the basis for denying reinstatement to the programs."

42 CFR § 455.105(a) states: "A Medicaid agency must enter into an agreement with each provider under which the provider agrees to furnish to it or to the Secretary on request, information related to business transactions in accordance with paragraph (b) of this section."

42 CFR § 455.104(c) states: "A Medicaid agency shall not approve a provider agreement or a contract with a fiscal agent, and must terminate an existing agreement or contract, if the provider or fiscal agent fails to disclose ownership or control information as required by this section."

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

405 IAC 5-4-1(a) states that "In order to receive reimbursement under the Indiana Medicaid program, a provider must be enrolled to participate as a Medicaid provider. A provider is enrolled to participate in Medicaid when all of the following conditions have been met: (1) The provider is duly licensed, registered, or certified by the appropriate professional regulatory agency pursuant to state or federal law, or otherwise authorized by the office. (2) The provider has submitted an application to participate in the Indiana Medicaid program and completed such forms as may be required by the department. (3) The provider has signed and returned a Medicaid provider agreement. (4) The provider has received a provider number from the Medicaid contractor."

45 CFR § 92.22 states that "Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type Contractors . . ."

We recommended that the provider be contacted to provide the rendering provider number for the claims in question. We recommended that immediate action be taken to correct the errors identified and to ensure system edit 1008 is functioning. We recommended that the provider application require that applicants provide the birth name, previous legal names or aliases with which to perform complete searches of the federally excluded list. An audit trail of all verifications performed, all legal name change requests and supporting documents, and a narrative explaining anything unusual related to the provider's enrollment be retained with the provider's file. Attempts by federally excluded providers to enroll should be evidenced and communicated to the Indiana Medicaid Fraud Control Unit. We further recommended that the FSSA and EDS improve the control procedures and monitoring of the provider enrollment function. This could include use of staff checklists and cross checking by staff to identify basic errors, such as incorrect license number or misspelled provider name.

Status of Finding as of September 2007:

During the audit review, SBOA noted several errors in the enrollment files tested. One instance included an inappropriate enrollment of a federally excluded provider as a rendering provider. Within days of the enrollment, the error was identified and corrected by the provider enrollment unit. However, OMPP agrees that attempts to enroll should be documented and communicated to the Indiana Medicaid Fraud and Control Unit. This process will be added to the enrollment unit operating manual.

A complete review of edit 1008 will occur as recommended by State Board of Accounts to ensure that the edit is processing appropriately. Upon initial review of the provider identified by State Board of Accounts, Dr. Tavel's Greenwood site (100153640) showed the billing number in the performing provider field for claims paid between April 1, 2005 and July 10, 2006. During that period, the provider was enrolled as a billing provider. The provider's classification was changed to a group on June 30, 2006. Dates of service prior to July 1, 2006, paid as a billing provider instead of a group. Claims for dates of service on or after July 1, 2006, should edit for 1008 if the billing number is placed in the performing provider's field on the claim form. In this particular instance, the systems staff verified that the claims in question paid correctly.

As noted by SBOA, limitations to the query capability of the U.S. Office of the Inspector General's (OIG) database produce some risk. With the implementation of the National Provider Identifier all health-care providers, individual and business entities, will receive one national identifier that is to be used and captured for claim processing. This identifier should facilitate in the tracking of healthcare providers who are added to the OIG exclusion database. Additional process improvements, as well as quality control procedures and audit capabilities, will be reviewed and modified for provider enrollment.

The fiscal agent will be evaluating the timing out of the system to determine if modifications need to occur to reduce errors and increase efficiency in processing. The staff will receive additional training outlining the appropriate steps needed to correct the situation if the system times out.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

SBOA suggests FSSA and EDS improve control procedures and monitoring of the provider enrollment function. FSSA has hired an additional staff person who has begun onsite monitoring of the provider enrollment functions. This oversight capacity will continue be reviewed for improvements. EDS has also hired one additional staff person within the provider enrollment unit whose primary focus will be quality. As a result, the quality function within provider enrollment will be evaluated in the overall review of the provider enrollment procedures conducted by Medicaid's fiscal agent to ensure that the appropriate procedures are in place regarding quality assurance. During this evaluation, the recommendation made by State Board of Accounts relating to the use of checklists and cross checking by staff will be reviewed.

This finding remains unresolved.

FINDING 2006 – FSSA-4, UNTIMELY CAPITATION PAYMENTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program/ State's Children Insurance Program
CFDA Number:	93.778 and 93.767
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Activities Allowed or Unallowed
Internal Control:	Reportable Condition

Finding:

Our test of managed care payments issued during fiscal 2006 identified numerous adjustments that paid the managed care contractors for monthly fees dating back to January 2001 to provide coverage for identified recipients. For the payment reports we reviewed, the total amounts paid for capitation payment adjustments for January 2001 through June 2003 totaled \$15,282. The OMPP Managed Care staff could not explain these charges. These payments are considered unnecessary and unreasonable as those periods were closed to any submission of claims to the managed care provider. The State contract with the managed care providers requires all claims to be submitted within 15 months of the date of service.

The federal share of the questioned cost totals \$9,594. The questioned cost may be required to be repaid to the federal government.

"To be allowable under Federal awards, costs must meet the following general criteria: (a) Be necessary and reasonable for proper and efficient performance and administration of Federal awards... (j) be adequately documented." (US OMB Circular A-87 (C) (1)).

We recommended that the cause or basis for the untimely capitation payments be identified. Repayment from the managed care contractors should be sought. Time limits for adjusting enrollments should be formally established. Capitation payment reports should be reviewed for accuracy.

Status of Finding as of September 2007:

In the review of the retroactive capitation payments identified in this finding, SBOA found that several adjustments were paid to Managed Care Contractors for capitation fees dating back to January 2001. It was determined that the cause of these payments was due to adjustments in applied eligibility segments and not in relationship to the submission of claims. Specifically, these payments related to the

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

correction of newborn dates of birth from the Indiana Client Eligibility System (ICES) which allowed for additional months of capitation. OMPP believes that the \$9,594 questioned costs are supportable and allowable expenditures. Although there is a 15 month limitation for submission of claims, this time limit does not limit applicable processing adjustments.

Further, upon review the OMPP and EDS Managed Care Units have determined that changes in the policy and procedure regarding establishing time limits for adjusting enrollments are neither cost effective nor required given the low dollar amount involved and the infrequent occurrence of this type of reconciled payment. Once corrected eligibility information has been received, the reconciliation process ensures the MCOs are paid the funds they are due. The findings do not substantiate the need to add additional reviews to the capitation payment report since it was not incorrect - the information submitted to create the report was inaccurate. A time limit cannot be justified for a situation that is not within the control of the fiscal agent or the MCOs.

OMPP believes that these actions resolves this finding, and considers this item closed.

FINDING 2006 - FSSA-5, STATE OWNED INTERMEDIATE CARE FACILITY

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/ Cost Principles
Internal Control:	Significant Deficiency

Finding:

In April 2006, AIMS issued two checks for claim adjustments totaling \$26,002,704.33 payable to the FSSA State Institutional Finance Division. This was for a retroactive rate increase granted to the Muscatatuck State Developmental Center to adjust Medicaid claims for state fiscal year 2005. The payments were for a rate increase of 257%, with daily rates increased from \$839.36 to \$2,994.31. The new daily rate was effective for the period of July 1, 2004, until the center closed in April 2005. Our tests found that the new daily rate was excessive.

We calculated that the grand total of original Muscatatuck Medicaid claims and the retroactive adjustments paid for the State fiscal year ended June 30, 2005, totaled \$36,124,618. The annual financial report submitted for Muscatatuck for the fiscal year ended June 30, 2005, listed total expenses of \$23,213,493. The claims paid in excess of expenses for the year then totaled \$12,911,125.

"The Medicaid reimbursement system is based on recognition of the provider's allowable costs. All state-owned intermediate care facilities for the mentally retarded (ICFs/MR) will be reimbursed with a retrospective payment system. The annual financial reports filed by the state-owned ICFs/MR will be used to determine the actual cost per day for services. A retroactive settlement will be determined for the time period covered by the annual financial report. The total allowable costs will be divided by the actual client days to determine the actual per diem rate. The variance between the actual per diem rate and the interim per diem rates based on the projected budget and paid during the report period will be multiplied by the paid client days to arrive at the annual settlement." (405 Indiana Administrative Code 1-17-9)

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(Continued)

We determined that the excessive daily rate approved and paid was largely caused by an under-reported number of actual client days. The reported amount of 7,615 total occupant days was used in the rate calculation without applying any verification procedure. We calculated that the actual total occupant days paid by Medicaid for the period were 12,072. We further inquired of the rate setting contractor and identified a reportable condition as there is no process for verification of the reported number of client days for any of the state owned Intermediate Care Facilities.

The excessive reimbursement was also not detected in the course of business as there were no controls applied to identify or question large increases or payments issued, or to otherwise compare the retroactive payments issued to the total costs claimed.

As the calculated rate is in error, we consider the total retroactive adjustment payments issued in 2006 for Muscatatuck State Developmental Center to be questioned costs. The total payments were \$26,002,704.33 and the federal share was \$16,376,503.

We recommended that OMPP require the cost reports and rate calculations to be corrected and to seek reimbursement of excess payments issued. The rate increases for other state owned centers should also be reviewed for similar errors. Controls over rate setting and retroactive payments should be improved by verifying reported occupant days, performing risk assessment and monitoring.

Status of Finding as of September 2007:

An investigation was conducted to verify the potential cost report error for the state operated facility in question. During the review, an examination was made of each year's expenditures and reimbursements (paid claims) from SFY01 and forward. It was discovered that in the last year of this facility's operation, the patient days were miscalculated and thus inflated the rate leading to an overstated reimbursement claim.

Currently, the cost report is being amended and will be submitted to the rate setting contractor, Myers and Stauffer for rate recalculation. Prior to submitting the revised cost report, FSSA Finance will review it at the Central Office. The amended cost report is expected to be submitted by September 30, 2007, and a rate recalculation will occur. Any changes to the Federal expenditures will be reported at that time. The FSSA financial processes and management of all state facilities will be investigated to improve controls. This will include requiring Division Controllers to review all cost reports in the future.

This finding remains unresolved.

FINDING 2006 - FSSA-6, MANAGED CARE PAYMENT VARIANCES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program/ State Children's Health Insurance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/ Cost Principles
Internal Control:	Significant Deficiency

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

Payments issued to managed care contractors are to be supported by capitation reports which list each eligible program participant, their assigned care provider, and the state contract rate paid. The grand total paid is listed on the summary page of the capitation report. We compared managed care contract payments to the capitation reports. We found that four payments were issued for amounts under that of the monthly capitation report. In October of 2005, check no. 901732788 was issued for \$14,402,041 and check no. 901732784 was issued for \$1,272,042. The total paid per the capitation reports was \$14,840,668 and \$1,380,901. This resulted in variances of \$438,627 and \$108,859, respectively. The two other variances were found for payments in April and May of 2006 and were each under \$500. The cause of the variances have not been identified. As such, the accuracy of the payment process is in question for those payments that vary from the capitation report.

"To be allowable under federal awards, costs must meet the following general criteria . . . (j). Be adequately documented." (US OMB Circular A-87(C)(1))

In accordance with 45 CFR 92.20(b)(1) "Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that OMPP require payments to be compared to the capitation payment listing summary on a monthly basis, with any variances investigated. The cause of the variances in October 2005 payments should be identified in order to ascertain that the capitation report and managed care payment process were accurate.

Status of Finding as of September 2007:

Documentation of the payments made to the managed care contractors are maintained through the Managed Care Capitation Report: MGD-002-M and the Finance Report-FIN-6006-W. A review occurs to ensure that these two reports reflect the same dollar amount. However, a discrepancy with the summary totals during the months of April, May, June, and July 2006 was identified.

Research determined that an intermittent problem was occurring in the calculations of the MGD-002-M report. The MGD-0002-M report has two parts, a detailed listing of each Capitation payment and a Capitation Worksheet that summarizes the payments. The Capitation Worksheet did not always reflect all the details or all the detail categories in the summary amounts.

To determine the cause, review alternatives, and implement a solution to correct the reporting problem a system change order has been created. This Change order (CO) is catalogued as CO 1161. It has been reviewed by the change control team known as the Operational Effectiveness Team (OET). OMPP's OET has been charged with reviewing any request for a change (or modification) to the operations of OMPP, its contractors, business areas or supporting systems. Upon correction, the Managed Care unit will be able to complete the quality review of the financial statistics and ensure accurate State reporting.

This finding remains unresolved.

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(Continued)

FINDING 2006 - FSSA-7, MEDICAID GRANT OVERSTATED EXPENDITURES REPORTED

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Reporting
Internal Control:	Material Weakness

Finding:

Quarterly reports of Medicaid program expenditures were overstated during the state fiscal year ended June 30, 2006, by total costs of \$280,979,354, with the federal share overstated by \$176,567,559. Of this, total costs were overstated by \$276,926,058 with the federal share overstated by \$174,014,793 for unnecessary quality assessment adjustments applied in reporting expenditures effective for the quarters ended September 30 and December 31, 2005, which were included in the quarterly reports for September 2005 through March 2006. The error was caused by a misunderstanding of how the quality assessment fees for nursing and intermediate care facilities were included on reports prepared by the fiscal agent EDS. The EDS uses a Management and Administration Reporting Subsystem (MARS) to produce the CMS 64 report for the transactions it processed. Our prior finding 2005-FSSA-25, DETAIL ACCOUNTING NOT PRODUCED reports that the MARS reports only summary totals without detail. The assessment fees were approved by the federal government as a source of state funding to provide for increased rates for recognized quality measures. The assessment fees were newly implemented in July 2005, and were recorded as an account receivable through the EDS Advanced Information Management System (AIMS). FSSA Finance thought that the MARS reports were reduced by the quality assessment fees and that an adjustment was necessary to increase the costs to the gross amount paid. In fact, the MARS reports were already including the costs at the gross amount paid.

We identified the overstated expenditure reports through analytical procedures which then were further identified and confirmed by FSSA Finance and OMPP staff. We were told they had previously inquired into the matter when questions were raised by the Medicaid actuary. We also obtained a partial data set of underlying MARS report detail which showed that the costs were included at the gross claim payment amount without the reduction for the collection of the quality assessment fees.

The total report overstatement listed above also includes a finding of an error that duplicated a state cost as it was included inadvertently in both lines two and five of the CMS 64 report for the quarter ended June 30, 2006. This resulted in overstated total costs of \$4,053,296, with the federal share of \$2,552,766. This error could have been detected by FSSA verifying the compilation in the review process.

We were informed that the CMS report compilation has supervisory review. These reviews, however, were not documented. The report compilation is also inefficient in that the entire MARS reports must be hand entered into compilation spreadsheets as they are not provided in a useable electronic format.

As the reports were overstated by a total amount that is material to the Medicaid program, the associated internal control weaknesses are considered material weaknesses. The weaknesses include a lack of risk assessment and information and communication concerning the reporting structure for a new transaction type. There also was a lack of analytical review procedures by FSSA finance to compare the total costs and federal share reported to that of the state grant accounting records. The report compilation process also lacks documented supervisory reviews.

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(Continued)

45 CFR 92.20 (b)(1) states: "Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

We recommended that the federal CMS reports be revised to correct the identified errors. The internal controls over federal reporting should be improved to provide formal risk assessment and information and communication to FSSA finance for new transaction types or other reporting modifications. FSSA finance should perform documented supervisory reviews of the report compilation process with analytical comparison of costs reported to the state grant accounting records. Consideration should be given to requiring EDS to provide their reports in a useable electronic format.

Status of Finding as of September 2007:

The MARS, Management and Administration Reporting Subsystem business function is a comprehensive management tool that provides information to evaluate program status and trends as well as historical data to predict the impact of program policy changes. MARS also supports the CMS reporting requirements for MSIS, and the CMS64 and CMS372 series of reports by providing high-level data summarized by such variables as state category of service, aid category, provider type/specialty, benefit plan, et al. To satisfy federal reporting requirements, data are aggregated by CMS-defined line items.

The MAR reports from the fiscal agent, EDS, reflect actual claim expenditures before non-claim specific adjustments are made. The Quality Assessment Fees for Medicaid participating nursing facilities are adjustments that are offset against claim payments processed by EDS. These offsets are reported in the State's financial records as an adjustment to correctly account for the federal funds. FSSA Finance originally understood that the MARS reports had been reduced by the quality assessment fees and that an adjustment to the CMS 64 was necessary to increase the costs to the gross amount paid. However, MARS already included the costs at the gross amount paid. This error was discovered while reconciling the Medicaid forecast expenditure report.

FSSA Finance will correct the error and the Quality Assessment Fees that were over reported will be reported on the September 2007 CMS-64 quarterly report. A line 10b adjustment reducing expenditures on line 3 of total computable of \$280,979,354 with the Federal share of \$174,014,793 will be made.

To strengthen oversight, procedures now include a review by the Director of Accounting Operations of the CMS-64 prior to certifying the return. Additionally, FSSA is working with EDS to reconcile Auditor of State payments to reported expenditures. FSSA Finance has designed a worksheet that will be utilized by both FSSA Finance and the Fiscal Agent to balance for year end.

This finding remains unresolved.

FINDING 2006 - FSSA-8, MEDICAID ADMINISTRATION GRANT – EXPENDITURES OVER AWARD

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Allowable Costs/Cost Principles, Reporting
Internal Control:	Significant Deficiency

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

The federal share of disbursements for the Medicaid Administration grant 5 05 05 IN 5048 exceeded the grant award by \$29,213,333. The federal grant authorization report for grant 5 05 05 IN 5048 shows the award amount to be \$105,945,961. The federal disbursements reported for this grant on the Schedules of Federal Financial Assistance for the fiscal years ended June 30, 2005 and 2006, totaled \$135,159,294. The grant expired September 30, 2005, yet the overspent condition had not been identified by the time of our audit in February 2007. This indicates that awards are not monitored in order to recognize that the federal expenditures incurred and reported have exceeded the award authority. This may also be caused by insufficient communication or verification of changes in grant awards. The schedule of federal financial assistance report prepared by FSSA Finance also listed an incorrect award amount for this grant of \$112,320,862.

The grant shortage appears to be an ongoing condition for this administration grant. The federal grant authorization report listed a decrease in the award of \$28,650,708 in April 2006. We found this was actually transferred to award 5 04 05 IN 5048 to cover the prior year's grant shortage. Had the \$28 million not been transferred out, disbursements would only have exceeded the award amount by \$562,624.61.

We consider the federal expenditures reported in excess of the grant award of \$29,213,333 to be questioned costs which may be required to be repaid to the federal government.

"A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub grantees and cost-type contractors, must be sufficient to: 1) permit preparation of reports required by this part and the statutes authorizing the grant, and 2) permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20)

"Each agency, department, institution or office has the following accounting responsibilities: 1. Operate within the confines of the established budget, 2. Maintain a control environment, 3. Maintain control procedures . . ." "The accounting system provides the basis for budgetary control. The operating budget should be viewed as a comprehensive planning and control device. Each agency must function within the budget limits." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended that a grant award increase for Medicaid Administration costs be sought in order to correct the condition which has occurred over time. We further recommended that FSSA Finance monitor the federal grant award amounts for each grant and the related disbursements closely to ensure they are not exceeding the award amount. This would include establishing procedures to ensure the accuracy of the award amounts listed in the fiscal records and requiring federal budget to actual information.

Status of Finding as of September 2007:

Medicaid Administrative grant funds are drawn through the Payment Management System (PMS) from the 'MT' grant. The PMS is a centralized grants payment and cash management system, operated by the Health and Human Services (HHS) Program Support Center (PSC), Division of Payment Management (DPM). The PMS accomplishes all payment-related activities for HHS grants from the time of award through closeout of a grant. The PMS does not allow entry of expenditures above the authorized amount. After FFY 2006 had ended a negative authorization was posted to PMS.

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(Continued)

As of June 30, 2007, the records show the federal share of the disbursements for the Medicaid Administration grant 0 05 05 IN 5048 show the award amount to be \$132,142,652.00. The federal disbursements reported for this grant on the Schedules of Federal Financial Assistance for the fiscal years ended June 30, 2005, 2006, and 2007, totaled \$137,313,460.62. As of June 30, 2007, the records show the federal share of the disbursements for the Medicaid Administration grant 0 06 05 IN 5048 exceeded the grant award by \$21,562,927.79. The federal grant authorization report for grant 5 06 05 IN 5048 show the aware amount to be \$90,000,321.00. The federal disbursements reported for this grant on the Schedules of Federal Financial Assistance for the fiscal years ended June 30, 2006 and 2007, totaled \$111,563,248.79. The details of this will need to be investigated with CMS. The process for Medicaid grant awards, expenditures entered into PMS against these grant awards, and CMS grant close-out process will be documented to determine further action.

This finding remains unresolved.

FINDING 2006 - FSSA-9, MEDICAID ADMINISTRATION GRANT – CMS 64 QUARTERLY REPORTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Catherine Snider
Title of Contact Person:	Compliance Manager, FSSA - OMPP
Phone Number:	317-234-2927
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

Finding:

The CMS 64 Quarterly Reports for the Medicaid Administration grants reported \$2,019,805.07 more total federal expenditures than the grant accounting records and the total reported in the Schedule of Federal Financial Assistance for state fiscal year 2006. No reconciliations were prepared to identify variances. The supporting work papers used to prepare the CMS 64 reports contained errors in summary totals and did not always agree with the CMS 64 reports. There were no documented reviews of the reports or supporting work papers.

"The State must submit Form CMS-64 to the central office not later than 30 days after the end of each quarter. This report is the State's accounting of actual recorded expenditures. The disposition of Federal funds may not be reported on the basis of estimates." (42 CFR 430.30)

"Each agency, department, institution or office has the following accounting responsibilities: . . . 5. Maintain an effective and accurate accounting system for supplementary records, 6. Maintain and make available for audit, documentation supporting the validity and accountability of monies received or disbursed . . . " (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended that the overstated reported expenditures be corrected or otherwise identified in reconciliations to the grant accounting records. FSSA Finance should develop internal controls for federal reporting that include regular reconciliations and documented reviews.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

Family Social Service Administration (FSSA) Finance has done preliminary analysis regarding these variances. The federal expenditures on the CMS-64 include prior quarter adjustments and occasionally advance claims that are paid until after CMS review; however, only cash expenditures in the current year are reported on the Agency's grant schedule. Therefore the expenditures reported on the CSM-64 will not exactly match expenditures of the State Accounting system, the grant schedule or in the PMS.

Corrective actions were put into place at the beginning of SFY 2008. Workpapers are now reviewed by the Director to insure that the expenditures to be reported on the CMS-64 reconcile to the monthly financial status reports for the quarter. The Medicaid Administration reconciliation is also copied into the Narrative section of the CSM-64 submission. For any subsequent submissions the worksheet will be revised, reviewed by the Director and saved with a filename ending with Submitted_DATE.

This finding remains unresolved.

FINDING 2006 - FSSA-10, CHILD CARE AND DEVELOPMENT FUND
(CCDF)-PASS-THROUGH ENTITY RESPONSIBILITIES

Federal Agency:	Department of Health and Human Services
Federal Programs:	Child Care Cluster
CFDA Numbers	93.575, 93.596
Auditee Contact Person:	Roger Booth
Title of Contact Person:	Director of Audit Services
Phone Number:	317-232-1217
Compliance Requirement:	Subrecipient Monitoring
Internal Control:	Reportable Condition, Material Weakness

Finding:

According to OMB Circular A-133 Subpart D Section 400(d)(4), the pass-through entity is responsible to: "Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year."

During our audit, we found that FSSA did not have sufficient procedures in place to determine whether CCDF subrecipients had met the \$500,000 threshold.

According to OMB Circular A-133 Subpart D Section 400(d)(3), the pass-through entity is responsible to: "Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

We recommended that FSSA implement procedures to track subrecipient expenditures to ensure that subrecipients expending \$500,000 or more in a fiscal year have met the A-133 audit requirements for that fiscal year.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September, 2007:

The State Board of Accounts (SBOA) found that FSSA did not have sufficient controls in place to determine whether CCDF subrecipients had met the \$500,000 threshold in federal awards which is the amount over which an A-133 audit is required. SBOA recommended that FSSA implement procedures to track subrecipient expenditures to ensure that subrecipients exceeding the threshold have met the A-133 requirements.

Audit Services Division of FSSA has established the following process for identifying the population of subrecipients with federal awards exceeding the \$500,000 threshold. The annual payment detail to each grantee is extracted from the Contract Management System (CMS). The payment data is broken down by contract and/or an alpha code which is attached to an account number within the FSSA general ledger. Each account number is funded by a specific percentage of federal, state, local, or other source. The account number is multiplied by the federal percentage and the total for all accounts is accumulated. Those grantees receiving \$500,000 or above in federal funding will be included in the database of grantees which require submission of an OMB A-133 audit.

The grantees in the database of those requiring an A-133 will be cross-matched against a database maintained by Audit Services of grantees that have submitted A-133 audits. A list is developed that identifies those grantees that have not submitted the required A-133. A letter is then generated notifying the grantee of the requirements of OMB A-133. The letter notes that the A-133 audit has not been received and requests specific responses.

FSSA believes that these actions resolves this finding, and considers this item closed.

FINDING 2006 - FSSA-11, TANF ELIGIBILITY INCOME DETERMINATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	James E. Dunn
Title of Contact Person:	TANF and Impact Director
Phone Number:	317-232-4240
Compliance Requirement:	Eligibility, Allowable Cost
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we tested 240 TANF cases that received payment in August 2005. We found that in 6 of the cases the recipient had income in excess above the Federal Poverty Level or had income in excess of initial eligibility limits as stated in the State plan. This was due to the caseworker not verifying the proper income limits.

The Indiana's State Plan for the Temporary Assistance for Needy Families Block Grant states: "The resource standard for initial eligibility is \$1000. Once determined eligible, the case is subject to a resource standard of \$1500."

We recommended that FSSA implement procedures to ensure that caseworkers follow the policies and procedures established as part of the State Plan for the Temporary Assistance for Needy Families Block Grant.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

DFR is overhauling its eligibility determination process. On October 22, 2007, the IBM-led Coalition will take over data gathering and case processing operations in 11 counties. The Coalition is instituting call centers, case management software, and other operational tools to centralize, systemize, and standardize the case processing process. The remaining 81 counties are scheduled to convert to the new structure by April 2008. These structural changes will ensure that eligibility policies will be implemented consistently across the State. Under the contract, the IBM-led Coalition is responsible for ensuring that case actions are taken correctly. DFR will closely monitor the Coalition's work to determine whether or not it is meeting the performance standards in the contract and impose fines if it fails to take actions in a timely manner.

This finding remains unresolved.

FINDING 2006 - FSSA-12, TANF ELIGIBILITY - DOCUMENTATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	James E. Dunn,
Title of Contact Person:	TANF and Impact Director
Phone Number:	317-232-4240
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we tested 240 TANF case files that received TANF payment in August 2005. We found 28 individual case files lacking evidence to support the relationship of the child to the head of household, 14 cases in which there was no documentation indicating if the child was less than age 19 and a full-time student in secondary school, and 5 cases lacked verification if the head of household had received TANF benefits outside of the State of Indiana for 60 months since December 1996 when the head of household was identified as receiving TANF benefits from another state.

42 USC 608(a)(1) states: "No assistance for families without a minor child"

The State of Indiana uses the definition of minor child as described in 46 USC 619 as:

"The term "minor child" means an individual who—

(A) has not attained 18 years of age; or

(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training)."

42 USC 608(a)(7) reads in part: "A State to which a grant is made under section 603 of this title shall not use any part of the grant to provide assistance to a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government, for 60 months (whether or not consecutive) after the date the State program funded under this part commences."

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that FSSA ensure the inclusion of documentation supporting the age of the individuals, proof of relationship in the case files, and overall TANF payment history.

Status of Finding as of September 2007:

DFR is overhauling its eligibility determination process. On October 22, 2007, the IBM-led Coalition will take over data gathering and case processing operations in 11 counties. The Coalition is instituting call centers, case management software, and other operational tools to centralize, systemize, and standardize the case processing process. The remaining 81 counties are scheduled to convert to the new structure by April 2008. These structural changes will ensure that eligibility policies will be implemented consistently across the State. Under the contract, the IBM-led Coalition is responsible for ensuring that case actions are taken correctly. DFR will closely monitor the Coalition's work to determine whether or not it is meeting the performance standards in the contract and impose fines if it fails to take actions in a timely manner.

On October 22, 2007, the Coalition will establish a document imaging center that will scan all collateral and written material provided by an applicant or recipient. At first, only cases in counties operating in the new system will use the document center, but by April 2008, all documents for all cases will be scanned. The scanned documents will be attached to the electronic case file.

On March 5, 2007, a new ICES screen was moved into production so that caseworker may track and document the receipt of out-of-state cash assistance. ICES uses these out-of-state assistance months in determining eligibility for TANF Assistance. Additionally, Indiana is a member of the Federal Public Assistance Reporting Information System (PARIS). Member states provide recipient data to a Federal database and the database compares that data with data submitted by other member states. Presently, 43 states and U.S. territories are members of PARIS; and, with the exception of Ohio, all of Indiana's neighbors are member states. The PARIS data provides quarterly TANF, Food Stamp, and Medicaid eligibility for TANF families. Although the eligibility data is not specific to a month, it does inform us of past TANF eligibility to be investigated. FSSA and IBM-led Coalition are researching the best way to incorporate this information into the eligibility determination process. Because of the massive scale of the Eligibility Modernization project, resources for these changes will be scarce until after April 2008. As such, the soonest the PARIS enhancement can be made is the late summer or fall of 2008.

This finding remains unresolved.

FINDING 2006 - FSSA-13, TANF ELIGIBILITY - VERIFICATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	James E. Dunn,
Title of Contact Person:	TANF and Impact Director
Phone Number:	317-232-4240
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding:

During our audit of FSSA, we tested 240 TANF cases that received payment in August 2005. We found that the FSSA had no procedures in place to verify that an individual of a TANF recipient household had not been convicted of fraudulently misrepresenting their residence in order to receive assistance from more than one state. This lack of verification resulted in a 100% error rate for the sample. It was also noted that FSSA did not have any procedures in place to ensure that no member of the household is fleeing to avoid prosecution, custody or confinement after conviction, to attempt to commit a felony, or violating a condition of probation.

42 USC 608(a)(8) states: "A State to which a grant is made under section 603 of this title shall not use any part of the grant to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from 2 or more States under programs that are funded under this subchapter, subchapter XIX of this chapter, or the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.], or benefits in 2 or more States under the supplemental security income program under subchapter XVI of this chapter. The preceding sentence shall not apply with respect to a conviction of an individual, for any month beginning after the President of the United States grants a pardon with respect to the conduct which was the subject of the conviction."

42 USC 608(a)(9)(A) states:

"A State to which a grant is made under section 603 of this title shall not use any part of the grant to provide assistance to any individual who is--

(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

(ii) violating a condition of probation or parole imposed under Federal or State law."

We recommended that FSSA implement procedures to verify that an individual of a TANF recipient household has not been convicted of fraudulently misrepresenting their residence in order to receive assistance from more than one state. We further recommended that FSSA implement procedures to ensure that no member of the household is fleeing to avoid prosecution, custody or confinement after conviction, to attempt to commit a felony, or violating a condition of probation.

Status of Finding as of September 2007:

Until a national TANF database is developed to capture this specific information, there is no way for the State to determine if a recipient has been convicted of fraud in order to receive benefits simultaneously in two states and if so when the conviction occurred for calculating the 10 year ineligibility period. Through FSSA Audit, DFR has access to conviction information from the Indiana Department of Corrections; however, even though this information is not specific enough to determine if the conviction was due to receiving benefits in multiple states or for some other reason, individuals convicted welfare fraud felony or misdemeanor are ineligible for TANF benefits. FSSA will modify the ICES system to collect data on welfare fraud convictions available from the DOC file. FSSA and IBM-led Coalition are researching the best way to incorporate this information into the eligibility determination process. Because of the massive scale of the Eligibility Modernization project, resources for these changes will be scarce until after April 2008. As such, the soonest an enhancement can be made is the late summer or fall of 2008.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

In regards to fleeing felons and probation violators, currently ICES is able to capture self-declared information regarding an individual's status as a fleeing felon or probation violator. FSSA is exploring methods of getting this information from the Indiana Department of Corrections. FSSA and IBM-led Coalition are researching the best way to incorporate this information into the eligibility determination process. Because of the massive scale of the Eligibility Modernization project, resources for these changes will be scarce until after April 2008. As such, the soonest the PARIS enhancement can be made is the late summer or fall of 2008.

This finding remains unresolved.

FINDING 2006 - FSSA-14, TANF ALLOWABLE COST

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	James E. Dunn
Title of Contact Person:	TANF and Impact Director
Phone Number:	317-232-4240
Compliance Requirement:	Eligibility, Allowable Cost
Internal Control:	Significant Deficiency

Finding:

During our audit of FSSA, we tested 240 TANF cases that received payment in August 2005. We found that in 22 of the cases the payments were incorrect. This was due in part to recipients not being placed on sanctions for not participating in IMPACT. Also, income (that had not been disclosed by the recipient) discovered during the Income Eligibility and Verification System (IEVS) data exchanges was not always used by the caseworker to recalculate benefits. In one case the data exchange indicated a full year of income, but no reduction in benefits were made by the caseworker. This lack of follow-up and verification of recipient data resulted in an overpayment of \$2,749 or 5.15% of actual amount disbursed to the recipients for the sample tested. This amount projected to the population for the month of August would be \$463,647. This amount is a questioned cost.

Per the ICES Program Policy Manual 2215.15.00: "Prompt action must be taken on all changes to determine if they affect eligibility. The case record must include the date the reported change was received, whether the change was reported by mail, telephone, or personal visit, the nature of change and any other appropriate information. The caseworker must take appropriate action on all reports of changed information promptly but no later than 10 days from the date of the receipt of the change."

We recommended that the caseworkers follow the policies and procedures established in the Family Social Services Administrative ICES Program Manual.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Status of Finding as of September 2007:

DFR is overhauling its eligibility determination process. On October 22, 2007, the IBM-led Coalition will take over data gathering and case processing operations in 11 counties. The Coalition is instituting call centers, case management software, and other operational tools to centralize, systemize, and standardize the case processing process. The remaining 81 counties are scheduled to convert to the new structure by April 2008. These structural changes will ensure that eligibility policies will be implemented consistently across the State. Under the contract, the IBM-led Coalition is responsible for ensuring that case actions are taken correctly. DFR will closely monitor the Coalition's work to determine whether or not it is meeting the performance standards in the contract and impose fines if it fails to take actions in a timely manner.

This finding remains unresolved.

FINDING 2006 - SOS-1, REPORTING

Federal Agency:	Election Assistance Commission
Federal Program:	Help America Vote Act Requirements Payments
CFDA Number:	90.401
Auditee Contact Person:	Joseph McLain
Title of Contact Person:	HAVA Administrator
Phone Number:	(317) 234-8683
Compliance Requirement:	Reporting
Internal Control:	Reportable Condition

42 USC 15408 states: "Not later than 6 months after the end of each fiscal year for which a State received a requirements payments under this subpart, the State shall submit a report to the Commission on the activities conducted with the funds provided during the year, and shall include in the report - (1) a list of expenditures made with respect to each category of activities described in section 15401(b) of this title; (2) the number and type of articles of voting equipment obtained with the funds; and (3) an analysis and description of the activities funded under this subpart to meet the requirements of this chapter and an analysis and description of how such activities conform to the State plan under section 15404 of this title."

The Financial Status Report filed on March 30, 2006, for the fiscal year October 4, 2004 to September 30, 2005, was not reflective of the actual disbursements from the grant funds. The amounts reported as disbursed from the grant funds during the reported period and the previous period did not agree with the ledger of disbursements for this grant. The federal share of net outlays for the current reporting period as indicated on the Financial Status Report filed during the audit period were approximately \$3 million more than what was documented in the accounting records. The errors noted with the report filed were primarily due to the fact that the report was prepared with accounting records from a time period other than the report period. Further, no verification of the report to the accounting records was conducted once the report was completed. In addition, the report did not indicate the portion of disbursements made with State matching funds and the report did not contain required information such as a list of expenditures made from each category allowed by the grant and the number and type of articles of voting equipment obtained with the grant funds.

As a result of the deficiencies noted in the Financial Status Report, the Indiana Secretary of State was not in compliance with the reporting requirements of the Help America Vote Act of 2002. Additionally, the information reported to the Election Assistance Commission was inaccurate and not reflective of the actual activity of the grant funds.

STATE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

We recommended that the Indiana Secretary of State develop and implement procedures and controls to ensure the Financial Status Reports submitted are accurate and reflective of the activity of grant funds and include all information required by the Help America Vote Act of 2002.

Status of Finding as of September 2007:

Following the single audit conducted by the Indiana State Board of Accounts (SBOA), the U.S. Election Assistance Commission (EAC) and our office began working to resolve the sole finding in the audit. In order to resolve the finding from SBOA's audit, the HAVA Division of the Indiana Secretary of State's office has revised internal procedures to help account for interest earned, state matching funds, and federal dollars. The office also submitted amended financial reports to the EAC that match general ledger fund activity. The EAC considers the audit finding closed as does this office.

STATE OF INDIANA
SECTION II CORRECTIVE ACTIONS

The following are the corrective actions for Section II Findings.

Finding Number 1

Capital assets - State Agencies do not consistently comply with established procedures to send timely updates to the Auditor of State's office for all purchases of land, equipment, buildings and related improvements, and retirements or sale of assets. Additionally, annual physical inventories are not routinely conducted of all of the State's owned assets. This results in a lack of internal control over the State's capital assets and a lack of control over the State's financial reporting of those assets. This condition remains from prior audits.

Response to Finding Number 1:

The Auditor of State is responsible for maintaining records of capital assets, including purchases and retirements that exceed \$20,000, as reported by the state agencies making the purchase or retirement. As stated in the audit finding, individual state agencies are responsible for maintaining their own records of all capital assets, physically tagging assets, conducting an annual physical inventory of assets, and comparing the results of such inventory to the Auditor of State's most recent records. Each quarter the Auditor of State notifies state agencies of their responsibility to report to the Auditor State all purchases or retirements since the last quarter, and that quarterly reports must be filed. However, the Auditor of State does not have the authority to audit state agency capital asset records to determine if the agencies are recording or properly reporting capital assets valued over \$20,000. As of December 3, 2007, AOS management has decided to stop entering assets into GEAC to ease the conversion and reconciliation process of assets.

The State of Indiana will be implementing the PeopleSoft asset management module as part of the overall PeopleSoft implementation scheduled for July 1, 2008. The capital asset module will allow the State to track all capital assets on a single capital asset system, thereby eliminating the need to periodically report purchases and retirements. The capital asset module will be directly linked to the procurement module allowing capital assets to be capitalized at the time of purchase, thereby reducing the likelihood that assets will not be properly capitalized.

Until the implementation of the PeopleSoft capital asset module on a statewide basis, the Auditor of State's office will continue to work with agencies and assist them in maintaining and updating their assets in PeopleSoft.

Finding Number 2

Lease reporting – The Department of Administration maintains a database of lease activity. Procedures in place to update the lease database do not ensure that all of the State’s operating and capital leases are entered into the lease database. The lack of a complete record of the State’s leases results in a lack of control over the State’s financial reporting related to its leased assets. We proposed adjustments during the course of the audit to fairly present the State’s leased assets. This condition remains from prior audit reports.

Response to Finding Number 2:

While the existing process will be in place for the FY08 CAFR, the ENCOMPASS (PeopleSoft) implementation, currently scheduled for 7/1/08, will greatly improve lease reporting and control. The new ENCOMPASS System business process has been designed to ensure that all leases are recorded by including a required step in the purchasing process for the requestor to identify if a transaction is a lease or not before the transaction can progress further towards acquisition. By having the lease designation recorded for each transaction in ENCOMPASS, this will allow for the compilation of reports from a common system, rather than relying on the current manual process. The ENCOMPASS implementation will also include an integrated Asset Module for better management, control, and reporting of Assets.

Finding Number 3:

Grant Reporting – Each agency that receives federal funding prepares a schedule of federal financial assistance that reflects fiscal year grant activity. We found various errors in the agency prepared grant schedules. Two schedules were materially misstated. In addition to reporting federal grant award activity in the Single Audit Report, these schedules are also used to prepare the accruals for the financial statements for grants receivable and deferred revenue at year end. These errors if left uncorrected would have resulted in the misstatement of the accruals for grants receivable and deferred revenue at year end as well as incorrect grant schedule reporting in the Single Audit Report. These errors are the result of a largely manual process that exists for the preparation of the schedules by the agencies. Additionally, internal controls are not in place to provide a centralized review of the agency prepared schedules nor is there a centralized compilation of the various schedules into a comprehensive schedule for the State.

Response to Finding Number 3:

While the existing process will be in place for the FY08 CAFR, the ENCOMPASS (PeopleSoft) implementation, currently scheduled for 7/1/08, will greatly improve grant reporting. Information for all Federal funds will be required to be recorded in the Projects Module of PeopleSoft. This will allow for the compilation of grant schedules, such as federal financial assistance, from a common system, rather than relying on the current manual process. In addition, budgets will be created at the grant level that will prevent an agency from overspending the award amount and enhance the controls around spending Federal funds.

Finding Number 4:

Controls over the preparation of the financial statements – We found misstatements in the financial statements, notes to financial statements, and in the required supplementary information to the financial statements that were not initially identified by the State’s internal control. These were corrected when brought to staffs’ attention. Additionally, certain restatements were necessary to correct the beginning fund balances/net assets as a result of misstatements in previously issued financial statements due to errors. Misstatements identified by the auditor as well as restatement of financial statements are indications that control deficiencies exist in the internal control over financial reporting.

Preparation of the State’s Comprehensive Annual Financial Report is a large and highly complex undertaking that is performed by a very limited number of State staff. Documentation of certain individual processes exists; however, a comprehensive documentation of the overall process for the preparation of the CAFR does not exist. The limited number of staff involved in the preparation of the statements as well as a lack of written procedures constitutes a risk to the State over the preparation of the timely and accurate financial statements. Additionally, management and those in governance should implement controls which provide for adequate reviews of the financial statements, notes and RSI prior to the issuance of the statements.

Response to Finding Number 4:

The Finance Team has begun documenting all business process changes, with the help of our ENCOMPASS Implementation and Training Consultants (IBM and ENTAP), including those business processes that are CAFR related as we prepare to move from our current GEAC Mainframe Accounting System to the ENCOMPASS (Peoplesoft) System.

The Auditor’s Office has recently restructured its staff by combining the two small Accounting and Financial Reporting Divisions into a combined Finance Team. The Auditor’s Office has also recently added new staff with Accounting and Advanced Accounting degrees to this team in a planned shift from heavy Data Entry requirements of our current GEAC system, to a more robust analytical and reporting capability in the

ENCOMPASS System. The new staff members have the appropriate experience, knowledge, and skill sets to help the Team transform and meet the different challenges of our new ENCOMPASS System as well as meeting the recognized need for additional skilled staff supporting our CAFR efforts. As of the date of this response, 60 percent of the Finance Team members have advanced degrees with many years of accounting experience, and for the final vacant position on the Team, we are recruiting candidates with an advanced degree and a CPA or CMA certification. Once we have completed this final recruitment, the Finance Team will have doubled the number of staff with appropriate skills assigned to help work on the CAFR effort.

During this organizational and systems transformation, the Accounting and Financial Reporting (Finance) Team business processes are being structured in a manner that will include and require a minimum of an internal three step preparation and review process. For each task, we will have an assigned primary analyst member of the team who will gather and prepare statements or documents, a review analyst member of the team who will document their accuracy check of the work done by the primary analyst, and then a CAFR lead who will conduct an additional quality review as the CAFR is prepared. We are also cross training staff so that we have a 100 percent backup capability, as well as encouraging all staff to continue their education and certification processes.

Finding Number 5:

Statement on Auditing Standards No. 112 "Communication of Internal Control Related Matters Identified in an Audit" requires consideration of whether an Organization has personnel who are capable of preparing financial statements in accordance with accounting principles generally accepted in the United States of America in cases where the independent public accountant prepares the financial statements. The State Board of Accounts prepares certain proprietary fund financial statements both as a convenience to the Organization and because the Organization does not have personnel at the agency level who would be capable of preparing financial statements in accordance with the accounting principles generally accepted in the United States of America. The statements prepared included the Unemployment Insurance Fund which is presented as an enterprise fund, the State Employee Health and Disability Insurance funds, the State Police Health Insurance fund, and Administrative Services Fund which are presented as internal service funds.

Adequate controls over financial reporting should exist to ensure that the State's financial statements are properly presented in accordance with standards issued by the Governmental Accounting Standards Board.

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Compliance is required, as applicable, with generally accepted

accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1).

Response to Finding Number 5:

The Office of Management and Budget and the Office of the Auditor of State will be meeting to discuss recommendations for implementation. State Agency Accounting staff can request advice from the Auditor of State's Finance and Accounting Team members regarding controls, generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standard setting bodies.



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help
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Mitchell E. Daniels, Jr., Governor
State of Indiana

Indiana Family and Social Services Administration

402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

E. Mitchell Roob Jr., Secretary

March 27, 2008

Mr. Bruce Hartman
State Examiner
Indiana State Board of Accounts

Thank you for the opportunity to submit this corrective action plan to SBOA's SFY07 A-133 audit findings. FSSA particularly appreciates the timing accommodation SBOA has provided to allow the agency to thoroughly review the findings and develop a robust corrective action plan. Attached please find the agency's response to the findings and plan to address said findings.

Regards,

Sidney Norton
Chief Financial Officer

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FINDING 2007 – FSSA -1, MEDICAID GRANT REPORTING ERRORS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Sid Norton
Title of Contact Person: Chief Financial Officer, FSSA
Phone Number: 317-233-4451
Compliance Requirement: Reporting
Internal Control: Material Weakness

Status of Finding as of March 2008

1. Quality Assessment Fees for Medicaid participating nursing facilities are offset against claim payments processed through EDS, the fiscal agent. These offsets need to be reported in the State's financial records as an adjustment to correctly account for the federal funds. The adjustments were then carried over to the CMS-64. However the MAR reports from EDS reflect actual claim expenditures before non-claim specific adjustments. FSSA found this through reconciliation to the Medicaid forecast expenditure report that line 3 nursing facility expenditures were overstated. QAF assessment reporting processes for the CMS-64 were corrected after the QE 3/31/07 CMS-64 submission. Furthermore a clerical error on the 9/30/06 CMS-64 resulted in addition assessments being reported on line 4b ICF/MR incorrectly. FSSA will submit a Line 10B prior period decreasing adjustment for FFY 2006 to line 4B, ICF/MR, in the amount of \$192,015,568 and for FFY 2007 to line 3, Nursing Facility Services in the amount of \$69,648,321 and to line 4B, ICF/MR, in the amount of \$8,745,687. The adjustments will be included on the QE3/31/08 report to be filed by April 30, 2008.
2. DSH payments to acute care hospitals are processed through EDS and are reported as Line 1A, Inpatient Hospital Services – Regular Payments, on the MAR reports used to complete the CMS-64. FSSA must make adjustments to remove the expenditures from Line 1A and add to Line 1B Inpatient Hospital Services – DSH Adjustment Payments on the CMS-64. FSSA will submit decreasing adjustments to decrease Line 1A and increasing adjustments to Line 1B for any DSH payments not correctly reported in SFY 2007.
3. The federal expenditures on the CMS-64 will not necessarily equal the cash expenditures reported on the agency's grant schedule. Occasionally expenditures are added to the CMS-64 for CMS review prior to drawing federal funds. Prior quarter adjustments for expenses paid in prior periods may also be included. FSSA will review the CMS-64 submissions for SFY 2007 and compare to the agency's financial records to determine if any prior year adjustments or advance claims were made resulting in the difference between the grant records and the CMS-64.

New staff was assigned to the Medicaid area in SFY 2007 to improve Medicaid reporting including increased emphasis on timely filling of the report to allow time for management review.

At the beginning of SFY 2008, FSSA developed an executive summary form for use in the review process of the CMS-64. The Executive Summary provides a concise listing of items to be reported on the CMS-64 for the quarter. Prior to final submission the executive summary is matched to the total computable expenditures reported on the Summary page of the CMS-64. Use of the Executive Summary began with the QE9/30/07 submission and is now included in the narrative filed with the CMS-64 report. Procedures will be implemented beginning with the QE3/31/08 CMS-64 to forward DSH reporting sections to Myers & Stauffer, so they can concur that all DSH payments reported match to the payments calculated by Myers & Stauffer for the quarter.

No entries into the MBES CMS-64 reporting system will be made until items have been included on the Draft Executive Summary for the quarter and an e-mail response from the Director or a Deputy Director of Federal Funding approving the entries has been received.

FSSA is currently undergoing a reorganization of the Accounting Operations area, including the upgrading of the supervisory positions to individuals with advanced accounting credentials/experience and the assessment/redesign of existing policies and procedures. The control weaknesses identified in this report (lack of formal risk assessment, lack of communication of new transaction types or other reporting modification, lack of analytical review procedures and documented supervisory reviews) will be addressed and the changes incorporated into the new procedures as an integral part of this process by the new Medicaid supervisory staff.

FINDING 2007 – FSSA -2, INACCURATE GRANT ACCOUNTING RECORDS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Sid Norton
Title of Contact Person: Chief Financial Officer, FSSA
Phone Number: 317-233-4451
Compliance Requirement: Allowable Costs/Cost Principles, Reporting
Internal Control: Significant Deficiency

Status of Finding as of March 2008

FSSA is currently reconciling SFY2007 Medicaid Allot vs. Expends to federal expenditures recorded in FETS to determine the cause of the \$12.9M discrepancy. Any identified errors will be corrected on the agency's accounting records along with adjustments to FETS. Control procedures are being established to validate all entries into FETS to the detailed accounting records for each federal grant at the end of each month.

FINDING 2007 – FSSA -3, QUALITY ASSESSMENT FEE REFUNDS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Sid Norton
Title of Contact Person: Chief Financial Officer, FSSA
Phone Number: 317-233-4451
Compliance Requirement: Allowable Costs/Cost Principles, Reporting
Internal Control: Significant Deficiency

Status of Finding as of March 2008

Procedures were set in place at the beginning of the QAF program to make adjustments related to QAF assessment withholdings. After the procedures were established refunds of QAF assessments were processed and are reported in a separate section of the EDS report. The procedures to record assessments did not take into account QAF refunds which are made through a non-claim specific payout by EDS. Procedures will be modified to reduce offsets by the QAF refund amounts each quarter. In addition EDS will remove QAF assessment refunds from the MAR reports used to compile the CMS-64. FSSA will complete adjustments for prior refunds by reducing federal expenditure in the amount of \$5,193,387 in the agency's accounting records in April 2008. Prior quarter decreasing adjustment corrections will be made to the CMS-64 for the QE3/31/08 to be submitted by April 30, 2008. Procedures will be modified to reduce offsets by the QAF refund amounts each quarter. In addition EDS will remove QAF assessment refunds from the MAR reports used to compile the CMS-64.

FINDING 2007 – FSSA -4, REVIEW OF LONG-TERM CARE FACILITY AUDITS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Catherine Snider
Title of Contact Person: Compliance Manager, FSSA – OMPP
Phone Number: 317-234-2927
Compliance Requirement: Special Tests and Provisions 2 – Inpatient Hospital and Long-Term Care Facility Audits
Internal Control: Significant Deficiency

Status of Finding as of March 2008

Currently, the OMPP Program Integrity Unit conducts reviews of the Long Term Care audit reports. As indicated by the SBOA, one quarter of the audit reports were reviewed for the period June – December 2006. The OMPP believes that adequate reviews were being performed; however processes previously in place have been restored. Moving forward additional modifications to the electronic system and operational oversight methodologies will be made to tighten monitoring controls.

Clifton Gunderson maintains an electronic database which contains provider's risk level, last audit conducted, the number of adjustments and overpayments identified during the last audit. This information is reviewed during the approval process for audit schedules. Any questions are routinely submitted to the contractor for validation of the risk factors in place for providers.

This database will be enhanced to include additional variables such as the type of adjustments and aging details. OMPP will haphazardly select ten percent of their audit reports for review to validate the information maintained electronically. Some reviews will include a review of Clifton Gunderson work papers, draft report, final report and responses to effectively oversee the work product of the long term care audit contractor. Appropriate audit trail methodology will be incorporated into the oversight policies and procedures maintained by OMPP, Program Integrity staff.

FINDING 2007 – FSSA -5 ON-GOING PROVIDER FEDERAL EXCLUSION VERIFICATIONS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Catherine Snider
Title of Contact Person: Compliance Manager, FSSA – OMPP
Phone Number: 317-234-2927
Compliance Requirement: Special Tests and Provisions 4 – Provider Eligibility, Activities Allowed or Unallowed
Internal Control: Significant Deficiency

Status of Finding as of March 2008

OMPP continues to assess overall provider enrollment procedures performed by the Medicaid program's fiscal agent, including reviews of systematic versus manual methods to analyze control mechanisms in place for the provider enrollment function.

On-going manual review mechanisms of the federal OIG exclusion database have been limited for several reasons. Monitoring through review of all hard copy provider files routinely is resource prohibitive. Further, checking on the name of disclosed individuals of an entity may not be sufficient. Any provider name change or miss-key by a research analyst during random checks may fail to properly identify a match. As providers may be added to the exclusion database at any time, it has been known that an electronic method to routinely compare the extensive list of OIG excluded Indiana providers to enrolled Indiana Medicaid providers was needed.

To resolve these issues, Indiana has created an electronic file for all disclosed individuals which maintain sufficient identification data to systematically locate matches between files. User acceptance testing for Change Order 473 was reviewed and approved for production implementation for April 2008. As information is populated into this file, and with the addition of the National Provider Identifier, sufficient data will be accessible for cross-matching. The National Provider Identifier will be a key data element to reduce potential fraud or improper payments to excluded providers. The NPI element will follow a single health care provider through initial enrollment, movement across state lines, or modification and alteration of the individual or entity's name. This secures a trail for all states to facilitate closer monitoring of enrolled Medicaid providers. Reports will be generated to allow for comparisons between files. Appropriate actions will result to ensure that any matches are effectively confirmed and excluded providers dis-enrolled.

FINDING 2007 – FSSA -6, FACULTY PHYSICIAN ACCESS TO CARE ADJUSTMENTS

Federal Agency: Department of Health and Human Services
Federal Program: Medical Assistance Program
CFDA Number: 93.778
Auditee Contact Person: Catherine Snider
Title of Contact Person: Compliance Manager, FSSA – OMPP
Phone Number: 317-234-2927
Compliance Requirement: Allowable Costs/Cost Principles
Internal Control: Significant Deficiency

Status of Finding as of March 2008

OMPP believes that using estimates for the quarterly payments is reasonable based on the language in the state plan. Page 1c of section 4.19 B of the Indiana Medicaid State Plan indicates that the adjustments, "will be made quarterly in an amount *not to exceed* the lesser of billed charges or an amount equal to the difference between..." [Emphasis added]. The State Plan does not require that the amounts equal the calculation described, but that the quarterly payments do not exceed those amounts. If at any point, information becomes available which indicates that the interim payments exceeded the limit described in the State Plan, the provider is required to return the amount, in accordance with the Indiana State Plan and their provider agreement.

The faculty physician access to care adjustments is calculated annually based on incurred claims (claims for dates of service within the specified calendar year). Since providers have up to one year from the date of service to file claims, the annual reconciliations are necessarily delayed until the claims filing period has ended. The 2006 reconciliation is scheduled for completion by the end of March 2008, and the 2008 interim payments will not be made until the 2006 reconciliation is completed. As the reconciliation process is time intensive and the claims filing limit can cause a lag in calculating exact payments, estimation of the interim payments has been used to ensure timely quarterly payments to the providers.

The performance measures were applied in the calculation of the 2005 year-end reconciliation. Since the 2006 and 2007 interim payments were trended based on the 2005 payment amount, they would implicitly include the performance measures used for 2005. The final reconciliation will reflect the performance measures for the payment year.

OMPP does not maintain typical payment-specific state contracts with any provider. Other Indiana statutes control the type of agreement the agency maintains with a provider. In order to participate in Medicaid, providers enter into provider agreements as required by federal law (42 CFR 431.107) and state law (IC 12-15-11). Payments are governed by the state plan and rules, not terms in a contract such as would be applicable to a typical state-vendor relationship. It would be impossible to continually renew contracts yearly (or even every other year) for all Medicaid providers (approximately 36,000) and it would be impossible to project "do not exceed" amounts to insert into each contract. Many of the terms that one would find in a typical contract (amount of payment, methodology for payment) are found in state statute, rule or the state plan. There is no requirement in state law that Medicaid providers enter into separate

contracts with the agency. With respect to refund of any overpayments, the provider agreement addresses this in paragraphs 19, 20 and 22, imposing a requirement on the provider to repay any overpayments or federal disallowances. Please see the attached provider agreement template. Both providers receiving faculty physician access to care payments have entered into provider agreements with OMPP and are subject to the provisions of the agreement discussed above.

The Physician Faculty interim payments made quarterly are not advance payments. They are made quarterly, in accordance with the approved State Plan, during or after the quarter in which services are provided. As explained above, the payment amount is an amount "not to exceed" the limit described in the State Plan. If at any point, information becomes available which indicates that the interim payments exceeded the limit described in the State Plan, the provider is required to return the amount, in accordance with the Indiana State Plan and their provider agreement. Medicaid is required by CMS to make payments in accordance with the approved State Plan.

Since the estimated quarterly payments are calculated not to exceed the final reconciliation amount and, if an overpayment were to occur, the provider is required by their provider agreement to return any amount over the reconciled payment amount, OMPP does not believe that the federal share of these payments should be returned at this time.



Mitchell E. Daniels, Jr., Governor
Mary A. Edmonds, Deputy Director

Indiana Department of Child Services
Room W392 – MS50
402 W. Washington Street
Indianapolis, Indiana 46204-2739

317-232-4758
FAX: 317-234-5444

www.in.gov/dcs

Child Support Hotline: 800-840-8757
Child Abuse and Neglect Hotline: 800-800-5556

Bruce Hartman, State Examiner
State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, Indiana 46204

Dear Mr. Hartman:

This letter represents the Department of Child Services' response to outstanding issues noted on the Schedule of Findings and Questioned Costs. The matters discussed herein were brought to the attention of all effected management staff via an email sent on May 11, 2008. In addition, statuses of proposed action plans for matters discussed in this Schedule of Findings and Questioned Costs are attached.

We believe these actions are responsive to the findings of the review.

Sincerely,

Mary A. Edmonds
Chief Financial Officer
Department of Child Services



Protecting our children, families and future

DCS Audit Findings as of 3/24/2008

Finding 1996-FSSA-33 Fund Balances- Child Support Enforcement Fund

Federal Agency:	Department of Health and Human Services
Federal Programs:	Child Support Enforcement Program (IV-D)
CFDA Numbers:	93.563
Auditee Contact Person	Peggy Boggs
Title of Contact Person:	Financial Manager, Department of Child Services
Phone Number:	317-232-3450
Compliance Requirement:	
Internal Control:	

Status of Finding as of March 24, 2008

The balance in account 3510-150200 as of 3/24/2008 is \$1,514.21. We will continue the reconciliation process in an effort to bring the balance to zero. This is currently being done by the Child Support Accounting and Reconciliation unit. Processes and procedures are now in place to ensure that accounts performing similar purposes are reconciled periodically with the State's official accounting system. This finding remains open.

Finding 99-FSSA-7 ISETS Information Technology (IT) Controls

Federal Agency:	Department of Health and Human Services
Federal Programs:	Child Support Enforcement
CFDA Numbers:	93.563
Auditee Contact Person	Krishna Heyward
Title of Contact Person:	Controller
Phone Number:	317-234-5206
Compliance Requirement:	Special Tests and Provisions
Internal Control:	Significant Deficiency, Material Weakness

Status of Finding as of March 24, 2008

Accounting Procedures and Controls

Manual processes are in place to balance and reconcile child support receipts and disbursements processed at the State level. CSB has directed County offices to correct the inaccuracies of sub account balance, as required by Cooperative Agreements between CSB and the County offices.

Inaccurate tax intercept processing has been corrected by ISETS system edits that prevent duplication of files.

This aspect of the finding remains open because in accurate sub accounts balances on some of the county's cases. CSB staff will continue to work closely with the County offices on this issue by communicating with the counties via the field consultants, user meetings, newsletters and policy letters.

Cash Receipts Handling

Manual processes are in place to balance the cash accounts on a daily basis. Through the use of existing reports, funds that posted and disbursed using the ISETS system are reconciled to deposits and disbursements recorded in the State Auditor's accounts. System queries are used to regularly review financial transactions for accuracy. Discrepancies are researched, corrected and documented manually.

Manual processes are also used to reconcile accounts with the Auditor's fund accounts monthly. This aspect of the finding remains open until CSB reconciles the balance in the 3510-150200 account in order to bring the balance down to zero. The CSB Accountant continues to work on the reconciliation of this account.

Security

DCS has designated an ADP Security Manager: Kathee Saylor, Information Security Manager for FSSA.

IOT is responsible for performing Homeland Security analyses and COOP analyses annually for the ISETS system.

This aspect of the finding remains open as it is perceived that some County State users have more access than they need in various county systems. CSB will continue to review and monitor user IDs and profiles in the counties in order to limit access.

Child Support Data Supplied to the Welfare System

Transfer of referenced child support data to the welfare system has been corrected. The disbursement date is now used to pass data back to ICES, and this data is now displayed on the DECB screen in the system for the case. Considered closed.

Verification of Social Security Numbers

A verification process for SSNs with the Social Security Administration was completed in December 2000. On an automated basis, all child support participants are submitted for SSN verification to SSA. When ISETS receives the verification from SSA, the SSN is automatically coded in ISETS as VSSA (verified SSA). Considered closed.

Finding 2000-FSSA-1 Lack of and Improper Supporting Documentation

Federal Agency:

Department of Health and Human Services

Federal Programs:

Adoption Assistance Program

CFDA Numbers:	93.659
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

Status of Finding as of March 24, 2008

The draft manual section has not been released It has not been released because a structured policy and practice analysis is currently underway that will result in identifying gaps in practice and procedure which will result in the implementation of new policy and training. This will be finalized in the SFY 2008. AAP training is provided as one of the breakout sessions to the Foster Parent Conferences and has also been occurring in the different counties.

As a part of the analysis, changes to the Department of Child Services' (DCS) data system, ICWIS will occur. Currently DCS is working with ACF on a redesign to ICWIS to become SACWIS compliant. As a part of the redesign it is envisioned that the documents and forms required will be included in the data system with edits that will enforce the rules to assist in preventing these types of findings. The redesign effort will not be completed until July/August, 2008.

A monthly ICWIS tip of the day is currently being sent to all ICWIS users. These tips of the day will explain when adoption assistance forms need to be executed.

It has been determined that there is no reason for Central Office Child Welfare to receive a copy of the AAP agreement. State Board of Accounts needs the entire case to complete an audit not just the agreement. The case file is located at the local office, not central office. The entire case file is sent from the local office to central office so that SBC can complete the audit. Since there is no need for these forms in central office, this step will be eliminated thus eliminating the need for a new filing system. This finding remains open.

Finding 2000-FSSA-2 Overpayment of Adoption Assistance Subsidies

Federal Agency:	Department of Health and Human Services
Federal Programs:	Adoption Assistance Program
CFDA Numbers:	93.659
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Activities Allowed or Unallowed
Internal Control:	Significant Deficiency

Status of Finding as of March 24, 2008

The draft policy and procedure manual is in the process of development. The delay has been due to a structured policy and practice analysis at the same time as completing 'practice reform' in different sections of the State. The process that is currently underway will result in identifying gaps in practice and procedure which will result in the implementation of new policy and training. This will be finalized in 2008.

As a part of the analysis, changes to the Department of Child Services (DCS) data system, ICWIS is in the requirements building stage as a part of a redesign to ICWIS for SACWIS compliance. It is envisioned that the AA agreement will be completed in the ICWIS and the ongoing negotiated monthly payment will be validated through a new unit, the Centralized Eligibility Unit, prior to authorization. Upon finalization, the data system will automatically move the agreement from the foster care case to the adoption assistance case. Payments will be made against the amount that is in the agreement with edits that will enforce the rules to assist in preventing this audit finding. The redesign effort will not be completed until 2008.

The Centralized Eligibility Unit should be operational in 2008. At that time, some components of the above enhancement will be operational to assist in eliminating this audit finding.

The recommendation that a system of review to detect payments in excess of limitations is currently being designed (KIDTRAX).

Payment to the adoptive parent cannot be reduced unless all parties are in agreement through an amendment to the subsidy. This finding remains open.

Finding 2000-FSSA-3 Foster Care Provider Licensure

Federal Agency:	Department of Health and Human Services
Federal Programs:	Foster Care Program
CFDA Numbers:	93.658
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency, Material Weakness

Status of Finding as of March 24, 2008

The Department of Child Services is currently working on a system enhancement within ICWIS on the Resource and Licensing Modules. The licensing status will be clearly identifiable throughout ICWIS through the changes made within this enhancement. This enhancement should be completed in 2008.

The Department is in the requirements building stage as a part of the redesign effort for SACWIS compliance. One of the functional requirements in this redesign would send to the payment system the child's eligibility would be based on the new Licensing Status codes implemented in the Resource and Licensing Enhancement. This would dictate the correct account and sub account coder for generation of the payment and subsequent claiming when eligible and reimbursable for a licensed home/facility. If the foster home of facility is not licensed, the system will change the child's eligibility and the payment system would be required to pay out of a non-eligible account and sub account code thus not allowing federal reimbursement for the payment when and if made. The redesign effort including the payment system will not be completed until 2008. This finding remains open.

Finding 2000-FSSA-5 Child Support Enforcement Program Federal

Federal Agency:	Department of Health and Human Services
Federal Programs:	Child Support Enforcement Program (IV-D)
CFDA Numbers:	93.563
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Reporting
Internal Control	Significant Deficiency, Material Weakness

Status of Finding as of March 24, 2008

A number of the programming changes necessary to strengthen the accounting procedures and controls to ensure accurate and reliable federal reporting were put into production in July, 2004.

Manual processes are used to balance the accounts on a daily basis. The accounts are also manually reconciled on a monthly basis. Reports and database queries are used for these processes.

A file is received monthly from the State Auditor's office and is used to update the status of warrants on ISETS. Manual processes are also used to reconcile both outstanding and stale-dated state warrants to the ISETS database on an annual basis.

The corrections recommended in connection with the WEAAC224 report have not been completed because of the extensive nature of the ISETS enhancements required. DCS will need to modernize or replace the ISETS system in the next several years, and has chosen not to invest in this set of enhancements at this time because of these types of deficiencies in the system will be addressed through the modernization/ replacement of ISETS. This finding remains open.

Finding 2003-FSSA-1 Foster Care Payments

Federal Agency:	Department of Health and Human Services
Federal Programs:	Foster Care Program
CFDA Numbers:	93.658
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Activities Allowed or Unallowed, Reporting
Internal Control	Reportable Condition

Status of Finding as of September 30, 2007

FSSA Finance has completed an electronic claiming system. Child Welfare Claiming System (CWCS) for reimbursements to counties under Title IV-E, Assisted Guardianship and Title IV-A Emergency Assistance. During 2005, enhancements to CWCS were made to continue to improve FSSA efforts to audit claims for reimbursement prior to payment. These enhancements include the ability to search database for duplicate payments; ability to find and insert ICWIS ID and Vendor information to reduce data entry errors; user must check certification and certified amount for claiming; and institution/facility rates are now included in the system to reduce data entry errors. A monthly report is prepared for staff to identify possible duplicate payments from one payment source or the possibility of two programs paying for the same service. A manual electronic schedule of payments is currently available within the CWCS system so data can be imported into CWCS rather than being reentered. Since enhancements continue, this finding remains open.

Finding 2005-FSSA-4 PSC 272 Quarterly Reports

Federal Agency:	Department of Health and Human Services
Federal Programs:	Medicaid, Title IV-D
CFDA Numbers:	93.778, 93.563
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Reporting
Internal Control	Significant Deficiency

Status of Finding as of March 24, 2008

The PSC 272 reports were completed based on a new report in the FETS system identified as the "FETS-Schedule of Federal Financial Assistance". The report can be run utilizing date ranges and captures data included in the FETS transaction processing. The report breaks out Federal Assistance reporting by Grantor Agency/ PIN/ CFDA#/ Grant number/Start Balance/Deposits/Draws/Expenditures/End Balance/Account (fund center) with totals by Grantor Agency. The development within PeopleSoft of Project reporting in the future will create transaction queries or reports that will be utilized to

drive both deposits and expends that will be invoiced in PeopleSoft and tracked utilizing PeopleSoft Account Receivable module. The current reconciliation process is at fund center level utilizing the Cash Management Accountants prepared reconciliation to the "Expend vs. Allots" spreadsheets maintained and submitted by the Fiscal Account Managers by fund center. These spreadsheets are reconciled to the balances in FETS system by transaction type and various federal system PIN number balances on at a minimum on a monthly basis. The Cash Management reconciliation is reviewed by the Assistant Deputy Director of Cash Management. The Assistant Controller completes a summary reconciliation of AOS, the Allot vs. Expend report and FETS. This reconciliation is done monthly for all the fund centers. This reconciliation is reviewed by the Controller. This finding will remain open pending the PeopleSoft implementation in the ENCOMPASS project with AOS.

Finding 2005-FSSA-5 Schedule of Federal Financial Assistance – Reporting Errors

Federal Agency:	Department of Health and Human Services
Federal Programs:	Medical Assistance Program, Child Care Cluster, Social Services Block Grant, Temporary Assistance to Needy Families
CFDA Numbers:	93.778, 93.575, 93.596, 93.667, 93.558
Auditee Contact Person	Donna Sobecki
Title of Contact Person:	Assistant Deputy Director, CEU and Cash Management
Phone Number:	317-234-5686
Compliance Requirement:	Reporting
Internal Control	Significant Deficiency, Material Weakness

Status of Finding as of March 24, 2008

The A-133 Schedule of Federal Financial Assistance report was completed based on a new report in the FETS system identified as the "FETS-Schedule of Federal Financial Assistance". The report can be run utilizing date ranges and captures data included in the FETS transaction processing. The report breaks out Federal Assistance reporting by Grantor Agency/ PIN/ CFDA#/ Grant number/Start Balance/ Deposits/ Draws/ Expend/ End Balance/Account (fund center) with totals by Grantor Agency. The development within PeopleSoft of Project reporting in the future will create transaction queries or reports that will be utilized to drive both deposits and expends that will be invoiced in PeopleSoft and tracked utilizing PeopleSoft Account Receivable module. The current reconciliation process is at fund center level utilizing the Cash Management Accountants prepared reconciliation to the "Expend vs. Allots" spreadsheets maintained and submitted by the Fiscal Account Managers by fund center. These spreadsheets are reconciled to the balances in FETS system by transaction type and various federal system PIN number balances on at a minimum on a monthly basis. The Cash Management reconciliation is reviewed by the Assistant Deputy Director of Cash Management. The Assistant Controller completes a summary reconciliation of AOS, the Allot vs. Expend report and FETS. This reconciliation is done monthly for all the fund centers. This

reconciliation is reviewed by the Controller. This finding will remain open pending the PeopleSoft implementation in the ENCOMPASS project with AOS.



Indiana Department of Education

SUPPORTING STUDENT SUCCESS

March 24, 2008

Mr. Bruce A. Hartman
State Examiner
State Board of Accounts
Room E-418, IGCS
Indianapolis, IN 46204

Dear Mr. Hartman:

This letter is our response to the findings in your recent A-133 audit of federal programs administered by the Indiana Department of Education for the period July 1, 2006 – June 30, 2007.

FINDING 2007 – DOE – 1, SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE – REPORTING ERRORS

During our audit of the Department of Education (DOE), we found that disbursements on the Schedule of Federal Financial Assistance (Schedule) for the Child Nutrition Cluster was understated by \$84,218. The Schedule did not agree with the agency's supporting records. There was no review process in place to ensure that the Schedule was correct. This is a significant control deficiency.

We recommended that DOE implement adequate controls to ensure accurate and complete disclosure of financial information on the Schedule.

RESPONSE

We concur with this finding. USDA funding is handled in a manner that differs from USDOE funds. These differences lead to some misunderstandings as to what transactions should be included in the totals on the Schedule.

With the assistance of Matthew Stone, a corrected Financial Assistance Schedule for fiscal year 2007 has already been filed. He spent time meeting with staff and explained how to file the report correctly. We have developed procedures to ensure that future filings are in compliance with State Board of Accounts instructions for the Schedule.

We appreciate the assistance provided by the Board of Accounts examiners and the courteous and professional manner in which they conducted this audit. Please contact me if you have any further questions or comments.

Sincerely,

Dr. Suellen Reed
State Superintendent of
Public Instruction



INDIANA
WORKFORCE
DEVELOPMENT

March 20, 2008

Bruce Hartman, State Examiner
State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204

Re: **OFFICIAL REPONSE**

Audit Period: **Federal Programs: 07/01/06 through 06/30/07**

Dear Mr. Hartman:

Please find attached the Department of Workforce Development's (DWD) response and /or corrective action plan for the finding in the audit report for the period above. We believe this response, and the planned action described within, will resolve this finding. As usual, the Board of Accounts audit team performed this engagement in a professional and cooperative manner and we appreciate the assistance of your staff in completing this audit.

Please contact me at 232-7472 if you have questions about any of our planned actions. Thank you.

Sincerely,

Scott B. Sanders
Deputy Commissioner/CFO

Attachment

SS/SD

**STATE OF INDIANA
DWD
RESPONSE TO
Findings in the Audit Report for the period July 1, 2006 through June 30, 2007**

FINDING 2007-DWD-1 Inaccurate Reporting

Federal Agency:	U.S. Department of Labor
Federal Program:	Workforce Investment Act (WIA) Cluster
CFDA Number:	17.258, 17.259, 17.260
Auditee Contact Person:	Scott Sanders
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-7432
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

During our audit of the Indiana Department of Workforce Development (DWD) WIA Cluster grant, we found that ETA-9076A Statewide Activities – Financial Status Reports (FSR) and ETA-9076-C Local Administration – FSR's had inaccurate amounts reported. The amounts for the ETA-9076-A reports are obtained from the GA-17 report – Project Summary which is generated by DWD's accounting system. The ETA-9076-C report amounts are obtained from the GA-17 and from the local Regional Workforce Boards (RWB) aggregate submission of local activities expenditures on an Accrued Expenditure Report (AER).

Reporting errors were found on two of the FSR's in the quarter ending September 30, 2006 for WIA Local Youth Program Activities for funding years FY04 and FY06. Our review of the ETA-9076-C Local Administration – FSR for WIA Local Youth Program Activities for funding year F04 found that the amount reported for Total Federal Outlays was over reported by \$126,222. The review of the F06 ETA-9076-C Local Administration – FSR for WIA Local Youth Program Activities found that Total Federal Outlays were under reported by \$767,297. The AER's for each Regional Workforce Board (RWB) which are the supporting documentation for the FSR did not include the AER for the Indianapolis Private Industry Council WIB. The net effect of these errors for the quarter ending September 30, 2006 resulted in expenditures being under reported by \$641,075.

An error was also found on the WIA Statewide Rapid Response report for funding year FY04 for the quarter ending June 30, 2007. The Federal Outlays were under reported by \$150,875.

While DWD's Federal Grant Accounting division had controls in place to review the FSR's prior to submission to US Department of Labor they were not sufficient enough to prevent inaccurate reporting. This is a significant control deficiency.

28 CFR 66.20 provided that a State's financial management system must maintain accurate, current and complete disclosure of the financial results of financially assisted activities. Additionally, effective control and accountability must be maintained for all grant assets.

We recommend that the DWD implement additional internal control procedures to ensure the accurate preparation, approval and submission of the ETA-9076-A and ETA-9076-C FSR's.

Status of Findings:

DWD has followed up on each of the three issues addressed in this report.

- 1) Our research on the finding on ETA-9076-C Local Administration – FSR for WIA Local Youth Program Activities for funding year F04 Total Federal Outlays being over reported by \$126,222 showed that this was actually due to our policy of FIFO'ing funds. The problem was that we did not have the FIFO'ing entries in PeopleSoft at the time of the report. This error was corrected on subsequent reports to the USDOL prior to the SBOA Audit.

- 2) F06 ETA-9076-C Local Administration – FSR for WIA Local Youth Program Activities found that Total Federal Outlays were under reported by \$767,297. The AER's for each Regional Workforce Board (RWB) which are the supporting documentation for the FSR did not include the AER for the Indianapolis Private Industry Council WIB. We have discovered that, due to the requirement to split the Youth funding between In-school and Out-of-school Youth on the FSR, we have to arrive at these totals via a manual report and IPIC was over-looked in this process. We are looking into possible ways to get the numbers for this report directly from PeopleSoft in the future. Additionally, the error on this report was corrected on subsequent reports to the USDOL prior to the SBOA Audit.
- 3) An error was also found on the WIA Statewide Rapid Response report for funding year FY04 for the quarter ending June 30, 2007. The Federal Outlays were under reported by \$150,875. While a comparison between the report and PeopleSoft reflects an under reporting of our expense, this was not the case. The report to the DOL was in fact correct, as the total on the FSR was the total allowed for this program under our Grant, the totals in PeopleSoft, however, were incorrect. This is another issue of where our FIFO entries were not made in a timely manner. Expenditures that could have been charged to the FY05 period, and were subsequently moved to the FY05 grant, had not been moved at the time of the June 2007 reports and are currently in the process of being completed.

DWD is addressing these issues by:

- A. Adding a review to be completed in ARU to all financial reports that are submitted to a funding source.
- B. Incorporating FIFO actions into the monthly close activities to ensure timeliness of entries.



MITCHELL E. DANIELS, Jr., Governor
STATE OF INDIANA

DEPARTMENT OF HOMELAND SECURITY

J. ERIC DIETZ, EXECUTIVE DIRECTOR

*Indiana Government Center South
302 West Washington Street
Indianapolis, IN 46204
317-232-3980*

March 14, 2008

Bruce Hartman
Indiana State Board of Accounts,
302 W. Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Audit of US DHS Homeland Security Grant Programs, July 1, 2006 to June 30, 2007

Dear Mr. Hartman,

Thank you for the efforts of Michelle Cunningham and LaTrice Akers during the recently completed OMB Circular A1-133 audit of the Indiana Department of Homeland Security and its administration of US DHS Homeland Security Grant Programs. This letter is intended to acknowledge the items identified as audit findings and to provide our corrective action plan to address those deficiencies. This Corrective Action Plan involves the adoption of procedures which IDHS will apply to all federal programs which we administer.

After discussing the findings with the IDHS Controller, I believe the deficiencies can be traced to inadequate staffing in the Accounts Payable Section and to a failure to institute effective management controls over the agency's grant ledger. We will attempt to overcome the staffing shortfall by seeking to add an Accountant 3 position to Accounts Payable. We will then give that person ownership and accountability for the agency grant ledger. The IDHS Controller will draft and I will approve written procedures for the Accountant 3 position, the Accounts Payable Manager and the Controller in the firm determination not to have a repetition of these audit findings.

Finding 1 pertained to the federal Financial Status Reports (SF 269A). This finding noted that the grant ledger was not adequately maintained to permit a reconciliation between it and the quarterly federal financial status reports. In addition, no review and approval process was in place prior to filing of these reports. To correct this finding, I will seek the approval for an Accountant 3 position in Accounts Payable to report to the Accounts Payable Manager. The Accountant 3 would be primarily responsible for maintenance and balancing of the ODP Grant Payments spreadsheet in Excel. This spreadsheet, along with the Indiana Intelligence Fusion Center (IIFC) spreadsheet, must incorporate each and every transaction, claim voucher, travel voucher, payment, federal draw, Journal Voucher and ID bill that is processed for fund center 6000/154600, 6000/121400 and 6000/141280. These spreadsheets must be reconciled monthly between People Soft and the Auditor of State for accuracy and completeness. Each month, on the last day of the month, the A/P Manager will save an electronic copy of the spreadsheet under a file name according to that date. The A/P

An Equal Opportunity Employer

Manager's copy will be password protected and kept in a separate file as the back up verification of the data she has approved for filing on that date.

These spreadsheets will also be printed quarterly and a file copy retained by the A/P Manager to verify the reported amounts of the SF 269A. The IDHS Controller will verify the accuracy of the data based on the reconciliation of the spreadsheets before completing and submitting the Financial Status Report FSR 269A to US DHS. The balanced and reconciled spreadsheets will also be used in preparation of the Schedule of Federal Financial Assistance annually. These spreadsheets will be printed and attached to the Schedule of Federal Financial Assistance to support the information reported.

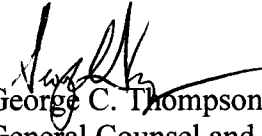
Finding 2 pertained to cash management. This finding noted that IDHS did not maintain accurate grant ledger records which resulted in an incomplete audit trail. To correct this finding, the IDHS Accountant 3 incumbent will calculate the amount of federal funds to be drawn every other Friday using the ODP Grant Payments spreadsheet. The calculation of federal funds to be drawn will be given to the Controller, supported by a print out of the disbursements for the grant. Excel spreadsheets, documenting the disbursements, will be attached to the Report of Collections to substantiate the federal draw.

Assigning sole responsibility to one person for accuracy and completeness will give that person ownership of the duties. A temporary employee, with this primary responsibility will be used until the Fiscal Department is authorized to hire a state employee for the proposed Accountant 3 position. The problems associated with using a temporary employee for this kind of responsibility are well known. Dependability, responsibility, accuracy, and ownership of the duties by a temporary employee are never going to be equal to a permanent state employee. Turnover by a series of different individuals will require constant training.

Thanks again for the assistance of the State Board of Accounts audit team in connection with these issues. We are grateful for your assistance in helping IDHS to bring these areas into compliance with OMB Circular A1-133 requirements and with State accounting standards.

Please feel free to call me at 232-3497 should you have any questions or continuing concerns.

Sincerely,


George C. Thompson
General Counsel and Director
Administrative Services Division
Indiana Department of Homeland Security

cc: J. Eric Dietz
Joseph E. Wainscott Jr.

Nancy Stevens
Caitlin Intermill
Marci Rautio

File: gt/md/ H/ Letter GCT to B. Hartman, Reply to 06-07 Audit of US DHS Homeland Security
Grant Programs, 3-08

STATE OF INDIANA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

Mitchell E. Daniels, Jr., Governor



Prepared by:

The Office of the Auditor of State

Tim Berry
Auditor of State

Room 240
State House
Indianapolis, Indiana 46204

Acknowledgments

This Comprehensive Annual Financial Report was prepared by:

The Office of Indiana Auditor of State, **Tim Berry**
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Maggie Qu-Henzman, MPA, Financial Analyst
Donna Richie, Accounting Supervisor
Jeni Sumawati, MS, Assistant Finance Director
Todd Tande, MBA, Director of Finance

We extend special thanks to all employees of State agencies throughout Indiana. Your cooperation and assistance in the preparation of this Comprehensive Annual Financial Report has been invaluable.

We also thank the Indiana Economic Development Corporation (IEDC) for providing the photos and narrative for this year's CAFR theme showcasing "Indiana as a great place to Live, Invest, and Build your Future", titled Indiana: Accelerating Your Business. Additional IEDC information about Indiana's economic climate, business costs, and business investment opportunities can be found on-line at: www.in.gov/iedc/

Visit our web site at www.in.gov/auditor/

Tim Berry was elected Indiana's 54th State Auditor in November of 2006, taking office January 1, 2007.

As Auditor, Berry serves as the Chief Financial Officer for the State of Indiana, compiling all financial reports, overseeing in excess of 6,000,000 distributions annually to vendors and units of local government. Tim Berry is committed to making state finances more transparent to all taxpayers, and to implement a state financial accounting system as a management tool to provide more efficient state government operations. Berry is also committed toward greater financial literacy for all Hoosiers and providing retirement education to public employees saving through the state's Hoosier Start Deferred Compensation plan. As Auditor, Berry serves as the administrator of this plan. During his inauguration speech Berry said, "As Auditor we won't often make headlines, but we will continue to listen – continue to lead – continue to make a difference for all Hoosiers".

Prior to his election as State Auditor, Tim served two successive terms as Indiana's 51st State Treasurer, first being elected in 1998. A fiscal conservative, Berry keeps taxpayers first in recognizing that taxpayers deserve a government that is equipped to do more with less, as Berry returned 13% of his budget appropriation back to the state general fund throughout his tenure.

As Treasurer, Berry earned a record \$1.7 billion through the prudent investment of Hoosier tax dollars. Through Tim's leadership Hoosiers saved millions of dollars in communities across the state through the efficient use of the Indiana Bond Bank. As Chair of the Wireless 911 Advisory Board, Indiana built the most advanced wireless 911 network in the country while providing over \$96 million to counties so that they could upgrade their 911 technology. As Chair of the Education Savings Authority, Berry worked to provide greater opportunities and incentives for families to save for college, and obtained legislation to provide a 20% tax credit up to \$1000 on contributions to a College Choice 529 Investment Plan. Additionally, Tim Berry led the effort to provide a creative solution to assist local communities with their unfunded police and fire pension liabilities, providing over \$50 million to cities across the state without increasing taxes between 2001 and 2006.

Tim Berry's leadership has been recognized by many across the country. He served as President of the National Association of State Treasurers and Chair of the College Savings Plans Network. Berry was awarded the Jesse Unruh Distinguished State Treasurer Award in 2005, the 2003 Presidential Award of Excellence by the Association of Public-Safety Officials, is the 2003 recipient of the American Heart Association's Heartsaver Award, was recognized for leadership by the State of Israel in 2003 through the State of Israel Bonds, and in 2000 the Indianapolis Business Journal recognized Tim with their "40 under 40" designation.



Tim Berry Indiana Auditor of State

Tim Berry is a 1980 graduate of Fort Wayne's, Wayne High School, and a member of Trinity English Lutheran Church in Fort Wayne. He serves as Treasurer of the Fishers Youth Hockey Association, and a coach in the Fall Creek Little League where his sons Ian and Colin both play. Tim holds a BS in Business Administration from Bowling Green State University and a MBA from Indiana University. Tim and his wife Kim are the proud parents of two sons, Ian and Colin. Kim has served since 2001 as the State Director of the Cystic Fibrosis Foundation.

**AUDITORS OF STATE
of
THE STATE OF INDIANA**

Term	Name	Politics
1816-1828	William H. Lilley	Party Unknown
1828-1829	Benjamin I. Blythe	Party Unknown
1829-1844	Morris Morris	Party Unknown
1844-1847	Horatio J. Harris	Party Unknown
1847-1850	Douglas Maguire	Whig
1850-1853	Erastus W. H. Ellis	Democrat
1853-1855	John P. Dunn	Democrat
1855-1857	Hiram E. Talbot	Fusion-"peoples"
1857-1861	John W. Dodd	Democrat
1861-1863	Albert Lange	Republican
1863-1865	Joseph Ristine	Democratic Union
1865-1869	Thomas P. McCarthy	Republican
1869-1871	John D. Evans	Republican
1871-1873	John C. Shoemaker	Democrat
1873-1875	James A. Wilder	Republican
1875-1879	Ebenezer Henderson	Democrat
1879-1881	Mahlon D. Manson	Democrat
1881-1883	Edward H. Wolfe	Republican
1885-1887	James H. Rice	Democrat
1887-1891	Bruce Carr	Republican
1891-1895	John O. Henderson	Democrat
1895-1899	Americus C. Daily	Republican
1899-1903	William H. Hart	Republican
1903-1905	David E. Sherrick	Republican
1905-1906	Warren Bigler	Republican
1906-1910	John C. Billheimer	Republican
1910-1914	William H. O'Brien	Democrat
1914-1916	Dale J. Crittenberger	Democrat
1916-1920	Otto Clauss	Republican
1920-1922	William G. Oliver	Republican
1922-1924	Robert Bracken	Democrat
1924-1928	Lewis S. Bowman	Republican
1928-1930	Arch N. Bobbit	Republican
1930-1934	Floyd E. Williamson	Democrat
1934-1938	Laurence F. Sullivan	Democrat
1938-1940	Frank G. Thompson	Democrat
1940-1944	Richard T. James	Republican
1944-1948	Alvin V. Burch	Republican
1948-1950	James M. Propst	Democrat
1950-1954	Frank T. Millis	Republican
1954-1956	Curtis E. Rardin	Republican
1956-1958	Roy T. Combs	Republican
1958-1960	Albert A. Steinwedel	Democrat
1960-1964	Dorothy Gardner	Republican
1964-1966	Mark L. France	Democrat
1966-1968	John P. Gallagher	Republican
1968-1970	Trudy Slaby Etherton	Republican
1970-1978	Mary Aikins Currie	Democrat
1978-1982	Charles D. Loos	Republican
1982-1986	Otis E. Cox	Democrat
1986-1994	Ann G. DeVore	Republican
1994-1998	Morris Wooden	Republican
1999-2006	Connie K. Nass	Republican
2007-.....	Tim Berry	Republican

STATE OF INDIANA

Comprehensive Annual Financial Report For the Year Ended June 30, 2007

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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo courtesy of the Indiana Economic Development Corporation



Indiana is a state where companies from across the nation and around the globe find the talent and resources they need to build success.

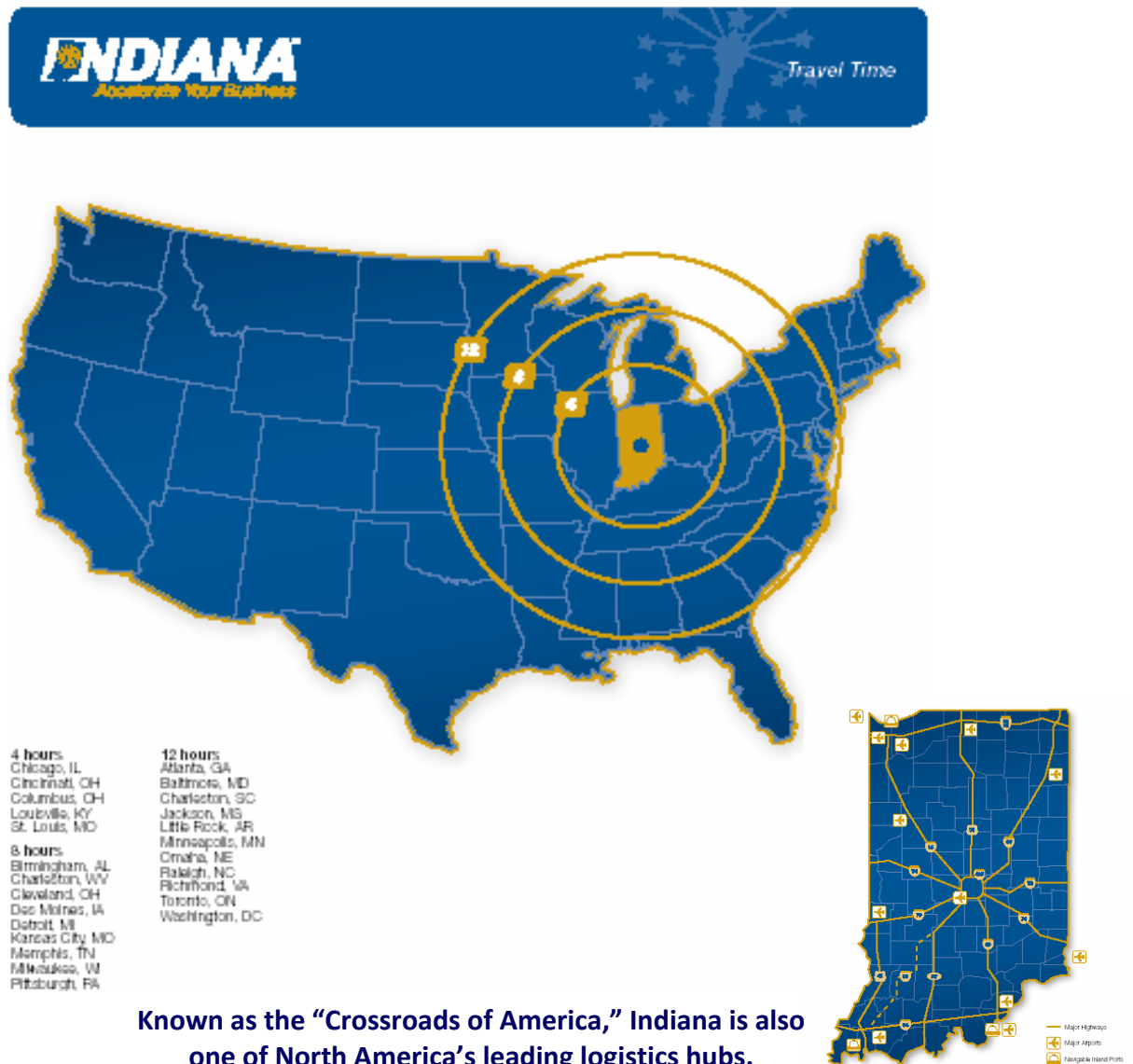
Indiana:

Accelerating Your Business

Located in the heart of the American Midwest, Indiana offers a **low-cost, pro-business environment** – including low utility costs, workers’ compensation and unemployment insurance rates – coupled with a highly skilled, educated and capable workforce.

The state is home to internationally known universities, nationally recognized research parks, and cutting-edge innovative businesses.

Indiana nurtures innovation and discovery through strong collaborations between universities, businesses and the government.



With eight interstate highways, three state-of-the-art international ports, and the second-largest FedEx hub in the U.S., Indiana offers companies a strong competitive advantage when it comes to reaching North American and global markets.

The IEDC aggressively seeks out job creating investments in all industries. However, the state places special emphasis on life sciences, advanced manufacturing, motor sports, transportation, distribution and logistics, information technology, value-added agriculture, insurance and financial services, and film. For example:



- ☛ Indiana has the second highest concentration of biopharmaceutical jobs in the country, second only to New Jersey, and the fifth largest pharmaceutical industry in the United States, in terms of sales, shipments, receipts and revenues.
- ☛ Indiana is home to life science industry giants such as Eli Lilly and Company, Biomet, Cook Group, Inc., Roche Diagnostics, and Zimmer. More than 578,000 Indiana jobs – one in nine of all jobs in the state – are directly or indirectly tied to the life sciences and health care industry.
- ☛ Indiana’s manufacturing industry – including such companies as Cummins, Eli Lilly and Company, Pfizer and Rolls-Royce – lead the nation in innovation and industry best practices.
- ☛ Each year, 724 million tons of freight travel through Indiana – everything from heavy commodities to finished goods to sensitive documents -- making us the 5th busiest state for commercial freight traffic; Indiana is home to more than 8,600 TDL-focused businesses, employing more than 250,000 workers.
- ☛ Indiana is home to more than 1,200 motor sports companies and the world’s largest races of their kind: the Indy 500, the “greatest spectacle in racing”; the Allstate 400 at the Brickyard, one of NASCAR’s premier events; and the U.S. Nationals, the NHRA National Championship.

Indiana is also a global hub of international investment and manufacturing. International companies in Indiana employ more than 18 percent of Indiana’s manufacturing workforce. Indiana’s key investment partners include Japan, the United Kingdom, Germany, and France.

Thanks to new initiatives and legislative successes, businesses find Indiana increasingly attractive for new investments.

Recent adoption of state-of-the-art telecommunications legislation has led to major new investments in broadband and fiber optics across the state. Key components of this reform include deregulation in the areas of broadband and commercial mobile services, as well as provisions enabling statewide video (cable) franchising.

By eliminating barriers to investment in telecommunications and fiber-optic infrastructure, Indiana has paved the way for job creation in this key industry. In just the past year alone, AT&T has announced plans locate three new call centers in the state, creating more than 1,400 new jobs.

Indiana also is embarking on a massive \$12 billion infrastructure investment program as one of the country's largest ever monetization of public infrastructure. The Major Moves Program calls for billions in construction on new and improved roads, bridges and other transportation infrastructure.



This program will not only improve Indiana's current transportation infrastructure by making it easier to move products to market, but it promises to help attract new businesses, industries and jobs to the state.

Indiana's 76 world-class colleges and universities also play a significant role in making the state a leader in the life sciences – from helping mold young minds to nurturing new industries through research and incubation programs.

Indiana's business growth is also fueled by strong collaborations between Indiana's universities, private industry, and the state's public sector. This progressive environment involving Indiana's leading universities – such as Ball State University, Indiana University, Purdue University, Rose-Hulman Institute of Technology, the University of Notre Dame, and many others – has made Indiana a leader in biomedical innovation, alternative energies, information technology and nanotechnology.

Indiana's universities have a long history of accolades:

- ☛ Ball State University was named one of 13 “Institutions of Excellence in the First College Year” by the National Policy Center.
- ☛ Purdue University ranked among the top 25 public universities nationally, and its undergraduate programs in engineering and business are among the best in the nation, according to *U.S. News & World Report*.
- ☛ DePauw University was ranked eighth among more than 800 liberal arts colleges as a source of top business executives, according to Standard & Poor's and is a top source for Fortune 500 CEOs.

Indiana at a Glance

- ☛ Known as the “Crossroads of America,” Indiana has more than 11,000 total highway miles and is intersected by eight interstate highways – more than any other state in the nation.
- ☛ Indiana is located within a half-day's drive of more than 20 major metropolitan markets.
- ☛ Indiana nurtures innovation and discovery through collaborations between universities, businesses and the public sector.
- ☛ Indiana has three state-of-the-art international ports – each a Foreign Trade Zone – located on two major inland waterways.
- ☛ Indiana has the 12th most business-friendly tax system in the U.S., according to a recent report by the Tax Foundation.
- ☛ Indiana's housing costs are among the most affordable in the nation.
- ☛ Indiana has major facilities for air cargo and package services, including the nation's second-largest FedEx hub, located at Indianapolis International Airport.
- ☛ Indiana is home to 76 world-class colleges and universities.
- ☛ Rose-Hulman Institute of Technology was named by *U.S. News & World Report* as the best undergraduate engineering school in the nation.

Several Indiana cities rank among the nation's best locations for entrepreneurial development.

Indiana also offers an array of incentives for innovative, high-growth businesses, including the 21st Century Research and Technology Fund, which provides capital to help businesses commercialize advanced technologies in Indiana.

The state also offers one of the highest state research and development sales tax credits in the United States, which provides an exemption to companies on the amount they paid in state sales taxes

on research and development equipment. Indiana also supports entrepreneurial firms by offering a broadening base of private venture capital to help nurture growing companies.

In 2007, Indiana created a state tax exemption on some income derived from federal patents for new technology or processes. Under the law, qualified utility and plant patents are exempt from taxation on certain income derived from patents, a move which is designed to spur additional patent activity within the state.



(Photo courtesy of the Indiana Economic Development Corporation.)

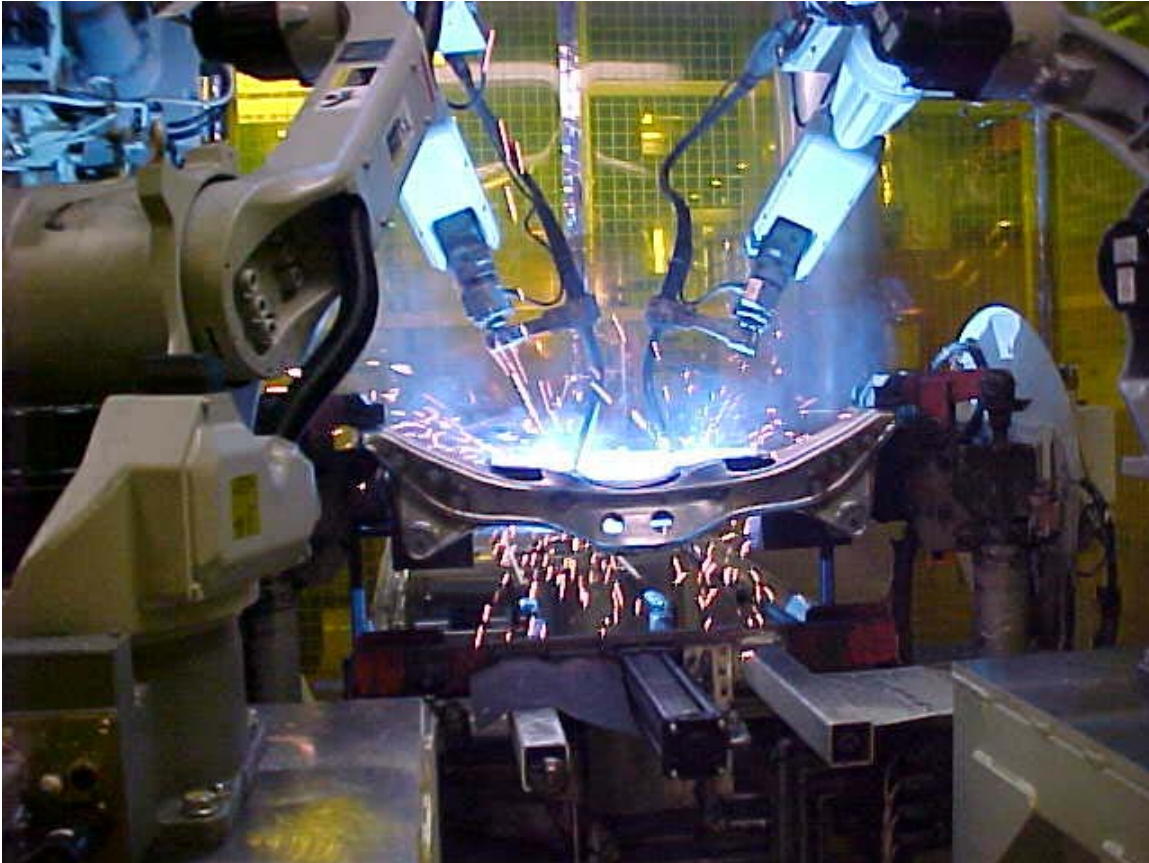
Indiana offers small-town comfort, big-city excitement, or college-town entertainment. Housing costs are among the most affordable in the nation. Indiana has one of the highest rates of home ownership and Indianapolis is more affordable than any other major U.S. metropolitan area.

The state also offers a wide variety of state-managed programs, incentives and assistance for companies that are investing and building in Indiana.

**When you add it all up, Indiana is a great place to live,
Invest, and build your future.**

Advanced Manufacturing

Indiana is a proven leader in advanced manufacturing. From motor vehicle production to innovative electronics, leading manufacturing firms from across the country and around the world have chosen Indiana for their plants and corporate offices.



(Photo courtesy of the Indiana Economic Development Corporation.)

Indiana's key advanced manufacturing industries are:

- Motor vehicles, parts, and transportation equipment
- Metals, machinery
- Plastics and rubber
- Chemicals
- Food products
- Furniture
- Computers and electronics

More than 11,000 manufacturing plants employ more than 700,000 Indiana workers – making manufacturing a key sector of the state's economy.

Life Sciences

Intellectual capital, public support, academic partnerships, workforce excellence, and business and industry collaborations are the driving force behind Indiana's life sciences industry.



ZIMMER, INC., WARSAW INDIANA

(Photo courtesy of the Indiana Economic Development Corporation.)

For more than a century, Indiana has been a center of innovations in the life sciences, pharmaceutical and medical device industries. Indiana today boasts the second-highest concentration of biopharmaceutical jobs in the nation and the fifth largest pharmaceutical industry in the country, in terms of sales, shipments, receipts and revenues.

About 18 percent, or \$69 billion, of Indiana's economic output is tied to the life sciences industry. More than 578,000 Indiana jobs – one in nine of all jobs in the state – are directly or indirectly tied to the life sciences and health care industry. Central Indiana alone is home to a \$13.6 billion global life sciences sector.

Pharmaceutical and medical device industry leaders like Eli Lilly and Company, Zimmer, Biomet, and DePuy Orthopedics are based in Indiana. The state is also home to WellPoint, a health insurance underwriter; Roche Diagnostics, the top medical diagnostics company in the world; and the Regenstrief Institute, which is the world's largest database of electronic medical records.

Motorsports

Indiana is where motorsports and automotive companies from around the globe find the talent and resources they need to build success.

Indiana's century-long racing heritage, history of hosting high-profile racing events, and world-class facilities are among the reasons why the state is home to hundreds of motorsports companies that employ thousands of Hoosiers. Indiana is today one of America's leading motorsports and vehicle production hubs.



RUNNING OF THE INDIANAPOLIS 500, INDIANAPOLIS, INDIANA
(Photo courtesy of the Indiana Economic Development Corporation.)

Indiana currently is home to more than 60 motor vehicle race tracks and more are being designed and constructed. Overall, the state is home to more than 1,200 motorsports companies, with a large majority centered in Central Indiana. Indiana's past heritage and current position are even reflected in the state's business motto: "Accelerate your Business."

Indiana has been the focus of racing and vehicle production since 1909, when four local businessmen built a vehicle test track in Indianapolis. Since 1911, the 2½-mile oval – now known the world over as the Indianapolis Motor Speedway – has annually hosted the Greatest Spectacle in Racing®, the world-famous Indianapolis 500 Mile Race.



NASCAR MOTORSPORTS

(Photo courtesy of the Indiana Economic Development Corporation.)

The track has hosted an annual NASCAR stock car race since 1994, and was home to the U.S. Grand Prix Formula One race from 2000-2007. Indiana also is home to the U.S. Nationals – the NHRA National Championship – as well as hundreds of other open-wheel, stock, and other motorsports events every year.

Indiana at a Glance / Motorsports

- Indiana is home to the world's largest races of their kind: The Indianapolis 500 Mile Race, the Greatest Spectacle in Racing®; the AllState 400 at the Brickyard, one of NASCAR's premier events; and the U.S. Nationals, the NHRA National Championship.
- Major Moves, a comprehensive infrastructure investment program, will fund \$12 billion in state road and economic growth projects over the next 10 years.
- Honda's 2006 decision to locate a Civic sedan assembly plant in Greensburg, Ind., was named one of North America's Top Deals in 2006, according to the March 2007 *Site Selection* magazine.
- Indiana's Venture Capital Investment tax credit boosts start-up and emerging companies with critical growth capital.



NO 17 TEAM ETHANOL CAR, INDIANAPOLIS, IND.
(Photo courtesy of the Indiana Economic Development Corporation.)

International Indiana

Indiana is a global hub of international investment, manufacturing, and business operations and the links between Indiana and the state's key international partners are strong and thriving.

Indiana ranks first in the nation in production jobs created, second in the nation in the total number of jobs created, and second in R&D job created by international investment, according to a 2007 report by IBM's PLI-Global Location Strategies service.

More than 139,000 Indiana workers are employed by approximately 500 international companies, including more than 83,000 employees involved in international manufacturing companies. Indiana's key investment partners include Japan, the United Kingdom, Germany and France.

More than 220 companies from Japan – including Toyota, Honda, Subaru (Fuji Heavy Industries), Aisin, Mitsubishi, Sony, and Hitachi – are located in Indiana. Japanese businesses have invested more than \$9.3 billion in the state's economy and employ more than 42,000 Hoosiers. Indiana ranks first in terms of employment by Japanese firms relative to other Midwestern states, according to the 2006 Japanese Direct Investment Survey released by the Japan Consulate General in Chicago.



TOYOTA MOTOR MANUFACTURING, PRINCETON, IND.
(Photo courtesy of the Indiana Economic Development Corporation.)

Indiana is home to North America's only Subaru assembly plant, Aisin's North American headquarters, a Toyota assembly plant with the capacity to produce 310,000 vehicles annually, and a new Toyota-Fuji Heavy Industries joint venture in Lafayette, Ind. Honda is currently building a new automotive assembly plant in Greensburg, Ind.



For Toyota, the road has been wide open for growth in Indiana.

-Seizo Okamoto,
chairman, Toyota Motor
Manufacturing, Indiana

Since 2005, 28 Japanese businesses have chosen Indiana to locate or expand their business, investing more than \$1.3 billion in new capital investment and committing to create nearly 5,500 new Indiana jobs. In addition, Indiana's exports to Japan have grown by 18 percent in the last five years.

Some 70 companies from the United Kingdom – including BP, Rolls-Royce, Tomkins, BAE Systems, Rexam, GKN and others – have chosen Indiana for their plants. U.K. companies employ nearly 32,400 Indiana residents and have invested almost \$9.8 billion in the state – placing Indiana fourth among states for U.K. investment. The Rolls-Royce aviation facility in Indianapolis, for example, is the company's largest manufacturing facility outside of the United Kingdom, employing more than 4,000 workers.

U.K. investment in Indiana continues to grow. In 2006, British Petroleum invested \$3 billion in upgrading its Whiting, Ind., oil refinery – one of that year's biggest European investments in America.

The United Kingdom also is Indiana's third largest export market. Indiana exports to the U.K. now approach \$1.9 billion annually.

Indiana also is home to nearly 80 German companies, which have located manufacturing or production operations in Indiana. These companies employ more than 25,000 Indiana residents and have invested \$9 billion here. In the last five years, Indiana's exports to Germany have grown by about 40 percent.

From motor vehicle production to electronics manufacturing to life sciences, German manufacturing leaders – including Robert Bosch, Freudenberg & Co., Osram, Bayer, Siemens and ThyssenKrupp – have chosen Indiana for their plants. GETRAG, a German-based

transmission manufacturer, is currently building a new \$450 million plant in Tipton County.

The State of Indiana actively works to court international investment and Governor Mitch Daniels has made international investment a cornerstone of the state's economic game plan. The Governor has led three international missions to encourage expanded relationships between Indiana and international companies, establish new investment partners for Indiana, and renew the state's historic relationship with the people of our major trading countries.

In 2005, Governor Daniels led a state business development trip to visit companies and officials in Taiwan and Japan. In 2006, he led a delegation to Japan and South Korea. And in 2007, the Governor led trips to Germany and the United Kingdom and, later, Japan.

Those trips have helped spur millions of dollars in new investment and thousands of new jobs in Indiana.

Following the trips to Japan 2005 and 2006, Indiana became home to the new Toyota-Fuji joint venture assembly line in Lafayette that employs about 1,000 people. The Governor returned early from his 2006 trip to Japan and South Korea to join Honda executives to announce that Greensburg, Ind., would become home to the company's new North American automobile plant. That facility, now under construction, will employ 2,000 workers when production begins in 2008.

During the 2007 trip to Europe, UK-based metal treatment company Keronite announced plans to locate its first U.S. operations in Indiana. The transcontinental investment will create 25 new jobs and bring more than \$1.5 million in capital investment to the company's new facility in Greenwood, Ind. GETRAG also announced plans to build its new transmission factory in Indiana within weeks of the European trip.

The Indiana Economic Development Corporation operates an International Division which is charged with attracting global investment in Indiana. This effort is supported by field offices in five international capitals: Tokyo, Berlin, Taipei, Beijing and Sydney. These offices focus principally on identifying investment opportunities with international companies. Each office has a corresponding geographic international development manager located in Indianapolis to facilitate communications between companies and overseas office staff.

The IEDC understands the need to work at the speed of business, not bureaucracy.

— Tom Easterday, Senior Vice President, Secretary and General Counsel, Subaru of Indiana Automotive, Inc.

Indiana is positioned to become even more of a destination of choice for international investment. Recent new initiatives and regulatory changes including state of the art telecommunications reform and massive \$12 billion infrastructure

investment program involving improvements to roads, bridges and airports – will make Indiana more attractive for firms that rely on information networks or efficient transportation.

These changes – combined with Indiana’s central location in the heart of the Midwest, historically business-friendly environment, and skilled and reliable workforce – add up to global success for international business.

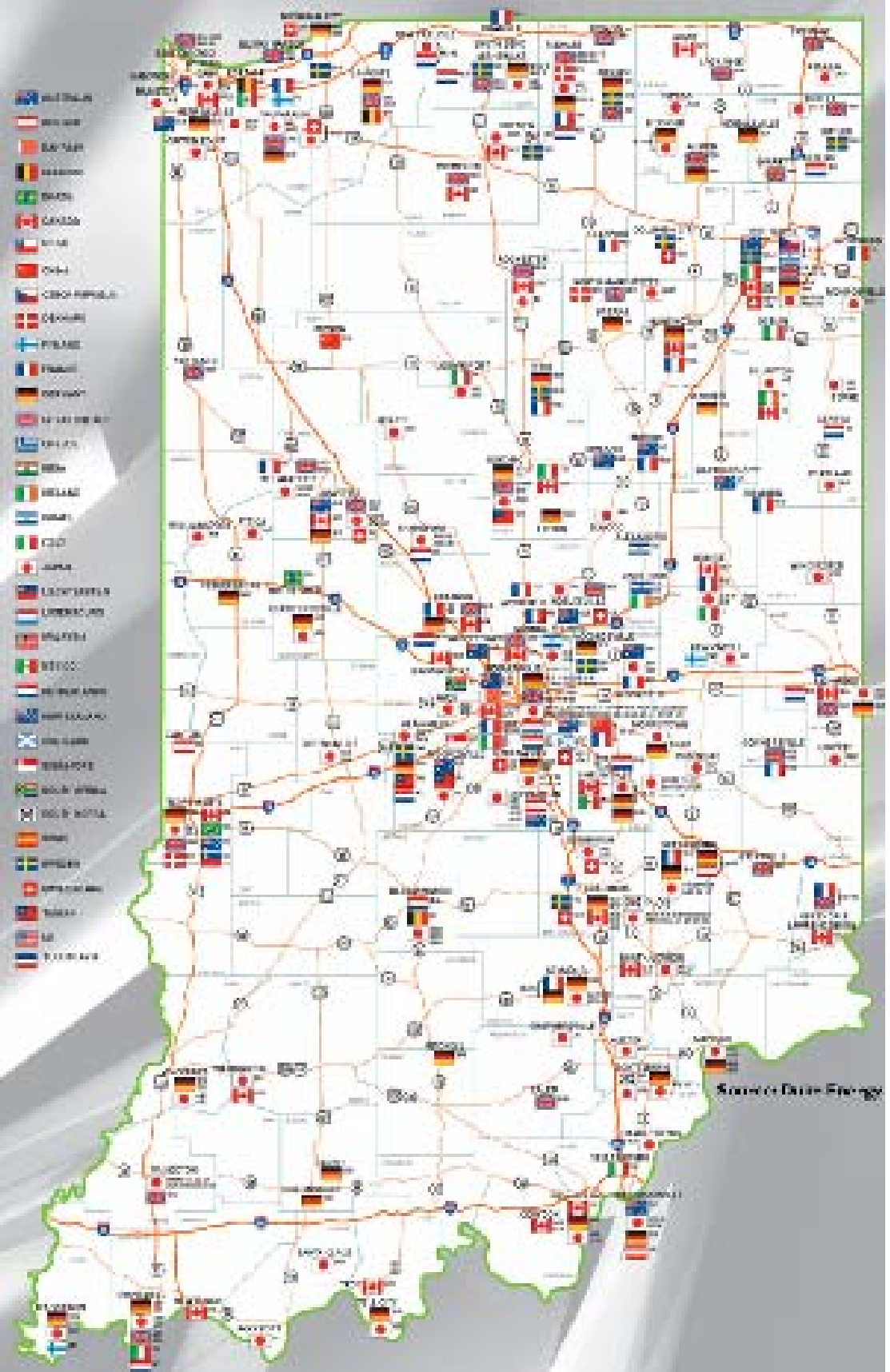
The Office of International Development has established 5 international offices in strategic locations throughout the world. Each office has a corresponding geographic international development specialist located in Indianapolis to facilitate communications between companies and overseas office staff. Indiana representative offices are located in: Australia, China, Europe, Japan and Taiwan.



Indiana at a Glance / International

- International companies in 2005 alone invested more than \$34 billion in Indiana.
- In 2005, European firms invested more than \$22 billion in Indiana.
- Indiana is the 10th highest exporting state.
- Indiana ranks second in the nation in the total number of jobs created by international investment, behind only Texas, according to a 2007 report by IBM’s PLI-Global Location Strategies service.
- Indiana ranks first in the nation in the total number of production jobs created by international investment, according to by IBM’s PLI-Global Location Strategies service report.
- Indiana ranks second in the nation in the number of Research & Development jobs created through international investment.
- Indiana’s exports to the world grew 47 percent between 2000 and 2005, increasing from \$15.3 billion to \$22.6 billion, according to the International Trade Administration.
- With 134,000 Indiana residents working abroad for U.S. subsidiaries of companies headquartered out of the United States, Indiana ranks 14th in terms of the number of in-sourced jobs.
- The Rolls-Royce facility in Indianapolis is the company’s largest manufacturing facility outside of the United Kingdom.

Indiana Companies With Foreign Investment



Quality of Life

Indiana makes you feel right at home, whether you prefer small-town comfort, college-town variety, or big-city excitement.

Indiana is the proud home to five vice-presidents, three rock stars, and more than 1,100 species of plants. Indiana's charm stretches from the shores of Lake Michigan to the banks of the Ohio River. In-between are covered bridges, more than 200 archeological sites, and the nation's first highway. We have award-winning architecture, big-city shopping, and small town friendliness.



INDIANA DUNES

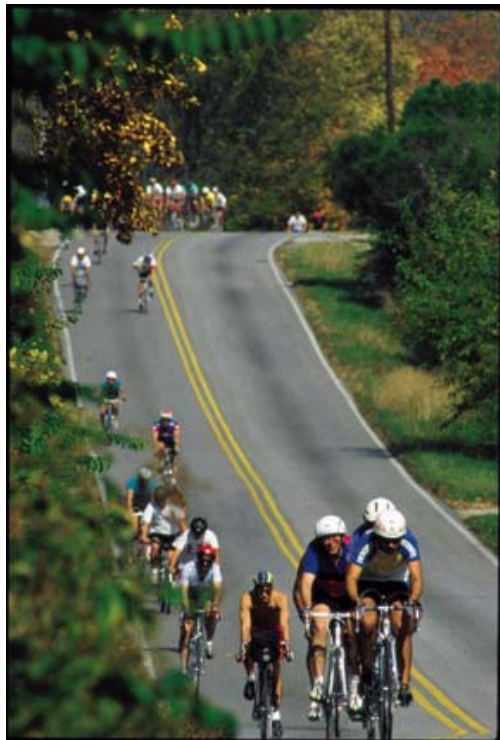
(Photo courtesy of the Indiana Economic Development Corporation.)

We have a Superbowl champion football team, and one of the world's finest symphony orchestras. We are home to the nation's largest metropolitan park, one of the world's most recognizable auto races, and the largest mini-marathon in the country.

We have over 50 miles of rugged terrain along Knobstone Trail in southern Indiana and the exotic springs of French Lick, in southwestern Indiana. We have a quaint Antique Alley in eastern Indiana and existing riverfront casinos along Lake Michigan and the Ohio River.

And wherever you are, Indiana residents enjoy one of the nation's lowest costs of living and highest rates of home ownership.

And this is only the beginning.



INDIANA BICYCLISTS

(Photo courtesy of the Indiana Economic Development Corporation.)

The capital city of Indianapolis lies at the heart of the state. A thriving metropolis of nearly 1 million people, Indianapolis anchors a metropolitan area that encompasses 10 counties and more than 1.8 million people. The area is a major economic and retail driver, offering all the economic opportunity and excitement of a big city, tucked into an affordable, livable, convenient community. Indiana offers residents and visitors thriving nightlife and high-end shopping. The city is home to the world-class Indianapolis Symphony Orchestra, the Children's Museum of Indianapolis, and the Indianapolis Museum of Art.

Indianapolis is home to state government, Superbowl XLI Champion Indianapolis Colts, and the Indianapolis Motor Speedway. Notable city residents have included Benjamin Harrison, the 23rd President of the United States; television personalities Jane Pauley and David Letterman; composer Hoagy Carmichael; basketball legend Oscar Robertson; R & B music recording superstar and producer Kenneth "Babyface" Edmonds; and authors James Whitcomb Riley, Booth Tarkington and Kurt Vonnegut, Jr.

Just east of Indianapolis, the prehistoric work of Native Americans is on display at Mounds State Park in Anderson, Ind. Anderson further celebrates the arts at the Paramount Theatre, built in 1929 and features the décor of 16th century Spain. Only a few miles further east, excitement lurks in the interactive exhibits of the Muncie Children's Museum.

Contemporary art, historical monuments, and one-of-a-kind museums are only a few of the treasures contained in northeastern Indiana. The Fort Wayne Museum of Art features the contemporary art of fresh artists, while the Auburn Cord Duesenberg Museum in Auburn, Ind.,

celebrates an older form of art with more than 100 vintage and classic cars. American history is honored through the Lincoln Museum and World War II Victory Museum, while Indonesian Rainforest and Australian Adventures are available at the Fort Wayne Children's Zoo. Arts and animals are part of what makes northeast Indiana continually attractive.

Moving west, towards Chicago, is the University of Notre Dame, which offers enlightenment and tradition to students and visitors with its history of academic

and athletic accomplishment. Nearby is Nappanee, Ind., home of the Riegsecker Marketplace and Farmstead Antique Gallery, which provide glimpses into the 300 year-old Amish lifestyle and tours of an 80-acre Old Order Amish farmstead. These features prove the tradition of Indiana is alive and well. Further west, more than forty miles of beaches and dunes line the Michigan Lake shoreline, the center of a bustling manufacturing, commercial and logistics hub, located just minutes away from the spires of Chicago.



NOTRE DAME GOLDEN DOME

(Photo courtesy of the Indiana Economic Development Corporation.)

Western Indiana offers roller coasters and wild wolves. Indiana Beach of Monticello is home to more than 30 amusement rides and millions of memories. While Wolf Park, a reserve dedicated to the research of wolves, allows visitors to encounter and learn about the animals hands on. Purdue University, located in West Lafayette, Ind., is home of the Boilermakers and nationally acclaimed educational research facilities. Nearby is the thriving city of Terre Haute, Ind., home of Rose-Hulman Institute of Technology. Farther south is Parke County, home to the nation's largest number of historic covered bridges.

Southern Indiana is home to the state's labyrinths, casinos, and folk lore. New Harmony, Ind., features an historic 19th century downtown, including galleries, shops, arts and gardens, all located along the banks of the Wabash River. Evansville, Ind., holds the same charm in its Reitz Home Museum, a product of the Victorian era, which features French Second Empire architecture. Evansville's riverfront also reveals the regional gem of Casino Aztar, which offers thousands of lucky prospects.

Upstream and east from Evansville uncovers more of Indiana's exciting attractions. Wineries and water parks unite Hoosiers of all ages. Santa Claus, Ind., is the home to Holiday World theme park, bursting with internationally renowned roller coasters. Further upstream awaits historic spas, and dark caverns. The famous French Lick Springs Resort and West Baden Springs have offered more than 100 years of mineral baths and spa serenity. Adventures abound at the Myst'ry River Voyage of the Bluespring Caverns. Bedford, Ind., is the center of Indiana's limestone industry, while nearby Bloomington, Ind., is home to Indiana University.



INDIANA UNIVERSITY GATE

(Photo courtesy of the Indiana Economic Development Corporation.)

Southeastern Indiana holds ever more charms. The Ohio River Scenic Byway stretches for miles, giving visitors beautiful views of the Ohio River. Madison, Ind., features 19th century architecture, a downtown historic district, and several wineries. Southern Indiana's waterfalls, gorges, and streams are available for everyone to enjoy at Clifty Falls State Park. Meanwhile, more fun is to be had at close by Grand Victoria Casino Resort and Belterra Casino Resort and Spa.

This is only a sample of what makes up Indiana: From small towns to thriving cities, wooded trails to flashing lights, Indiana has it all.

Indiana at a Glance / Quality of Life

- Indiana is one of the least expensive places to live in the nation with housing costs well below the national average.
- Indianapolis is the most affordable major housing market in the nation, according to the February 2007 Association of Home Builders/Wells Fargo Housing Opportunity Index.
- Indianapolis is one of the 50 "hottest" cities in the U.S.
- Indiana is home to the College Football Hall of Fame (South Bend, Ind.), the largest Children's Museum in the nation (Indianapolis), the Indianapolis Museum of Art, and the Lincoln Museum (Fort Wayne, Ind.), which houses the largest collection of Lincoln artifacts in the nation.
- Indianapolis ranks 23rd in the nation in terms of arts destinations.
- Of the world's top 100 theaters, based on ticket sales, three are in Indiana:
 - Murat, (Indianapolis), 21st
 - Star Plaza Theater (Merrillville, Ind.), 28th
 - Morris Performing Arts Center (South Bend, Ind.), 38th
- Indiana is home of the NFL Super Bowl XLI Champion Indianapolis Colts.
- Indiana is home to the Greatest Spectacle in Racing[®], the Indianapolis 500 Mile Race.
- Kokomo, Ind., is one of the top 25 most affordable towns in the U.S.
- Madison, Ind., and Nashville, Ind., ranked fourth and sixth, respectively, in the "Top 100 Best Small-Town Getaways," as chosen in the May 2007 issue of *Midwest Living* magazine.



Information about the State of Indiana is available at www.IN.gov.
Information about Indiana's economic climate, business costs,
and business investment opportunities is available at
www.in.gov/iedc/

TIM BERRY

AUDITOR OF STATE OF INDIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

***THE MISSION OF THE STATE
AUDITOR'S OFFICE IS TO CARRY OUT
THE CONSTITUTIONAL
RESPONSIBILITIES OF THE AUDITOR
OF STATE BY:***

**MAINTAINING THE STATE'S
FINANCIAL RECORDS AND REPORTS
AND PAYING THE STATE'S BILLS
AND EMPLOYEES EFFICIENTLY,
EFFECTIVELY, AND HONESTLY**

**EDUCATING AND INFORMING THE
PUBLIC ABOUT INDIANA STATE
GOVERNMENT'S FINANCES**

**TAKING A LEADERSHIP ROLE IN
THE DEVELOPMENT OF THE
STATE'S**

**FINANCIAL POLICY, AND
WORKING AS A TEAM OF
PROFESSIONALS IN ORDER TO
PROVIDE QUALITY CUSTOMER
SERVICE TO
THE CITIZENS OF THE STATE,
STATE AGENCIES, LOCAL GOVERN-
MENTS AND SCHOOL CORPORA-
TIONS, STATE EMPLOYEES, OTHER
STATES AND FEDERAL AGENCIES,
AND VENDORS.**





AUDITOR OF STATE

Tim Berry

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December 31, 2007

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

We are proud to present the Comprehensive Annual Financial Report (CAFR) for the State of Indiana's fiscal year ended June 30, 2007.

This Comprehensive Annual Financial Report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board. While management remains primarily and ultimately responsible for the contents and presentation of this report, responsibility for both the accuracy of the data presented and completeness and fairness of the presentation rests with the State agencies that provide the data and are obligated to verify postings. We believe the information set forth in this report is accurate in all aspects and is presented in a manner designed to set forth the financial position and results of operations of the State as measured by the financial activity of its various funds.

State statute requires an annual audit by the Indiana State Board of Accounts. The Board is considered by federal and State government to be independent auditors. The Independent Auditor's Report on the financial statements is included in the financial section of this report and in the Statewide Single Audit Report of the State of Indiana.

The State is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments.

This internal control structure is subject to periodic evaluation by management and internal audit staff of the various State agencies. As part of the Single Audit, tests are made to determine the adequacy of the internal control structure related to federal financial assistance programs, as well as to determine that the State of Indiana has complied with applicable laws and regulations.

The State has adopted GASB Statement No. 34 as required by Generally Accepted Accounting Principles. GASB 34 provides for two types of statements, government-wide and fund statements. The government-wide statements are very similar to the private sector's statements, using the full accrual basis of accounting and the economic resources measurement focus. The governmental funds financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. In the government-wide statements, infrastructure (roads, bridges, dams) has been capitalized. Capital assets, except for infrastructure using the modified approach,

are depreciated like the private sector.

GASB Statement No. 34 provides for the presentation of Management's Discussion and Analysis (MD&A) in the Financial Section. The MD&A introduces the basic financial statements and provides an analytical overview of the government's financial activities. It is presented before the basic financial statements. We encourage you to read it to get an in-depth analysis of the State of Indiana's finances.

This CAFR is presented in three sections: Introductory, Financial, and Statistical.

The Introductory Section includes this transmittal letter, a list of former Auditors of State, the Table of Contents, the Certificate of Achievement for Excellence in Financial Reporting Award, the State Organizational Chart, and a listing of Selected State Officials.

The Financial Section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and other supplementary information.

The financial statements include government-wide and fund financial statements, representing all funds for which the State of Indiana is accountable, based on criteria for defining the financial reporting entity prescribed by the Governmental Accounting Standards Board. The criteria for inclusion are based on fiscal dependency, financial accountability, selection of governing authority, and ability to significantly influence operations. Based on these criteria, the various funds and entities shown in this report are considered as part of the reporting entity.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the Government

Located in America's heartland in the Midwest, Indiana is a leading manufacturing State and a major agricultural producer. The latest U.S. Census Bureau estimate places Indiana's population at 6,314,000 which makes Indiana the nation's 15th largest State. The State is 64% urban and 36% rural. The five largest cities are Indianapolis, the capital, Fort Wayne, Evansville, South Bend and Gary.

Indiana became the 19th State of the Union on December 11, 1816. The constitution establishes the government in three separate departments: legislative, executive including administrative, and judicial. The legislative power of the State is vested in the Indiana General Assembly, which consists of a 100 member House of Representatives and a 50 member Senate. The Indiana General Assembly has the power to enact laws which are not prohibited by the State constitution and not in conflict with Federal laws and powers. The executive power of the State is vested with the Governor. The State constitution and legislation establish the following Statewide elected administrative officials: Lieutenant Governor, Auditor of State, Secretary of State, Treasurer of State, Attorney General, and the Superintendent of Public Instruction. The judicial power of the State is vested in one Supreme Court consisting of five justices, one Court of Appeals consisting of 15 judges, 90 Circuit Courts, and one Tax Court.

The State government provides a wide range of services to the citizens of Indiana, including education, transportation, public health, public safety, welfare, and conservation, culture and economic development.

This report includes the financial activities and balances of the State of Indiana and its component units. The component units are legally separate entities for which the State of Indiana has financial responsibility and include State funded colleges and universities, and other legally separate entities that provide services and benefits to local governments and the citizens of the State of Indiana. More information on the financial reporting entity can be found in Note I(A) in the notes to the financial statements.

The Indiana General Assembly meets every other year to adopt a biennial budget, which is submitted by the Governor. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated funding sources. Budgetary control is exercised in that agencies of the State may only expend appropriations as allotted by the Budget Agency or other statutory authority. The State Board of Finance, which consists of the Governor, Auditor of State, and Treasurer of State, is empowered to transfer appropriations from one fund of the State to another, with the exception of trust funds. The Office of Management and Budget may transfer, assign and reassign appropriations made for one specific purpose to another use or purpose within the same agency.

Factors Affecting Economic and Financial Conditions

The information presented in the financial statements is better understood within the context of the specific environment within which the State of Indiana operates. The following describes that environment.

Local Economy

With an estimated 2006 Gross Domestic Product of \$248.9 billion, Indiana's economy ranked 16th largest in the U.S. in terms of the value of goods and services. In 2005, Indiana ranked 3rd among the fifty states in terms of the value of primary metals production. Indiana ranked 7th in the value of fabricated metal products, 9th in the production of manufacturing machinery, 3rd in the value of motor vehicles bodies and parts, and 7th in chemical manufacturing. According to published U.S. Census Bureau data, Indiana ranked 12th in 2006 in exports of manufactured goods.

In 2006, the manufacturing sector accounted for 19.6% of the jobs in Indiana compared to 21.5% in 2001. The share of employment accounted for by the health care and social services sector increased from 11.1% in 2001 to 12.2% in 2006. Between 2001 and 2006, per capita personal income increased at an average annual rate of 3.3%. In 2006, the State's unemployment rate averaged 5.0%. Through the first eight months of 2007, the unemployment rate averaged 4.9%, the lowest in the Midwest.

Cash Management and Investments

Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, obligations of the U.S. Treasury, and repurchase agreements. The pension trust funds' portfolios include other investments as outlined in Note I(D)(1) in the notes to the financial statements. The average yield on investments, except for the pension trust funds, was 4.98%. The State's investment policy is to minimize credit and market risks while maintaining sufficient liquidity and earning a competitive yield on its portfolio. Deposits are insured by federal and State depository insurance.

Debt Administration

The commissions and authorities, some of which are included as component units in the financial

reporting entity of the State of Indiana, issue bonds for some of the State's capital needs. All of the bond issues are revenue bonds associated with specific State component units. The total of long-term revenue bonds and notes outstanding, net of amortized discounts, is \$12.81 billion at June 30, 2007.

Risk Management

The State of Indiana assumes the cost of the risks associated with Unemployment Compensation Benefit Claims for State employees, Workers' Compensation Benefit Claims for State employees, Tort claims filed against the State, Medical Malpractice claims filed against State hospitals, accidents caused by State motor vehicles, and on State owned real property, including public buildings. The State administers self-insurance funds for certain employee health benefits, disability and death benefits.

Pension Benefits

The State of Indiana sponsors eight public employee retirement systems (PERS). One of these, the State Police Pension Fund, is part of the primary government. The Public Employees' Retirement Fund and the State Teachers' Retirement Fund are discretely presented component units. In addition to its own fund, the board of the Public Employees' Retirement Fund administers the following funds: the 1977 Police Officer and Firefighters' Pension and Disability Fund, the Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund, the Prosecuting Attorneys' Retirement Fund, the Legislators' Retirement System, and the Judges' Retirement Fund.

Major Initiatives

K-12 Education – At the beginning of FY07, Indiana eliminated the tuition support payment delay, which was created in fiscal year 2002 in an effort to balance the state budget, with two half payments in February and July of 2006. The Indiana State Board of Education drafted a plan to improve Indiana's statewide assessment system. The focus of the plan is to expand the assessment system to include diagnostic exams as a resource for local education agencies. In addition, the state will begin administering the statewide NCLB assessment in the spring beginning with the 2008-2009 academic year. Governor Mitch Daniels and the 2007 General Assembly increased funding for full-day kindergarten by \$25.0 million in FY08 and \$50.0 million in FY09 over the FY07 level. Tuition support which supports local school operating budgets increased 2.1% in FY08 and 3.9% in FY09. The General Assembly also provided a supplemental appropriation of \$56.1 million for tuition support to cover the full cost of the school funding formula for FY07. Overall, the K-12 Education budget was increased by 4.4% in FY08 and 4.8% in FY09 resulting in \$436.3 million of new funding over the biennium compared to the FY07 level.

Higher Education – Indiana eliminated the 2002 R&R payment delay to state institutions of higher education by appropriating \$62.1 million over the 2007-2009 biennium. The General Assembly directed that the appropriation be used to reduce the universities' backlogs of R&R projects. Appropriations for state aid to students attending public and private colleges and universities, provided through the State Student Assistance Commission for Indiana, increased 10.6% in FY08 and an additional 3.1% in FY09. The General Assembly increased Higher Education non-capital funding by 5.4% in FY08 and 5.7% in FY09 resulting in \$156.1 million of new funding over the biennium compared to the FY07 level. In addition, the 2007-2009 budget authorized 31 new capital projects resulting in \$397.3 million of estimated state appropriation fee replaced debt service, \$121.0 million of estimated non-state appropriation fee replaced debt service, and \$20.4 million of direct appropriations for capital projects. The Office of Management and Budget and the Commission for Higher Education are considering a prioritization system for the release of

authorized projects due to the unprecedented level of authorized bonding authority.

Public Safety – The Indiana Department of Correction (DOC) took a new approach to energy management that will give the state’s agriculture sector a boost at the same time. Two performance contracts with Johnson Controls are guaranteed to save millions of dollars over the next decade while providing \$35 million in facility capital infrastructure upgrades. In addition, some buildings will be heated by new biomass boilers that are fueled by corn grown in Indiana. The units will use an estimated 1.3 million bushels of Indiana corn per year. Department of Correction offenders will grow some of the corn at certain prison facilities and will be trained to help operate the new boilers.

The Department’s “Road to Reentry” initiative is making a concerted effort toward reentry of offenders and addressing the issues related to assuring they have the opportunities to become law-abiding citizens. Solution-based reentry programs begin on day one. Key opportunities the Department focuses on with every offender include education, employment, health, housing, family, and substance abuse. To that end, the Department developed several cognitive behavioral interventions to help treat offenders. These include C.L.I.F.F. (Clean Lifestyle is Freedom Forever) units, a methamphetamine therapeutic community, at three facilities; and 17 Faith and Character Based units, called P.L.U.S. (Purposeful Living Units Serve). In addition, the Department reentry efforts include an expansion of the S.O.M.M. (Sex Offender Management and Monitoring) program and an increase in work release opportunities.

The Indiana National Guard is the lead agency for a State effort to transform the Muscatatuck State Developmental Center located near North Vernon, Indiana, into the United States Urban Training Center. This initiative will entail the formation of a consortium of participants that will include local, State and national governmental agencies and activities, public State institutions of higher education and private sector businesses and firms. The initiative is partially supported by Federal funding streams to pay for the operation and maintenance of the facility over time.

The Hoosier Youth Challenge Academy will serve as an opportunity to challenge selected 16-18 year old Hoosier youths to change their life styles to become productive citizens. This program aims to enhance the education level of the selected youths who have dropped out of high school by teaching them to the attainment of the General Education Degree (GED).

The Indiana State Police concluded its 67th Recruit Class of 121 new troopers, the largest recruit class in history, on July 6, 2007 after having received approximately 840 hours of structured training in law enforcement techniques. Of the 18 state police posts across Indiana, 17 benefited from the addition of these new troopers. Assignments to various state police posts ranged from as few as four of the new troopers to as many as 14 who were assigned to the Toll Road in northern Indiana.

A new forensic laboratory opened in early 2007 in Indianapolis. As part of the Life Sciences efforts, the State of Indiana brought together the State’s primary facilities focusing on health, safety and crime analysis: the Indiana State Police Forensic Laboratory, Indiana State Department of Health and the Indiana Department of Toxicology. This 187,000 square foot building offers opportunities for the exchange of knowledge and ideas across disciplines and will create a fertile environment for problem solving and scientific investigation.

In 2007, INDOT dramatically increased highway construction that created jobs and economic development for Indiana. Major Moves removes the uncertainty of what highway projects are planned and when they will be constructed. Major Moves allows INDOT to deliver the mission of planning, building, maintaining, and operating a superior transportation system which enhances safety, mobility and economic growth. Major Moves will fund more than 400 projects over the next ten years, and these will contribute to Indiana’s goal of becoming a global leader in distribution and logistics. INDOT will average more than \$1 billion annually in construction and preservation

projects during the upcoming biennium.

With a 10-year, \$12 billion construction program in place, INDOT is competing with industry for a limited pool of engineers, project managers and other key personnel. INDOT is upgrading salaries where possible, offering scholarships, professional training and other incentive programs to make state employment more attractive. INDOT is diligently working with State Personnel to find high-quality individuals who can join the team to deliver the largest highway construction program in the state's history.

In addition to state highway projects, the counties where the Indiana Toll Road is located received one-time payments in FY07 of between \$15 million and \$40 million for local transportation projects, totaling \$240 million, and all 92 Indiana counties also received additional funds for their local transportation projects, totaling \$75 million.

Work zone safety is a key concern. The number of highway work zones is dramatically increasing as Major Moves projects are built. Also, INDOT crews spend every day during the spring, summer and fall repairing and maintaining more than 11,100 miles of roads. INDOT is upgrading its supplies, such as purchasing reflective shirts for maintenance workers. Additional equipment, supplies and training are necessary to draw the attention of motorists and to reduce accidents in construction zones. In addition to construction zone safety, the state realized a 4.2% decrease in overall traffic fatalities in calendar year 2006 compared to 2005 (899 vs. 938).

Project Hoosier SAFE-T continues to progress. The communications system vastly improves public safety communication throughout the state and provides an interoperable platform for all law enforcement, fire, emergency and public officials to communicate. 124 of the 128 planned radio sites are operational, and there are more than 34,000 registered users on the system.

Health and Human Services – In FY07, the Indiana General Assembly passed and Governor Daniels signed legislation to create the Healthy Indiana Plan (HIP). The plan will provide health insurance to approximately 130,000 Hoosiers, including childless adults. Funding for the HIP will come from an increase in the Indiana cigarette tax and is expected to bring in \$1.1 billion in new federal funds to Indiana over the next 5 years. To help with enrollment, the State will provide applications via the internet, various community organizations, Hoosier Healthwise Enrollment Centers and Division of Family Resources (DFR) offices. A call center for HIP information and assistance is also expected to be set up by late calendar year 2007.

The Division of Disability and Rehabilitative Services (DDRS) had been contracting with approximately 400 caseworkers to provide services to roughly 9,244 Hoosiers on the developmental disabilities, support services and autism waivers. In FY06, DDRS and FSSA began working with the Indiana Professional Management Group (IPMG) to establish a system of accountability and consolidate the approximate 400 caseworkers into one contract with IMPG. In FY07, services were provided to 9,976 Hoosiers via the IMPG contract.

The Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program provides services that enable the elderly and/or disabled to live independently in their own homes or in community integrated settings. In FY07, CHOICE served 16,782 clients.

The Children's Health Insurance Plan (CHIP) spent \$104.9 million in FY07, an increase of \$6.6 million from FY06 (or 6.7%). Clients served in FY06 were 70,200 and in FY07 were 70,800. The average monthly enrollment for SFY06 Medicaid, excluding CHIP, was 772,600. The average monthly enrollment for SYF07, excluding CHIP, was 786,800, an increase of 1.74% over SFY06.

In its second year of operations, the Department of Child Services (DCS) implemented a practice

reform initiative designed to improve outcomes for children and families by strategically funding and assessing prevention initiatives. As a result, the Department's statewide removal percentage trended downward by 15% from March 2006 to March 2007. The downward trending is important because unnecessarily removing a child from his or her home is traumatic for the child and costly for taxpayers.

In addition, DCS has taken steps to enhance its practice reform initiative by improving the training given to newly-hired family case managers (FCMs). DCS has done so by partnering with the Indiana University School of Social Work to train newly hired FCMs in key elements of practice reform. In addition to the design of an efficient and effective caseworker training partnership, the Department's relationship with Indiana University School of Social Work brought over \$300,000 in contributed services to their practice reform efforts.

In FY07, DCS increased IV-E federal funding reimbursement to local counties by 11.2%. In addition, DCS received a new grant for \$842,071 under the Promoting Safe and Stable Families program. Finally, by increasing the number of children adopted in Indiana, DCS received \$920,000 in adoption incentive funds from the federal government in FFY07, more than doubling the FFY06 total.

DCS increased the number of filled FCM positions by 143 in FY07, for a total of 1,155 filled positions and 37 vacancies as of June 30, 2007. In addition, DCS plans to hire an additional 400 FCMs and 75 FCM supervisors in FY08. The newly hired FCMs and FCM supervisors will help DCS meet its goal of achieving caseload standards of 12 new investigations per month per worker and 17 ongoing cases per worker in every county by July 1, 2008.

In FY07, the General Assembly passed and the Governor signed legislation increasing the appropriation for Community Health Centers program by \$15 million in order to continue to provide and implement services at nonprofit community based primary health care centers in medically underserved rural and urban areas of the state. In addition, the appropriation will fund one-time capital expenditures for eligible organizations to renovate or expand an existing facility, or build a new facility. The goal of the program is to increase the number of primary health care services to the working poor, uninsured, and underinsured citizens in Indiana.

Also, during FY07, the General Assembly passed and the Governor signed legislation increasing the funding for the Childhood Immunization program, which will receive an \$11 million appropriation from the Indiana Check-up Plan Trust Fund to provide vaccines for eligible Medicaid, low-income, or under-insured children. This appropriation will be used to supplement the federal allotment dollars to purchase vaccines to be distributed to local health departments and non-profit health organizations to immunize children. This program functions as the statewide purchasing and coordinating point for the federal Vaccines for Children Program. In addition, the Health Department purchased \$9.5 million of pandemic flu medication to have a ready stockpile in case of a pandemic emergency.

The Indiana State Department of Health (ISDH), in collaboration with the Regenstrief Institute, expanded the Public Health Emergency Surveillance System (PHESS) to an additional five hospitals making the total 75 hospital emergency departments. The PHESS provides software that captures data the hospital is already entering about a patient that presents to an emergency department, identifies cases that meet criteria for a possible bioterrorism-related disease, and sends a copy of the file to the ISDH. This saves hospital emergency department staff from making an additional report in a separate system.

The Military Family Relief Fund was established to provide assistance with food, housing, utilities, medical services, basic transportation, and other essential family support expenses for families of

Indiana military personnel that were called to active duty after September 11, 2001 in the National Guard or Reserves. The coverage for child care expenses were added by legislation in 2007 to the list of eligible coverage. The trust fund may be funded through appropriations by the general assembly, donations to the fund, interest from investments, money transferred to the fund from other funds, and money from any other source authorized or appropriated for the fund. Currently, the majority of funding is provided from the sale of the “Hoosier Veteran” license plate (\$15 per plate) and the “Support Our Troops” license plate (\$20 per plate), and from \$450,000 in matching funds appropriated by the General Assembly in 2007. The fund is administered by the Military and Veterans’ Benefits Board created in 2007 by Senate Enrolled Act 480.

Economic Development – The Indiana Economic Development Corporation (“IEDC”) continues to aggressively identify and win new economic opportunities for Indiana. Total competitive project activity (consisting of projects completed between July 1, 2006 and June 30, 2007) resulted in commitments to create 18,122 jobs and invest over \$7.0 billion of private capital in Indiana. Major projects completed during this period include:

- A GETRAG/Chrysler Group joint venture will result in the construction of a new automotive transmission plant in Tipton County. When operational in 2009, the \$530 million project will produce 700,000 transmissions annually and employ approximately 1,400 workers.
- Advance Auto Parts, Inc., a leading automotive aftermarket retailer of parts, batteries, accessories and maintenance items, plans to build a new distribution facility in Remington, Ind., resulting in the creation of more than 600 new jobs.
- Veolia Water is relocating its corporate headquarters to Indianapolis and plans to create approximately 100 new jobs.
- Nestlé plans to build a \$359 million, 880,000 sq. ft. facility in Anderson, an investment that will initially create approximately 300 new jobs.
- Honda supplier TS Tech plans to build a new production facility in New Castle that will bring 300 new jobs and more than \$32 million in capital investment to the state.

The IEDC’s success in attracting major industrial opportunities is complemented by our efforts to enhance Indiana’s entrepreneurial economy. Through a continued focus on the commercialization of market changing research and development, the Twenty-First Century Research and Technology Fund is contributing to the growth of high wage, technology based jobs. Continued aggressive marketing of the Venture Capital Investment Tax Credit is increasing participation in this valuable program and helping Indiana entrepreneurs access the capital they need to grow their businesses. The IEDC is investing additional time and resources to further develop the Small Business Development Center (“SBDC”) network and has launched an enhanced program for entrepreneurs. As part of the new “INBiz Network”, each SBDC regional office will become a valuable resource for entrepreneurs by offering easier access to local and state-wide capital and venture funding, a network of experienced entrepreneurs who volunteer to provide mentoring and business planning advice, and information regarding federal funding opportunities, as well as regional and state economic development programs.

An aggressive program of domestic and international business outreach and new lead generation will help ensure that Indiana’s pipeline of new business opportunities remains strong. Domestic outreach efforts include meetings in New York, Chicago, and Atlanta with industry and company leaders to discuss the benefits of locating their businesses in Indiana. Efforts focused on identifying international investment opportunities include participating in the Midwest-U.S. Japan Conference in Indianapolis and the MEDICA Germany life sciences trade show. In May of 2007 the IEDC traveled with the Governor to Germany and the United Kingdom as part of a week-long trade mission designed to establish and build upon relationships with European companies and identify new

international investment opportunities.

General Government – Senate Enrolled Act 501 established Retirement Medical Benefits accounts. These Health Reimbursement Arrangements (HRA) are for all employees and elected officials of the state. The purpose of this defined contribution plan is to allow retirees from state government to have a means to assist with the payment of health insurance premiums in retirement.

The source of funds for this will come from annual contributions by the state that will be credited to each employees account based upon their age. There is also a catch up provision allowing for additional contributions during the next ten years based upon the number of years of service completed by the qualified retiree.

Awards and Acknowledgements

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Indiana for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fourteenth consecutive year that the State of Indiana has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

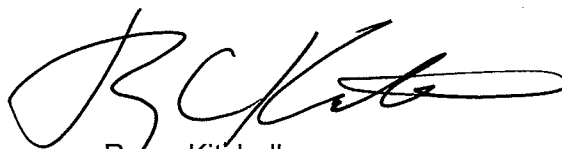
Acknowledgments

We acknowledge the cooperation and assistance of all State agencies in the preparation of this report.

Sincerely,



Tim Berry
Auditor of State
State of Indiana



Ryan Kitchell
Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Indiana

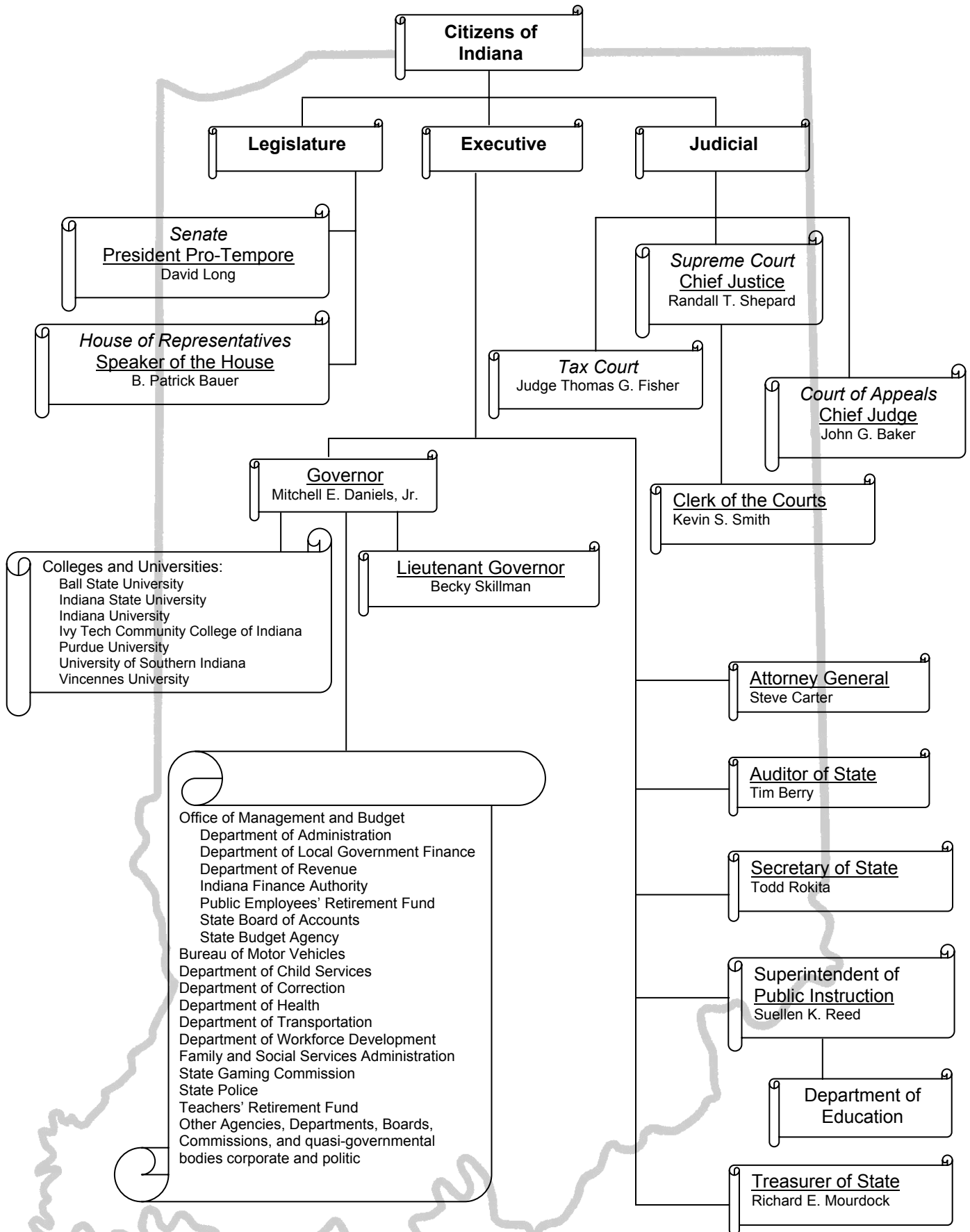
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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President

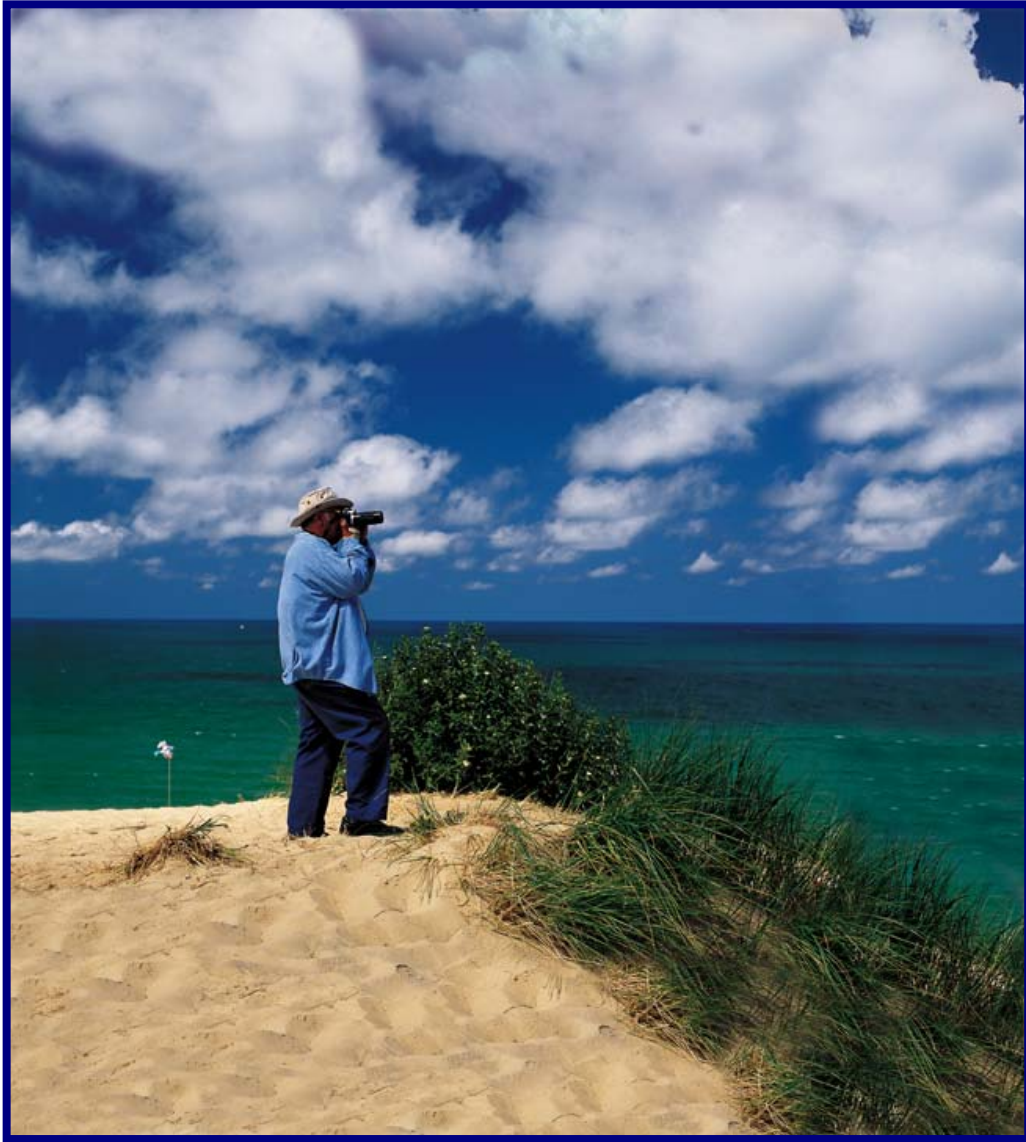
Executive Director



FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo courtesy of the Indiana Economic Development Corporation



Indiana Dunes





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, 2007, 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 certain component units of the State, as discussed in Note I(A), which represent 28% and 11.9% of the assets and revenues of the colleges and universities discretely presented component units and 100% of the assets and revenues of the proprietary discretely presented component units. The financial statements of 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note IV(G) to the financial statements, the State of Indiana has restated certain beginning fund balances and net assets. The Housing and Community Development Authority and Indiana Comprehensive Health Insurance Association, discretely presented component units, report on a December 31, 2006, year-end.

The Management Discussion and Analysis, Schedule of Funding Progress for Employee Retirement Systems and Plans, and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 section, combining and individual nonmajor and discretely presented component unit fund information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor and discretely presented component unit financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 28, 2007

STATE BOARD OF ACCOUNTS

State Board of Accounts

MANAGEMENT'S DISCUSSION AND ANALYSIS



STATE OF INDIANA
Management's Discussion and Analysis
June 30, 2007

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, 2007. 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) 2006 numbers have been restated.

Financial Highlights

- For FY 2007, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by \$18.4 billion. This compares with \$17.4 billion for FY 2006, as restated. Of this amount, \$8.3 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.9 billion, or 22.1% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of \$13.8 billion, which are partially offset by general revenues totaling \$14.4 billion, giving an increase in net assets of \$595.1 million. The financial position of the State has improved as can be seen in this increase in net assets.
- Indiana's economy is improving. The overall unemployment rate for Indiana decreased from 5.4% to 4.8% in CY 2006, and the total employed labor force increased from 3,035,204 to 3,126,828 in CY 2006. The national economy is also improving. For CY 2006 Gross Domestic Product (GDP) grew at a rate of 2.9%. Growth by quarter for the first three quarters of CY 2007 was at rates of 0.6%, 3.8%, 4.9%. Growth in the National Economy has a marked effect on Indiana. Gross Domestic State Product for Indiana was at \$248.9 billion in CY 2006 as compared to \$236.3 billion in CY 2005. As can be seen in this CAFR, economic growth has resulted in increased income tax and sales tax collections for the State.
- The Indiana Economic Development Corporation (IEDC) is the State of Indiana's economic development agency. It was created in February 2005 to replace the Commerce Department. The IEDC is a public/private partnership charged with leading Indiana's economic development efforts. It has incorporated all State entities with economic development responsibilities into its organizational structure. In 2006, IEDC closed 186 competitive deals, which included commitments for 21,195 new jobs and \$6.4 billion in private capital investment. The average wage per hour for new jobs commitments in 2006 is \$20.20, which is significantly higher than Indiana's statewide average of \$17.05 per hour. The 2007 data shows competitive commitments for 15,070 new jobs as of September 2007. During the first half of FY 2007, IEDC has closed 70 deals involving competitive projects in CY 2006.
- State government cut its full-time workforce during CY 2007. As can be seen by the employee count chart on the next page, full time headcount decreased from 35,937 in December of 2006 to 34,927 in December of 2007. This was a 2.8% decrease, most of it in employees under the governor's authority. Employees other than full time decreased from 3,904 in December of 2006 to 2,677 in December of 2007. This was a 31.4% decrease. Most of this decrease in employees other than full time was in the Public Safety and the Conservation, Culture and Development. (see page 179).
- General revenue for the primary government increased by \$582 million, or 4.2%, from FY 2006. Income taxes and other general revenues were the driving force behind this increase, with growth rates of 4.5% and 4.1%, respectively. These grew in line with the economic growth progress of the State.
- The State of Indiana's credit outlook was upgraded from AA (positive) to AA+ (stable) in January, 2006 by Standard & Poor's Ratings Service (on a scale where AAA is the best). The State of Indiana maintained this rating of AA+ (stable) throughout 2007. The State's credit outlook was also changed by Moody's Investor Service in August, 2006, from Aa1 negative to Aa1 stable. According to Moody's, the positive change was caused by the "State's diversifying economy and employment level, a balanced budget, and repayments to K-12 schools and local governments". In March, 2007 Fitch Ratings affirmed the State of Indiana's rating of AA (on a scale where AAA is the best) with a Rating Outlook of Stable.

Key Economic Indicators

	<u>Dec 31, 2006</u>	<u>Dec 31, 2005</u>	<u>% Change</u>
Total Employed Labor Force	3,126,828	3,035,204	3.02%
Total Goods and Service Employment	3,006,400	2,999,900	0.22%
Service-Providing Employment	2,289,100	2,273,600	0.68%
Goods-Producing Employment	717,300	726,300	-1.24%
Unemployment Rate	4.8%	5.4%	-11.11%
Median Household Income	\$ 45,394	\$ 43,993	3.18%

Sources: Bureau of Labor Statistics and US Census Bureau

Salaries and benefits for State employees represent approximately 8-9% 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

	<u>Governor's Authority</u>	<u>Judiciary</u>	<u>Other Elected Officials</u>	<u>On Disability Leave</u>	<u>Total</u>
1998	35,284	790	1,012	1,097	38,183
1999	35,602	816	1,016	1,159	38,593
2000	36,284	836	1,014	1,235	39,369
2001	36,134	862	1,018	1,263	39,277
2002	35,907	869	1,021	1,315	39,112
2003	35,753	899	1,039	1,217	38,908
2004	36,276	899	1,039	1,288	39,502
2005	33,417	896	1,095	1,300	36,708
2006	32,759	903	1,136	1,139	35,937
2007	32,106	947	1,137	737 *	34,927

* Beginning in 2007, for this chart of Employees "Paid" through the Auditor of State's Office, we are beginning to report only the active staff currently on disability leave, which totals 737 for December 2007. There are an additional 350 staff listed on disability leave in a non-pay status, which if included as they were in prior years, would have resulted in a total of 1,087.

For more information on people paid through the Auditor of State's Office, please see pages 178-180 in 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	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 14,067.0	\$ 13,085.7	\$ 403.6	\$ 511.7	\$ 14,470.6	\$ 13,597.4
Capital assets	10,026.4	10,079.2	11.1	11.2	10,037.5	10,090.4
Total assets	<u>24,093.4</u>	<u>23,164.9</u>	<u>414.7</u>	<u>522.9</u>	<u>24,508.1</u>	<u>23,687.8</u>
Current liabilities	4,486.2	4,208.8	11.0	19.9	4,497.2	\$ 4,228.7
Long-term liabilities	1,515.2	1,564.5	50.2	44.2	1,565.4	1,608.7
Total liabilities	<u>6,001.4</u>	<u>5,773.3</u>	<u>61.2</u>	<u>64.1</u>	<u>6,062.6</u>	<u>5,837.4</u>
Net assets:						
Invested in capital assets, net of related debt	8,693.3	8,764.1	11.1	11.2	8,704.4	\$ 8,775.3
Restricted	1,077.6	1,041.0	342.2	448.9	1,419.8	1,489.9
Unrestricted	8,321.1	7,586.5	0.2	(1.3)	8,321.3	7,585.2
Total net assets	<u>\$ 18,092.0</u>	<u>\$ 17,391.6</u>	<u>\$ 353.5</u>	<u>\$ 458.8</u>	<u>\$ 18,445.5</u>	<u>\$ 17,850.4</u>

At the end of the current fiscal year, net assets for governmental activities were \$18.1 billion as compared to \$17.4 billion in 2006. This increase of \$0.7 billion can be broken down into two parts, an increase of total assets of \$928.5 million, and an increase of total liabilities of \$228.1 million.

Total asset increases for governmental activities were as follows: Cash, cash equivalents and investments increased by \$3.8 billion. \$2.6 billion of this increase was due to the increase in Major Moves Construction Fund investment. The remaining increase in cash and investment was due to the improved financial position of the State. Another \$687.1 million was an increase in securities lending collateral. For more information on securities lending, please see Note I(D-1) in the Notes to the Financial Statements.

Total liability increases were as follows: Liability for securities lending increased by \$693.0 million, an offset to the securities lending asset increase. Intergovernmental payables decreased by \$488.2 million, while another \$40.1 million was caused by an increase in accounts payable.

The State maintains a Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund"). This fund was established to assist in stabilizing revenue of the State's General Fund during periods of economic recession. In other words, in good times the balance in the fund should increase, and in bad times, the money can be used to offset deficits. The fund had available assets of \$344.2 million or 4.1% of the total governmental activities unrestricted net assets.

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		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,253.5	\$ 1,286.6	\$ 660.3	\$ 695.9	\$ 1,913.8	\$ 1,982.5
Operating grants and contributions	8,571.2	7,653.3	-	-	8,571.2	7,653.3
Capital grants and contributions	11.3	11.8	-	-	11.3	11.8
General revenues						
Individual and corporate income taxes	5,638.2	5,396.9	-	-	5,638.2	5,396.9
Sales taxes	5,491.8	5,352.1	-	-	5,491.8	5,352.1
Other	3,218.7	3,016.0	25.0	26.7	3,243.7	3,042.7
Total revenues	<u>24,184.7</u>	<u>22,716.7</u>	<u>685.3</u>	<u>722.6</u>	<u>24,870.0</u>	<u>23,439.3</u>
Program Expenses						
General government	4,682.4	4,180.5	-	-	4,682.4	4,180.5
Public safety	1,248.6	1,181.2	-	-	1,248.6	1,181.2
Health	343.6	333.7	-	-	343.6	333.7
Welfare	7,881.1	7,242.9	-	-	7,881.1	7,242.9
Conservation, culture and development	540.0	546.5	-	-	540.0	546.5
Education	7,012.1	6,971.2	-	-	7,012.1	6,971.2
Transportation	1,774.7	1,726.7	-	-	1,774.7	1,726.7
Interest expense	0.8	0.8	-	-	0.8	0.8
Unemployment compensation fund	-	-	758.7	692.9	758.7	692.9
Other	-	-	32.9	32.0	32.9	32.0
Total expenses	<u>23,483.3</u>	<u>22,183.5</u>	<u>791.6</u>	<u>724.9</u>	<u>24,274.9</u>	<u>22,908.4</u>
Excess (deficiency) before transfers and special item	701.4	533.2	(106.3)	(2.3)	595.1	530.9
Special item						
Proceeds from lease of Toll Road	-	3,618.5	-	-	-	3,618.5
Transfers	(1.0)	(0.8)	1.0	0.8	-	-
Change in net assets	<u>700.4</u>	<u>4,150.9</u>	<u>(105.3)</u>	<u>(1.5)</u>	<u>595.1</u>	<u>4,149.4</u>
Beginning net assets, as restated	17,391.6	13,240.7	458.8	460.3	17,850.4	13,701.0
Ending net assets	<u>\$ 18,092.0</u>	<u>\$ 17,391.6</u>	<u>\$ 353.5</u>	<u>\$ 458.8</u>	<u>\$ 18,445.5</u>	<u>\$ 17,850.4</u>

Governmental Activities

Program expenses exceeded program revenues by \$13.6 billion. General revenues and transfers were \$14.3 billion, leaving an increase in net assets of \$0.7 billion, which is 2.9% of total revenues.

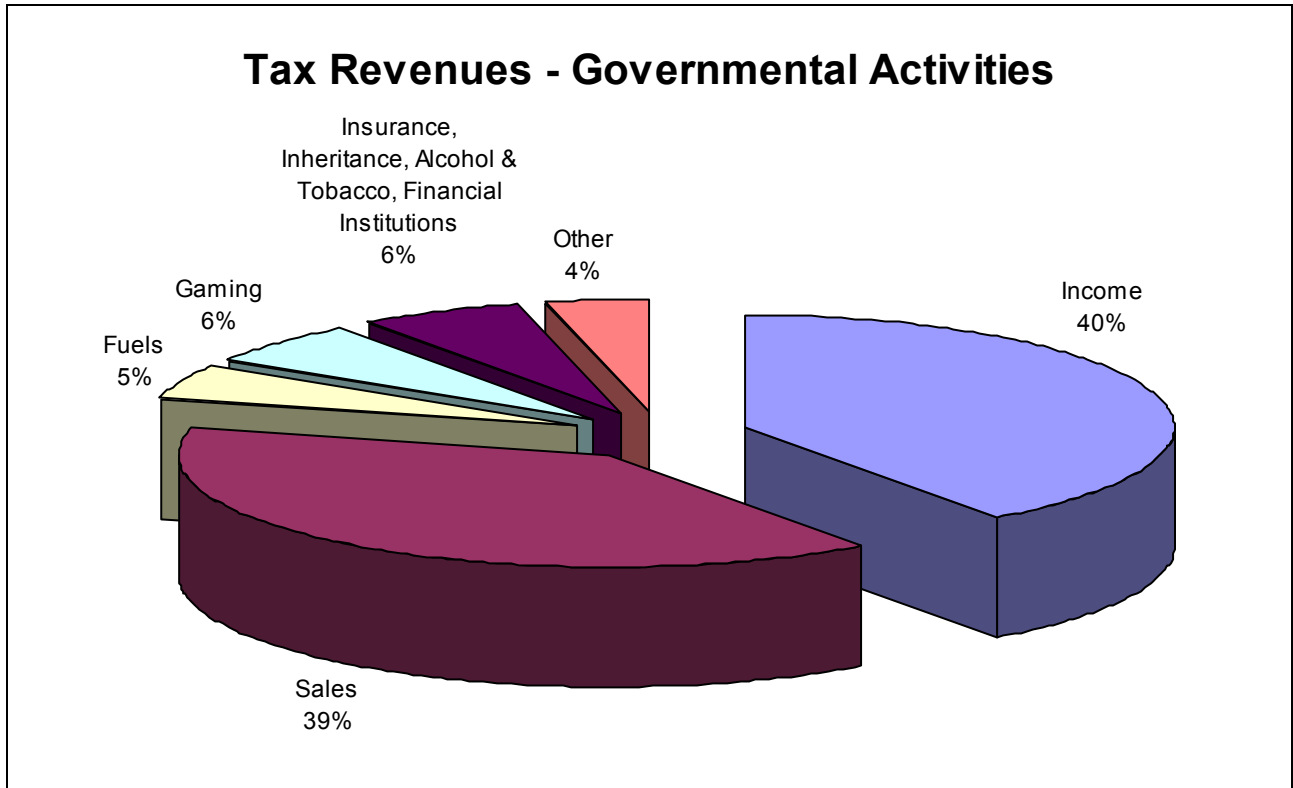
The increase to excess (deficiency) before transfers and special item of \$168.2 million was brought about by an increase of total revenues of \$1.5 billion offset by an increase in total expenses of \$1.3 billion.

Total revenues increased by \$1.5 billion from FY 2006 to FY 2007. This is due to increases in individual and corporate income taxes of \$241.3 million, an increase in

sales taxes of \$139.7 million, and an increase in other taxes of \$202.7 million, and an increase in operating grants and contributions of \$917.9 million. These taxes are both based on income and spending in the Indiana economy.

Total expenses increased by \$1.3 billion, which was less than the growth in revenues. The increase in expenses was caused by increases in health and welfare spending of \$648.1 million, general government spending of \$501.9 million, public safety spending of \$67.4 million, transportation spending of \$48.0 million, and education spending of \$40.9 million.

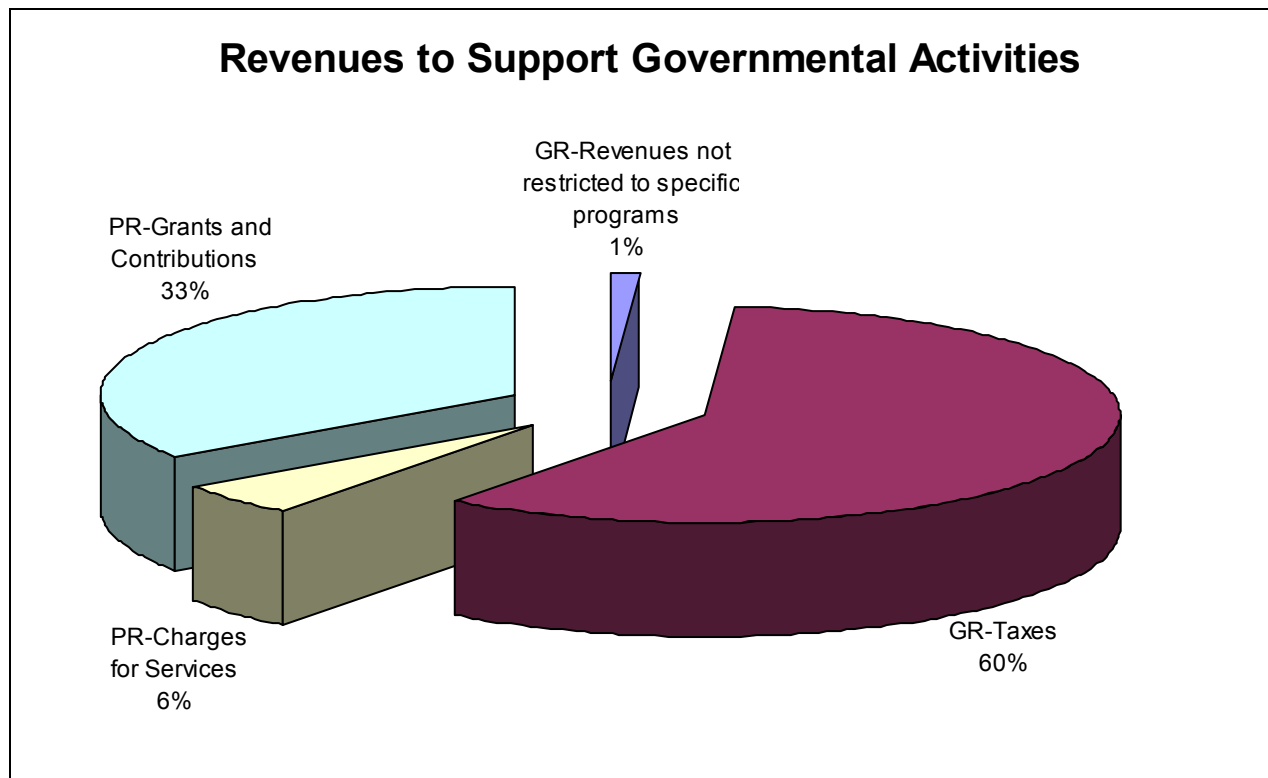
Tax revenues for governmental activities were broken down as follows:



Tax revenues of \$14.0 billion represent 58.0% of total revenues for governmental activities. This compares to \$13.6 billion in FY 2006 or 59.7% of total revenues in FY 2006. Program revenues accounted for \$9.8 billion or 40.7% of total revenues. In FY 2006, program revenues accounted for \$9.0 billion or 39.4% of total revenues. General revenues other than tax revenues were \$330.3 million or 1.4% of total revenues. Of this \$260.8 million was investment earnings. This

compares to 2006, when general revenues other than taxes were \$209.7 million or 0.9% of total revenues. Of this \$209.7 million, \$153.8 million was investment earnings. Investment earnings increased by \$107.0 million from FY 2006 to FY 2007 or 69.6% due to rising interest rates and an increase in investable assets caused in part by receipt of the proceeds from the lease of the Indiana Toll Road in early FY2007.

Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

Total revenues were 103.0% of expenses, as compared to 102.4% in FY 2006, which explains most of the increase in net assets from FY 2006 to FY 2007. Total revenues grew 6.5% from \$22.7 billion in FY 2006 to \$24.2 billion in FY 2007. Expenses grew 5.85% from \$22.2 billion in FY 2006 to \$23.5 billion in FY 2007.

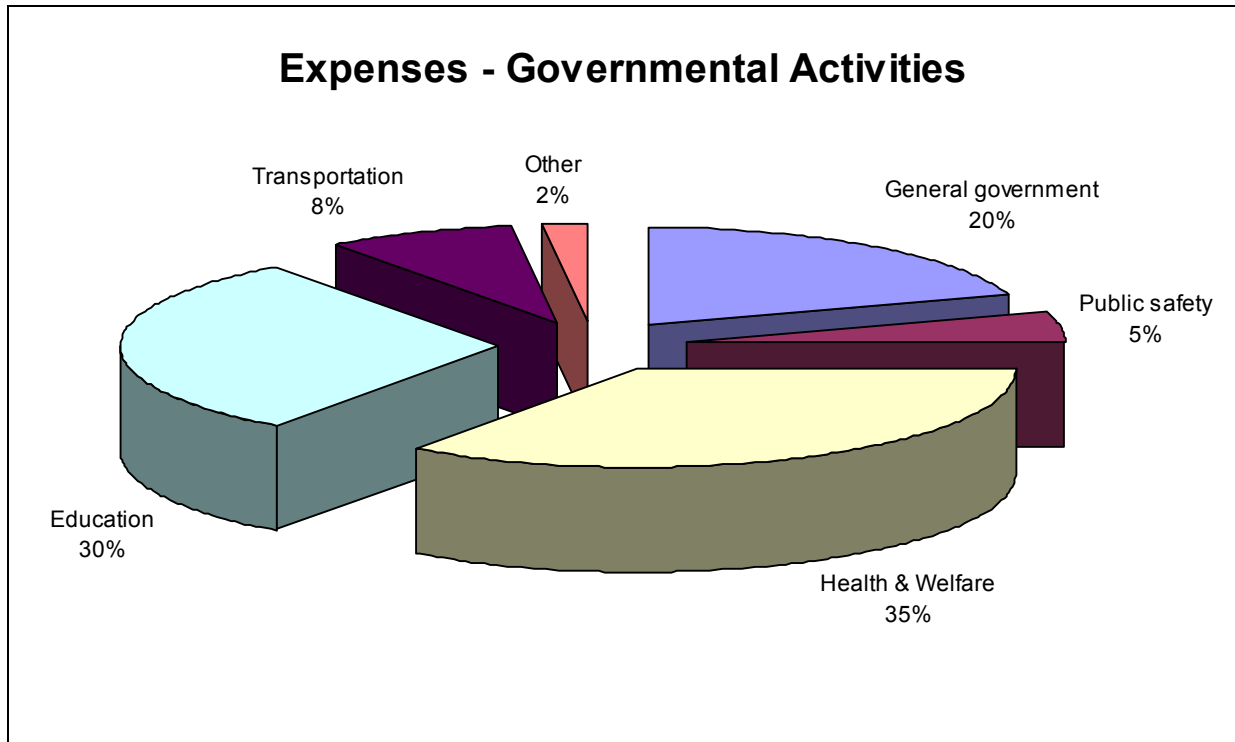
The largest portion of the State's expenses is Health and Welfare, which is \$8.2 billion, or 35.0% of total expenses. This compares with \$7.6 billion, or 34.2% of total expenses in FY 2006. 70.4% is funded through operating grants, with the majority of the remainder funded from general revenues. Some of the major expenses were Medicaid assistance, \$5.5 billion and child care and development, \$148.1 million.

Education comprises 29.9%, or \$7.0 billion, of the State's expenses. In FY 2006, Education accounted for 31.4%, or \$7.0 billion, of expenses. All but \$789.6

million of this is funded from general revenues. Some of the major expenses were tuition support, \$4.0 billion, State colleges and universities, \$1.4 billion, Teachers' Retirement Pension, \$566.3 million, and the national school lunch program, \$188.4 million.

\$4.6 billion, or 19.9% of expenses, was spent for General Government. General Government comprised \$4.1 billion or 18.8% of expenses in FY 2006. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. Examples of local distributions are the property tax replacement credit, which subsidizes local property tax collections, and the motor vehicle excise replacement credit, which subsidizes automobile license fees. Examples of State administration would be the executive branch of government, the State legislature, and the judiciary.

Total expenses for governmental activities were broken down as follows:



Business-type Activities

Business-type activities represent 2.8% of the Primary Government's revenues and 3.3% of the expenses. The Unemployment Compensation Fund accounts for 95.2% of business-type activities' operating revenues and 96.3% of operating expenses. The change in net assets for business-type activities was a decline of \$105.3 million. The Unemployment Compensation Fund collects employer taxes and the federal share of

unemployment compensation. Benefits are paid to eligible individuals. These benefits paid exceeded revenue in the fund by \$106.7 million. This compares to FY 2006 when benefits paid exceeded revenue by \$3.8 million. Employer contributions into the fund decreased by \$15.8 million, from \$629.5 million in FY 2006 to \$613.7 million FY 2007.

Net Cost of Primary Government (in millions)			
	June 30, 2007	June 30, 2006	% change
Governmental Activities:			
General government	\$ 3,670.9	\$ 3,417.6	7.4%
Public safety	586.9	489.0	20.0%
Health	124.4	136.9	-9.1%
Welfare	2,193.9	1,981.3	10.7%
Conservation, culture, and development	187.9	201.4	-6.7%
Education	6,222.5	6,101.4	2.0%
Transportation	659.9	903.6	-27.0%
Other	0.8	0.8	0.0%
Business-type Activities:			
Unemployment Compensation Fund	129.0	29.8	332.9%
Other	2.3	(0.8)	-387.5%
TOTAL	\$ 13,778.5	\$ 13,261.0	3.9%

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 the Notes to the Financial Statements IV(B).

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, 2007 was \$2.3 billion, which is 43.2% of assets. This compares to a fund balance at June 30, 2006 of \$1.8 billion, which was 35.2% of assets. This indicates that the State's financial position in the General Fund is better than the prior year by \$433.3 million. The fund balance of \$2.3 billion is composed of reserves of \$0.4 billion and unreserved of \$1.9 billion. Major reserves are:

- Encumbrances of \$49.1 million, which is money set aside to pay for future obligations.
- Loans of \$39.6 million, which consists of \$20.4 million in loans to entities outside the primary government and \$19.2 million in interfund loans.
- Tuition support of \$316.6 million, which is money set aside for distributions to schools.

The State calculates a cash basis surplus balance monthly. The year-end surplus balance is combined with estimated revenue forecasts to assess and determine the State's budget. This surplus balance is contained in the General Fund. As of June 30, 2007, the surplus balance was \$1,285.7 million. The balance increased by \$196.3 million from the June 30, 2006 balance of \$1,089.4 million. This surplus balance is composed of:

- \$316.6 million tuition support, which is money set aside to pay for distributions to schools.
- \$344.2 million rainy day fund, which is to assist in stabilizing revenue during periods of economic recession and is part of designated unreserved.
- \$537.3 million, which represents the excess of revenues over expenditures.
- \$87.6 million which represents the reserve for Medicaid.

The \$537.3 million is on a cash basis. Accrual adjustments of \$509.1 million reconcile this to the General Fund unreserved, undesignated fund balance on a GAAP basis of \$1,046.4 million. The unreserved, undesignated fund balance of \$1,046.4 million plus the unreserved fund balance designated for appropriations of \$334.4 million, plus the unreserved fund balance

designated for allotments of \$472.8 million give the total unreserved fund balance of \$1,853.6 million. This ties to the balance sheet for the General Fund. For more information on designations of unreserved fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 4.9%, or \$453.5 million, from FY 2006, primarily due to a 3.6% increase, or \$189.3 million, in income tax revenue and a 3.7% increase, or \$95.7 million, in sales tax revenue. Revenue increases in income taxes and sales taxes were primarily caused by an improving Indiana economy. The General Fund's expenditures increased by 1.3%, or \$104.9 million, from FY 2006. Increased expenditures were caused primarily by an increase of \$117.6 million in education expenditures.

The General Fund had transfers in of \$2.6 billion compared to \$2.9 billion in FY 2006. Transfers out were \$3.5 billion compared to \$3.2 billion in FY 2006. More detail on these transfers can be found in the Notes to the Financial Statements IV(B). Overall, the improved position of the General Fund in the amount of \$433.3 million can be attributed to an improved economy and restrained increases in spending as outlined above.

Motor Vehicle Highway Fund

The Motor Vehicle Highway Fund receives portions of gas and special fuel tax, motor vehicle registration fees, the motor carrier surtax, federal revenue, and other revenues. These are distributed to cities and towns, counties and the State Department of Transportation and are used to help fund the State Police, the Bureau of Motor Vehicles, the Department of Revenue and others. The fund collected \$498.3 million in taxes vs \$493.2 million in FY 2006 and \$10.4 million in federal grants vs \$15.5 million in FY 2006. Current service charges, including vehicle licenses, increased from \$63.5 million in FY 2006 to \$137.0 million in FY 2007. The fund received \$191.6 million in transfers in, which are taxes and fees collected in other funds. This compares to \$232.5 million in FY 2006. The fund distributed \$301.1 million to local units of government, \$193.0 million for public safety, and transferred \$373.8 million to other funds, which include the Department of Transportation and the Underground Petroleum Storage Tank Excess Liability Fund. These amounts compare to FY 2006 distributions of \$308.5 million to local units of government, \$188.9 million for public safety, and transfers of \$374.2 million to other funds. The change in fund balance from FY 2006 to FY 2007 was an increase of \$1.4 million.

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 \$3.8 billion in Federal revenue as compared to \$3.3 billion in FY 2006. State funding comes through the \$1.9 billion in transfers in. Transfer in were \$1.7 billion in FY 2006. Transfers out were \$212.9 million compared with \$195.9 million in FY 2006. The Fund distributed \$5.5 billion in Medicaid assistance as compared to \$4.9 billion in FY 2006. The change in fund balance from FY 2006 to FY 2007 was \$3.7 million, caused principally by the increase in federal and state funding.

Major Moves Construction Fund

The Major Moves Construction Fund was created last fiscal year as part of the leasing of the Indiana Toll Road to Cintra-Mcquarie, a private company. This fund will distribute 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 \$187.7 million to the State Highway Department Fund. The fund received \$178.8 million in investment income and distributed \$40.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2006 to FY 2007 was a decline of \$63.7 million.

State Highway Department Fund

The State Highway Department Fund was created to fund the construction, reconstruction, operation, maintenance, and control of State highways and tollways. The fund collected \$825.1 million in grants and received \$636.5 million in transfers in, which are taxes and revenues collected in other funds, compared with \$670.1 million and \$491.4 million in FY 2006, respectively. The fund expended \$1.5 billion during the year, compared with \$1.2 billion in FY 2006. The change in fund balance from FY 2006 to FY 2007 was \$102.6 million, caused principally by the increase in grants.

Property Tax Replacement Fund

The Property Tax Replacement Fund collects sales taxes and receives as transfers from other funds, sales, income, and gaming taxes. These are dedicated to tuition support and to property tax replacement

distribution to local units of government. This is to relieve the property tax burden for the citizens of Indiana who own property. In FY 2007, the fund collected \$2.7 billion in sales taxes, as compared to \$2.6 billion in FY 2006.

The fund received transfers in of \$695.0 million for income taxes and \$73.0 million in reimbursement for tuition support in the General Fund. This compares to FY 2006 tax transfers of \$624.0 and \$64.2 million, respectively, from the General Fund. The fund received transfers in of \$625.0 million from the State Gaming Fund, as compared to \$589.9 million in FY 2006. The fund also received transfers in of \$44.3 million in sales taxes collected in the Tax Collection Fund.

The fund has a total transfer out for the year of \$1.87 billion. Out of this amount, the fund transferred out \$1.2 billion to the General Fund for tuition support, as compared to \$1.73 billion in FY 2006. \$486 million to reimburse the general fund for the property tax replacement fund's share of tuition support per Public Law 246-2005. \$94.7 million was transferred to the Build Indiana Fund, in contrast to FY 2006 when \$92.3 million was transferred. The change in fund balance from FY 2006 to FY 2007 was a decline of \$111.7 million. This was caused principally by the increased distributions to local units of governments and by increased transfers out for tuition support.

Tobacco Settlement Fund

The Tobacco Settlement Fund is used to receive and distribute revenue from the Tobacco Master Settlement Agreement entered into on November 23, 1998, by the State and leading United States tobacco product manufacturers. During fiscal year 2007, the State collected \$124.9 million from tobacco product manufacturers as compared to \$119.3 million in FY 2006. The fund collected \$6.7 million in income from investments during FY 2007.

The State expended \$12.3 million to fund operating and capital expenses associated with community health centers. \$9.1 million was spent for land and buildings at State hospitals. \$2.8 million was spent for the Indiana Local Health Department Trust Account for distribution to the counties, \$2.9 million for advertising, and \$0.7 million for management consultants. Transfers out of the Fund were \$134.9 million as compared to \$129.6 million in FY 2006.

The change in fund balance from FY 2006 to FY 2007 was a decline of \$34.8 million, caused by spending down investments to support the programs of the fund.

General Fund Budgetary Highlights

Actual State General Fund revenue collections for FY07 were 2.0% higher than the forecasted revenue expected at the time the budget was enacted by the Indiana General Assembly in April of 2005. This additional revenue plus other administrative actions taken by Governor Daniels allowed the State to close the books with back-to-back balanced budgets for the first time in eight years. At year-end, the State had nearly \$1.3 billion in reserves. The reserves consist of \$87.6 million in Medicaid Reserves, \$316.6 million of Tuition Support Reserves, \$344.3 million in Rainy Day Funds, and \$537.2 million in General Fund working balance.

However, \$285.5 million is owed to local units of government, K-12 schools and public universities, and is scheduled for repayment during the FY08-09 biennium.

The budget enacted in April of 2005 appropriated 2.2% more funds for FY06 over FY05 and 1.4% more for FY07 over FY06. This represented the smallest rate of growth in 50 years and compares to the average annual growth rate over the past ten years of 5.7%. The actual General Fund expenditures for FY07 were only 2.8% higher than FY06 expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets were \$10.0 billion, which was 40.9% of total assets for the primary government. Related debt was \$1.3 billion. Total capital assets net of related debt for the primary government was \$8.7 billion. Related debt was 12.9% of capital assets. Total capital assets decreased by \$52.8 million or 0.5%. Infrastructure grew by \$6.6 million, which was caused by an increase in the Indiana Department of Transportation (INDOT) infrastructure. This was made up of Bridges, \$6.0

million, Interstate Roads, \$0.1 million, and Non-Interstate Roads, \$0.5 million. INDOT right of way land accounted for most of the \$65.4 million increase in land. These increases were partially offset by an increase of \$20.40 million in accumulated depreciation, caused by aging of the State's capital assets. 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 2006 to fiscal year 2007.

State of Indiana Capital Assets (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2007	2006	2007	2006	2007	2006	
Land	\$ 1,247.9	\$ 1,182.5	\$ -	\$ -	\$ 1,247.9	\$ 1,182.5	5.5%
Infrastructure	7,605.0	7,598.4	-	-	7,605.0	7,598.4	0.1%
Construction in Progress	345.2	416.2	-	-	345.2	416.2	-17.1%
Property, plant and equipment	1,762.6	1,796.5	22.7	22.3	1,785.3	1,818.8	-1.8%
Less accumulated depreciation	(934.3)	(914.4)	(11.6)	(11.1)	(945.9)	(925.5)	2.2%
Total	\$ 10,026.4	\$ 10,079.2	\$ 11.1	\$ 11.2	\$ 10,037.5	\$ 10,090.4	-0.5%

Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100%

of total long-term liabilities and 25.8% of total liabilities.

The following table shows the percentage change from fiscal year 2006 to fiscal year 2007.

State of Indiana Long-term Liabilities (in millions of dollars)							Total % Change
Governmental Activities		Business-type Activities		Total Primary Government			
	2007	2006	2007	2006	2007	2006	
Accrued liability for compensated absences	\$ 58.9	\$ 55.2	\$ 0.2	\$ 0.2	\$ 59.1	\$ 55.4	6.7%
Intergovernmental payable	70.0	95.0	-	-	70.0	95.0	-26.3%
Capital lease payable	1,295.0	1,271.1	-	-	1,295.0	1,271.1	1.9%
Claims payable	-	16.3	50.0	44.0	50.0	60.3	-17.1%
Net pension obligations	10.3	14.7	-	-	10.3	14.7	-29.9%
Due to component units	81.0	112.2	-	-	81.0	112.2	-27.8%
Total	\$ 1,515.2	\$ 1,564.5	\$ 50.2	\$ 44.2	\$ 1,565.4	\$ 1,608.7	-2.7%

Total long-term liabilities decreased by 2.7% or \$43.3 million. The major factors contributing to this decrease was a decrease in intergovernmental payables of \$25.0 million. This amount represents money that is scheduled to be distributed for infrastructure construction projects from the Major Moves Construction Fund in FY 2008 and 2009. Capital lease payables increased by \$23.9 million or 1.9%. This is made up in part of an increase of \$28.7 million in the direct financing lease with the Highway Revenue Bonds Fund of the Indiana Finance Authority. This increase was offset by a decrease in other capital leases of \$4.7

million. Claims payable and benefits payable decreased by \$10.3 million or 17.1% in FY2007.

Due to component units decreased by \$31.2 million or 27.8% due to the decrease in payment delays to the colleges and universities. Legislation provides that the State Budget Agency may delay one month of budgeted appropriations to the colleges and universities.

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 \$7.6 billion in roads and bridges using the modified approach, \$1.1 billion in right of way classified as land, and \$14.2 million in 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 27,739 lane miles of roads and approximately 5,198 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 Interstate and National Highway System (NHS) Non-Interstate roads at an average Pavement Quality Index (PQI) of 75 and Non-NHS roads at an average PQI of 65. The most recent condition assessment, completed for FY 2007,

indicated that the average PQI for roads exceeded the minimum acceptable standard.

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%. The most recent condition assessment, completed in FY 2007, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

On page 109, the actual infrastructure maintenance and preservation costs are higher than their plan "needed" as INDOT has been accelerating funded projects now that the State has received toll road lease proceeds.

Economic Factors

The forecast upon which the FY 2007 state budget was based was updated in April 2007. The April 2007 updated forecast projected real Gross Domestic Product (GDP) to increase by 2.6%. The U.S. Bureau of Economic Analysis currently estimates that real GDP increased by 2.1%. The April 2007 updated forecast projects real GDP growth of 2.5% in FY08 and 2.9% in FY09.

The April 2007 updated forecast projected that Indiana non-farm personal income would increase by 4.3% in FY 2007. The U.S. Bureau of Economic Analysis currently estimates that Indiana non-farm personal income increased by 5.0%. The April 2007 updated forecast projects that Indiana non-farm personal income will increase by 4.3% in FY08 and 4.6% in FY09.

Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, and 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, 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



State of Indiana
Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current assets:				
Cash, cash equivalents and investments	\$ 7,495,997	\$ 363,104	\$ 7,859,101	\$ 2,895,664
Securities lending collateral	3,492,421	-	3,492,421	738,853
Receivables (net)	1,812,189	39,838	1,852,027	666,521
Intergovernmental receivable	-	-	-	69
Inventory	7,030	590	7,620	28,762
Prepaid expenses	4,339	31	4,370	22,224
Loans	57,727	-	57,727	-
Intergovernmental loans	-	-	-	787,532
Due from primary government	-	-	-	38,572
Due from component unit	48,420	-	48,420	-
Investment in direct financing lease	-	-	-	49,285
Funds held in trust by others	-	-	-	33,640
Other current assets	-	-	-	64,338
Total current assets	12,918,123	403,563	13,321,686	5,325,460
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	-	-	2,643,018
Taxes, interest, and penalties receivable	455,469	-	455,469	4,984
Other receivables	35,151	-	35,151	4,788,942
Investments - unrestricted	-	-	-	4,496,743
Loans	454,473	-	454,473	42
Bond issuance costs net of amortization	-	-	-	49,192
Intergovernmental loans	-	-	-	1,537,898
Due from primary government	-	-	-	81,028
Due from component unit	383	-	383	-
Investment in direct financing lease	-	-	-	1,480,802
Net pension assets	203,439	-	203,439	-
Other noncurrent assets	5	-	5	84,096
Capital assets:				
Land	1,247,948	-	1,247,948	340,926
Infrastructure	7,605,015	-	7,605,015	480,082
Construction in progress	345,201	-	345,201	968,889
Property, plant, and equipment	1,762,575	22,708	1,785,283	8,344,325
Less accumulated depreciation	(934,340)	(11,602)	(945,942)	(3,581,244)
Total capital assets, net of depreciation	10,026,399	11,106	10,037,505	6,552,978
Total noncurrent assets	11,175,319	11,106	11,186,425	21,719,723
Total assets	24,093,442	414,669	24,508,111	27,045,183
Liabilities:				
Current liabilities:				
Accounts payable	446,708	536	447,244	385,897
Claims payable	-	2,494	2,494	9,318
Interest payable	-	-	-	151,425
Current portion of long-term debt	-	-	-	1,330,579
Line of credit	-	-	-	371,000
Intergovernmental payable	197,656	-	197,656	-
Due to primary government	-	-	-	48,420
Due to component unit	38,572	-	38,572	-
Capital lease payable	38,170	-	38,170	1,609
Accrued prize liability	-	-	-	72,198
Salaries, health, disability, and benefits payable	102,242	398	102,640	26,740
Tax refunds payable	54,444	-	54,444	-
Deferred revenue	22,901	6,800	29,701	275,753
Accrued liability for compensated absences	76,785	179	76,964	69,270
Securities lending payable	15,612	-	15,612	-
Securities lending collateral	3,492,421	-	3,492,421	738,853
Deposits held in custody for others	-	-	-	36,369
Other current liabilities	728	618	1,346	53,528
Total current liabilities	4,486,239	11,025	4,497,264	3,570,959

State of Indiana
Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Long-term liabilities:				
Accrued liability for compensated absences	\$ 58,901	\$ 227	\$ 59,128	\$ 42,443
Claims payable	-	49,936	49,936	-
Intergovernmental payable	70,000	-	70,000	-
Accrued prize liability	-	-	-	75,713
Net pension obligations	10,327	-	10,327	-
Due to component unit	81,028	-	81,028	-
Due to primary government	-	-	-	383
Deferred revenue	-	-	-	3,700,215
Capital lease payable	1,294,929	-	1,294,929	10,004
Funds held in trust for others	-	-	-	157,401
Advances from federal government	-	-	-	31,840
Revenue bonds/notes payable	-	-	-	11,479,853
Other noncurrent liabilities	-	-	-	54,408
Total long-term liabilities	1,515,185	50,163	1,565,348	15,552,260
Total liabilities	6,001,424	61,188	6,062,612	19,123,219
Net Assets:				
Invested in capital assets net of related debt	8,693,300	11,106	8,704,406	2,887,839
Restricted-nonexpendable:				
Grants/constitutional restrictions	541,203	-	541,203	4,618
Permanent funds	536,382	-	536,382	-
Future debt service	-	-	-	99,628
Instruction and research	-	-	-	179,317
Student aid	-	-	-	135,349
Other purposes	-	-	-	118,058
Total restricted-nonexpendable	1,077,585	-	1,077,585	536,970
Restricted-expendable:				
Instruction and research	-	-	-	193,162
Future debt service	-	-	-	232,088
Pension fund distribution	-	-	-	13,514
Student aid	-	-	-	82,639
Auxiliary enterprises	-	-	-	4,572
Capital projects	-	-	-	241,646
Unemployment compensation	-	342,192	342,192	-
Other purposes	-	-	-	2,499,201
Total restricted-expendable	-	342,192	342,192	3,266,822
Unrestricted	8,321,133	183	8,321,316	1,230,333
Total net assets	\$ 18,092,018	\$ 353,481	\$ 18,445,499	\$ 7,921,964

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, 2007
(amounts expressed in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,682,298	\$ 490,980	\$ 520,413	\$ -	\$ (3,670,905)	\$ -	\$ (3,670,905)	\$ -
Public safety	1,248,583	484,667	166,545	10,425	(586,946)	-	(586,946)	-
Health	343,552	11,155	207,122	835	(124,440)	-	(124,440)	-
Welfare	7,881,108	100,540	5,586,695	-	(2,193,873)	-	(2,193,873)	-
Conservation, culture and development	539,997	123,264	228,836	-	(187,897)	-	(187,897)	-
Education	7,012,148	3,724	785,888	-	(6,222,536)	-	(6,222,536)	-
Transportation	1,774,739	39,174	1,075,657	-	(659,908)	-	(659,908)	-
Unallocated interest expense	758	-	-	-	(758)	-	(758)	-
Total governmental activities	23,483,183	1,253,504	8,571,156	11,260	(13,647,263)	-	(13,647,263)	-
Business-type activities:								
Unemployment Compensation Fund	758,673	629,716	-	-	-	(128,957)	(128,957)	-
Other	32,945	30,628	-	-	-	(2,317)	(2,317)	-
Total business-type activities	791,618	660,344	-	-	-	(131,274)	(131,274)	-
Total primary government	\$ 24,274,801	\$ 1,913,848	\$ 8,571,156	\$ 11,260	(13,647,263)	(131,274)	(13,778,537)	-
Component units:								
Proprietary	1,719,602	1,329,801	471,459	1,031	-	-	-	82,689
Colleges and universities	4,995,558	2,486,378	1,380,776	100,064	-	-	-	(1,028,340)
Total component units	\$ 6,715,160	\$ 3,816,179	\$ 1,852,235	\$ 101,095	-	-	-	(945,651)
General Revenues:								
Income tax					5,638,203	-	5,638,203	-
Sales tax					5,491,750	-	5,491,750	-
Fuels tax					707,354	-	707,354	-
Gaming tax					851,853	-	851,853	-
Inheritance tax					154,817	-	154,817	-
Alcohol & tobacco tax					398,601	-	398,601	-
Insurance tax					197,064	-	197,064	-
Financial institutions tax					59,003	-	59,003	-
Other tax					519,747	-	519,747	-
Total taxes					14,018,392	-	14,018,392	-
Revenue not restricted to specific programs								
Investment earnings unrestricted					260,805	24,992	285,797	754,811
Payments from State of Indiana					-	-	-	1,356,104
Other					69,522	-	69,522	91,445
Transfers within primary government					(1,006)	1,006	-	-
Total general revenues and transfers					14,347,713	25,998	14,373,711	2,202,360
Changes in net assets					700,450	(105,276)	595,174	1,256,709
Net assets - beginning, as restated					17,391,568	458,757	17,850,325	6,665,255
Net assets - ending					\$ 18,092,018	\$ 353,481	\$ 18,445,499	\$ 7,921,964

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, 2007
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Motor Vehicle Highway Fund</u>	<u>Medicaid Assistance Fund</u>	<u>Major Moves Construction Fund</u>
Assets:				
Cash, cash equivalents and investments-unrestricted	\$ 1,595,976	\$ 2,426	\$ 47,345	\$ 2,701,895
Securities lending collateral	2,177,433	-	-	623,654
Receivables:				
Taxes (net of allowance for uncollectible accounts)	1,367,625	21,694	-	-
Securities lending	9,039	-	-	3,245
Accounts	13,336	115	-	-
Grants	4,061	361	2,341	-
Interest	10,986	-	-	1,249
Interfund loans	19,181	63,277	-	-
Due from component unit	15,050	-	-	-
Prepaid expenditures	153	484	-	-
Loans	20,594	-	-	-
	<u>\$ 5,233,434</u>	<u>\$ 88,357</u>	<u>\$ 49,686</u>	<u>\$ 3,330,043</u>
Total assets				
	<u>\$ 5,233,434</u>	<u>\$ 88,357</u>	<u>\$ 49,686</u>	<u>\$ 3,330,043</u>
Liabilities:				
Accounts payable	\$ 92,374	\$ 1,667	\$ 46	\$ -
Salaries and benefits payable	36,777	5,622	-	-
Interfund loans	-	-	-	-
Interfund services used	2,290	3,639	-	-
Intergovernmental payable	40,081	29,555	-	-
Due to component unit	435	-	-	-
Tax refunds payable	49,126	-	-	-
Deferred revenue	560,701	10,121	-	-
Accrued liability for compensated absences-current	2,348	59	-	-
Securities lending payable	9,039	-	-	3,245
Securities lending collateral	2,177,433	-	-	623,654
	<u>2,970,604</u>	<u>50,663</u>	<u>46</u>	<u>626,899</u>
Total liabilities				
	<u>2,970,604</u>	<u>50,663</u>	<u>46</u>	<u>626,899</u>
Fund balance:				
Reserved:				
Encumbrances	49,056	12,249	-	-
Special purposes	4,061	361	2,341	-
Tuition support	316,553	-	-	-
Interfund loans	19,181	63,277	-	-
Long-term loans and advances	20,376	-	-	-
Unreserved fund balance reported in:				
General fund	1,853,603	-	-	-
Special revenue funds	-	(38,193)	47,299	2,703,144
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>2,262,830</u>	<u>37,694</u>	<u>49,640</u>	<u>2,703,144</u>
Total fund balances				
	<u>2,262,830</u>	<u>37,694</u>	<u>49,640</u>	<u>2,703,144</u>
Total liabilities and fund balances	<u>\$ 5,233,434</u>	<u>\$ 88,357</u>	<u>\$ 49,686</u>	<u>\$ 3,330,043</u>

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

State Highway Department Fund	Property Tax Replacement Fund	Tobacco Settlement Fund	Non-major Governmental Funds	Total
\$ 478,960	\$ 3,519	\$ 133,835	\$ 2,456,001	\$ 7,419,957
5,190	-	134,531	551,615	3,492,423
-	348,279	-	159,040	1,896,638
23	-	558	2,746	15,611
1,273	-	-	24,641	39,365
47,896	-	-	127,856	182,515
-	-	439	4,664	17,338
-	-	-	-	82,458
-	-	-	33,370	48,420
-	-	-	742	1,379
7,586	-	-	484,021	512,201
<u>\$ 540,928</u>	<u>\$ 351,798</u>	<u>\$ 269,363</u>	<u>\$ 3,844,696</u>	<u>\$ 13,708,305</u>
\$ 7,215	\$ 121,904	\$ 1,907	\$ 139,234	\$ 364,347
8,519	-	48	24,991	75,957
-	-	-	82,458	82,458
571	-	4	3,578	10,082
-	-	-	43,020	112,656
-	-	-	7,006	7,441
-	-	-	5,318	54,444
963	110,730	-	77,548	760,063
535	-	3	1,699	4,644
23	-	558	2,746	15,611
5,190	-	134,531	551,615	3,492,423
<u>23,016</u>	<u>232,634</u>	<u>137,051</u>	<u>939,213</u>	<u>4,980,126</u>
1,290,054	-	2,959	261,881	1,616,199
47,896	-	-	114,909	169,568
-	-	-	-	316,553
-	-	-	-	82,458
7,586	-	-	483,327	511,289
-	-	-	-	1,853,603
(827,624)	119,164	129,353	1,347,553	3,480,696
-	-	-	90,207	90,207
-	-	-	607,606	607,606
<u>517,912</u>	<u>119,164</u>	<u>132,312</u>	<u>2,905,483</u>	<u>8,728,179</u>
<u>\$ 540,928</u>	<u>\$ 351,798</u>	<u>\$ 269,363</u>	<u>\$ 3,844,696</u>	<u>\$ 13,708,305</u>

State of Indiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

Total fund balances-governmental funds	\$ 8,728,179

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	\$ 1,247,948	
Infrastructure assets	7,605,015	
Construction in progress	345,201	
Property, plant, and equipment	1,718,897	
Accumulated depreciation	(906,345)	
Total capital assets, net of depreciation		10,010,716

The State's pension funds have net pension assets not reported as assets in the funds.	203,439

Some of the state's revenues 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.	879,993

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(293,545)

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.	74,815

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	(127,672)	
Loan from the Indiana Board for Depositories	(50,000)	
Capital lease payable	(1,323,580)	
Net pension obligations	(10,327)	
Total long-term liabilities		(1,511,579)

Net assets of governmental activities	\$ 18,092,018

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, 2007
(amounts expressed in thousands)

	General Fund	Motor Vehicle Highway Fund	Medicaid Assistance Fund	Major Moves Construction Fund
Revenues:				
Taxes:				
Income	\$ 5,481,976	\$ -	\$ -	\$ -
Sales	2,650,348	-	-	-
Fuels	-	325,468	-	-
Gaming	87,958	-	-	-
Inheritance	154,814	-	-	-
Alcohol and tobacco	334,785	-	-	-
Insurance	190,925	-	-	-
Financial Institutions	-	-	-	-
Other	206,429	172,828	-	-
Total taxes	9,107,235	498,296	-	-
Current service charges	200,181	136,998	-	-
Investment income	261,267	-	-	178,766
Sales/rents	1,512	7	-	-
Grants	15,430	10,392	3,755,523	-
Other	68,010	37,613	10,859	-
Total revenues	9,653,635	683,306	3,766,382	178,766
Expenditures:				
Current:				
General government	1,186,039	301,054	28	54,704
Public safety	622,272	193,028	-	-
Health	86,002	128	-	-
Welfare	313,593	-	5,481,567	-
Conservation, culture and development	85,060	3,005	-	-
Education	6,080,511	260	-	-
Transportation	1,225	2,261	-	94
Total expenditures	8,374,702	499,736	5,481,595	54,798
Excess (deficiency) of revenues over expenditures	1,278,933	183,570	(1,715,213)	123,968
Other financing sources (uses):				
Transfers in	2,616,812	191,635	1,931,825	-
Transfers (out)	(3,462,498)	(373,827)	(212,873)	(187,665)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	(845,686)	(182,192)	1,718,952	(187,665)
Net change in fund balances	433,247	1,378	3,739	(63,697)
Fund Balance July 1, as restated	1,829,583	36,316	45,901	2,766,841
Fund Balance June 30	\$ 2,262,830	\$ 37,694	\$ 49,640	\$ 2,703,144

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

State Highway Department Fund	Property Tax Replacement Fund	Tobacco Settlement Fund	Non-Major Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 115,825	\$ 5,597,801
-	2,672,268	-	143,683	5,466,299
-	-	-	382,108	707,576
-	-	-	763,928	851,886
-	-	-	6	154,820
-	-	-	63,246	398,031
-	-	-	6,138	197,063
-	-	-	60,465	60,465
-	-	-	139,869	519,126
-	2,672,268	-	1,675,268	13,953,067
12,083	-	124,914	774,465	1,248,641
561	-	6,675	87,840	535,109
1,382	-	-	23,289	26,190
825,123	-	196	3,186,993	7,793,657
85,855	-	90	355,124	557,551
925,004	2,672,268	131,875	6,102,979	24,114,215
261	2,354,849	16,324	739,677	4,652,936
-	-	-	401,594	1,216,894
-	-	25,800	226,628	338,558
-	-	-	2,062,440	7,857,600
-	-	143	440,889	529,097
-	-	-	992,286	7,073,057
1,516,286	-	-	270,151	1,790,017
1,516,547	2,354,849	42,267	5,133,665	23,458,159
(591,543)	317,419	89,608	969,314	656,056
636,457	1,438,055	10,562	2,359,740	9,185,086
(5,998)	(1,867,126)	(134,948)	(2,939,930)	(9,184,865)
63,714	-	-	-	63,714
694,173	(429,071)	(124,386)	(580,190)	63,935
102,630	(111,652)	(34,778)	389,124	719,991
415,282	230,816	167,090	2,516,359	8,008,188
\$ 517,912	\$ 119,164	\$ 132,312	\$ 2,905,483	\$ 8,728,179

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, 2007
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	\$	719,991
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.		
		18,325
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 (\$61,188) exceeds net capital outlays (\$7,628) in the current period.		
		(68,816)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		70,805
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.		
		(61,636)
Payment delays to colleges and universities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		40,000
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		(30,292)
Decrease in net pension obligations		1,980
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.		
		10,093
Change in net assets of governmental activities.	\$	700,450

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



State of Indiana
Statement of Fund Net Assets
Proprietary Funds
June 30, 2007

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 303,487	\$ 59,617	\$ 363,104	\$ 76,041
Receivables:				
Accounts	33,786	428	34,214	8,912
Interest	-	687	687	-
Grants	4,937	-	4,937	-
Interfund services provided	-	-	-	10,082
Inventory	-	590	590	7,030
Prepaid expenses	-	31	31	4,339
Total current assets	342,210	61,353	403,563	106,404
Noncurrent assets:				
Property, plant, and equipment	-	22,708	22,708	43,678
Less accumulated depreciation	-	(11,602)	(11,602)	(27,995)
Total capital assets, net of depreciation	-	11,106	11,106	15,683
Other assets	-	-	-	5
Total noncurrent assets	-	11,106	11,106	15,688
Total assets	342,210	72,459	414,669	122,092
Liabilities				
Current liabilities:				
Accounts payable	18	518	536	7,212
Claims payable	-	2,494	2,494	-
Salaries and benefits payable	-	398	398	1,162
Capital lease payable	-	-	-	540
Health/disability benefits payable	-	-	-	23,890
Accrued liability for compensated absences	-	179	179	1,855
Deferred revenue	-	6,800	6,800	1,396
Other liabilities	-	618	618	728
Total current liabilities	18	11,007	11,025	36,783
Noncurrent liabilities:				
Accrued liability for compensated absences	-	227	227	1,515
Capital lease payable	-	-	-	8,979
Claims payable	-	49,936	49,936	-
Total noncurrent liabilities	-	50,163	50,163	10,494
Total liabilities	18	61,170	61,188	47,277
Net assets				
Invested in capital assets net of related debt	-	11,106	11,106	6,164
Restricted-expendable:				
Unemployment compensation	342,192	-	342,192	-
Unrestricted	-	183	183	68,651
Total net assets	\$ 342,192	\$ 11,289	\$ 353,481	\$ 74,815

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, 2007

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Sales/rents/premiums	\$ -	\$ 30,352	\$ 30,352	\$ 397,799
Employer contributions	613,689	-	613,689	-
Charges for services	-	-	-	1,315
Other	-	276	276	998
Total operating revenues	613,689	30,628	644,317	400,112
Cost of sales	-	3,814	3,814	31,594
Gross margin	613,689	26,814	640,503	368,518
Operating expenses:				
General and administrative expense	-	18,718	18,718	107,012
Claims expense	-	9,702	9,702	-
Health / disability benefit payments	-	-	-	244,920
Unemployment compensation benefits	758,673	-	758,673	-
Depreciation and amortization	-	569	569	4,081
Other	-	142	142	-
Total operating expenses	758,673	29,131	787,804	356,013
Operating income (loss)	(144,984)	(2,317)	(147,301)	12,505
Nonoperating revenues (expenses):				
Interest and other investment income	22,220	2,772	24,992	2
Interest and other investment expense	-	-	-	(758)
Gain (Loss) on disposition of assets	-	-	-	(429)
Other	16,027	-	16,027	-
Total nonoperating revenues (expenses)	38,247	2,772	41,019	(1,185)
Income before contributions and transfers	(106,737)	455	(106,282)	11,320
Transfers in	-	1,006	1,006	4,690
Transfers (out)	-	-	-	(5,917)
Change in net assets	(106,737)	1,461	(105,276)	10,093
Total net assets, July 1, as restated	448,929	9,828	458,757	64,722
Total net assets, June 30	\$ 342,192	\$ 11,289	\$ 353,481	\$ 74,815

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, 2007
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 608,200	\$ 28,675	\$ 636,875	\$ 396,087
Cash paid for general and administrative	-	(19,432)	(19,432)	(106,160)
Cash paid for salary/health/disability benefit payments	-	-	-	(242,469)
Cash paid to suppliers	-	(3,903)	(3,903)	(36,282)
Cash paid for claims expense	(765,297)	(3,466)	(768,763)	-
Net cash provided (used) by operating activities	(157,097)	1,874	(155,223)	11,176
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	4,690
Transfers out	-	-	-	(6,606)
Other	15,435	-	15,435	-
Net cash provided (used) by noncapital financing activities	15,435	-	15,435	(1,916)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(511)	(511)	(3,505)
Proceeds from sale of assets	-	-	-	2,056
Principal payments -- capital leases	-	-	-	(1,341)
Capital contributions	-	1,006	1,006	-
Interest paid	-	-	-	(8)
Net cash provided (used) by capital and related financing activities	-	495	495	(2,798)
Cash flows from investing activities:				
Proceeds from sales of investments	-	7,464	7,464	-
Purchase of investments	-	(12,992)	(12,992)	-
Interest income (expense) on investments	22,220	2,147	24,367	2
Net cash provided (used) by investing activities	22,220	(3,381)	18,839	2
Net increase (decrease) in cash and cash equivalents	(119,442)	(1,012)	(120,454)	6,464
Cash and cash equivalents, July 1, as restated	422,929	6,734	429,663	69,577
Cash and cash equivalents, June 30	\$ 303,487	\$ 5,722	\$ 309,209	\$ 76,041
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	\$ 303,487	\$ 5,722	\$ 309,209	\$ 76,041
Cash and cash equivalents restricted at end of year	-	445	445	-
Investments unrestricted	-	53,450	53,450	-
Cash, cash equivalents and investments per balance sheet	\$ 303,487	\$ 59,617	\$ 363,104	\$ 76,041
Noncash investing, capital and financing activities:				
Increase in fair value of investments	\$ -	\$ 573	\$ 573	\$ -

State of Indiana
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June
30, 2007

(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)	\$ (144,984)	\$ (2,317)	\$ (147,301)	\$ 12,505
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	569	569	4,081
(Increase) decrease in receivables	(5,489)	(64)	(5,553)	(2,154)
(Increase) decrease in interfund services provided	-	-	-	(2,361)
(Increase) decrease in inventory	-	(89)	(89)	(1,359)
(Increase) decrease in prepaid expenses	-	73	73	(4,340)
(Increase) decrease in claims payable	-	6,236	6,236	-
Increase (decrease) in health and disability benefits payable	-	-	-	2,451
Increase (decrease) in accounts payable	(6,624)	180	(6,444)	972
Increase (decrease) in deferred revenue	-	(1,953)	(1,953)	491
Increase (decrease) in salaries payable	-	73	73	157
Increase (decrease) in compensated absences	-	32	32	733
Increase (decrease) in other payables	-	(866)	(866)	-
Net cash provided (used) by operating activities	<u>\$ (157,097)</u>	<u>\$ 1,874</u>	<u>\$ (155,223)</u>	<u>\$ 11,176</u>

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, 2007

(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets:			
Cash, cash equivalents and non-pension investments	\$ 1,808,905	\$ 40,823	\$ 471,906
Securities lending collateral	4,732,876	7,844	90,350
Receivables:			
Taxes	-	-	15,648
Contributions	192,279	-	-
Interest	73,537	54	-
Securities lending	-	29	390
Member loans	4,779	-	-
Due from other funds	16,998	-	-
Due from component unit	2,099	-	-
From investment sales	1,223,688	-	-
Other	7	-	62
Pension and other employee benefit investments at fair value:			
Equity Securities	13,319,540	-	-
Debt Securities	6,619,360	-	-
Mutual Funds	5,037,267	-	-
Other	729,882	-	-
Total investments	<u>25,706,049</u>	<u>-</u>	<u>-</u>
Other assets	-	-	141,685
Property, plant and equipment net of accumulated depreciation	<u>3,097</u>	<u>-</u>	<u>-</u>
Total assets	<u>33,764,314</u>	<u>48,750</u>	<u>720,041</u>
Liabilities:			
Accounts/escrows payable	20,633	5,055	613,187
Securities purchased payable	2,430,122	-	-
Salaries and benefits payable	656	-	-
Due to other funds	16,998	-	-
Securities lending payable	-	29	390
Due to component unit	2,099	-	-
Compensated absences	406	-	-
Securities lending collateral	4,732,876	7,844	90,350
Other	<u>161</u>	<u>-</u>	<u>16,114</u>
Total liabilities	<u>7,203,951</u>	<u>12,928</u>	<u>\$ 720,041</u>
Net assets:			
Held in trust for:			
Employees' pension benefits	26,560,363	-	-
Trust beneficiaries	<u>-</u>	<u>35,822</u>	-
Total net assets	<u>\$ 26,560,363</u>	<u>\$ 35,822</u>	-

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, 2007

(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Private-Purpose Trust Funds
Additions:		
Member contributions	\$ 315,602	\$ 79,404
Employer contributions	1,135,545	-
Contributions from the State of Indiana	94,478	-
Net investment income (loss)	4,163,069	1,301
Less investment expense	(287,776)	-
Donations/escheats	-	74,004
Transfers in	6,928	-
Other	290	-
Total additions	5,428,136	154,709
Deductions:		
Pension benefits	1,449,046	-
Disability and other benefits	372	-
Payments to participants/beneficiaries	-	159,787
Refunds of contributions and interest	65,382	-
Administrative	27,757	-
Pension relief distributions	140,727	-
Depreciation	21	-
Transfers out	6,965	-
Other	2,282	-
Total deductions	1,692,552	159,787
Net increase (decrease) in net assets	3,735,584	(5,078)
Net assets held in trust, July 1, as restated	22,824,779	40,900
Net assets held in trust, June 30	\$ 26,560,363	\$ 35,822

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, 2007
(amounts expressed in thousands)

	Proprietary	Colleges and Universities	Total
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 1,726,947	\$ 1,168,717	\$ 2,895,664
Securities lending collateral	197,203	541,650	738,853
Receivables (net)	339,263	327,258	666,521
Intergovernmental receivable	69	-	69
Inventory	113	28,649	28,762
Prepaid expenses	5,475	16,749	22,224
Intergovernmental loans	787,532	-	787,532
Due from primary government	7,441	31,131	38,572
Investment in direct financing lease	49,285	-	49,285
Funds held in trust by others	350	33,290	33,640
Other current assets	7,292	57,046	64,338
Total current assets	3,120,970	2,204,490	5,325,460
Noncurrent assets:			
Cash, cash equivalents and investments - restricted	868,348	1,774,670	2,643,018
Taxes, interest, and penalties receivable	4,984	-	4,984
Other receivables	4,479,086	309,856	4,788,942
Investments - unrestricted	775,330	3,721,413	4,496,743
Loans	-	42	42
Bond issuance costs net of amortization	49,084	108	49,192
Intergovernmental loans	1,537,898	-	1,537,898
Due from primary government	50,000	31,028	81,028
Investment in direct financing lease	1,471,521	9,281	1,480,802
Other noncurrent assets	6,163	77,933	84,096
Capital assets:			
Land	164,986	175,940	340,926
Infrastructure	222,595	257,487	480,082
Construction in progress	481,513	487,376	968,889
Property, plant, and equipment	1,241,690	7,102,635	8,344,325
Less accumulated depreciation	(335,409)	(3,245,835)	(3,581,244)
Capital assets, net of accumulated depreciation	1,775,375	4,777,603	6,552,978
Total noncurrent assets	11,017,789	10,701,934	21,719,723
Total assets	14,138,759	12,906,424	27,045,183
Liabilities:			
Current liabilities:			
Accounts payable	96,103	289,794	385,897
Claims payable	9,318	-	9,318
Interest payable	149,109	2,316	151,425
Current portion of long-term debt	1,217,088	113,491	1,330,579
Line of credit	371,000	-	371,000
Due to primary government	48,420	-	48,420
Capital lease payable	-	1,609	1,609
Accrued prize liability	72,198	-	72,198
Salaries, health, disability, and benefits payable	78	26,662	26,740
Deferred revenue	57,853	217,900	275,753
Accrued liability for compensated absences	-	69,270	69,270
Securities lending collateral	197,203	541,650	738,853
Deposits held in custody for others	356	36,013	36,369
Other current liabilities	19,306	34,222	53,528
Total current liabilities	2,238,032	1,332,927	3,570,959
Long-term liabilities:			
Accrued liability for compensated absences	-	42,443	42,443
Accrued prize liability	75,713	-	75,713
Due to primary government	383	-	383
Deferred revenue	3,668,360	31,855	3,700,215
Capital lease payable	-	10,004	10,004
Funds held in trust for others	-	157,401	157,401
Advances from federal government	2,869	28,971	31,840
Revenue bonds/notes payable	9,560,376	1,919,477	11,479,853
Other noncurrent liabilities	5,106	49,302	54,408
Total long-term liabilities	13,312,807	2,239,453	15,552,260
Total liabilities	15,550,839	3,572,380	19,123,219
Net Assets:			
Invested in capital assets net of related debt	127,529	2,760,310	2,887,839
Restricted-nonexpendable:			
Grants/constitutional restrictions	4,618	-	4,618
Future debt service	99,628	-	99,628
Instruction and research	-	179,317	179,317
Student aid	-	135,349	135,349
Other purposes	-	118,058	118,058
Total restricted-nonexpendable	104,246	432,724	536,970
Restricted-expendable:			
Instruction and research	-	193,162	193,162
Future debt service	208,606	23,482	232,088
Pension fund distribution	13,514	-	13,514
Student aid	-	82,639	82,639
Auxiliary enterprises	-	4,572	4,572
Capital projects	37,139	204,507	241,646
Other purposes	847,882	1,651,319	2,499,201
Total restricted-expendable	1,107,141	2,159,681	3,266,822
Unrestricted	(2,750,996)	3,981,329	1,230,333
Total net assets	\$ (1,412,080)	\$ 9,334,044	\$ 7,921,964

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, 2007
(amounts expressed in thousands)

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Proprietary</u>	<u>Colleges and Universities</u>	<u>Net (Expense) Revenue</u>
Proprietary	\$ 1,719,602	\$ 1,329,801	\$ 471,459	\$ 1,031	\$ 82,689	\$ -	\$ 82,689
Colleges and universities	4,995,558	2,486,378	1,380,776	100,064	-	(1,028,340)	(1,028,340)
Total component units	<u>\$ 6,715,160</u>	<u>\$ 3,816,179</u>	<u>\$ 1,852,235</u>	<u>\$ 101,095</u>	<u>82,689</u>	<u>(1,028,340)</u>	<u>(945,651)</u>
General Revenues:							
Investment earnings					103,326	651,485	754,811
Payments from State of Indiana					1,218	1,354,886	1,356,104
Other					-	91,445	91,445
Total general revenues					<u>104,544</u>	<u>2,097,816</u>	<u>2,202,360</u>
Change in net assets					187,233	1,069,476	1,256,709
Net assets - beginning, as restated					(1,599,313)	8,264,568	6,665,255
Net assets - ending					<u>\$ (1,412,080)</u>	<u>\$ 9,334,044</u>	<u>\$ 7,921,964</u>

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, 2007
(amounts expressed in thousands)

	Indiana Finance Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Board for Depositories
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 945,708	\$ 66,056	\$ 85,840	\$ 138,273
Securities lending collateral	6,838	-	-	190,365
Receivables (net)	159,269	30,901	431	3,167
Intergovernmental receivable	69	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Intergovernmental loans	-	787,532	-	-
Due from primary government	7,441	-	-	-
Investment in direct financing lease	49,285	-	-	-
Funds held in trust by others	350	-	-	-
Other current assets	1,431	-	4,049	-
Total current assets	1,170,391	884,489	90,320	331,805
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	21,940	764,079	-
Taxes, interest, and penalties receivable	-	-	4,984	-
Loans receivable	2,020,651	-	843,681	-
Investments - unrestricted	651,956	-	-	122,924
Bond issuance costs, net of amortization	16,984	21,649	10,451	-
Intergovernmental loans	-	1,537,898	-	-
Due from primary government	-	-	-	50,000
Investment in direct financing leases	1,471,521	-	-	-
Other noncurrent assets	157	-	44	-
Capital assets:				
Land	85,531	-	-	-
Infrastructure	222,595	-	-	-
Construction in progress	11,376	-	-	-
Property, plant, and equipment	1,181,488	-	1,878	505
Less accumulated depreciation	(310,060)	-	(1,728)	(477)
Total capital assets, net of depreciation	1,190,930	-	150	28
Total noncurrent assets	5,352,199	1,581,487	1,623,389	172,952
Total assets	6,522,590	2,465,976	1,713,709	504,757
Liabilities				
Current liabilities:				
Accounts payable	6,493	469	1,606	888
Claims payable	-	-	-	-
Interest payable	71,314	42,885	28,727	-
Current portion of long-term debt	192,201	829,355	195,532	-
Line of credit	-	-	-	-
Due to primary government	15,090	-	-	-
Accrued prize liability	-	-	-	-
Salaries, health, disability, and benefits payable	-	-	-	-
Deferred revenue	50,281	-	-	-
Securities lending collateral	6,838	-	-	190,365
Deposits held in custody for others	-	-	356	-
Other current liabilities	2,330	-	14,530	5
Total current liabilities	344,547	872,709	240,751	191,258
Long-term liabilities:				
Accrued prize liability	-	-	-	-
Due to primary government	383	-	-	-
Deferred revenue	3,639,056	-	-	-
Advances from federal government	2,869	-	-	-
Revenue bonds/notes payable	4,693,229	1,578,474	1,296,063	-
Other noncurrent liabilities	-	494	35	-
Total long-term liabilities	8,335,537	1,578,968	1,296,098	-
Total liabilities	8,680,084	2,451,677	1,536,849	191,258
Net assets				
Invested in capital assets net of related debt	13,221	-	150	28
Restricted-nonexpendable				
Grants/constitutional restrictions	-	-	4,618	-
Future debt service	-	-	99,628	-
Total restricted-nonexpendable	-	-	104,246	-
Restricted-expendable				
Future debt service	201,362	2,667	-	-
Pension fund distribution	-	-	-	13,514
Capital projects	-	-	-	-
Other purposes	847,882	-	-	-
Total restricted-expendable	1,049,244	2,667	-	13,514
Unrestricted (deficit)	(3,219,959)	11,632	72,464	299,957
Total net assets	\$ (2,157,494)	\$ 14,299	\$ 176,860	\$ 313,499

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

Secondary Market for Education Loans	State Lottery Commission	Indiana Stadium and Convention Building Authority	Non-Major	Total Component Units
\$ 104,614	\$ 100,696	\$ 261,529	\$ 24,231	\$ 1,726,947
-	-	-	-	197,203
110,386	31,806	969	2,334	339,263
-	-	-	-	69
-	96	-	17	113
-	5,386	-	89	5,475
-	-	-	-	787,532
-	-	-	-	7,441
-	-	-	-	49,285
-	-	-	-	350
1,812	-	-	-	7,292
216,812	137,984	262,498	26,671	3,120,970
-	82,329	-	-	868,348
-	-	-	-	4,984
1,614,754	-	-	-	4,479,086
-	-	-	450	775,330
-	-	-	-	49,084
-	-	-	-	1,537,898
-	-	-	-	50,000
-	-	-	-	1,471,521
5,962	-	-	-	6,163
-	-	-	79,455	164,986
-	-	-	-	222,595
-	-	470,137	-	481,513
2,654	13,019	-	42,146	1,241,690
(786)	(10,860)	-	(11,498)	(335,409)
1,868	2,159	470,137	110,103	1,775,375
1,622,584	84,488	470,137	110,553	11,017,789
1,839,396	222,472	732,635	137,224	14,138,759
3,218	33,993	49,251	185	96,103
-	-	-	9,318	9,318
5,830	-	353	-	149,109
-	-	-	-	1,217,088
371,000	-	-	-	371,000
-	33,330	-	-	48,420
-	72,198	-	-	72,198
-	-	-	78	78
-	438	-	7,134	57,853
-	-	-	-	197,203
-	-	-	-	356
-	1,800	-	641	19,306
380,048	141,759	49,604	17,356	2,238,032
-	75,713	-	-	75,713
-	-	-	-	383
-	-	29,304	-	3,668,360
-	-	-	-	2,869
1,374,850	-	617,760	-	9,560,376
4,577	-	-	-	5,106
1,379,427	75,713	647,064	-	13,312,807
1,759,475	217,472	696,668	17,356	15,550,839
1,868	2,159	-	110,103	127,529
-	-	-	-	4,618
-	-	-	-	99,628
-	-	-	-	104,246
4,577	-	-	-	208,606
-	-	-	-	13,514
-	-	35,967	1,172	37,139
-	-	-	-	847,882
4,577	-	35,967	1,172	1,107,141
73,476	2,841	-	8,593	(2,750,996)
\$ 79,921	\$ 5,000	\$ 35,967	\$ 119,868	\$ (1,412,080)

State of Indiana
Combining Statement of Activities
Discretely Presented Component Units -
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(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	\$ 330,710	\$ 377,550	\$ 41,537	\$ -	\$ 88,377	\$ -	\$ -
Indiana Bond Bank	103,971	361	103,682	-	-	72	-
Indiana Housing and Community Development Authority	269,429	56,098	197,143	-	-	-	(16,188)
Board for Depositories	18,772	-	23,882	-	-	-	-
Secondary Market for Educational Loans	100,778	-	103,200	-	-	-	-
State Lottery Commission	795,140	789,442	-	-	-	-	-
Indiana Stadium and Convention Building Authority	96	20,000	-	921	-	-	-
Non-Major Proprietary	100,706	86,350	2,015	110	-	-	-
Total component units	<u>\$ 1,719,602</u>	<u>\$ 1,329,801</u>	<u>\$ 471,459</u>	<u>\$ 1,031</u>	<u>88,377</u>	<u>72</u>	<u>(16,188)</u>
General revenues:							
Investment earnings					83,838	547	13,622
Payments from State of Indiana					-	-	-
Total general revenues					<u>83,838</u>	<u>547</u>	<u>13,622</u>
Change in net assets					172,215	619	(2,566)
Net assets - beginning, as restated					<u>(2,329,709)</u>	<u>13,680</u>	<u>179,426</u>
Net assets - ending					<u>\$ (2,157,494)</u>	<u>\$ 14,299</u>	<u>\$ 176,860</u>

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, 2007
(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	Net (Expense) Revenue
Indiana Finance Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,377
Indiana Bond Bank	-	-	-	-	-	72
Indiana Housing and Community Development Authority	-	-	-	-	-	(16,188)
Board for Depositories	5,110	-	-	-	-	5,110
Secondary Market for Educational Loans	-	2,422	-	-	-	2,422
State Lottery Commission	-	-	(5,698)	-	-	(5,698)
Indiana Stadium and Convention Building Authority	-	-	-	20,825	-	20,825
Non-Major Proprietary	-	-	-	-	(12,231)	(12,231)
Total component units	5,110	2,422	(5,698)	20,825	(12,231)	82,689
General revenues:						
Investment earnings	-	-	4,111	-	1,208	103,326
Payments from State of Indiana	-	-	-	-	1,218	1,218
Total general revenues	-	-	4,111	-	2,426	104,544
Change in net assets	5,110	2,422	(1,587)	20,825	(9,805)	187,233
Net assets - beginning, as restated	308,389	77,499	6,587	15,142	129,673	(1,599,313)
Net assets - ending	\$ 313,499	\$ 79,921	\$ 5,000	\$ 35,967	\$ 119,868	\$ (1,412,080)

State of Indiana
Combining Statement of Net Assets
Discretely Presented Component Units -
Colleges and Universities
June 30, 2007
(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 506,666	\$ 332,382	\$ 329,669	\$ 1,168,717
Securities lending collateral	294,186	247,464	-	541,650
Receivables (net)	117,304	89,179	120,775	327,258
Inventory	15,659	-	12,990	28,649
Prepaid expenses	-	-	16,749	16,749
Due from primary government	12,275	8,595	10,261	31,131
Funds held in trust by others	-	-	33,290	33,290
Other current assets	20,935	33,567	2,544	57,046
Total current assets	967,025	711,187	526,278	2,204,490
Noncurrent assets:				
Cash, cash equivalents and investments - restricted	-	1,710,480	64,190	1,774,670
Other receivables	223,081	69,807	16,968	309,856
Investments - unrestricted	2,198,398	834,920	688,095	3,721,413
Loans	-	42	-	42
Bond issuance costs net of amortization	-	-	108	108
Due from primary government	12,172	8,595	10,261	31,028
Investment in direct financing lease	9,281	-	-	9,281
Other noncurrent assets	-	50,258	27,675	77,933
Capital assets:				
Land	49,163	22,721	104,056	175,940
Infrastructure	141,055	54,687	61,745	257,487
Construction in progress	216,748	168,906	101,722	487,376
Property, plant, and equipment	3,004,216	2,362,468	1,735,951	7,102,635
Less accumulated depreciation	(1,432,341)	(1,077,282)	(736,212)	(3,245,835)
Total capital assets, net of depreciation	1,978,841	1,531,500	1,267,262	4,777,603
Total noncurrent assets	4,421,773	4,205,602	2,074,559	10,701,934
Total assets	5,388,798	4,916,789	2,600,837	12,906,424
Liabilities				
Current liabilities:				
Accounts payable	182,903	55,167	51,724	289,794
Interest payable	-	-	2,316	2,316
Current portion of long-term debt	41,067	31,228	41,196	113,491
Capital lease payable	1,570	-	39	1,609
Salaries, health, disability, and benefits payable	-	10,351	16,311	26,662
Deferred revenue	147,391	47,246	23,263	217,900
Accrued liability for compensated absences	37,317	24,207	7,746	69,270
Securities lending collateral	294,186	247,464	-	541,650
Deposits held in custody for others	-	21,657	14,356	36,013
Other current liabilities	-	25,263	8,959	34,222
Total current liabilities	704,434	462,583	165,910	1,332,927
Long-term liabilities:				
Accrued liability for compensated absences	11,362	16,263	14,818	42,443
Deferred revenue	24,778	-	7,077	31,855
Capital lease payable	9,942	-	62	10,004
Funds held in trust for others	83,085	62,160	12,156	157,401
Advances from federal government	-	20,174	8,797	28,971
Revenue bonds/notes payable	698,051	599,034	622,392	1,919,477
Other noncurrent liabilities	31,962	2,278	15,062	49,302
Total long-term liabilities	859,180	699,909	680,364	2,239,453
Total liabilities	1,563,614	1,162,492	846,274	3,572,380
Net assets				
Invested in capital assets net of related debt	1,304,656	863,282	592,372	2,760,310
Restricted-nonexpendable				
Instruction and research	-	179,317	-	179,317
Student aid	-	129,179	6,170	135,349
Other purposes	73,025	27,408	17,625	118,058
Total restricted-nonexpendable	73,025	335,904	23,795	432,724
Restricted-expendable				
Instruction and research	91,866	99,710	1,586	193,162
Student aid	22,357	55,823	4,459	82,639
Auxiliary enterprises	-	4,572	-	4,572
Capital projects	13,247	52,875	138,385	204,507
Other purposes	-	1,366,799	284,520	1,651,319
Total restricted-expendable	150,952	1,579,779	428,950	2,159,681
Unrestricted (deficit)	2,296,551	975,332	709,446	3,981,329
Total net assets	\$ 3,825,184	\$ 3,754,297	\$ 1,754,563	\$ 9,334,044

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 Fiscal Year Ended June 30, 2007
(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	\$ 2,332,792	\$ 1,278,332	\$ 691,203	\$ 15,925	\$ (347,332)	\$ -	\$ -	\$ (347,332)
Purdue University	1,508,171	739,222	442,322	68,070	-	(258,557)	-	(258,557)
Non-Major Colleges and Universities	1,154,595	468,824	247,251	16,069	-	-	(422,451)	(422,451)
Total component units	<u>\$ 4,995,558</u>	<u>\$ 2,486,378</u>	<u>\$ 1,380,776</u>	<u>\$ 100,064</u>	<u>(347,332)</u>	<u>(258,557)</u>	<u>(422,451)</u>	<u>(1,028,340)</u>
General revenues:								
Investment earnings					326,608	230,933	93,944	651,485
Payments from State of Indiana					527,747	365,354	461,785	1,354,886
Other					6,382	74,348	10,715	91,445
Total general revenues					<u>860,737</u>	<u>670,635</u>	<u>566,444</u>	<u>2,097,816</u>
Change in net assets					513,405	412,078	143,993	1,069,476
Net assets - beginning, as restated					3,311,779	3,342,219	1,610,570	8,264,568
Net assets - ending					<u>\$ 3,825,184</u>	<u>\$ 3,754,297</u>	<u>\$ 1,754,563</u>	<u>\$ 9,334,044</u>

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, 2007

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STATE OF INDIANA
Notes to the Financial Statements
June 30, 2007
(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 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 and the Indiana Comprehensive Health Insurance Association have a December 31, 2006, year-end.

Blended Component Units

The following are blended component units of the State of Indiana. The primary government appoints a voting majority of their boards and is able to impose its will. Although they are legally separate from the State, the units are reported as if they were 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 is responsible for the operation and administration of the State's license branches. The five member commission is appointed by the governor. It consists of four individuals and a commissioner. No more than three of the members may be of the same political party. The Commission is reported as a non-major governmental fund.

The Indiana Economic Development Corporation 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 Corporation 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 Corporation 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 proprietary component units are audited by outside auditors. The State Board of Accounts audits the colleges, universities, and the discrete pension trust funds. College and university foundations are audited by outside auditors.

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 \$100,000 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 a new 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 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 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.

Effective July 1, 2000, the Public Employees' Retirement Fund (PERF) became an independent body corporate and politic. PERF is not a department

or agency for the State but is an independent instrumentality exercising essential government functions. The PERF board is composed of five trustees appointed by the Governor. The board of trustees administers the following funds: Public Employees' Retirement Fund, Judges' Retirement System, Excise Police, Gaming Agent 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 PERF see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation in PERF's financial statements.

Effective July 1, 2000, the Teachers' Retirement Fund (TRF) became an independent body corporate and politic. TRF is not a department or agency for the State but is an independent instrumentality exercising essential government functions. The TRF board is composed of five trustees appointed by the Governor. For more information on TRF see Note V(E) Employee Retirement Systems and Plans.

The Public Employees' Retirement Fund and the Teachers' Retirement Fund were determined to be significant for note disclosure purposes involving the discretely presented fiduciary component units.

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 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 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
Pan Am Plaza
201 S. Capitol, Suite 1100
Indianapolis, IN 46225

Indiana Stadium and Convention
Building Authority
425 W. South Street
Indianapolis, IN 46225

Indiana Housing and Community
Development Authority
30 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
311 West Washington St.
Indianapolis, IN 46204-2787

Mark Husk
Assistant Treasurer
Ivy Tech Community College
50 West Fall Creek Parkway North Drive
Indianapolis, IN 46208

Diana M. Biggs
Director of Internal Audit
University of Southern Indiana
8600 University Boulevard
Evansville, IN 47712

Office of the Vice President and CFO
Attn: Joan Hagen
Poplar's Room. 500, 107 S. Indiana Ave.
Indiana University
Bloomington, IN 47405-1202

William A. McCune, Controller
Administration Bldg., 301
2000 West University Avenue
Ball State University
Muncie, IN 47306

Jeffery J. Jacso
Assistant Controller Financial Accounting
Office of the Controller
Indiana State University
210 N. 7th Street
Terre Haute, IN 47809

Linda Waldroup, Controller
Vincennes University
1002 North 1st Street
Vincennes, IN 47591

Accounting Services
Attn: Purdue University
401 South Grant Street
West Lafayette, IN 47907-2024

State of Indiana
Public Employees' Retirement Fund
Harrison Building
143 West Market Street
Indianapolis, IN 46204

Indiana State Teachers' Retirement Fund
150 West Market Street, Suite 300
Indianapolis, IN 46204-2809

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 working day delay, so the first working day 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 revenue sources that are legally restricted to expenditure for specific purposes except for major capital projects.

The following special revenue funds are presented as major.

- The *Motor Vehicle Highway Fund* collects motor fuel taxes, special fuel taxes, motor carrier surtaxes, and vehicle license fees for public safety programs and distributions to local units of government for transportation programs.
- The *Medicaid Assistance Fund* receives federal grants and State appropriations which are used to administer the Medicaid program.
- 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.
- The *State Highway Department Fund* receives federal grants and State appropriations that are used for State transportation programs.
- The *Property Tax Replacement Fund* receives corporate income tax and sales tax which is used for education and property tax replacement distributions to local units of government.
- The *Tobacco Settlement Fund* is used to account for funds received under the tobacco master settlement agreement and is used to fund various health programs, tobacco education, prevention, and use control.

The *capital projects funds* account 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, and self-insurance. 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.

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

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, 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, defined contribution plans, and other post-employment benefit plans. Pension and other employee benefits trust funds include the State Police Pension Fund.

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.

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. 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 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. 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.

Investments which are authorized for the State Teachers' Retirement Fund include: U.S. Treasury and Agency obligations, U.S. Government securities, common stock, international equity, corporate bonds, notes and debentures, repurchase agreements secured by U.S. Treasury obligations, mortgage securities, commercial paper, and banker's acceptances. 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 remaining six retirement systems and the Pension Relief Fund are administered by the Public Employees' Retirement Fund Board. The Board is required to diversify investments in accordance with prudent investment standards. Investment guidelines, issued by the Board, contain limits and goals for each type of investment portfolio, and specify prohibited transactions. These guidelines authorize investments of: U.S. Treasury and Agency obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage securities, mutual funds, asset backed, commercial mortgage backed, international stocks, and real estate. Certain deposits of State funds are entrusted to an outside agent to invest and disburse as per federal requirements or contract.

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 on or before the last day of the month immediately following each quarter of the calendar year.

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 – due on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year.

Alcohol and tobacco taxes – Cigarette distributors 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 – due nine months after the decedent'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; a minor portion is remitted to the State semiannually (June and December) for distribution to the State Fair Commission, Department of Natural Resources and Family and Social Services Administration.

3. Interfund Transactions and Balances

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

Interfund service 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.

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 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:

- an average Pavement Quality Index (PQI) of 75 for Interstate and National Highway Safety (NHS) Non-Interstate roads,
- an average PQI of 65 for 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 Division of Program Development 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.

The State maintains an inventory of these infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Condition assessments are determined on an annual basis for interstates and on a biennial basis for other roads. Sufficiency ratings are determined at least on a biennial basis for all bridges and more frequently for certain bridges depending on their design.

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:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Improvements other than buildings	10-20
Infrastructure (not using modified approach)	20
Furniture, machinery and equipment	3-14
Motor pool vehicles	10 ¢ / mile

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 State Museum Collection, which is a part of the Indiana Department of Natural Resources, consists of historical buildings and furnishings; personal artifacts; tools and equipment; communication, transportation, recreational and societal artifacts; and art objects.
- 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 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.

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 government-wide and 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 Equity

In the fund financial statements, reservations of fund equity represent those portions of fund balances that are legally restricted by outside parties for a specific purpose or are not appropriable. In the accompanying balance sheet, reserves for encumbrances and tuition support are examples of the former. Reserves for intergovernmental loans and advances receivables are examples of the latter. The following is a brief description of each reserve and the purpose for which it was established:

Reserve for Tuition Support – established to recognize that the legislature has set aside money, as determined by the State Budget Agency, for paying the monthly distributions to local school units at the beginning of the succeeding fiscal year.

Reserve for Encumbrances – established to recognize money set aside out of one year's budget for goods and/or services ordered during that year that will not be paid for until they are received in a subsequent year.

Reserve for Restricted Purposes – established to recognize legal limitations that specify the purpose or purposes for which resources derived from government-mandated and voluntary nonexchange transactions are to be used.

Reserve for Prepaid Items – established to recognize payments made in advance of receipt of goods and services in an exchange transaction.

Reserve for Interfund Loans – established to recognize short-term and long-term loans issued to other funds within this government and therefore not currently available for expenditure.

Reserve for Intergovernmental Loans – established to recognize that the legislature has set aside money to lend to local units of government for specific purposes. These amounts are loans to individual school corporations, cities, towns, counties and other governmental units. Additionally, the general fund lends money to nonprofit entities. All loans require review and approval of the Board of Finance prior to issuance.

Reserve for Debt Service, Special Purposes – established to recognize that certain amounts have been set aside for debt service and for purposes specific to a particular component. Designations of fund balance represent tentative management plans that are subject to change.

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, 2007, 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		
County Welfare Administration	\$ (4,771)	\$ (6,528)
Bureau of Motor Vehicles Commission	-	(25,965)
Federal Food Stamp Program	(3,023)	-
Major Construction Army National Guard	(1,009)	-

B. Unreserved Fund Balance

The State of Indiana designates its unreserved fund balance as designated for appropriations, designated for allotments, and undesignated. In order for money to be spent out of a fund it must be appropriated by

the legislature and then allotted by the State Budget Agency. The following are the designations of unreserved fund balance at June 30, 2007:

Unreserved Fund Balance				
	Designations of Unreserved Fund Balance			Total
	Designated for Appropriations	Designated for Allotments	Undesignated	Unreserved Fund Balance
Governmental Funds				
General Fund	\$ 334,379	\$ 472,837	\$ 1,046,387	\$ 1,853,603
Motor Vehicle Highway Fund	-	-	(38,193)	(38,193)
Medicaid Assistance	36,225	11,074	-	47,299
Major Moves Construction Fund	152,935	-	2,550,209	2,703,144
State Highway Department	-	-	(827,624)	(827,624)
Property Tax Replacement Fund	3,519	115,645	-	119,164
Tobacco Settlement Fund	129,353	-	-	129,353
Non-Major Special Revenue Funds	384,089	959,831	3,633	1,347,553
Non-Major Capital Projects Funds	62,569	25,711	1,927	90,207
Non-Major Permanent Funds	-	74,529	533,077	607,606
Total Governmental Funds	<u>\$ 1,103,069</u>	<u>\$ 1,659,627</u>	<u>\$ 3,269,416</u>	<u>\$ 6,032,112</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

1. Primary Government – Other than Major Moves and Next Generation Funds and Pension and Other Employee Benefits Funds

Investment Policy

Indiana Code, Title 5, Article 13, 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 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

IV(A)3. There is no formal investment policy for the investment of these funds other than compliance to State statute.

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, 2007:

Primary Government (Amounts are in thousands)			
Investment Type	Investment Maturities (in Years)		
	Fair Value	Less than 1	1-5
U.S. Agencies	\$ 3,039,016	\$ 2,900,843	\$ 138,173
Certificate of Deposits	321,167	321,167	-
Money Market Mutual Funds	1,047,800	1,047,800	-
Total	\$ 4,407,983	\$ 4,269,810	\$ 138,173

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, 2007, 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) custodian's 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

it's 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 and (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. Such 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 number (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 (2)Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The following is a summary of the Credit Risk Disclosure as of June 30, 2007:

Primary Government			
(Amounts are in thousands)			
	<u>S & P</u>	<u>Moody's</u>	<u>Fair Value</u>
U.S. Agencies	AAA	Aaa	\$ 3,039,016
Certificates of Deposits	NR	NR	321,167
Money Market Mutual Funds	AAA	Aaa	1,047,800
Total			\$ 4,407,983

Concentration of Credit Risk

For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of a State'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 Treasurer.

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

Fannie Mae:	31%	\$ 1,448,995,096
Freddie Mac:	25%	1,172,475,155
Federal Home Loan Bank:	9%	417,545,380

Securities Lending Credit Risk

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 securities or cash 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. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Public Employees' Retirement Fund and the State Teachers' Retirement Fund (discretely presented component units), which allow no more than 40% to be lent at one time.

The collateral securities cannot be pledged or sold by the State unless the borrower defaults, but cash collateral may be invested. At year-end, the State had

no credit risk exposure to borrowers because the amount the State owes the borrowers exceed the amounts the borrowers owe the State. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-15 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.

Major Moves and Next Generation Funds

Investment Policy

Indiana Code, Title 5, Article 13, 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. There is no formal investment policy for the investment of these funds other than compliance with State statute.

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, 2007:

Major Moves/Next Generation Funds					
(Amounts are in thousands)					
Investment Type	Fair Value	Maturities			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 724,714	\$ 84,294	\$ 156,556	\$ 123,458	\$ 360,406
U.S. Agencies	288,882	215,472	52,050	13,219	8,141
Government Asset and Mortgage Backed	535,117	-	9,074	33,406	492,637
Collateralized Mortgage Obligations					
Government CMO's	112,534	-	6,493	28,265	77,776
Corporate CMO's	975	-	-	-	975
Commercial Paper	2,839	2,839	-	-	-
Corporate Bonds	931,335	15,741	393,064	262,396	260,134
Corporate Asset Backed	230,271	1,234	63,992	2,906	162,139
Private Placements	52,070	1,070	6,372	34,199	10,429
Municipal Bonds	25,157	504	7,786	4,327	12,540
Miscellaneous Other Fixed Income	3,968	-	516	1,457	1,995
Money Market Mutual Funds	375,544	375,544	-	-	-
Total	\$ 3,283,406	\$ 696,698	\$ 695,903	\$ 503,633	\$ 1,387,172

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, 2007, 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 it's 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. State statute does not establish any parameters or guidelines related to credit risk.

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. State statute does not establish any parameters or guidelines related to concentration of credit risk.

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

Fannie Mae:	12.04%	\$388,662,985
Freddie Mac:	10.29%	\$332,046,023

Securities Lending Credit Risk

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, 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.

The following is a summary of the Credit Risk Disclosure as of June 30, 2007:

Major Moves/Next Generation Fund					
(Amounts are in thousands)					
	S & P		Moody's		
	Ratings	Fair Value	Ratings	Fair Value	
U.S. Treasuries	AAA	\$ 724,714	Aaa	\$ 724,714	
U.S. Agencies	AAA	288,882	Aaa	288,882	
Government Asset/Mortgage Backed	AAA	516,162	Aaa	516,162	
	AA	440	Aa	440	
	A	389	A	389	
	BBB	6,346	Baa	6,346	
	BB	730	Ba	730	
	B	1,322	B	1,322	
	NR	9,728	NR	9,728	
Collateralized Mortgage Obligations					
Government CMO's	AAA	111,475	Aaa	111,475	
Government CMO's	NR	1,059	NR	1,059	
Corporate CMO's	AAA	110	Aaa	110	
	A	112	A	112	
	BBB	753	Baa	753	
Commercial Paper	A-1	2,839	NR	2,839	
Corporate Bonds	AAA	115,105	Aaa	115,105	
	AA	48,734	Aa	48,734	
	A	126,348	A	126,348	
	BBB	226,973	Baa	226,973	
	BB	102,105	Ba	102,105	
	B	147,241	B	147,241	
	CCC&Below	42,005	Caa	42,005	
	NR	122,824	NR	122,824	
Corporate Asset Backed	AAA	197,760	Aaa	197,760	
	AA	4,389	Aa	4,389	
	A	3,002	A	3,002	
	BBB	1,098	Baa	1,098	
	BB	2,401	Ba	2,401	
	A-1	421	-	-	
	NR	21,200	NR	21,621	
Private Placements	AAA	2,050	Aaa	4,256	
	AA	388	Aa	2,958	
	A	5,441	A	1,034	
	BBB	15,762	Baa	14,420	
	BB	12,534	Ba	9,143	
	B	13,224	B	19,244	
	CCC&Below	2,085	-	-	
	NR	587	NR	1,016	
Municipal Bonds	AAA	6,281	Aaa	7,306	
	AA	4,689	Aa	3,365	
	A	5,690	A	2,961	
	BBB	3,446	Baa	2,779	
	BB	-	-	-	
	B	724	B	724	
	CCC&Below	-	-	-	
	NR	4,326	NR	8,021	
Miscellaneous Other Fixed Income	AAA	1,026	-	-	
	A	969	-	-	
	BBB	1,065	Baa	1,065	
	NR	908	NR	2,903	
Money Market Mutual Funds	NR	375,544	NR	375,544	
Total		\$ 3,283,406		\$ 3,283,406	

2. Pension and Other Employee Benefits 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 10-12-2-2(c), established the prudent investor standard as the primary statutory provision governing the investment of the Trust's assets. IC 10-12-2-2(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.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. There is no formal investment policy related to credit risk.

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 (in thousands):

State Police Pension					
(Amounts are in thousands)					
	S & P		Moody's		
	Ratings	Fair Value	Ratings	Fair Value	
U.S. Treasuries	AAA	\$ 18,835	Aaa	\$ 18,835	
U.S. Agencies	AAA	55,266	Aaa	55,266	
Mortgage Backed					
Corporate Pass-Through	AAA	18,664	Aaa	23,153	
	A	359	Aaa	360	
	NR	4,999	Baa	509	
Collateralized Mortgage Obligations					
Corporate CMO's	AAA	1,628	Aaa	1,628	
Corporate Bonds					
Government CMO's	AAA	736	Aaa	736	
Government CMO's	NR	5,846	NR	5,846	
Corporate CMO's	AAA	3,567	Aaa	3,567	
	A	326	A	326	
	BBB	932	Baa	932	
Corporate Asset Backed	AAA	7,436	Aaa	7,436	
	A	954	A	954	
	BBB	230	Baa	230	
	BB	668	Ba	668	
	A-1	147	P-1	147	
Private Placements	AAA	313	Aaa	313	
	AA	367	Aa	367	
	A	202	A	202	
	BBB	627	Baa	627	
	BB	308	Ba	308	
	B	213	B	213	
Municipal Bonds	NR	500	Aaa	500	
Non-U.S. Fixed Income					
Foreign Government Bonds	AAA	1,167	Aaa	1,167	
Money Market Mutual Funds	AAA	15,240	Aaa	15,240	
Money Market Mutual Funds	NR	148,781	NR	148,781	
Total		\$ 288,311		\$ 288,311	

Custodial Credit Risk – 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, 2007, 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 it's 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 eight different investment 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 Manager: equity holdings in any one company should not exceed 7.5%.

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

Domestic Core Fixed/ Domestic Core Plus Manager: securities of any one issuer is limited to not more than 5% of the investment manager's portion of the portfolio. 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%.

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

Fannie Mae: 17.80 % \$ 59,035,000
Freddie Mac: 5.07 % 16,800,000

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. There is no formal investment policy related to interest rate risk.

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

State Police Pension					
(Amounts are in thousands)					
Investment Type	Fair Value	Maturities			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 18,835	\$ -	\$ 9,414	\$ 7,181	\$ 2,240
U.S. Agencies	55,266	1,516	6,707	6,501	40,542
Mortgage Backed					
Corporate Pass-Through	24,022	-	-	407	23,615
Collateralized Mortgage Obligations					
Corporate CMO's	1,628	-	-	-	1,628
Commercial Paper	-	-	-	-	-
Corporate Bonds	11,407	-	1,538	1,082	8,787
Corporate Asset Backed	9,435	148	5,548	744	2,995
Private Placements	2,029	-	420	705	904
Municipal Bonds	500	-	-	500	-
Non-U.S. Fixed Income					
Foreign Government Bonds	1,167	1,167	-	-	-
Money Market Mutual Funds	164,022	164,022	-	-	-
Total	\$ 288,311	\$ 166,853	\$ 23,627	\$ 17,120	\$ 80,711

3. Pension and Other Employee Benefits Trust Funds – Discrete Component Units

Public Employees' Retirement System

Investment Policy – The Indiana General Assembly enacted the prudent investor standard to apply to the PERF's Board of Trustees and govern all PERF's investments. Thus, the primary governing statutory provision is that the Board 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 and with like aims." The Board is also required to diversify such investments in accordance with prudent investment standard.

Within these governing statutes, the Board has broad authority to invest the assets of the plans. The Board utilizes external investment managers each with specific mandates to implement the investment program. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled account, mutual funds or other structures acceptable to the Board.

Currently, the Board has established the following asset allocation strategy for the investments held in the Consolidated Retirement Investment Fund (CRIF):

Asset Classes	Target Norm	Allowable Ranges
Equities – Domestic	40%	35% - 50%
Equities – International	15%	10% - 20%
Equities – Global	10%	5% - 15%
Fixed Income – Core	15%	10% - 20%
Fixed Income – TIPS	5%	0% - 10%
Alternatives – Private Equity	8%	0% - 10%
Alternatives – Real Estate	3%	0% - 5%
Alternatives – Commodities	2%	0% - 5%
Alternatives – Total Return Strategies	2%	0% - 5%

Investment in the Annuity Savings Accounts and Legislature's Defined Contribution plans are directed by the members in each respective plan and as such the asset allocation will differ from that of the CRIF. The Pension Relief Fund is invested to a target of seventy percent Fixed Income – Core and thirty percent Equities – Domestic. The Special Death Benefit Funds are one hundred percent fixed income.

The following identifies investment types that are currently prohibited by the investment policy:

- Short sales of any kind
- Repurchase agreements that may create any kind of leverage in the portfolio. (Repurchase agreements as cash equivalents are

permitted.)

- Purchases of letter or restricted stock
- Buying or selling on the margin
- Purchases of futures and options, except where specifically noted in Specific Guidelines
- Purchases of derivative securities which have any of the following characteristics: leverage, indexed principal payment, or links to indexes representing investments, unless specifically approved by the Board or as delegated to the Executive Director
- Purchases of Interest Only or Principal Only collateralized mortgage obligations
- Purchases of Guaranteed Investment Contract (GIC's) or Bank Investment Contracts (BIC's)
- Any transactions giving rise to unrelated business taxable income (excluding current holdings)
- Any transaction that would be a "prohibited transaction" under the Internal Revenue Code Section 503
- Purchases of inverse floaters

Deposit Risk – 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 two demand deposit accounts are carried at cost and are insured up to \$100,000 each. Deposits in the demand accounts held in excess of \$100,000 are not collateralized. Deposits with the Treasurer of State are entirely insured. Cash Deposits held with the custodian are carried at cost and are not insured or collateralized. Time deposits held with the custodian are collateralized with securities on loan that are held by the pledging financial institution.

Cash Deposits (in thousands)	Total	JP Morgan Chase	National City Bank
Demand deposit account – carrying value	\$ 7,048	\$ 6,615	\$ 433
Demand deposit account – bank balance	72,790	69,629	3,161
Held with Treasurer of State	6,930	--	--
Held with Custodian:			
Cash	12,123	--	--
Time Deposits			
– Cash collateral	418,500	--	--

Credit Risk – PERF's debt securities portfolio investment policy sets credit quality rating guidelines and benchmark indices for each of its sub asset classes and as outlined in each portfolio manager contract. The quality rating of investments in debt securities as described by the nationally recognized statistical rating organization (NRSRO) Standard and Poor's at June 30, 2007, are as follows (\$ in millions):

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$3,196.1	71.9%
AA	91.0	2.0%
A	124.9	2.8%
A-1	34.1	.8%
BBB	165.9	3.7%
BB	44.5	1.0%
B	21.2	0.5%
CCC	2.5	0.1%
Not rated	765	17.2%
Grand Total	\$4,445.2	100.00%

The credit risk schedule includes debt securities, short-term money market funds, bond mutual funds and bond commingled funds. Approximately \$2.6 billion (58.8 percent) of the total fair value reported is AAA rated US Treasury, US Agency, or US Agency Mortgage Backed Securities. The remaining balance of \$1.8 billion (41.2 percent) of debt securities, consists of corporate debt, short-term custodial money market funds, commingled or mutual funds, and asset- and mortgage-backed securities of various credit quality ratings. Of the \$765 million not rated by Standard & Poor's, \$98.8 million (12.9 percent of not rated) are rated by Moody's, another NRSRO. Of those, \$88.6 million are rated A3 or better, \$9.5 million are rated B3 through Baa2, and \$0.7 million are rated Ca through Caa1. Also included in the not-rated category are \$658.6 million (86.1 percent of non-rated) in money market funds, mutual funds, or commingled funds. The remaining \$7.6 million (1 percent) is not rated by either Moody's or Standard and Poor's.

Custodial Credit Risk – Custodial credit risk is the risk that the PERF will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of PERF and are held by either the counterparty

or the counterparty's trust department of agent but not in PERF's name.

There was no custodial credit risk for investments including investments related to securities-lending collateral. Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5, all fund investments are held by banks under custodial agreements, all custodians are domiciled in the United States and approved by the department of financial institutions to act in a fiduciary capacity and manage custodial accounts in Indiana.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. Under PERF's Investment Policy Statement, exposure to a single issuer, with the exception of the U.S. Government and its agencies, is generally limited to an initial cost of five percent of the market value of assets managed by each investment manager. For such investment managers, through capital appreciation, the exposure to a single issuer should not exceed seven and one-half percent of market value of the assets managed by the manager.

For managers contracted to manage concentrated portfolios, exposure to the securities issued by a single issuer, with the exception of the U.S. Government and its agencies, is limited to seven and one-half percent of the portfolio of the manager based upon initial cost and no more than fifteen percent of the market value of the portfolio as a result of capital appreciation.

At June 30, 2007, there was no concentration of credit risks for the CRIF or separately managed fund portfolios.

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 greater the duration of a bond or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is an indicator of a bond price's sensitivity to a one hundred-basis point change in interest rates.

PERF's fixed income portfolio investment policy sets duration guidelines that are linked directly, or indirectly, to the benchmark indices for each of its sub asset classes and as outlined in each portfolio manager contract. Several sub-asset classes require that duration of the portfolio may not vary more than twenty percent above or below the duration of the applicable benchmark index.

Duration information is provided below (in millions):

Investment Type	Net Asset Fair Value	Percentage Fair Value	Duration
Short Term Investment Fund	\$ 450	10.1%	0.01
Government and Agency Obligations	1,662	37.1%	6.28
Residential and Commercial Mortgage-Backed Securities	1,481	33.1%	3.74
Corporate Bonds	482	10.8%	5.73
Asset Backed	186	4.2%	0.41
Municipal Securities	1	0.0%	0.76
Debt Securities	208	4.7%	3.82
Mutual Funds			
Total	\$4,470	100.0%	4.39

All PERF investments are directly, or indirectly, sensitive to changes in the interest rate environment. Significant investment types that are considered highly sensitive have been identified in the derivatives financial instruments section. Debt securities, debt securities mutual funds and commingled funds, and short-term cash and cash-equivalents represent the portions of the portfolio most sensitive to interest rate risk and are included in the duration information. Fair value of debt securities includes all debt securities, including debt securities mutual funds and commingled funds, and short term cash and equivalents, gross of pending transactions, totaling \$4.5 billion at June 30, 2007.

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. PERF's foreign currency exposure is primarily focused in international and global equity holdings. Futures currency contracts are reported in the following schedule at gross exposure value. Forward currency contracts values included both receivables and payables.

PERF's portfolio investment policy refers to foreign currency guidelines that are linked directly, or indirectly, to the benchmark indices for each sub asset class or as outlined in each portfolio manager contract. Certain fixed securities portfolio sub asset classes allow for up to twenty percent investment in non-US dollar government and corporate securities. The Equity portfolio sub asset classes have specific guidelines for international equities and global equity investments. Certain sub-asset classes do not allow "emerging" markets investments while some allow up

to twenty percent of market value to be held in emerging markets.

PERF has exposure to foreign currency fluctuation as follows (in millions):

Currency	Fair Value	Percentage of Foreign Currency
Euro	\$1086	36.7%
Japanese Yen	500	18.3%
Pound Sterling	541	17.1%
Australian Dollar	203	6.9%
Swiss Franc	138	4.7%
Swedish Krone	99	3.3%
Other	321	13.0%
Grand Total	\$2,888	100.0%

Securities Lending – Indiana Code 5-10.2-2-13(d) provides that the PERF Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which securities held by the custodian on behalf of PERF may be loaned. The purpose of such a program is to provide additional revenue for PERF.

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 Board requires that collateral securities and cash be initially pledged at one hundred two percent of the market value of the securities lent. No more than forty percent of the Fund's total assets may be lent at one time. The custodian bank and/or its securities lending subagents provide one hundred percent indemnification to the Board and the Fund against borrower default, overnight market risk, and failure to return loaned securities. Securities received as collateral cannot be pledged or sold by the Board unless the borrower defaults. PERF retains the market value risk with respect to the investment of the cash collateral.

Cash collateral investments were subject to the investment guidelines specified by the Board. The Board policy includes that the maximum weighted average days to maturity may not exceed sixty. The average term to maturity of the cash collateral portfolio was eighteen days at June 30, 2007. The securities lending agents match the maturities of the investments of cash collateral for the securities loans with stated termination dates. Cash collateral received for open-ended loans that can be terminated on demand are invested with varying maturities.

The fair value of securities lent for cash collateral at June 30, 2007, was (in millions):

Investment Type	Loan Value
Government Obligation	\$1,248
Corporate Bonds	52
Equities	1,918
Total Fair Value	\$3,218

The credit quality of the cash collateral investments at June 30, 2007, was (in millions):

Cash Collateral Investments Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 55	1.7%
AA	105	3.2%
A-1 and A-1+	3,044	92.7%
A2	31	0.9%
Not rated	49	1.5%
Total	3,284	100.0%

The majority of AAA rated collateral investments were asset backed securities. The majority of AA rated collateral investments were Guaranteed Investment Contracts. The majority of A-1 and A-1+ collateral investments were medium term corporate bonds and negotiable certificates of deposits. The Not Rated collateral investments were all repurchase agreements.

At June 30, 2007, PERF had loaned \$188 million US Treasury and Government Agency Obligations for securities collateral. The securities collateral value was \$193 million which represented one hundred two percent coverage.

At fiscal year end, PERF has no credit risk exposure to borrowers because the amount PERF owes the borrowers exceeds the amount the borrowers owe the Fund.

Derivative Financial Instruments – PERF invested in derivative financial investments as authorized by Board policy. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or market index. PERF's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to

varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. During the year, PERF's derivative investments included foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), and futures.

Foreign currency forward contracts are used to hedge against the currency risk in PERF's foreign stock and debt security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed-upon price. Fluctuations in the market value of foreign currency forward contracts are marked to market on a daily basis.

At June 30, 2007, PERF's investments included the following currency forwards balances (in millions):

Forward Currency Contract Receivables	\$ 265.4
Forward Currency Contract Payables	265.1

PERF's debt securities managers invest in CMOs to improve the yield or adjust the duration of the debt securities portfolio. As of June 30, 2007, the carrying value of the PERF's CMO holdings totaled \$237 million.

TIPS are used by PERF's debt securities managers to provide a real return against inflation (as measured by the Consumer Price Index). In addition, PERF employs TIPS at the total fund level in order to utilize their diversification benefits. As of June 30, 2007, the carrying value of the System's TIPS holdings totaled \$1.1 billion.

PERF's investment managers use financial futures to replicate an underlying security or index they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, PERF's investment managers use futures contracts to adjust the portfolios risk exposure. A financial futures

contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. 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. As of June 30, 2007, the only derivative positions held by PERF are equity index futures.

State Teachers' Retirement Fund

Investment Policy - The Fund was established to provide retirement, disability, death, and termination benefits to present and former members of the Fund and their beneficiaries who meet the statutory requirements for such benefits. The Fund must be operated for the exclusive benefit of members and their beneficiaries, pursuant to Indiana law and the Internal Revenue Code. The Fund is required by Indiana law to meet all rules applicable to a qualified plan under Section 401 of the Internal Revenue Code, in order to provide the ensuing tax advantages to its members. In addition, the Fund is a trust, exempt from taxation under Section 501 of the Internal Revenue Code. The Fund is also governed by Indiana statutes and administrative rules. See IC 5-10.2 and IC 21-6.1

Whereas, the general assembly also believes that a prudent diversification of investments by public retirement funds is an essential element of a stringent investment standard for such funds and is critical for the future; and Whereas, the general assembly finds that numerous actuarial studies of retirement funds in Indiana and other states have demonstrated that, due to the long term nature of the investment made by public retirement funds, diversification of such investments in a responsible manner reduces risk, increases income, and improves security for such funds, while a lack of diversification results in reduced income and increased risk to the retirement funds, while creating a substantial additional burden for the taxpayers who ultimately bear the burden of providing the assets for such funds in the absence of sufficient investment income; and Whereas, the general assembly desires to pass a diversification rule patterned after the stringent federal law applicable to private plans, which will provide that the trustees of each fund must diversify the investments of their fund so as to minimize the risk of large losses. Thus, the primary governing statutory provision is that the Board 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 is also required to diversify such

investments in accordance with prudent investment standards (IC 21-6.1-3-9).

It is the responsibility of the Board of Trustees to determine the allocation of assets among distinct capital markets in accordance with allowable legal limits.

At its September 26, 2006 meeting, the Board changed the strategic asset allocation to:

Domestic Equities	35%
International Equities	20%
Private Equity	10%
Real Estate	8%
Absolute Return	7%
Fixed Income	20%
	<u>100%</u>

Credit Risk - The credit risk of investments is the risk that the issuer will default and not meet their obligation. This credit risk is measured by the credit quality ratings issued by national rating agencies such as Moody's and Standard and Poor's.

The Fund's investment policy limits each fixed income manager's purchase of below Baa grade securities to 10% of the total market value of the manager's portfolio.

The following table (in thousands of dollars) provides information on the credit ratings associated with the Fund's investments in debt securities. Ratings were obtained from Moody's. On securities that Moody's did not provide a rating then a rating was obtained from Standard and Poor's.

Rating	Fair Value	Percentage of Portfolio
Aaa	\$2,847,047	64.37%
Aa1	85,242	1.93%
A1	161,457	3.65%
Baa1	309,682	7.00%
Ba1	108,048	2.44%
B1	23,464	0.53%
Caa1	7,259	0.16%
Unrated	880,789	19.92%
Total	<u>\$4,422,988</u>	<u>100.00%</u>

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Fund 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 Fund.

There was no custodial credit risk for investments including investments related to securities-lending collateral. Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5, all fund investments are held by banks under custodial agreements, all custodians are domiciled in the United States and approved by the department of financial institutions to act in a fiduciary capacity and manage custodial accounts in Indiana.

Deposit Risks – 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 account are carried at cost and are insured up to \$100,000 each. Deposits in the demand accounts held in excess of \$100,000 are not collateralized. Deposits with the Treasurer of State are entirely insured. Cash Deposits held with the custodian are carried at cost and are not insured or collateralized.

Cash Deposits (in thousands)	Total
Demand deposit account – bank balance	\$1,745
Cash held with Custodian	338,747

Concentration of Credit Risk – At June 30, 2007, TRF did not have investments in any one issuer, other than securities issued or guaranteed by the U.S. government that represented more than 5% of net

investments.

Interest Rate Risk – The Fund uses the Lehman Brothers Aggregate Index (LBA) as the benchmark for performance measurement of their fixed income managers. TRF's investment policy states that each fixed income manager must manage their portfolio so that the duration is no less than 80% and no more than 120% of the duration of the index.

Foreign Currency Risk – As of June 30, 2007, 15.62% of the Fund's investments were in foreign currencies. In addition to the Fund's international equity managers, fixed income managers are allowed to invest up to 10% of their portfolio in international bonds. The table below breaks down the Fund's exposure to each foreign currency:

Currency	Total Fair Value	Percentage of Total Fund Fair Value
Euro Currency Unit	\$485,880,326	5.48%
Japanese Yen	287,097,295	3.24%
British Pound Sterling	244,208,125	2.75%
Canadian Dollar	68,021,390	0.77%
Swiss Franc	52,537,489	0.59%
Hong Kong Dollar	35,954,326	0.41%
Australian Dollar	77,320,298	0.87%
Norwegian Krone	15,147,778	0.17%
South Korean Won	19,288,709	0.22%
Swedish Krona	38,604,377	0.44%
Other	60,273,875	0.68%
Totals	\$1,384,333,988	15.62%

The following is a summary of the Interest Rate Risk Disclosure for Teachers' Retirement Funds as of June 30, 2007 (amounts are in thousands):

As of June 30, 2007, TRF had the following investments and maturities (Amounts are in thousands).					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 359,190	\$ 72,132	\$ 14,901	\$ 134,551	\$ 137,606
U.S. Agencies	405,853	66,917	261,694	56,768	20,474
Asset backed securities	232,658	5,144	141,748	3,777	81,989
Mortgage backed securities	1,970,705	23	33,993	122,102	1,814,587
Non-government backed C.M.O.s	154,786	-	-	12,882	141,904
Commercial paper	43,674	43,674	-	-	-
Short term investment funds	425,699	425,699	-	-	-
Corporate bonds	830,339	38,709	364,496	205,741	221,393
Municipal/provincial bonds	85	-	-	-	85
Total	\$ 4,422,989	\$ 652,298	\$ 816,832	\$ 535,821	\$ 2,418,038

Securities Lending – State statutes and the Board of Trustees permit the Fund to lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Fund's custodial bank manages the securities lending program and receives securities or cash as collateral. The Fund's custodial bank maintains a list of broker-dealers that have passed their credit analysis and are eligible to borrow securities. In addition the Fund can have any borrower removed from this list by requesting the custodian not lend to this borrower. The collateral securities cannot be pledged or sold by the Fund unless the borrower defaults, but cash collateral may be invested by the Fund. Collateral securities and cash are initially

pledged at 102% of the market value of domestic securities lent and 105% on international securities lent. Collateral is adjusted to the market on a daily basis. No more than 40% of TRF's total assets may be lent at any one time. At year-end, TRF has no credit risk exposure to borrowers because the amount TRF owes the borrowers exceed the amounts the borrowers owe TRF.

Approximately 25% of the securities loans can be terminated on demand either by the Fund or by the borrower, although generally the average term of these loans is one day. Total cash collateral of \$1,449 million is invested in a pooled fund.

As of June 30, 2007, the Fund had the following securities on loan:

<u>Security Type</u>	<u>Market Value of Loaned Securities Collateralized by Cash</u>	<u>Market Value of Loaned Securities Collateralized by Noncash</u>	<u>Total Securities Loaned</u>
Global Equities	\$ 218,295,512	\$ 7,724,061	\$ 226,019,573
Global Fixed	71,860,980	--	71,860,988
U.S. Agencies	244,613,072	--	244,613,072
U.S. Corporate Fixed	63,127,308	17,295,595	80,422,903
U.S. Equities	532,546,152	10,328,211	542,874,363
U.S. Gov't Fixed	281,998,334	2,017,911	284,016,245
Total	<u>\$1,412,441,366</u>	<u>\$37,365,778</u>	<u>\$1,449,807,144</u>

TRF invested in derivative financial investments as authorized by Board policy. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or market index. TRF's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are

reviewed on a periodic basis to monitor compliance with the limits. During the year, TRF's derivative investments included cash and cash equivalent futures, equity derivatives-options, fixed income derivatives – options, rights/warrants, swaps, foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), and futures.

Cash and cash equivalent futures are used to manage exposure at the front end of the yield curve. These include swaps with duration of one (1) year or less, and Eurodollar, Euribor and other futures based on short-term interest rates. At June 30, 2007, TRF's investments in these instruments totaled a negative \$2.0 million.

Equity derivatives – options are used to gain exposure to an index or market sector. These may offer an opportunity to outperform due to active management of the liquid portfolio backing the exposure. Exposure is backed by underlying fixed-income portfolio. At June 30, 2007, the carrying value of TRF's equity derivatives – options totaled a negative \$0.4 million.

Stock Rights/Warrants give the holder the right to buy a stock at a certain price until a certain date. At June 30, 2007, the carrying value of TRF's stock rights and warrants totaled \$4.3 million.

Swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions ("received fixed") increase exposure to long-term interest rates; short positions ("pay fixed") decrease exposure. At June 30, 2007, the carrying value of TRF's swaps was \$10.5 million.

TRF's fixed income managers invest in Collateralized Mortgage Obligations to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2007, the carrying value of the TRF's CMO holdings totaled \$154.8 million.

Treasury inflation protected securities (TIPS) are used by TRF's fixed income managers to provide a real return against inflation (as measured by the Consumer Price Index). As of June 30, 2007, the

carrying value of the System's TIPS holdings totaled \$8.7 million.

TRF's investment managers use financial futures to replicate an underlying security or index they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, TRF's investment managers use futures contracts to adjust the portfolios risk exposure. A financial futures contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. At June 30, 2007 the total offset was \$652 million. 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.

B. Interfund Transactions

Interfund Loans

Interfund loans of \$63.3 million represents amounts owed by the Bureau of Motor Vehicles Commission Fund to the Motor Vehicle Highway Fund.

As explained in Note III(B) above, temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2007,

the following fund had temporary cash overdrafts covered by loans from the General Fund: the County Welfare Administration, \$4.8 million, the Federal Food Stamp Program Fund \$3.0 million, and the Major Construction Army National Guard Fund, a non-major governmental fund, \$1.0 million.

The following is a summary of the Interfund Loans as of June 30, 2007:

Interfund Loans - Current		
	Loans To Governmental Funds	Loans From Governmental Funds
Governmental Funds		
General Fund	\$ 19,181	\$ -
Motor Vehicle Highway Fund	63,277	-
Nonmajor Governmental Funds	-	82,458
Total Governmental Funds	<u>82,458</u>	<u>82,458</u>
Total Interfund Loans	<u>\$ 82,458</u>	<u>\$ 82,458</u>

Interfund Services Provided/Used

Interfund Services Provided of \$10.1 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, 2007:

Interfund Services Provided/Used		
	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
Governmental Funds		
General Fund	\$ -	\$ 2,290
Motor Vehicle Highway Fund	-	3,639
State Highway Department	-	571
Tobacco Settlement Fund	-	4
Nonmajor Governmental Funds	-	3,578
Total Governmental Funds	-	10,082
Proprietary Funds		
Internal Service Funds	10,082	-
Total Proprietary Funds	10,082	-
Total Interfund Services Provided/Used	\$ 10,082	\$ 10,082

Due From/Due Tos

Current – Interfund balances of \$31.1 million represent the total of payment delays from the General Fund to the seven discretely presented colleges and universities throughout the State of Indiana. The Interfund balance of \$33.3 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. In addition, interfund balances of \$7.0 million represent the amount owed by the Integrated Public Safety Commission to the Indiana Finance Authority. \$435 thousand is owed by the General Fund to the Indiana Finance Authority.

The Indiana Finance Authority also owed \$15.1 million to the General Fund.

Non-current – Interfund balances of \$31.0 million represent the total of payment delays from the General Fund to the seven discretely presented colleges and universities throughout the State of Indiana. In June, 2004, the General Fund borrowed \$50.0 million, 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, 2013, or by a budget request submitted to the 2013 session of the general assembly. These non-current interfund balances appear on the government-wide statements, but not the General Fund statements.

Interfund balances of \$383 thousand represent amounts owed to the Brownfield Cleanup Revolving Fund from the Indiana Finance Authority.

The following are current and non-current schedules of Due From/Due Tos of Component Units, as of June 30, 2007:

Component Units - Current				
	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	\$ -	\$ 31,566	\$ 15,050	\$ -
Nonmajor Governmental Funds	-	7,006	33,370	-
Total Governmental Funds	-	38,572	48,420	-
Component Units				
Indiana University	12,275	-	-	-
Purdue University	8,595	-	-	-
Nonmajor Universities	10,261	-	-	-
Indiana Finance Authority	7,441	-	-	15,090
State Lottery Commission	-	-	-	33,330
Total Component Units	38,572	-	-	48,420
Total Due From/To	\$ 38,572	\$ 38,572	\$ 48,420	\$ 48,420

Component Units - Non-current				
	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
Governmental Funds				
General Fund	\$ -	\$ 81,028	\$ 383	\$ -
Total Governmental Funds	-	81,028	383	-
Component Units				
Indiana University	12,172	-	-	-
Purdue University	8,595	-	-	-
Nonmajor Universities	10,261	-	-	-
Indiana Finance Authority	-	-	-	383
Board for Depositories	50,000	-	-	-
Total Component Units	81,028	-	-	383
Total Due From/To	\$ 81,028	\$ 81,028	\$ 383	\$ 383

Transfers of a member's reserves are made between the State Teachers' Retirement Fund (TRF) and the Public Employees' Retirement Fund (PERF) when a member has service at the time of retirement that is covered by both funds. Service covered by PERF and the related Annuity Savings Account balance will be used by TRF at the time of retirement in calculating the member's retirement benefit from TRF if the member was last employed in a TRF covered position. If the member was last employed in a PERF covered position, PERF will use the member's TRF service and Annuity Savings Account balance. At the

time the retirement is calculated TRF sets up a receivable from PERF (Due from component unit) for both the Annuity Savings Account balance and the calculated reserve for the service credit brought in from PERF. This receivable is included as a line item in the "Receivables" section of TRF's Statement of Fiduciary Net Assets. On the reverse side, TRF recognizes a payable (Due to component unit) in the Liabilities section of the Statement of Fiduciary Net Assets for TRF amounts used in calculating a PERF retiree's benefit. The reverse of the above holds true for PERF.

The following is a schedule of Due From/ Due Tos within Component Units, as of June 30, 2007:

Within Component Units		
	Due From Component Units	Due To Component Units
Discretely Presented Component Units Pension Trust:		
Pension Trust		
Public Employees' Retirement Fund	\$ -	\$ 2,099
State Teachers' Retirement Fund	2,099	-
	<u>2,099</u>	<u>2,099</u>
Total Discretely Presented Component Units Pension Trust	<u>2,099</u>	<u>2,099</u>
Total Due From / To	<u>\$ 2,099</u>	<u>\$ 2,099</u>

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 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 – The General Fund had the following transfers in: \$1.75 billion was transferred in to reimburse the General Fund for the Property Tax Replacement Fund's (PTRF) share of tuition support per legislation. \$73.3 million was transferred in from the PTRF per legislation. \$7.3 million came from the PTRF instead of being distributed to Marion County. This money was applied to Marion County's juvenile detention charges delinquent balance. \$205.0 million in tax collections was transferred in from the Collections Fund for personal and corporate income taxes and sales taxes. The General Fund's Motor Vehicle Excise Tax Replacement Account received \$236.3 million in transfers in from the Build Indiana Fund per legislation. The General Fund also received \$151.8 million in transfers in from the Mental Institutions Fund. This was reimbursement for the Medicaid expenses that the General Fund incurred throughout the year. \$21.7 million and \$38.8 million

were transferred in from Public Welfare-Medicaid Assistance fund, for quality assessment fees collected in FY 2007 and for the disproportionate share hospital (DSH) program, respectively. \$57.7 million was transferred in from the Tobacco Settlement Fund for health and welfare purposes.

\$11.3 million was transferred in from the Comfort and Welfare Fund to the General Fund for the Indiana Veterans Home.

The following were transfers out from the General Fund: \$1.52 billion was transferred to the Medicaid Assistance Fund for Medicaid and disability and the disproportionate share hospital (DSH) program. \$691.4 million was transferred from the General Fund to the PTRF. The General Fund also transferred \$12.3 million to the PTRF in riverboat tax credits per IC 6-3.1-20-7. \$120.7 million represents appropriation transfers out to the Higher Education Fund. \$82.1 million, \$93.5 million, and \$70.0 million of grant appropriations were transferred from the General Fund to the Welfare-State and Federal Assistance Fund, the Mental Health Center Fund, and the DCS Local Office Administration Fund, respectively. In addition, \$55.2 million in grant appropriations were transferred to the County Welfare Administration Fund.

\$32.0 million went to the Common School Principal Fund to post repayment of construction loans for schools rather than distributing their appropriations to them. \$55.9 million was transferred from the General Fund to the Motor Vehicle Highway Fund for State Police expenditures, pensions, and overtime. \$44.1 million and \$46.0 million represent appropriation

transfers out to the Welfare-Medicaid Administration Fund and the Freedom of Choice Fund, respectively. Another \$31.3 million of grants were transferred to the Title XX Fund for aging, community service, and welfare. \$20.3 million of grants were transferred to the Public Health Service Fund for auto emission testing, environmental and water management operation, and substance abuse treatment. \$21.2 million for administration and awards went to the 21st Century Scholars Fund. \$20.0 million of grants were transferred to the Vocational Rehabilitation Fund for vocational rehabilitation and case management. Grant and appropriations of \$19.6 million were transferred to the Welfare-Work Incentive Fund for the Family and Social Services Administration (FSSA) and Temporary Assistance for Needy Families (TANF). \$17.2 million represents grant appropriation and interest transfers for the Central Reimbursement Office (CRO) Program Administration, the Electronic Benefits Transfer Project, Support of Enforcement Tracking, and Revenue Recovery in the Title 4D Social Security Fund. \$9.4 million represent transfers out to the State Parks and Reservoirs Fund. There was \$8.8 million in transfers to the Fish and Wildlife Fund. \$12.8 million was transferred to the Public Defense Fund. \$10.0 million represents transfers to the Department of Correction Title XX Fund.

Motor Vehicle Highway Fund – The Motor Vehicle Highway Fund received transfers in of \$62.0 million from the Bureau of Motor Vehicles Holding Account, representing vehicle licenses and fees. \$49.5 million was transferred in from the General Fund to reimburse the Motor Vehicle Fund for expenses it incurred for the State Police. \$32.0 million was transferred in from the International Registration Plan fund and represents Indiana's share of revenues collected under this plan. \$32.0 million was transferred in from the Gasoline and Special Fuel Tax fund for distribution to counties, cities, and towns per IC 6-6-1.1-801.5(c). \$5.3 million was transferred in from the Motor Carrier Regulation Fund.

Transfers out included \$310.0 million to the State Highway Department Fund. By legislation the remainder of the amount in the Motor Vehicle Highway Fund, after distributions to cities, towns, and counties, and after other legislative required transfers, goes to the State Highway Department Fund. \$31.1 million was transferred out to the Underground Petroleum Storage Tank (UPST) Excess Liability Fund. This represents fees, fines and penalties assessed to owners of underground storage tanks. \$19.0 million was motor carrier surtaxes transferred out to the Road and Street Primary Highway Fund.

Medicaid Assistance Fund – The Medicaid Assistance Fund had a transfer in of \$1.52 billion from

the General Fund for Medicaid and Disability and the disproportionate share hospital (DSH) program. \$144.5 million was transferred in from the Medicaid Indigent Care Trust. There were also transfers in of \$88.0 million from the Mental Health Center Fund, \$22.7 million from the Tobacco Settlement Fund for the Children's Health Insurance Program (CHIP Assistance).

Transfers out included \$65.2 million to the Mental Institutions Fund for Medicaid DSH providers, \$33.0 million was transferred out for the Hospital Care for the Indigent (HCI) Supplemental payments and \$61.0 million to the General Fund for the DSH program.

Major Moves Construction Funds – The Major Moves Construction Funds had a transfer out of \$187.7 million to the State Highway Department Fund for consulting and construction purposes.

State Highway Department Fund – The State Highway Department had the following transfers in: \$310.3 million was transferred in from the Motor Vehicle Highway Fund. This is a legislative transfer as described above under the Motor Vehicle Highway Fund. \$133.0 million was transferred in from the Road and Street Primary Highway Fund. \$187.7 million was transferred in from the Major Moves Construction Fund.

Property Tax Replacement Fund – The Property Tax Replacement Fund (PTRF) received the following transfers in: \$695.0 million in income taxes and \$73.0 million in reimbursement from the General Fund for tuition support. \$625.0 million in gaming taxes were collected in the State Gaming Fund and transferred to the PTRF. Another \$44.3 million in sales taxes were collected in the Tax Collection Fund and transferred to the PTRF.

The PTRF had the following transfers out: \$1.2 billion was transferred to reimburse the General Fund for the PTRF's share of tuition support per legislation. \$94.7 million of wagering tax was transferred out to the Build Indiana Fund per legislation. \$15.9 million was transferred out for the riverboat supplemental admission tax transfer.

Tobacco Settlement Fund – The Tobacco Settlement Fund transferred in \$3.2 million for local health maintenance purposes.

The Tobacco Settlement Fund had the following major transfers out: \$57.5 million was for health and welfare purposes in the General Fund. \$37.5 million of the transfers out was for the 21st Century Research and Technology Fund. Another \$22.6 million was for the Children's Health Insurance Program (CHIP

Assistance).
Proprietary Funds

Non-Major Enterprise Funds

The Inns and Concessions Fund – This fund had transfers in of \$1.0 million, representing cash contributions from the Department of Natural Resources (DNR) in the General Fund for capital projects at the DNR Inns.

Internal Service Funds

\$3.8 million was transferred from the General Fund to the Institutional Industries Fund, an internal Service Fund. These transfers represent a return of funds which were previously transferred to the General Fund per legislation at the end of the prior fiscal year

\$2.8 million was transferred at year end to the General Fund from the Institutional Industries Fund. This is transferred at the end of the current fiscal year per legislation.

Administrative Services, an internal service fund, transferred excess funds of \$3.0 million to the General Fund. \$0.8 million of capital contribution was transferred from the Department of Natural Resources, the Indiana State Police and the Indiana Department of Transportation to the Administrative Services.

A summary of interfund transfers for the year ended June 30, 2007 is as follows:

	Operating transfers in	Operating transfers (out)	Net transfers
Governmental Funds			
General Fund	\$ 2,616,812	\$ (3,462,498)	\$ (845,686)
Motor Vehicle Highway Fund	191,635	(373,827)	(182,192)
Medicaid Assistance	1,931,825	(212,873)	1,718,952
Major Moves Construction Fund	-	(187,665)	(187,665)
State Highway Department	636,457	(5,998)	630,459
Property Tax Replacement Fund	1,438,055	(1,867,126)	(429,071)
Tobacco Settlement Fund	10,562	(134,948)	(124,386)
Nonmajor Governmental Fund	2,359,740	(2,939,930)	(580,190)
Proprietary Funds			
Inns and Concessions	1,006	-	1,006
Internal Service Funds	4,690	(5,917)	(1,227)
	<u>\$ 9,190,782</u>	<u>\$ (9,190,782)</u>	<u>\$ -</u>

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			Total Primary Government
	General Fund	Special Revenue Funds	Capital Projects Funds	
Income taxes	\$ 1,117,784	\$ 10,197	\$ -	\$ 1,127,981
Sales taxes	399,799	411,269	-	811,068
Fuel taxes	-	116,968	-	116,968
Gaming taxes	192	1,892	-	2,084
Inheritance taxes	38,984	1	-	38,985
Alcohol and tobacco taxes	40,310	5,382	2,228	47,920
Insurance taxes	4,411	122	-	4,533
Financial institutions taxes	-	14,741	-	14,741
Other taxes	6,445	39,627	-	46,072
Total taxes receivable	1,607,925	600,199	2,228	2,210,352
Less allowance for uncollectible accounts	(240,300)	(73,357)	(57)	(313,714)
Net taxes receivable	<u>\$ 1,367,625</u>	<u>\$ 526,842</u>	<u>\$ 2,171</u>	<u>\$ 1,896,638</u>
Tax refunds payable	<u>\$ 49,126</u>	<u>\$ 5,318</u>	<u>\$ -</u>	<u>\$ 54,444</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2007, was as follows:

Primary Government – Governmental Activities

	Balance, July 1, As restated	Increases	Decreases	Balance, June 30
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,182,497	\$ 66,623	\$ (1,172)	\$ 1,247,948
Infrastructure	7,584,212	6,568	-	7,590,780
Construction in progress	416,202	29,299	(100,300)	345,201
Total capital assets, not being depreciated	9,182,911	102,490	(101,472)	9,183,929
Capital assets, being depreciated:				
Buildings and improvements	1,434,828	13,230	(54,988)	1,393,070
Furniture, machinery, and equipment	359,851	21,731	(12,077)	369,505
Infrastructure	14,235	-	-	14,235
Total capital assets, being depreciated	1,808,914	34,961	(67,065)	1,776,810
Less accumulated depreciation for:				
Buildings and improvements	(687,807)	(33,173)	35,223	(685,757)
Furniture, machinery, and equipment	(212,102)	(31,859)	8,298	(235,663)
Infrastructure	(12,684)	(236)	-	(12,920)
Total accumulated depreciation	(912,593)	(65,268)	43,521	(934,340)
Total capital assets being depreciated, net	896,321	(30,307)	(23,544)	842,470
Governmental activities capital assets, net	\$ 10,079,232	\$ 72,183	\$ (125,016)	\$ 10,026,399

Primary Government – Business-Type Activities

	Balance July 1	Increases	Decreases	Balance June 30
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,466	\$ 452	\$ (21)	\$ 21,897
Furniture, machinery, and equipment	752	59	-	811
Total capital assets, being depreciated	22,218	511	(21)	22,708
Less accumulated depreciation for:				
Buildings and improvements	(10,353)	(542)	21	(10,874)
Furniture, machinery, and equipment	(701)	(27)	-	(728)
Total accumulated depreciation	(11,054)	(569)	21	(11,602)
Total capital assets being depreciated, net	11,164	(58)	-	11,106
Business-type activities capital assets, net	\$ 11,164	\$ (58)	\$ -	\$ 11,106

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

Governmental activities:	
General government	\$ 3,645
Public safety	25,519
Health	2,094
Welfare	5,309
Conservation, culture and development	9,991
Education	1,238
Transportation	17,472
Total depreciation expense - governmental activities	<u>\$ 65,268</u>
Business-type activities:	
Inns and Concessions	<u>\$ 569</u>
Total depreciation expense - business-type activities	<u>\$ 569</u>

E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2007 and the assets acquired through capital leases are as follows:

Future minimum lease payments			
Year ending June 30,	Operating leases	Capital leases	Governmental Activities
2008	\$ 40,178	\$ 106,988	
2009	33,374	104,387	
2010	27,550	104,106	
2011	21,952	103,938	
2012	17,613	102,398	
2013-2017	31,404	504,223	
2018-2022	762	510,714	
2023-2027	617	500,141	
2028-2032	-	202,555	
2033-2037	-	1,164	
Total minimum lease payments (excluding executory costs)	<u>\$ 173,450</u>	2,240,614	
Less:			
Remaining premium(discount)		(55,571)	
Amount representing interest		(851,944)	
Present value of future minimum lease payments		<u>\$ 1,333,099</u>	
Assets acquired through capital lease			
Land		\$ 8,000	
Infrastructure		1,314,922	
Building		43,755	
Machinery and equipment		3,586	
less accumulated depreciation		(6,649)	
		<u>\$ 1,363,614</u>	

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 \$44.25 million for the year ended June 30, 2007. A table of future minimum lease payments (excluding executory costs) is presented on the previous page.

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, 2007 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	\$ 130,758	\$ 71,675	\$ (66,747)	\$ 135,686	\$ 76,785	\$ 58,901
Due to component unit	158,343	1,258	(40,001)	119,600	38,572	81,028
Net pension obligation	12,309	(2,754)	772	10,327	-	10,327
Intergovernmental payable	2,210,822	-	(1,943,166)	267,656	197,656	70,000
Claims liability	16,309	-	(16,309)	-	-	-
Capital leases	1,307,072	63,714	(37,687)	1,333,099	38,170	1,294,929
	<u>\$ 3,835,613</u>	<u>\$ 133,893</u>	<u>\$ (2,103,138)</u>	<u>\$ 1,866,368</u>	<u>\$ 351,183</u>	<u>\$ 1,515,185</u>
Business-type activities:						
Compensated absences	\$ 374	\$ 219	\$ (187)	\$ 406	\$ 179	\$ 227
Claims liability	46,195	9,701	(3,466)	52,430	2,494	49,936
	<u>\$ 46,569</u>	<u>\$ 9,920</u>	<u>\$ (3,653)</u>	<u>\$ 52,836</u>	<u>\$ 2,673</u>	<u>\$ 50,163</u>

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 and the Prosecuting Attorney's Retirement Fund as presented in Note V(E), amounts due to component units, amounts due the federal government and compensated absence obligations. The General Fund typically has been used to liquidate other long-term liabilities.

Long-term obligations of the business-type activities consists 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, 2007, 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 the Special Revenue funds and the government-wide statements, there is an increase of \$1.5 billion in fund balance/net assets for the overstatement of the payable for payments to local units for the replacement of property taxes in FY 2006.

For the government-wide statements, there was an increase of \$26.9 million in net assets for capital assets. This was the result of several State agencies not capitalizing capital assets acquired prior to June 30, 2006, by that date.

For the government-wide statements, there is a

decrease of \$10.0 million in net assets for Department of Administration (DOA) work in process. This was the result of projects that had been completed prior to June 30, 2006 but were not indicated as finished projects in DOA work in process' system.

For the Internal Service funds and the government-wide statements, there is a decrease of \$12.7 million in net assets for the State Employee Health Insurance fund as a result of corrections of errors.

In the fund statements for the Special Revenue funds, there is an increase of \$63.2 million in fund balance of the Motor Vehicle Highway fund and a corresponding decrease in the Bureau of Motor Vehicles Commission fund (a non-major governmental fund). This is due to the reinstatement of an interfund loan that was written off in prior years as uncollectible. Per a memorandum of understanding between the State Budget Agency and the Bureau of Motor Vehicles Commission this interfund loan was reinstated in FY 2007.

The following schedule reconciles June 30, 2006 net assets as previously reported, to beginning net assets, as restated:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>All Discretely Presented Component Units (Non Fiduciary)</u>
June 30, 2006, fund balance/net assets as reported	\$ 15,927,485	\$ 458,800	\$ 6,667,561
Prior period adjustments	<u>1,464,083</u>	<u>(43)</u>	<u>(2,306)</u>
Balance July 1, 2006 as restated	<u><u>\$ 17,391,568</u></u>	<u><u>\$ 458,757</u></u>	<u><u>\$ 6,665,255</u></u>

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 does purchase commercial insurance related to certain employee health benefits. 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
<u>2007</u>				
Unpaid Claims, July 1	\$ 1,517	\$ 15,767	\$ 4,155	\$ 21,439
Incurred Claims and Changes in Estimate	21,807	199,268	23,845	244,920
Claims Paid	(21,274)	(196,826)	(24,369)	(242,469)
Unpaid Claims, June 30	<u>\$ 2,050</u>	<u>\$ 18,209</u>	<u>\$ 3,631</u>	<u>\$ 23,890</u>
<u>2006</u>				
Unpaid Claims, July 1	\$ 2,197	\$ 19,058	\$ 4,242	\$ 25,497
Incurred Claims and Changes in Estimate	20,377	196,577	27,339	244,293
Claims Paid	(21,057)	(199,868)	(27,426)	(248,351)
Unpaid Claims, June 30	<u>\$ 1,517</u>	<u>\$ 15,767</u>	<u>\$ 4,155</u>	<u>\$ 21,439</u>

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.

With respect to tort claims only, the State's liability is limited to: (A) three hundred thousand dollars (\$300,000) for a cause of action that accrues before January 1, 2006; (B) five hundred thousand dollars (\$500,000) for a cause of action that accrues on or after January 1, 2006, and before January 1, 2008; or (C) seven hundred thousand dollars (\$700,000) for a cause of action that accrues on or after January 1, 2008, for injury or death of one person in any one occurrence and \$5 million for injury or death of all persons in that occurrence.

The Indiana Attorney General's office estimates a total payment for liabilities of \$12 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2007, the State paid \$10.4 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

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 about 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The federal 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. State expenditures will be gradually reduced as the plan is phased out.

In July 1993 Plaintiffs filed a lawsuit in a state trial court alleging that the State has failed to pay certain similarly classed State employees at an equal rate of

pay from 1973 to 1993. The court certified Plaintiffs' class, and class notification is complete. No trial date has been set. Plaintiffs seek damages in an unspecified amount, as well as attorneys' fees and costs. If plaintiffs are successful the damages will be in excess of \$10 million.

In February 2000 a case was filed involving Section 1983 Civil Rights actions by a chain of nursing facilities and an Immediate Care Facility for the Mentally Retarded (ICF-MR) alleging conspiracy to run them out of business. Summary Judgment entered in favor of Defendants in April 2007. On Appeal. Plaintiffs believe their damages and attorney fees to be approximately \$120 million.

In June 2000 Plaintiffs filed a class action lawsuit alleging that the Marion County Sheriff (Sheriff) and the Indiana Department of Administration (IDOA) entered into illegal telecommunication contracts that allowed Sheriff and IDOA to collect commissions from the collect call telephone service which is provided to inmates, and that Sheriff and IDOA caused the telecommunication providers to charge unreasonable telephone rates. Plaintiffs' allegations against IDOA specifically claim that IDOA breached its common law duty of reasonableness, levied unauthorized taxes, was unjustly enriched and violated Indiana's antitrust statute. Defendants' Motion For Summary Judgment granted. On Appeal. If plaintiffs are successful, the damages could be in excess of \$12 million.

In July 2002 a breach of contract action was filed against the State alleging that the Indiana Department of Environmental Management (IDEM) failed to abide by the terms of an agreed order relating to clean-up costs directed by the federal government (EPA). The Plaintiff is seeking \$18 million in damages. In January 2007 the judge issued a judgment against the defendant. The Trial Court awarded Plaintiff \$16.5 million. In November 2007 the Court of Appeals reversed the judgment, holding that as a matter of policy IDEM did not breach the agreed order by advising EPA that Plaintiff's proposed clean-up levels were twenty times higher than EPA's clean-up levels. Plaintiff is likely to seek rehearing and/or transfer.

In July 2005 Marion County challenged: (1) constitutionality of statute that requires County to pay State for approximately \$62 million expenses of juvenile incarceration in arrears; and (2) the misapplication of Indiana Code Sections 11-10-2-3 and 4-24-7-2, in that Marion County has been assessed by the State for costs incurred by Department of Correction institutions other than the Boys School and the Girls School. The court granted St. Joseph and Clark Counties' motion to intervene as Plaintiffs. In May 2007 the court entered final judgment on behalf of defendants on all claims. In

May 2007 Plaintiffs filed their Notice of Appeal. The case is now assigned to the Attorney General Appellate Division and remains pending before the Indiana Court of Appeals.

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%. All earnings from the investments of the Rainy Day Fund remain in the Rainy Day Fund. 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 into the Property Tax Replacement 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 2007 was \$344.2 million. Total outstanding loans were \$17.0 million, resulting in total assets of \$361.2 million.

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).

Summary of Significant Accounting Policies (Primary government and discretely presented component units)

The accrual basis is used for financial statement reporting purposes. Receivables are not maintained on the accounting records, but are calculated or estimated for financial statement reporting purposes. Throughout the year, the investments are maintained on the accounting records at the net asset value per the custodian bank. The custodian maintains records of the detail holdings and accounts that comprise the net asset value. At fiscal year end, the accounting records and financial statements recognize the investment receivables and payables as described below in Investment Unit Trust Accounting. Investments of defined benefit plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

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

State Police Retirement Fund (Presented as a pension fund)

Plan Description 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.

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 actuarial cost 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 funded over a forty-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage 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.

Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan (Presented as part of PERF – a discretely presented component unit)

Plan Description The Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan (ECRP) is a defined benefit single-employer plan administered by the Board of Trustees of the Public Employees' Retirement Fund. The retirement fund is for employees of the Indiana Department of Natural Resources, Indiana Alcohol and Tobacco Commission and the Indiana Gaming Commission who are engaged exclusively in the performance of law enforcement duties.

The Excise Police, Gaming Agent 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 Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy Members are required by statute to contribute three percent of the first \$8,500 of annual salary to the Plan. The State of Indiana, as employer, is required by statute to contribute the remaining amount necessary to actuarially finance the coverage; the current rate is 21% of covered payroll.

The funding policy for employer contributions of the Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Plan provides for biennial appropriations authorized by the Indiana General Assembly, which when combined with anticipated member contributions are sufficient to

actuarially fund benefits (normal cost), amortize the unfunded accrued liability for thirty years, and prevent the State's unfunded accrued liability from increasing.

Prosecuting Attorneys' Retirement Fund (Presented as part of PERF – a discretely presented 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 Public Employees' Retirement Fund. The Prosecuting Attorneys' Retirement Fund provides retirement, disability retirement, and survivor benefits for individuals who serve as a prosecuting attorney or chief deputy prosecuting attorney on or after January 1, 1990.

These individuals are paid from the General Fund of the State of Indiana. Indiana Code 33-39-7 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

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 Board of Trustees on the recommendations of an actuary, is to be appropriated from the State's General Fund.

Legislators' Retirement System – Legislators' Defined Benefit Plan (Presented as part of PERF – a discretely presented component unit)

Plan Description The Legislators' Defined Benefit Plan (IC 2-3.5-4), a defined benefit single-employer PERS, applies to each member of the General Assembly who was serving on April 30, 1989 and files 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 Public Employees' Retirement Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

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

Judges' Retirement System (Presented as part of PERF – a discretely presented 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 Public Employees' Retirement Fund. The Judges' Retirement System provides retirement, disability retirement, and survivor benefits. Coverage is for any person who has served, is serving or shall serve as a regular judge of any of the following courts: Supreme Court of the State of Indiana; Circuit Court of any Judicial Circuit; Indiana Tax Court; County Courts including Circuit, Superior, Criminal, Probate, Juvenile, Municipal and County Court. IC 33-38-8 applies to judges beginning service after August 31, 1985. Indiana Code 33-38-6 and -7 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy Member contributions are established by statute at six percent of total statutory compensation and are deducted from the member's salary or paid by the employer, and remitted by the Auditor of State or County Auditor. However, no contribution is required and no such amounts shall be paid on behalf of any participant for more than twenty-two years.

Employer contributions are determined 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 statutes also provide for remittance of docket fees and court fees. These are considered employer contributions.

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

Public Employees' Retirement Fund (Presented as part of PERF – a discretely presented component unit)

Plan Description The Public Employees' Retirement Fund (PERF) is a defined benefit agent multiple-employer plan administered by the Public Employees' Retirement Fund Board of Trustees. PERF provides retirement, disability retirement, and survivor benefits. Indiana Code 5-10.2 and 5-10.3 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162. At June 30, 2007, the number of participating political subdivisions was 1,180.

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 employer contributions are determined by the Board of Trustees based on actuarial investigation and valuation. PERF funding policy provides for periodic employer contributions at actuarially determined rates, that, expressed as percentage of annual covered payroll, are sufficient to fund the pension portion of the retirement benefit (normal cost), administrative expenses, and anticipated increase in the unfunded actuarial accrued liability for the next fiscal year. In addition, employers must remit quarterly payment of the amortization of the initial prior service cost. The amortization period is forty years for those employers whose effective date of participation was before 1997. The amortization period for employers joining thereafter will be reduced 1 year per year until 2007 when it will be leveled at 30 years. Effective July 1, 2002, the amortization period for all employers is thirty years.

Contributions made by or on the behalf of members are not actuarially determined but are set by statute at three percent (3%) of wages. These contributions are credited to the member's annuity savings account that funds the annuity portion of the retirement benefit. The State is required to contribute for State employees at an actuarially determined rate; the current rate is 6.3% of covered payroll.

The Annual Pension Cost and Net Pension Obligations, the significant actuarial assumptions, and the historical trend information of the single and agent multiple employer defined benefit plans are as follows:

(amounts expressed in thousands)	Primary Government	-----Discretely Presented Component Unit-----					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
Annual Pension Cost and Net Pension Obligation (Asset)							
Annual required contribution	\$ 9,472.5	\$ 87,947.0	\$ 162,088.9	\$ 2,709.5	\$ 14,931.5	\$ 951.8	\$ 90.8
Interest on net pension obligation	795.1	(5,541.0)	(10,445.9)	(39.7)	(906.7)	68.7	(12.6)
Adjustment to annual required contribution	(906.4)	6,314.0	11,903.9	45.2	1,033.3	(78.3)	18.1
Annual pension cost	9,361.2	88,720.0	163,546.9	2,715.0	15,058.1	942.2	96.3
Contributions made	(12,113.6)	(72,890.0)	(150,818.7)	(2,498.1)	(13,537.1)	(170.0)	(100.0)
Increase (decrease) in net pension obligation	(2,752.4)	15,830.0	12,728.2	216.9	1,521.0	772.2	(3.7)
Net pension obligation, beginning of year	11,359.4	(76,421.0)	(144,081.2)	(548.2)	(12,506.7)	947.3	(174.2)
Net pension obligation, end of year	\$ 8,607.0	\$ (60,591.0)	\$ (131,353.0)	\$ (331.3)	\$ (10,985.7)	\$ 1,719.5	\$ (177.9)
Significant Actuarial Assumptions							
Investment rate of return	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Projected future salary increases:							
		Based on PERF experience 2000-2005	Based on PERF experience 1995-2000				
Total	7.60%			4.50%	4.00%	4.00%	3.00%
Attributed to inflation	*	*	*	*	*	*	*
Cost of living adjustments	N/A	1.50%	1.50%	1.50%	N/A	N/A	1.50%
Contribution rates:							
State	15.30%	6.30%	6.30%	21.00%	36.00%	5.40%	20.00%
Plan members	6.00%	3.00%	3.00%	3.00%	6.00%	6.00%	5.00%
Actuarial valuation date	7/1/2007	7/1/2006	7/1/2006	7/1/2006	7/1/2006	7/1/2006	7/1/2006
Actuarial cost method	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	benefit (unit credit)
Amortization method	level percent	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar
Amortization period	40 years	30 years	30 years	30 years	30 years	30 years	30 years
Amortization period (from date)	7/1/1997	7/1/2002	7/1/2002	7/1/2002	7/1/2004	N/A	7/1/1992
Amortization period (open or closed)	closed	closed	open	closed	closed	open	closed
Asset valuation method	smoothed basis	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	smoothed market value	smoothed market value	smoothed market value	smoothed market value
Historical Trend Information							
<u>Year ended June 30, 2007</u>							
Annual pension cost (APC)	\$ 9,361.2	*	*	*	*	*	*
Percentage of APC contributed	129.4%	*	*	*	*	*	*
Net pension obligation (asset)	\$ 8,607.0	*	*	*	*	*	*
<u>Year ended June 30, 2006</u>							
Annual pension cost (APC)	\$ 12,611.3	88,720.0	163,546.9	2,715.0	15,058.1	942.2	96.3
Percentage of APC contributed	59.8%	82.2%	92.2%	92.0%	89.9%	18.0%	103.8%
Net pension obligation (asset)	\$ 11,361.6	(60,591.0)	(131,353.0)	(331.3)	(10,985.7)	1,719.5	(177.9)
<u>Year ended June 30, 2005</u>							
Annual pension cost (APC)	\$ 12,055.2	\$ 70,498.0	\$ 134,838.2	\$ 1,868.1	\$ 10,180.9	\$ 884.0	\$ 90.2
Percentage of APC contributed	69.6%	89.0%	109.3%	115.9%	133.0%	108.7%	227.8%
Net pension obligation (asset)	\$ 6,286.0	\$ (76,421.0)	\$ (144,081.2)	\$ (548.2)	\$ (14,867.2)	\$ 947.4	\$ (174.2)
<u>Year ended June 30, 2004</u>							
Annual pension cost (APC)	\$ 10,382.8	\$ 55,063.0	\$ 115,475.6	\$ 2,191.8	\$ 10,580.4	\$ 136.0	\$ 94.4
Percentage of APC contributed	80.8%	164.7%	121.9%	96.7%	122.5%	686.0%	217.7%
Net pension obligation (asset)	\$ 1,774.4	\$ (83,416.0)	\$ (131,570.4)	\$ (251.7)	\$ (11,507.9)	\$ 1,024.4	\$ (58.9)
SPRF - State Police Retirement Fund							
PERF - Public Employees' Retirement Fund							
ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees)							
JRS - Judges' Retirement System (Administered by the PERF board of trustees)							
PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees)							
LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
N/A - not applicable							
* - information not available							

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

State Teachers' Retirement Fund (Presented as a discretely presented component unit)

Plan Description The State Teachers' Retirement Fund (STRF), is a defined benefit, multiple-employer cost-sharing PERS, administered by the Indiana State Teachers' Retirement Fund Board of Trustees. Indiana Code 21-6.1 (Repealed by P.L.2-2007, SEC.390.) governs the requirements of the Fund. The Indiana State Teachers' Retirement Fund Board of Trustees 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 State Teachers' Retirement Fund, 150 West Market Street, Suite 300, Indianapolis, IN 46204, or by calling 317-232-3860.

At June 30, 2007, the number of participating employers was 389.

Funding Policy Each school corporation contributes the employer's share to the Fund for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995 (post July 1, 1995 plan). The employer's share of contributions for certified personnel who are not employed under a federally funded program or were hired before July 1, 1995 is considered to be an obligation of, and is paid by, the State of Indiana (pre July 1, 1995 plan). The State Teachers' Retirement Fund has a total unfunded actuarial liability as of June 30, 2007, of \$9.7 billion. Indiana law provides that the STRF is on a "pay-as-you-go" basis. The Indiana General Assembly appropriated sufficient funds to provide for the State's estimated liability for the current

year. These appropriations include revenues from the State Lottery Commission.

1977 Police Officers' and Firefighters' Pension and Disability Fund (Presented as part of PERF – a discretely presented component unit)

Plan Description The 1977 Police Officers' and Firefighters' Pension and Disability Fund (PFPF) is a defined benefit, multiple employer cost sharing Public Employees Retirement System administered by the Public Employees' Retirement Fund Board of Trustees. PERF provides retirement, disability retirement, and survivor benefits. Indiana Code 36-8-8 governs the requirements of the Fund. The Public Employees' Retirement Fund Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

At June 30, 2007, the number of participating employer units totaled 161 (253 police and fire departments).

Funding Policy A participant is required by statute to contribute six percent of a first class officer or firefighter's salary for the term of their employment up to thirty-two years. Employer contributions are determined actuarially. 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 historical trend information, for the cost sharing, multiple-employer plans are as follows:

	<u>Discretely Presented Component Units</u>	
	<u>STRF</u>	<u>PFPF*</u>
<u>Historical Trend Information</u>		
<u>Year ended June 30, 2007</u>		
Annual required contribution	\$ 742,882.0	\$ 102,964.0
Percentage contributed	78%	158%
<u>Year ended June 30, 2006</u>		
Annual required contribution	\$ 672,555.5	\$ 97,286.4
Percentage contributed	104%	107%
<u>Year ended June 30, 2005</u>		
Annual required contribution	\$ 619,186.0	\$ 92,833.7
Percentage contributed	78%	127%
STRF - State Teachers' Retirement Fund		
PFPF - 1977 Police Officers' and Firefighters' Retirement Fund (Administered by PERF)		
* - year ended December 31		

The State sponsors the following defined contribution plan:

Legislators' Retirement System – Legislators' Defined Contribution Plan (Presented as part of PERF – a discretely presented 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 Public

Employees' Retirement Fund. The Public Employees' Retirement Fund Board of Trustees 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 Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317-233-4162.

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute five percent of his annual salary. In addition, the State of Indiana is required to contribute 20% of the member's annual salary on behalf of the participant.

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Discretely Presented Component Unit-----					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
Valuation Date: July 1, 2007							
Actuarial value of assets	\$ 371,918	*	*	*	*	*	*
Actuarial accrued liability (AAL)	413,969	*	*	*	*	*	*
Excess of assets over (unfunded) AAL	(42,051)	*	*	*	*	*	*
Funded ratio	90%	*	*	*	*	*	*
Covered payroll	59,863	*	*	*	*	*	*
Excess (unfunded) AAL as a percentage of covered payroll	-70%	*	*	*	*	*	*
Valuation Date: July 1, 2006							
Actuarial value of assets	\$ 339,122	2,169,619	2,838,329	48,496	178,276	20,053	4,721
Actuarial accrued liability (AAL)	392,810	2,210,377	3,072,141	64,765	272,997	29,184	5,232
Excess of assets over (unfunded) AAL	(53,687)	(40,757)	(233,812)	(16,269)	(94,721)	(9,130)	(511)
Funded ratio	86%	98%	92%	75%	65%	69%	90%
Covered payroll	54,156	1,592,207	2,729,929	14,892	34,065	19,225	**
Excess (unfunded) AAL as a percentage of covered payroll	-99%	-3%	-9%	-109%	-278%	-47%	**
Valuation Date: July 1, 2005							
Actuarial value of assets	\$ 317,837	\$ 2,145,805	\$ 2,641,536	\$ 41,663	\$ 151,003	\$ 16,875	\$ 4,338
Actuarial accrued liability (AAL)	390,480	2,189,337	2,984,254	59,964	272,855	25,744	4,999
Excess of assets over (unfunded) AAL	(72,643)	(43,532)	(342,718)	(18,301)	(121,852)	(8,869)	(661)
Funded ratio	81%	98%	89%	69%	55%	66%	87%
Covered payroll	53,897	1,645,248	2,672,619	13,223	32,231	16,659	**
Excess (unfunded) AAL as a percentage of covered payroll	-135%	-3%	-13%	-138%	-378%	-53%	**
Valuation Date: July 1, 2004							
Actuarial value of assets	\$ 311,707	\$ 2,138,655	\$ 2,507,186	\$ 38,772	\$ 135,798	\$ 14,654	\$ 4,206
Actuarial accrued liability (AAL)	378,770	2,019,492	2,624,061	50,009	209,992	22,588	4,856
Excess of assets over (unfunded) AAL	(67,063)	119,163	(116,875)	(11,237)	(74,194)	(7,934)	(650)
Funded ratio	82%	106%	96%	78%	65%	65%	87%
Covered payroll	53,095	1,612,049	2,586,380	10,209	25,693	15,149	**
Excess (unfunded) AAL as a percentage of covered payroll	-126%	7%	-5%	-110%	-289%	-52%	**
SPRF - State Police Retirement Fund PERF - Public Employees' Retirement Fund ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees) JRS - Judges' Retirement System (Administered by the PERF board of trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees) LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
* Information not available							
** The benefit formula is determined based on service rather than compensation. The unfunded liability is expressed per active participant and there are 46 active participants. The unfunded liability per active participant is \$11,106							

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 fund 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. 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 center, certain recurring expenditures are not budgeted (medical service payments, unemployment benefits, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all fund centers 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
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 4,775,029	\$ 4,775,029	\$ 5,503,920	\$ 728,891
Sales	2,703,348	2,703,348	2,631,021	(72,327)
Fuels	-	-	-	-
Gaming	4	4	87,950	87,946
Inheritance	120,000	120,000	150,284	30,284
Alcohol and tobacco	307,824	307,824	323,137	15,313
Insurance	175,700	175,700	190,811	15,111
Other	82	82	202,842	202,760
Total taxes	8,081,987	8,081,987	9,089,965	1,007,978
Current service charges	145,085	145,085	197,684	52,599
Investment income	54,024	54,024	161,216	107,192
Sales/rents	5,895	5,895	1,512	(4,383)
Grants	-	-	16,220	16,220
Other	13,136	13,136	68,010	54,874
Total revenues	8,300,127	8,300,127	9,534,607	1,234,480
Expenditures:				
Current:				
General government	727,668	1,208,444	1,130,149	78,295
Public safety	683,754	624,034	618,325	5,709
Health	92,553	86,620	85,679	941
Welfare	2,459,542	324,767	315,753	9,014
Conservation, culture and development	103,285	129,494	86,001	43,493
Education	6,184,933	6,243,909	6,231,453	12,456
Transportation	465	2,387	1,231	1,156
Total expenditures	10,252,200	8,619,655	8,468,591	151,064
Excess of revenues over (under) expenditures	(1,952,073)	(319,528)	1,066,016	(1,385,544)
Other financing sources (uses):				
Total other financing sources (uses)	(526,904)	(526,904)	(845,686)	(318,782)
Net change in fund balances	\$ (2,478,977)	\$ (846,432)	\$ 220,330	\$ 1,066,762
Fund balances July 1, as restated			1,564,455	
Fund balances June 30			\$ 1,784,785	

Motor Vehicle Highway Fund				Medicaid Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
494,061	494,061	324,689	(169,372)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	172,828	172,828	-	-	-	-
494,061	494,061	497,517	3,456	-	-	-	-
63,542	63,542	136,882	73,340	-	-	-	-
-	-	-	-	-	-	-	-
393	393	7	(386)	-	-	-	-
14,434	14,434	11,185	(3,249)	3,375,051	3,375,051	3,764,495	389,444
60,351	60,351	37,613	(22,738)	9,344	9,344	10,859	1,515
632,781	632,781	683,204	50,423	3,384,395	3,384,395	3,775,354	390,959
12,086	374,101	299,102	74,999	-	28	28	-
190,904	193,161	193,161	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	5,492,717	5,481,569	11,148
-	-	-	-	-	-	-	-
273	259	259	-	-	-	-	-
-	2,251	2,251	-	-	-	-	-
203,263	569,773	494,774	74,999	-	5,492,745	5,481,597	11,148
429,518	63,008	188,430	(125,422)	3,384,395	(2,108,350)	(1,706,243)	(402,107)
(141,348)	(141,348)	(182,192)	(40,844)	1,531,121	1,531,121	1,718,952	187,831
<u>\$ 288,170</u>	<u>\$ (78,340)</u>	<u>\$ 6,238</u>	<u>\$ 84,578</u>	<u>\$ 4,915,516</u>	<u>\$ (577,229)</u>	<u>\$ 12,709</u>	<u>\$ 589,938</u>
		59,465				34,636	
		<u>\$ 65,703</u>				<u>\$ 47,345</u>	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Major Moves Construction Fund			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	-	-	128,131	128,131
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	3,117,520	3,117,520
Total revenues	-	-	3,245,651	3,245,651
Expenditures:				
Current:				
General government	-	280,094	-	280,094
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	355,094	(355,094)
Total expenditures	-	280,094	355,094	(75,000)
Excess of revenues over (under) expenditures	-	(280,094)	2,890,557	(3,170,651)
Other financing sources (uses):				
Total other financing sources (uses)	(187,665)	(187,665)	(187,665)	-
Net change in fund balances	<u>\$ (187,665)</u>	<u>\$ (467,759)</u>	<u>\$ 2,702,892</u>	<u>\$ 3,170,651</u>
Fund balances July 1, as restated			-	
Fund balances June 30			<u>\$ 2,702,892</u>	

State Highway Department				Property Tax Replacement Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,568,184	2,568,184	2,662,398	94,214
-	-	1	1	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1	1	2,568,184	2,568,184	2,662,398	94,214
14,521	14,521	12,216	(2,305)	-	-	-	-
209	209	300	91	-	-	-	-
2,082	2,082	1,382	(700)	-	-	-	-
583,462	583,462	829,993	246,531	-	-	-	-
76,597	76,597	85,855	9,258	-	-	-	-
676,871	676,871	929,747	252,876	2,568,184	2,568,184	2,662,398	94,214
-	-	-	-	-	2,233,762	2,233,762	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,164,572	1,482,295	1,516,759	(34,464)	-	-	-	-
1,164,572	1,482,295	1,516,759	(34,464)	-	2,233,762	2,233,762	-
(487,701)	(805,424)	(587,012)	(218,412)	2,568,184	334,422	428,636	(94,214)
485,393	485,393	694,173	208,780	(525,907)	(525,907)	(429,071)	96,836
\$ (2,308)	\$ (320,031)	\$ 107,161	\$ 427,192	\$ 2,042,277	\$ (191,485)	\$ (435)	\$ 191,050
		379,385				3,954	
		\$ 486,546				\$ 3,519	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Tobacco Settlement Fund			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	119,346	119,346	124,914	5,568
Investment income	294	294	4,932	4,638
Sales/rents	-	-	-	-
Grants	247	247	196	(51)
Other	1,571	1,571	90	(1,481)
Total revenues	121,458	121,458	130,132	8,674
Expenditures:				
Current:				
General government	-	13,963	13,963	-
Public safety	-	-	-	-
Health	-	28,953	28,953	-
Welfare	-	-	-	-
Conservation, culture and development	-	145	145	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	43,061	43,061	-
Excess of revenues over (under) expenditures	121,458	78,397	87,071	(8,674)
Other financing sources (uses):				
Total other financing sources (uses)	(127,381)	(127,381)	(124,386)	2,995
Net change in fund balances	<u>\$ (5,923)</u>	<u>\$ (48,984)</u>	<u>\$ (37,315)</u>	<u>\$ 11,669</u>
Fund balances July 1, as restated			172,602	
Fund balances June 30			<u>\$ 135,287</u>	

Budget/GAAP Reconciliation Major Funds

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

(amounts expressed in thousands)								
	GENERAL FUND	MOTOR VEHICLE HIGHWAY FUND	MEDICAID ASSISTANCE	MAJOR MOVES CONSTRUCTION FUND	STATE HIGHWAY DEPARTMENT	PROPERTY TAX RELIEF FUND	TOBACCO SETTLEMENT FUND	Total
Net change in fund balances (budgetary basis)	\$ 220,330	\$ 6,238	\$ 12,709	\$ 2,702,892	\$ 107,161	\$ (435)	\$ (37,315)	\$ 3,011,580
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)	18,833	102	(8,972)	(3,121,589)	(5,004)	9,870	(322)	(3,107,082)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	<u>194,084</u>	<u>(4,962)</u>	<u>2</u>	<u>355,000</u>	<u>473</u>	<u>(121,087)</u>	<u>2,859</u>	<u>426,369</u>
Net change in fund balances (GAAP basis)	<u>\$ 433,247</u>	<u>\$ 1,378</u>	<u>\$ 3,739</u>	<u>\$ (63,697)</u>	<u>\$ 102,630</u>	<u>\$ (111,652)</u>	<u>\$ (34,778)</u>	<u>\$ 330,867</u>

Infrastructure - Modified Reporting

Condition Rating of the State's Highways and Bridges

Roads

	Average Pavement Quality Index (PQI)		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Roads (including Rest Areas and Weigh Stations)	83%	84%	83%
NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)	82%	81%	81%
Non-NHS Roads	79%	76%	77%

The condition of road pavement is measured using a pavement quality index (PQI), which is based on a weighted average of three distress factors found in pavement surfaces. The PQI uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (90-100), good condition (80-89), fair condition (70-79), and poor condition (less than 70). It is the State's policy to maintain Interstate and NHS Non-Interstate roads at an average PQI of 75 and Non-NHS roads at an average PQI of 65. Condition assessments are determined on an annual basis for Interstates and on a biennial basis for other roads. The ratings provided are based on data gathered during the summer (July and August) of the corresponding fiscal year. The data are evaluated and compared to standard criteria by the end of the fiscal year.

Bridges

	Average Sufficiency Rating		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Interstate Bridges	90.4%	90.6%	91.0%
NHS Bridges - Non-Interstate	90.4%	90.3%	90.8%
Non-NHS Bridges	88.3%	87.8%	88.3%

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
(dollars in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 212,485	\$ 105,267	\$ 151,999	\$ 194,098	\$ 113,469
Actual	248,803	126,361	140,667	253,555	167,472
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	145,720	234,789	230,453	256,681	248,920
Actual	297,223	413,557	376,969	415,019	392,470
Roads at State Institutions and Properties					
Needed	2,529	1,173	2,903	2,689	4,000
Actual	3,069	4,496	5,595	4,381	6,044
Total					
Needed	360,734	341,229	385,355	453,468	366,389
Actual	549,095	544,414	523,231	672,955	565,986
Bridges					
Interstate Bridges					
Needed	\$ 37,157	\$ 5,749	\$ 39,166	\$ 19,946	\$ 11,220
Actual	37,070	29,520	23,863	28,723	36,736
NHS Bridges - Non-Interstate					
Needed	10,220	31,943	2,021	26,411	25,618
Actual	14,154	11,459	1,282	7,766	12,324
Non-NHS Bridges					
Needed	31,549	44,859	32,597	34,929	44,659
Actual	35,118	31,145	61,271	73,356	60,314
Bridges at State Institutions and Properties					
Needed	-	-	164	926	-
Actual	-	-	796	702	-
Total					
Needed	78,926	82,551	73,948	82,212	81,497
Actual	86,342	72,124	87,212	110,547	109,374



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 Special Revenue Funds."

The following funds are used to account for welfare assistance and administration and other welfare-related entitlement programs:

- County Welfare Administration
- State and Federal Welfare Assistance
- Federal Food Stamp Program
- Medicaid Indigent Care Trust

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

- Bureau of Motor Vehicles Commission
- Primary Road and Street

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

- Health and Environmental Programs
- Patients Compensation Fund

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

- State Gaming Fund
- Bureau of Motor Vehicles Holding Account
- Build Indiana Fund

The following funds are used to account for federal and non-federal programs:

- Fund 6000 Funds Checking Eligible
- Fund 6000 Funds Checking Exempt

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).

Army National Guard Construction – This fund accounts for the financing of new construction, rehabilitation and preventive maintenance for Indiana Army National Guard Posts.

Post War Construction Fund – 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.

Common School Principal Fund - The interest of the Common School Fund is annually appropriated for the purpose of making loans to school corporations for Capital Projects.

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, 2007
(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	\$ 1,743,349	\$ 105,122	\$ 607,530	\$ 2,456,001
Securities lending collateral	437,727	-	113,888	551,615
Receivables:				
Taxes (net of allowance for uncollectible accounts)	156,869	2,171	-	159,040
Securities lending	2,176	-	570	2,746
Accounts	24,641	-	-	24,641
Grants	124,014	3,842	-	127,856
Interest	4,613	-	51	4,664
Due from component unit	33,370	-	-	33,370
Prepaid expenditures	742	-	-	742
Loans	14,017	-	470,004	484,021
Total assets	\$ 2,541,518	\$ 111,135	\$ 1,192,043	\$ 3,844,696
Liabilities:				
Accounts payable	\$ 139,029	\$ 205	\$ -	\$ 139,234
Salaries and benefits payable	24,950	41	-	24,991
Interfund loans	77,706	4,752	-	82,458
Interfunds services used	3,578	-	-	3,578
Intergovernmental payable	43,020	-	-	43,020
Due to component unit	7,006	-	-	7,006
Tax refunds payable	5,318	-	-	5,318
Deferred revenue	77,415	133	-	77,548
Accrued liability for compensated absences-current	1,696	3	-	1,699
Securities lending payable	2,176	-	570	2,746
Securities lending collateral	437,727	-	113,888	551,615
Total liabilities	819,621	5,134	114,458	939,213
Fund balance:				
Reserved:				
Encumbrances	249,929	11,952	-	261,881
Special purposes	111,067	3,842	-	114,909
Reserved for long-term loans and advances	13,348	-	469,979	483,327
Unreserved:				
Designated for Appropriations	384,089	62,569	-	446,658
Designated for Allotments	959,831	25,711	74,529	1,060,071
Unreserved Undesignated fund balance	3,633	1,927	533,077	538,637
Total fund balances	1,721,897	106,001	1,077,585	2,905,483
Total liabilities and fund balances	\$ 2,541,518	\$ 111,135	\$ 1,192,043	\$ 3,844,696

State of Indiana
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Revenues:				
Taxes:				
Income	\$ 115,825	\$ -	\$ -	\$ 115,825
Sales	143,683	-	-	143,683
Fuels	382,108	-	-	382,108
Gaming	763,928	-	-	763,928
Inheritance	6	-	-	6
Alcohol and tobacco	46,251	16,995	-	63,246
Insurance	6,138	-	-	6,138
Financial Institutions	60,465	-	-	60,465
Other	139,869	-	-	139,869
Total taxes	1,658,273	16,995	-	1,675,268
Current service charges	766,468	1,757	6,240	774,465
Investment income	41,838	-	46,002	87,840
Sales/rents	23,289	-	-	23,289
Grants	3,171,891	15,102	-	3,186,993
Other	352,963	-	2,161	355,124
Total revenues	6,014,722	33,854	54,403	6,102,979
Expenditures:				
Current:				
General government	695,784	-	43,893	739,677
Public safety	374,633	26,961	-	401,594
Health	223,546	3,082	-	226,628
Welfare	2,062,383	57	-	2,062,440
Conservation, culture and development	440,889	-	-	440,889
Education	992,286	-	-	992,286
Transportation	270,151	-	-	270,151
Total expenditures	5,059,672	30,100	43,893	5,133,665
Excess (deficiency) of revenues over expenditures	955,050	3,754	10,510	969,314
Other financing sources (uses):				
Transfers in	2,327,041	676	32,023	2,359,740
Transfers (out)	(2,939,316)	(504)	(110)	(2,939,930)
Total other financing sources (uses)	(612,275)	172	31,913	(580,190)
Net change in fund balances	342,775	3,926	42,423	389,124
Fund Balance July 1, as restated	1,379,122	102,075	1,035,162	2,516,359
Fund Balance June 30	\$ 1,721,897	\$ 106,001	\$ 1,077,585	\$ 2,905,483

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2007
(amounts expressed in thousands)

	County Welfare Administration	State Gaming Fund	State and Federal Welfare Assistance	Bureau of Motor Vehicles Commission	Health and Environmental Programs	Patients Compensation
Assets:						
Cash, cash equivalents and investments-unrestricted	\$ -	\$ 14,060	\$ 104,774	\$ 42,325	\$ 56,372	\$ 166,236
Securities lending collateral	-	-	3,500	-	-	136,985
Receivables:						
Taxes (net of allowance for uncollectible accounts)	-	1,887	627	-	-	-
Securities lending	-	-	3	-	-	601
Accounts	-	-	-	-	-	383
Grants	-	-	4,048	-	2,265	-
Interest	-	-	-	-	-	2,712
Due from component unit	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	\$ -	\$ 15,947	\$ 112,952	\$ 42,325	\$ 58,637	\$ 306,917
Liabilities:						
Accounts payable	\$ 4,473	\$ 6	\$ 8,029	\$ 1,673	\$ 6,125	\$ 41,787
Salaries and benefits payable	1,894	100	127	3,091	1,351	15
Interfund loans	4,771	-	-	63,277	-	-
Interfunds services used	1	3	1	-	12	-
Intergovernmental payable	-	252	-	-	-	-
Due to component unit	-	-	-	-	-	-
Tax refunds payable	-	-	-	-	-	-
Deferred revenue	-	1	-	-	4,435	-
Accrued liability for compensated absences-current	160	9	11	249	98	1
Securities lending payable	-	-	3	-	-	601
Securities lending collateral	-	-	3,500	-	-	136,985
Total liabilities	11,299	371	11,671	68,290	12,021	179,389
Fund balance:						
Reserved:						
Encumbrances	1,282	286	101	555	10,818	5
Special purposes	-	-	4,048	-	2,265	-
Reserved for long-term loans and advances	-	-	-	-	-	-
Unreserved:						
Designated for Appropriations	-	3,303	67	-	33,533	-
Designated for Allotments	-	54	97,065	-	-	127,523
Unreserved Undesignated fund balance	(12,581)	11,933	-	(26,520)	-	-
Total fund balances	(11,299)	15,576	101,281	(25,965)	46,616	127,528
Total liabilities and fund balances	\$ -	\$ 15,947	\$ 112,952	\$ 42,325	\$ 58,637	\$ 306,917

Build Indiana Fund	Primary Road and Street	Federal Food Stamp Program	Bureau of Motor Vehicles Holding Account	Medicaid Indigent Care Trust	Fund 6000 Funds Checking Eligible	Fund 6000 Funds Checking Exempt	Other Non-Major Special Revenue Funds	Total
\$ 34,419	\$ 18,968	\$ -	\$ 1,623	\$ 177,752	\$ 36,173	\$ 363,575	\$ 727,072	\$ 1,743,349
-	-	-	-	125,813	-	67,746	103,683	437,727
-	14,635	-	-	-	20,172	35,790	83,758	156,869
-	-	-	-	798	-	323	451	2,176
-	-	-	-	-	8,439	5,043	10,776	24,641
-	-	6,735	-	-	68,701	15,045	27,220	124,014
-	-	-	-	1,226	-	272	403	4,613
33,331	-	-	-	-	-	-	39	33,370
-	-	-	-	-	-	-	742	742
40	-	-	-	-	1,037	4,037	8,903	14,017
<u>\$ 67,790</u>	<u>\$ 33,603</u>	<u>\$ 6,735</u>	<u>\$ 1,623</u>	<u>\$ 305,589</u>	<u>\$ 134,522</u>	<u>\$ 491,831</u>	<u>\$ 963,047</u>	<u>\$ 2,541,518</u>
\$ 26	\$ -	\$ 100	\$ -	\$ -	\$ 16,349	\$ 11,804	\$ 48,657	\$ 139,029
-	-	-	-	-	1,007	502	16,863	24,950
-	-	9,658	-	-	-	-	-	77,706
-	-	-	-	-	27	4	3,530	3,578
-	7,128	-	-	-	26,112	-	9,528	43,020
-	-	-	-	-	-	-	7,006	7,006
-	-	-	-	-	-	5,318	-	5,318
-	9,936	-	-	-	780	25,478	36,785	77,415
-	-	-	-	-	19	53	1,096	1,696
-	-	-	-	798	-	323	451	2,176
-	-	-	-	125,813	-	67,746	103,683	437,727
<u>26</u>	<u>17,064</u>	<u>9,758</u>	<u>-</u>	<u>126,611</u>	<u>44,294</u>	<u>111,228</u>	<u>227,599</u>	<u>819,621</u>
596	-	-	-	-	21,265	5,072	209,949	249,929
-	(71)	6,735	-	-	68,701	2,008	27,381	111,067
40	-	-	-	-	996	3,774	8,538	13,348
66,535	-	-	-	-	-	54,542	226,109	384,089
-	16,610	-	1,623	178,978	-	302,170	235,808	959,831
<u>593</u>	<u>-</u>	<u>(9,758)</u>	<u>-</u>	<u>-</u>	<u>(734)</u>	<u>13,037</u>	<u>27,663</u>	<u>3,633</u>
<u>67,764</u>	<u>16,539</u>	<u>(3,023)</u>	<u>1,623</u>	<u>178,978</u>	<u>90,228</u>	<u>380,603</u>	<u>735,448</u>	<u>1,721,897</u>
<u>\$ 67,790</u>	<u>\$ 33,603</u>	<u>\$ 6,735</u>	<u>\$ 1,623</u>	<u>\$ 305,589</u>	<u>\$ 134,522</u>	<u>\$ 491,831</u>	<u>\$ 963,047</u>	<u>\$ 2,541,518</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	County Welfare Administration	State Gaming Fund	State and Federal Welfare Assistance	Bureau of Motor Vehicles Commission	Health and Environmental Programs	Patients Compensation
Revenues:						
Taxes:						
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-
Fuels	-	-	-	-	-	-
Gaming	-	763,871	-	-	-	-
Inheritance	-	-	-	-	-	-
Alcohol and tobacco	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-
Other	-	-	5,437	-	-	-
Total taxes	-	763,871	5,437	-	-	-
Current service charges	-	1,919	1,130	92,836	27	156,040
Investment income	-	-	220	-	-	10,790
Sales/rents	-	-	-	-	-	-
Grants	-	-	404,160	-	160,886	-
Other	10	516	223	28	39,699	39
Total revenues	10	766,306	411,170	92,864	200,612	166,869
Expenditures:						
Current:						
General government	-	134,946	75	-	-	5,426
Public safety	-	-	-	75,656	-	88,236
Health	-	-	-	-	182,190	-
Welfare	156,501	-	385,300	-	-	-
Conservation, culture and development	-	-	-	-	48,234	-
Education	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Total expenditures	156,501	134,946	385,375	75,656	230,424	93,662
Excess (deficiency) of revenues over expenditures	(156,491)	631,360	25,795	17,208	(29,812)	73,207
Other financing sources (uses):						
Transfers in	154,355	192	90,279	35	39,709	-
Transfers (out)	(4,031)	(630,205)	(101,817)	(58)	(6,856)	-
Total other financing sources (uses)	150,324	(630,013)	(11,538)	(23)	32,853	-
Net change in fund balances	(6,167)	1,347	14,257	17,185	3,041	73,207
Fund Balance July 1, as restated	(5,132)	14,229	87,024	(43,150)	43,575	54,321
Fund Balance June 30	\$ (11,299)	\$ 15,576	\$ 101,281	\$ (25,965)	\$ 46,616	\$ 127,528

Build Indiana Fund	Primary Road and Street	Federal Food Stamp Program	Bureau of Motor Vehicles Holding Account	Medicaid Indigent Care Trust	Fund 6000 Funds Checking Eligible	Fund 6000 Funds Checking Exempt	Other Non-Major Special Revenue Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,825	\$ -	\$ -	\$ 115,825
-	-	-	-	-	99,901	1,768	-	143,683
-	169,214	-	-	-	167	62,484	42,014	382,108
-	-	-	-	-	57	-	-	763,928
-	-	-	-	-	6	-	-	6
-	-	-	-	-	505	9,320	36,426	46,251
-	-	-	-	-	-	6,138	-	6,138
-	-	-	-	-	-	60,465	-	60,465
-	5,553	-	-	-	25,424	19,548	83,907	139,869
-	174,767	-	-	-	241,885	159,723	312,590	1,658,273
147,595	18,488	-	1,353	-	14,601	68,327	264,152	766,468
-	-	-	-	10,690	-	8,693	11,445	41,838
-	-	-	-	-	4	1,266	22,019	23,289
-	-	704,436	-	156,539	772,452	80,526	892,892	3,171,891
-	-	-	-	-	112,560	153,721	46,167	352,963
147,595	193,255	704,436	1,353	167,229	1,141,502	472,256	1,549,265	6,014,722
1,315	79,606	-	-	5,385	63,282	282,226	123,523	695,784
-	-	-	-	-	61,931	19,841	128,969	374,633
-	-	-	-	-	9	6,063	35,284	223,546
-	-	666,632	-	17,235	191,296	35,291	610,128	2,062,383
4,184	-	-	-	-	19,288	83,977	285,206	440,889
3	-	-	-	-	535,807	8,697	447,779	992,286
147	-	-	-	-	-	1,233	268,771	270,151
5,649	79,606	666,632	-	22,620	871,613	437,328	1,899,660	5,059,672
141,946	113,649	37,804	1,353	144,609	269,889	34,928	(350,395)	955,050
101,416	51,293	1,024	1	141,820	213,412	521,719	1,011,786	2,327,041
(239,742)	(145,583)	(32,825)	(751)	(144,455)	(391,539)	(175,884)	(1,065,570)	(2,939,316)
(138,326)	(94,290)	(31,801)	(750)	(2,635)	(178,127)	345,835	(53,784)	(612,275)
3,620	19,359	6,003	603	141,974	91,762	380,763	(404,179)	342,775
64,144	(2,820)	(9,026)	1,020	37,004	(1,534)	(160)	1,139,627	1,379,122
\$ 67,764	\$ 16,539	\$ (3,023)	\$ 1,623	\$ 178,978	\$ 90,228	\$ 380,603	\$ 735,448	\$ 1,721,897

State of Indiana
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2007
(amounts expressed in thousands)

	Army National Guard Construction	Post War Construction	Other Non-Major Capital Projects Funds	Total
Assets:				
Cash, cash equivalents and investments-unrestricted	\$ -	\$ 80,619	\$ 24,503	\$ 105,122
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	2,171	-	2,171
Grants	3,842	-	-	3,842
	<u>3,842</u>	<u>-</u>	<u>-</u>	<u>3,842</u>
Total assets	<u>\$ 3,842</u>	<u>\$ 82,790</u>	<u>\$ 24,503</u>	<u>\$ 111,135</u>
Liabilities:				
Accounts payable	\$ 55	\$ 76	\$ 74	\$ 205
Salaries and benefits payable	41	-	-	41
Interfund loans	4,752	-	-	4,752
Deferred revenue	-	133	-	133
Accrued liability for compensated absences-current	3	-	-	3
	<u>4,851</u>	<u>209</u>	<u>74</u>	<u>5,134</u>
Total liabilities	<u>4,851</u>	<u>209</u>	<u>74</u>	<u>5,134</u>
Fund balance:				
Reserved:				
Encumbrances	-	7,075	4,877	11,952
Special purposes	3,842	-	-	3,842
Unreserved:				
Designated for Appropriations	-	53,763	8,806	62,569
Designated for Allotments	-	19,644	6,067	25,711
Unreserved Undesignated fund balance	(4,851)	2,099	4,679	1,927
	<u>(1,009)</u>	<u>82,581</u>	<u>24,429</u>	<u>106,001</u>
Total fund balances	<u>(1,009)</u>	<u>82,581</u>	<u>24,429</u>	<u>106,001</u>
Total liabilities and fund balances	<u>\$ 3,842</u>	<u>\$ 82,790</u>	<u>\$ 24,503</u>	<u>\$ 111,135</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Army National Guard Construction	Post War Construction	Other Non-Major Capital Projects Funds	Total
Revenues:				
Taxes:				
Alcohol and tobacco	\$ -	\$ 16,995	\$ -	\$ 16,995
Total taxes	-	16,995	-	16,995
Current service charges	-	-	1,757	1,757
Grants	14,267	-	835	15,102
Total revenues	14,267	16,995	2,592	33,854
Expenditures:				
Current:				
Public safety	15,130	6,817	5,014	26,961
Health	-	9	3,073	3,082
Welfare	-	57	-	57
Total expenditures	15,130	6,883	8,087	30,100
Excess (deficiency) of revenues over expenditures	(863)	10,112	(5,495)	3,754
Other financing sources (uses):				
Transfers in	3	64	609	676
Transfers (out)	-	(95)	(409)	(504)
Total other financing sources (uses)	3	(31)	200	172
Net change in fund balances	(860)	10,081	(5,295)	3,926
Fund Balance July 1, as restated	(149)	72,500	29,724	102,075
Fund Balance June 30	\$ (1,009)	\$ 82,581	\$ 24,429	\$ 106,001

State of Indiana
Combining Balance Sheet
Non-Major Permanent Funds
June 30, 2007
(amounts expressed in thousands)

	Common School, Principal	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Assets:				
Cash, cash equivalents and investments-unrestricted	\$ 71,450	\$ 531,559	\$ 4,521	\$ 607,530
Securities lending collateral	45,450	68,438	-	113,888
Receivables:				
Securities lending	227	343	-	570
Interest	-	50	1	51
Loans	469,753	-	251	470,004
Total assets	<u>\$ 586,880</u>	<u>\$ 600,390</u>	<u>\$ 4,773</u>	<u>\$ 1,192,043</u>
Liabilities:				
Securities lending payable	\$ 227	\$ 343	\$ -	\$ 570
Securities lending collateral	45,450	68,438	-	113,888
Total liabilities	<u>45,677</u>	<u>68,781</u>	<u>-</u>	<u>114,458</u>
Fund balance:				
Reserved:				
Reserved for long-term loans and advances	469,753	-	226	469,979
Unreserved:				
Designated for Allotments	71,450	-	3,079	74,529
Unreserved Undesignated fund balance	-	531,609	1,468	533,077
Total fund balances	<u>541,203</u>	<u>531,609</u>	<u>4,773</u>	<u>1,077,585</u>
Total liabilities and fund balances	<u>\$ 586,880</u>	<u>\$ 600,390</u>	<u>\$ 4,773</u>	<u>\$ 1,192,043</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Common School, Principal	Next Generation Trust Fund	Other Non-Major Permanent Funds	Total
Revenues:				
Current service charges	\$ 6,240	\$ -	\$ -	\$ 6,240
Investment income	2,811	43,126	65	46,002
Other	2,161	-	-	2,161
	<u>11,212</u>	<u>43,126</u>	<u>65</u>	<u>54,403</u>
Total revenues				
	<u>11,212</u>	<u>43,126</u>	<u>65</u>	<u>54,403</u>
Expenditures:				
Current:				
General government	31,802	12,075	16	43,893
	<u>31,802</u>	<u>12,075</u>	<u>16</u>	<u>43,893</u>
Total expenditures				
	<u>31,802</u>	<u>12,075</u>	<u>16</u>	<u>43,893</u>
Excess (deficiency) of revenues over expenditures	(20,590)	31,051	49	10,510
Other financing sources (uses):				
Transfers in	32,023	-	-	32,023
Transfers (out)	(110)	-	-	(110)
	<u>31,913</u>	<u>-</u>	<u>-</u>	<u>31,913</u>
Total other financing sources (uses)				
	<u>31,913</u>	<u>-</u>	<u>-</u>	<u>31,913</u>
Net change in fund balances	11,323	31,051	49	42,423
Fund Balance July 1, as restated	529,880	500,558	4,724	1,035,162
Fund Balance June 30	<u>\$ 541,203</u>	<u>\$ 531,609</u>	<u>\$ 4,773</u>	<u>\$ 1,077,585</u>

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Non-Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	County Welfare Administration			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	8	8	10	2
Total revenues	8	8	10	2
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	159,040	158,866	174
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	159,040	158,866	174
Excess of revenues over (under) expenditures	8	(159,032)	(158,856)	(176)
Other financing sources (uses):				
Total other financing sources (uses)	251,593	251,593	150,324	(101,269)
Net change in fund balances	<u>\$ 251,601</u>	<u>\$ 92,561</u>	<u>\$ (8,532)</u>	<u>\$ (101,093)</u>
Fund balances July 1, as restated			3,761	
Fund balances June 30			<u><u>\$ (4,771)</u></u>	

See the accompanying notes to the financial statements.

State Gaming Fund				State and Federal Welfare Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
720,472	720,472	763,858	43,386	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,864	5,864	5,097	(767)
720,472	720,472	763,858	43,386	5,864	5,864	5,097	(767)
1,985	1,985	1,919	(66)	361	361	1,130	769
-	-	-	-	111	111	145	34
-	-	-	-	-	-	-	-
-	-	-	-	392,211	392,211	409,986	17,775
287	287	516	229	2	2	223	221
722,744	722,744	766,293	43,549	398,549	398,549	416,581	18,032
4,155	134,815	134,761	54	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	498,931	392,735	106,196
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,155	134,815	134,761	54	-	498,931	392,735	106,196
718,589	587,929	631,532	(43,603)	398,549	(100,382)	23,846	(124,228)
(630,082)	(630,082)	(630,013)	69	(1,727)	(1,727)	(11,538)	(9,811)
\$ 88,507	\$ (42,153)	\$ 1,519	\$ 43,672	\$ 396,822	\$ (102,109)	\$ 12,308	\$ 114,417
		12,540				92,465	
		\$ 14,059				\$ 104,773	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Non-Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

Bureau of Motor Vehicles Commission				
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	80,374	80,374	92,841	12,467
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	47	47	28	(19)
Total revenues	80,421	80,421	92,869	12,448
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	74,894	74,894	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	74,894	74,894	-
Excess of revenues over (under) expenditures	80,421	5,527	17,975	(12,448)
Other financing sources (uses):				
Total other financing sources (uses)	(22)	(22)	(23)	(1)
Net change in fund balances	<u>\$ 80,399</u>	<u>\$ 5,505</u>	<u>\$ 17,952</u>	<u>\$ 12,447</u>
Fund balances July 1, as restated			(38,904)	
Fund balances June 30			<u><u>\$ (20,952)</u></u>	

Health and Environmental Programs				Patients Compensation			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
41	41	27	(14)	133,007	133,007	155,658	22,651
-	-	-	-	2,377	2,377	3,126	749
-	-	-	-	-	-	-	-
156,308	156,308	155,891	(417)	-	-	-	-
31,343	31,343	39,699	8,356	203	203	39	(164)
187,692	187,692	195,617	7,925	135,587	135,587	158,823	23,236
-	-	-	-	-	-	-	-
-	-	-	-	690	185,327	98,415	86,912
-	184,163	181,749	2,414	-	-	-	-
-	-	-	-	-	-	-	-
-	47,990	47,990	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	232,153	229,739	2,414	690	185,327	98,415	86,912
187,692	(44,461)	(34,122)	(10,339)	134,897	(49,740)	60,408	(110,148)
37,901	37,901	32,853	(5,048)	-	-	-	-
\$ 225,593	\$ (6,560)	\$ (1,269)	\$ 5,291	\$ 134,897	\$ (49,740)	\$ 60,408	\$ 110,148
		57,641				105,828	
		<u>\$ 56,372</u>				<u>\$ 166,236</u>	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Non-Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Build Indiana Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	149,946	149,946	150,860	914
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	149,946	149,946	150,860	914
Expenditures:				
Current:				
General government	-	4,916	1,320	3,596
Public safety	-	-	-	-
Health	-	25	-	25
Welfare	-	-	-	-
Conservation, culture and development	-	5,357	4,197	1,160
Education	-	24	3	21
Transportation	-	280	147	133
Total expenditures	-	10,602	5,667	4,935
Excess of revenues over (under) expenditures	149,946	139,344	145,193	(5,849)
Other financing sources (uses):				
Total other financing sources (uses)	(135,688)	(135,688)	(138,326)	(2,638)
Net change in fund balances	<u>\$ 14,258</u>	<u>\$ 3,656</u>	<u>\$ 6,867</u>	<u>\$ 3,211</u>
Fund balances July 1, as restated			27,593	
Fund balances June 30			<u>\$ 34,460</u>	

Primary Road and Street				Federal Food Stamp Program			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
169,255	169,255	168,954	(301)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,697	5,697	5,240	(457)	-	-	-	-
174,952	174,952	174,194	(758)	-	-	-	-
8,139	8,139	18,488	10,349	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	29,776	29,776	32,474	2,698
-	-	-	-	-	-	-	-
183,091	183,091	192,682	9,591	29,776	29,776	32,474	2,698
-	98,324	79,356	18,968	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,669	1,669	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	98,324	79,356	18,968	-	1,669	1,669	-
183,091	84,767	113,326	(28,559)	29,776	28,107	30,805	(2,698)
(87,472)	(87,472)	(94,290)	(6,818)	(32,174)	(32,174)	(31,801)	373
\$ 95,619	\$ (2,705)	\$ 19,036	\$ 21,741	\$ (2,398)	\$ (4,067)	\$ (996)	\$ 3,071
		(69)				(8,662)	
		<u>\$ 18,967</u>				<u>\$ (9,658)</u>	

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State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Non-Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Bureau of Motor Vehicles Holding Account			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	160,002	160,002	1,381	(158,621)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	160,002	160,002	1,381	(158,621)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	1,623	-	1,623
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	-	1,623	-	1,623
Excess of revenues over (under) expenditures	160,002	158,379	1,381	156,998
Other financing sources (uses):				
Total other financing sources (uses)	(751)	(751)	(751)	-
Net change in fund balances	\$ 159,251	\$ 157,628	\$ 630	\$ (156,998)
Fund balances July 1, as restated			992	
Fund balances June 30			\$ 1,622	

Medicaid Indigent Care Trust				Fund 6000 Funds Checking Eligible			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 229,215	\$ 229,215	\$ 118,055	\$ (111,160)
-	-	-	-	131,719	131,719	98,938	(32,781)
-	-	-	-	(7,548)	(7,548)	-	7,548
-	-	-	-	58	58	55	(3)
-	-	-	-	493	493	505	12
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	27,019	27,019	24,427	(2,592)
-	-	-	-	380,956	380,956	241,986	(138,970)
-	-	-	-	14,021	14,021	13,861	(160)
1,330	1,330	4,245	2,915	-	-	-	-
-	-	-	-	2	2	4	2
24,385	24,385	156,539	132,154	831,926	831,926	812,941	(18,985)
-	-	-	-	71,066	71,066	109,517	38,451
25,715	25,715	160,784	135,069	1,297,971	1,297,971	1,178,309	(119,662)
-	-	-	-	-	100,586	63,600	36,986
-	-	-	-	-	80,171	62,787	17,384
-	-	-	-	-	52	5	47
-	160,469	17,234	143,235	-	213,966	189,879	24,087
-	-	-	-	-	23,167	18,689	4,478
-	-	-	-	-	579,485	575,991	3,494
-	-	-	-	-	-	-	-
-	160,469	17,234	143,235	-	997,427	910,951	86,476
25,715	(134,754)	143,550	(278,304)	1,297,971	300,544	267,358	33,186
(144,455)	(144,455)	(2,636)	141,819	(391,539)	(391,539)	(178,127)	213,412
<u>\$ (118,740)</u>	<u>\$ (279,209)</u>	\$ 140,914	<u>\$ 420,123</u>	<u>\$ 906,432</u>	<u>\$ (90,995)</u>	\$ 89,231	<u>\$ 180,226</u>
		36,838				33,611	
		<u><u>\$ 177,752</u></u>				<u><u>\$ 122,842</u></u>	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Non-Major Funds (Budgetary Basis)
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Fund 6000 Funds Checking Exempt			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	2,344	2,344	1,761	(583)
Fuels	67,253	67,253	58,985	(8,268)
Gaming	-	-	-	-
Alcohol and tobacco	8,842	8,842	9,058	216
Insurance	4,611	4,611	6,017	1,406
Financial institutions	87,975	87,975	64,902	(23,073)
Other	20,466	20,466	18,503	(1,963)
Total taxes	191,491	191,491	159,226	(32,265)
Current service charges	68,361	68,361	67,580	(781)
Investment income	3,842	3,842	4,897	1,055
Sales/rents	734	734	1,266	532
Grants	87,129	87,129	85,141	(1,988)
Other	99,750	99,750	153,721	53,971
Total revenues	451,307	451,307	471,831	20,524
Expenditures:				
Current:				
General government	-	408,985	279,899	129,086
Public safety	-	17,925	18,357	(432)
Health	-	15,303	6,010	9,293
Welfare	-	31,144	35,489	(4,345)
Conservation, culture and development	-	164,263	87,235	77,028
Education	-	11,266	8,582	2,684
Transportation	-	2,303	1,242	1,061
Total expenditures	-	651,189	436,814	214,375
Excess of revenues over (under) expenditures	451,307	(199,882)	35,017	(234,899)
Other financing sources (uses):				
Total other financing sources (uses)	(175,884)	(175,884)	345,835	521,719
Net change in fund balances	<u>\$ 275,423</u>	<u>\$ (375,766)</u>	<u>\$ 380,852</u>	<u>\$ 756,618</u>
Fund balances July 1, as restated			287,651	
Fund balances June 30			<u>\$ 668,503</u>	

Other Non-Major Special Revenue Funds				
Budget		Actual	Variance to	
Original	Final		Final Budget	
\$ -	\$ -	\$ -	\$ -	-
54,940	54,940	41,267	(13,673)	
152,714	152,714	150,874	(1,840)	
-	-	-	-	
34,434	34,434	35,277	843	
-	-	-	-	
-	-	-	-	
100,589	100,589	90,940	(9,649)	
342,677	342,677	318,358	(24,319)	
267,606	267,606	264,548	(3,058)	
5,012	5,012	6,387	1,375	
3,643	3,643	6,283	2,640	
898,910	898,910	878,397	(20,513)	
29,936	29,936	46,134	16,198	
1,547,784	1,547,784	1,520,107	(27,677)	
21,453	126,326	122,629	3,697	
67,205	114,467	108,484	5,983	
1,552	47,484	34,410	13,074	
-	682,560	609,770	72,790	
151,855	441,700	287,220	154,480	
6,110	450,422	447,221	3,201	
140,750	280,688	258,221	22,467	
388,925	2,143,647	1,867,955	275,692	
1,158,859	(595,863)	(347,848)	(248,015)	
85,464	85,464	(53,784)	(139,248)	
<u>\$ 1,244,323</u>	<u>\$ (510,399)</u>	<u>\$ (401,632)</u>	<u>\$ 108,767</u>	
		752,005		
		<u>\$ 350,373</u>		

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)	\$ 317,288
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)	636,460
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(611,096)
Funds not subject to legally adopted budget	<u>123</u>
Net change in fund balances (GAAP basis)	<u><u>\$ 342,775</u></u>

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.

State of Indiana
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Total
Assets						
Current assets:						
Cash, cash equivalents and investments - unrestricted	\$ 2,198	\$ 13,801	\$ 5,483	\$ 7,572	\$ 46,987	\$ 76,041
Receivables:						
Accounts	4,572	1,790	852	1,201	497	8,912
Interfund services provided	3,588	6,494	-	-	-	10,082
Inventory	6,791	239	-	-	-	7,030
Prepaid expenses	-	4,339	-	-	-	4,339
Total current assets	17,149	26,663	6,335	8,773	47,484	106,404
Noncurrent assets:						
Property, plant, and equipment	23,722	19,956	-	-	-	43,678
Less accumulated depreciation	(13,066)	(14,929)	-	-	-	(27,995)
Total capital assets, net of depreciation	10,656	5,027	-	-	-	15,683
Other assets	5	-	-	-	-	5
Total noncurrent assets	10,661	5,027	-	-	-	15,688
Total assets	27,810	31,690	6,335	8,773	47,484	122,092
Liabilities						
Current liabilities:						
Accounts payable	3,136	3,821	39	38	178	7,212
Salaries and benefits payable	332	830	-	-	-	1,162
Capital lease payable	429	111	-	-	-	540
Health/disability benefits payable	-	-	2,050	3,631	18,209	23,890
Accrued liability for compensated absences	463	1,392	-	-	-	1,855
Deferred revenue	17	1,379	-	-	-	1,396
Other liabilities	1	727	-	-	-	728
Total current liabilities	4,378	8,260	2,089	3,669	18,387	36,783
Noncurrent liabilities:						
Accrued liability for compensated absences	378	1,137	-	-	-	1,515
Capital lease payable	8,979	-	-	-	-	8,979
Total noncurrent liabilities	9,357	1,137	-	-	-	10,494
Total liabilities	13,735	9,397	2,089	3,669	18,387	47,277
Net assets						
Invested in capital assets net of related debt	1,248	4,916	-	-	-	6,164
Unrestricted (deficit)	12,827	17,377	4,246	5,104	29,097	68,651
Total net assets	\$ 14,075	\$ 22,293	\$ 4,246	\$ 5,104	\$ 29,097	\$ 74,815

State of Indiana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Total
Operating revenues:						
Sales/rents/premiums	\$ 47,393	\$ 82,815	\$ 24,357	\$ 29,659	\$ 213,575	\$ 397,799
Charges for services	-	777	-	538	-	1,315
Other	338	660	-	-	-	998
Total operating revenues	47,731	84,252	24,357	30,197	213,575	400,112
Cost of sales	30,520	1,074	-	-	-	31,594
Gross margin	17,211	83,178	24,357	30,197	213,575	368,518
Operating expenses:						
General and administrative expense	11,752	80,029	1,188	1,175	12,868	107,012
Health / disability benefit payments	-	-	21,807	23,845	199,268	244,920
Depreciation and amortization	1,233	2,848	-	-	-	4,081
Total operating expenses	12,985	82,877	22,995	25,020	212,136	356,013
Operating income (loss)	4,226	301	1,362	5,177	1,439	12,505
Nonoperating revenues (expenses):						
Interest and other investment income	2	-	-	-	-	2
Interest and other investment expense	(750)	(8)	-	-	-	(758)
Gain (Loss) on disposition of assets	(474)	45	-	-	-	(429)
Total nonoperating revenues (expenses)	(1,222)	37	-	-	-	(1,185)
Income before contributions and transfers	3,004	338	1,362	5,177	1,439	11,320
Transfers in	3,844	846	-	-	-	4,690
Transfers (out)	(2,880)	(3,037)	-	-	-	(5,917)
Change in net assets	3,968	(1,853)	1,362	5,177	1,439	10,093
Total net assets, July 1, as restated	10,107	24,146	2,884	(73)	27,658	64,722
Total net assets, June 30	\$ 14,075	\$ 22,293	\$ 4,246	\$ 5,104	\$ 29,097	\$ 74,815

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 43,245	\$ 84,635	\$ 24,239	\$ 30,051	\$ 213,917	\$ 396,087
Cash paid for general and administrative	(11,770)	(79,121)	(1,184)	(1,222)	(12,863)	(106,160)
Cash paid for salary/health/disability benefit payments	-	-	(21,274)	(24,369)	(196,826)	(242,469)
Cash paid to suppliers	(31,246)	(5,036)	-	-	-	(36,282)
Net cash provided (used) by operating activities	229	478	1,781	4,460	4,228	11,176
Cash flows from noncapital financing activities:						
Transfers in	3,844	846	-	-	-	4,690
Transfers out	(2,880)	(3,726)	-	-	-	(6,606)
Net cash provided (used) by noncapital financing activities	964	(2,880)	-	-	-	(1,916)
Cash flows from capital and related financing activities:						
Acquisition/construction of capital assets	(23)	(3,482)	-	-	-	(3,505)
Proceeds from sale of assets	-	2,056	-	-	-	2,056
Principal payments -- capital leases	(1,179)	(162)	-	-	-	(1,341)
Interest paid	-	(8)	-	-	-	(8)
Net cash provided (used) by capital and related financing activities	(1,202)	(1,596)	-	-	-	(2,798)
Cash flows from investing activities:						
Interest income (expense) on investments	2	-	-	-	-	2
Net cash provided (used) by investing activities	2	-	-	-	-	2
Net increase (decrease) in cash and cash equivalents	(7)	(3,998)	1,781	4,460	4,228	6,464
Cash and cash equivalents, July 1	2,205	17,799	3,702	3,112	42,759	69,577
Cash and cash equivalents, June 30	\$ 2,198	\$ 13,801	\$ 5,483	\$ 7,572	\$ 46,987	\$ 76,041
Reconciliation of cash , cash equivalents and investments:						
Cash and cash equivalents unrestricted at end of year	\$ 2,198	\$ 13,801	\$ 5,483	\$ 7,572	\$ 46,987	\$ 76,041
Cash, cash equivalents and investments per balance sheet	\$ 2,198	\$ 13,801	\$ 5,483	\$ 7,572	\$ 46,987	\$ 76,041

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,226	\$ 301	\$ 1,362	\$ 5,177	\$ 1,439	\$ 12,505
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization expense	1,233	2,848	-	-	-	4,081
(Increase) decrease in receivables	(1,962)	(270)	(119)	(145)	342	(2,154)
(Increase) decrease in interfund services provided	(2,540)	179	-	-	-	(2,361)
(Increase) decrease in inventory	(1,352)	(7)	-	-	-	(1,359)
(Increase) decrease in prepaid expenses	-	(4,340)	-	-	-	(4,340)
Increase (decrease) in health and disability benefits payable	-	-	533	(524)	2,442	2,451
Increase (decrease) in accounts payable	626	384	5	(48)	5	972
Increase (decrease) in deferred revenue	17	474	-	-	-	491
Increase (decrease) in salaries payable	(54)	211	-	-	-	157
Increase (decrease) in compensated absences	35	698	-	-	-	733
Net cash provided (used) by operating activities	<u>\$ 229</u>	<u>\$ 478</u>	<u>\$ 1,781</u>	<u>\$ 4,460</u>	<u>\$ 4,228</u>	<u>\$ 11,176</u>

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.

The Public Employees' Retirement Fund – This fund is a defined benefit agent multiple-employer plan administered by the Public Employees' Retirement Fund Board of Trustees.

The State Teachers' Retirement Fund – This fund is a defined benefit, multiple-employer cost-sharing public employee retirement system, administered by the Indiana State Teachers' Retirement Fund 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.

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 are composed of 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 Benefits Trust Funds
June 30, 2007

(amounts expressed in thousands)

	Primary Government	Discrete Component Units		
		Public Employees' Retirement System	State Teachers' Retirement Fund	Total
	State Police Pension Fund			
Assets:				
Cash and cash equivalents	\$ 15,565	\$ 490,389	\$ 1,302,951	\$ 1,808,905
Securities lending collateral	-	3,283,955	1,448,921	4,732,876
Receivables:				
Contributions	983	123,996	67,300	192,279
Interest	239	40,731	32,567	73,537
Member loans	4,059	720	-	4,779
Due from component unit	-	-	2,099	2,099
Due from other funds	-	16,998	-	16,998
From investment sales	82,566	521,696	619,426	1,223,688
Other	-	7	-	7
Total receivables	87,847	704,148	721,392	1,513,387
Investments at fair value:				
Equity Securities	123,402	8,168,959	5,027,179	13,319,540
Debt Securities	98,042	3,786,597	2,734,721	6,619,360
Mutual Funds	165,820	4,871,447	-	5,037,267
Other	213	255,036	474,633	729,882
Total investments	387,477	17,082,039	8,236,533	25,706,049
Capital assets:				
Property, plant and equipment	-	3,526	187	3,713
less accumulated depreciation	-	(439)	(177)	(616)
Total assets	\$ 490,889	\$ 21,563,618	\$ 11,709,807	\$ 33,764,314
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 15,066	\$ 5,567	\$ 20,633
Salaries and benefits payable	-	528	128	656
Due to other funds	-	16,998	-	16,998
Due to component unit	-	2,099	-	2,099
Compensated absences	-	275	131	406
Securities purchased payable	99,404	1,063,402	1,267,316	2,430,122
Securities lending collateral	-	3,283,955	1,448,921	4,732,876
Other liabilities	161	-	-	161
Total liabilities	99,565	4,382,323	2,722,063	7,203,951
Net assets:				
Held in trust for:				
Employees' pension benefits	391,324	17,181,295	8,987,744	26,560,363
Total net assets	\$ 391,324	\$ 17,181,295	\$ 8,987,744	\$ 26,560,363

State of Indiana
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Primary Government	Discrete Component Units		
	State Police Pension Fund	Public Employees' Retirement System	State Teachers' Retirement Fund	Total
Additions:				
Member contributions	\$ 3,114	186,293	\$ 126,195	\$ 315,602
Employer contributions	15,228	397,277	723,040	1,135,545
Contributions from the State of Indiana	-	64,478	30,000	94,478
Net investment income (loss)	48,290	2,790,440	1,324,339	4,163,069
Less investment expense	(1,303)	(192,514)	(93,959)	(287,776)
Transfers from other retirement funds	-	3,087	3,841	6,928
Other	-	290	-	290
Total additions	65,329	3,249,351	2,113,456	5,428,136
Deductions:				
Pension and disability benefits	24,441	526,929	897,676	1,449,046
Death benefits	-	372	-	372
Refunds of contributions and interest	-	52,481	12,901	65,382
Administrative	229	21,027	6,501	27,757
Pension relief distributions	-	140,727	-	140,727
Depreciation	-	-	21	21
Transfers to other retirement funds	-	6,928	37	6,965
Other	15	2,267	-	2,282
Total deductions	24,685	750,731	917,136	1,692,552
Net increase (decrease) in net assets	40,644	2,498,620	1,196,320	3,735,584
Net assets held in trust for pension benefits, July 1	350,680	14,682,675	7,791,424	22,824,779
Net assets held in trust for pension benefits, June 30	\$ 391,324	\$ 17,181,295	\$ 8,987,744	\$ 26,560,363

State of Indiana

Combining Statement of Net Assets

Private-Purpose Trust Funds

June 30, 2007

(amounts expressed in thousands)

	Abandoned Property Fund	Private- Purpose Trust Fund	Total
Assets:			
Cash, cash equivalents and investments	\$ 18,607	\$ 22,216	\$ 40,823
Securities lending collateral	-	7,844	7,844
Receivables:			
Securities lending	-	29	29
Interest	3	51	54
Total assets	18,610	30,140	48,750
Liabilities:			
Accounts payable	3,583	1,472	5,055
Securities lending payable	-	29	29
Securities lending collateral	-	7,844	7,844
Total liabilities	3,583	9,345	12,928
Net assets:			
Held in trust for trust beneficiaries	15,027	20,795	35,822
Total net assets	\$ 15,027	\$ 20,795	\$ 35,822

State of Indiana

Combining Statement of Changes in Net Assets

Private-Purpose Trust Funds

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Abandoned Property Fund	Private- Purpose Trust Fund	Total
Additions:			
Investment Income	\$ 173	\$ 1,128	\$ 1,301
Member contributions	-	79,404	79,404
Donations/escheats	70,669	3,335	74,004
Total additions	70,842	83,867	154,709
Deductions:			
Payments to participants/beneficiaries	73,430	86,357	159,787
Total deductions	73,430	86,357	159,787
Net increase (decrease) in net assets	(2,588)	(2,490)	(5,078)
Net assets held in trust, July 1, as restated	17,615	23,285	40,900
Net assets held in trust, June 30	\$ 15,027	\$ 20,795	\$ 35,822

State of Indiana
Combining Statement of Net Assets
Agency Funds
June 30, 2007
(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	\$ 7,720	\$ 105,667	\$ 30,179	\$ 287,544	\$ 40,796	\$ 471,906
Receivables:						
Taxes	-	-	-	-	15,648	15,648
Securities lending	-	390	-	-	-	390
Other	-	-	-	-	62	62
Securities lending collateral	-	90,350	-	-	-	90,350
Other assets	73,669	-	53,146	-	14,870	141,685
Total assets	\$ 81,389	\$ 196,407	\$ 83,325	\$ 287,544	\$ 71,376	\$ 720,041
Liabilities:						
Accounts/escrows payable	\$ 80,923	\$ 105,667	\$ 83,325	\$ 287,544	\$ 55,728	\$ 613,187
Securities lending payable	-	390	-	-	-	390
Securities lending collateral	-	90,350	-	-	-	90,350
Other liabilities	466	-	-	-	15,648	16,114
Total liabilities	\$ 81,389	\$ 196,407	\$ 83,325	\$ 287,544	\$ 71,376	\$ 720,041

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Employee Payroll, Withholding and Benefits				
Assets:				
Cash, cash equivalents, and investments	\$ 53,061	\$ -	\$ 45,341	\$ 7,720
Other assets	73,146	73,668	73,145	73,669
Total assets	<u>\$ 126,207</u>	<u>\$ 73,668</u>	<u>\$ 118,486</u>	<u>\$ 81,389</u>
Liabilities:				
Accounts / escrows payable	\$ 99,551	\$ 33,216	\$ 51,844	\$ 80,923
Other liabilities	26,656	40,452	66,642	466
Total liabilities	<u>\$ 126,207</u>	<u>\$ 73,668</u>	<u>\$ 118,486</u>	<u>\$ 81,389</u>
Local Distributions				
Assets:				
Cash, cash equivalents, and investments	\$ 171,365	\$ 1,160,684	\$ 1,226,382	\$ 105,667
Receivables	358	390	358	390
Securities lending collateral	85,444	4,906	-	90,350
Total assets	<u>\$ 257,167</u>	<u>\$ 1,165,980</u>	<u>\$ 1,226,740</u>	<u>\$ 196,407</u>
Liabilities:				
Accounts / escrows payable	\$ 171,365	\$ 1,160,684	\$ 1,226,382	\$ 105,667
Securities lending collateral	85,444	4,906	-	90,350
Other liabilities	358	390	358	390
Total liabilities	<u>\$ 257,167</u>	<u>\$ 1,165,980</u>	<u>\$ 1,226,740</u>	<u>\$ 196,407</u>
Child Support				
Assets:				
Cash, cash equivalents, and investments	\$ 30,354	\$ -	\$ 175	\$ 30,179
Other assets	48,735	53,146	48,735	53,146
Total assets	<u>\$ 79,089</u>	<u>\$ 53,146</u>	<u>\$ 48,910</u>	<u>\$ 83,325</u>
Liabilities:				
Accounts / escrows payable	\$ 79,089	\$ 53,146	\$ 48,910	\$ 83,325
Total liabilities	<u>\$ 79,089</u>	<u>\$ 53,146</u>	<u>\$ 48,910</u>	<u>\$ 83,325</u>

continued on next page

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Department of Insurance				
Assets:				
Cash, cash equivalents, and investments	\$ 281,190	\$ 32,269	\$ 25,915	\$ 287,544
Total assets	\$ 281,190	\$ 32,269	\$ 25,915	\$ 287,544
Liabilities:				
Accounts / escrows payable	\$ 281,190	\$ 32,269	\$ 25,915	\$ 287,544
Total liabilities	\$ 281,190	\$ 32,269	\$ 25,915	\$ 287,544
Other Agency Funds				
Assets:				
Cash, cash equivalents, and investments	\$ 37,038	\$ 529,505	\$ 525,747	\$ 40,796
Receivables	13,246	15,710	13,246	15,710
Other assets	15,337	14,870	15,337	14,870
Total assets	\$ 65,621	\$ 560,085	\$ 554,330	\$ 71,376
Liabilities:				
Accounts / escrows payable	\$ 52,436	\$ 544,437	\$ 541,145	\$ 55,728
Other liabilities	13,185	15,648	13,185	15,648
Total liabilities	\$ 65,621	\$ 560,085	\$ 554,330	\$ 71,376
Total Agency Funds				
Assets:				
Cash, cash equivalents, and investments	\$ 573,008	\$ 1,722,458	\$ 1,823,560	\$ 471,906
Receivables	13,604	16,100	13,604	16,100
Securities lending collateral	85,444	4,906	-	90,350
Other assets	137,218	141,684	137,217	141,685
Total assets	\$ 809,274	\$ 1,885,148	\$ 1,974,381	\$ 720,041
Liabilities:				
Accounts / escrows payable	\$ 683,631	\$ 1,823,752	\$ 1,894,196	\$ 613,187
Securities lending collateral	85,444	4,906	-	90,350
Other liabilities	40,199	56,490	80,185	16,504
Total liabilities	\$ 809,274	\$ 1,885,148	\$ 1,974,381	\$ 720,041

NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

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.

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.

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 -
Proprietary Funds
June 30, 2007

(amounts expressed in thousands)

	White River State Park Development Commission	Indiana Comprehensive Health Insurance Association	Totals
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 3,701	\$ 20,530	\$ 24,231
Receivables (net)	144	2,190	2,334
Inventory	17	-	17
Prepaid expenses	89	-	89
Total current assets	3,951	22,720	26,671
Noncurrent assets:			
Investments - unrestricted	450	-	450
Capital assets:			
Land	79,455	-	79,455
Property, plant, and equipment	42,146	-	42,146
Less accumulated depreciation	(11,498)	-	(11,498)
Total capital assets, net of depreciation	110,103	-	110,103
Total noncurrent assets	110,553	-	110,553
Total assets	114,504	22,720	137,224
Liabilities			
Current liabilities:			
Accounts payable	180	5	185
Claims payable	-	9,318	9,318
Salaries, health, disability, and benefits payable	78	-	78
Deferred revenue	-	7,134	7,134
Other current liabilities	-	641	641
Total current liabilities	258	17,098	17,356
Total liabilities	258	17,098	17,356
Net assets			
Invested in capital assets net of related debt	110,103	-	110,103
Restricted-expendable			
Capital projects	1,172	-	1,172
Unrestricted (deficit)	2,971	5,622	8,593
Total net assets	\$ 114,246	\$ 5,622	\$ 119,868

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units -
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(amounts expressed in thousands)

	Program Revenues				White River State Park Development Commission	Indiana Comprehensive Health Insurance Association	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
White River State Park Development Commission	\$ 4,695	\$ 2,832	\$ 89	\$ 110	\$ (1,664)	\$ -	\$ (1,664)
Indiana Comprehensive Health Insurance Association	96,011	83,518	1,926	-	-	(10,567)	(10,567)
Total component units	<u>\$ 100,706</u>	<u>\$ 86,350</u>	<u>\$ 2,015</u>	<u>\$ 110</u>	<u>(1,664)</u>	<u>(10,567)</u>	<u>(12,231)</u>
General revenues:							
Investment earnings					147	1,061	1,208
Payments from State of Indiana					1,218	-	1,218
Total general revenues					<u>1,365</u>	<u>1,061</u>	<u>2,426</u>
Change in net assets					(299)	(9,506)	(9,805)
Net assets - beginning, as restated					114,545	15,128	129,673
Net assets - ending					<u>\$ 114,246</u>	<u>\$ 5,622</u>	<u>\$ 119,868</u>

State of Indiana
Combining Statement of Net Assets
Non-Major Discretely Presented Component Units -
Colleges and Universities
June 30, 2007
(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	\$ 38,150	\$ 100,326	\$ 76,503	\$ 53,852	\$ 60,838	\$ 329,669
Receivables (net)	56,336	9,229	39,420	10,200	5,590	120,775
Inventory	1,471	168	7,522	2,019	1,810	12,990
Prepaid expenses	815	532	15,128	5	269	16,749
Due from primary government	3,339	2,152	3,062	806	902	10,261
Funds held in trust by others	9,033	-	23,921	268	68	33,290
Other current assets	-	17	-	1,736	791	2,544
Total current assets	109,144	112,424	165,556	68,886	70,268	526,278
Noncurrent assets:						
Cash, cash equivalents and investments - restricted	843	63,201	-	146	-	64,190
Other receivables	9,378	6,246	-	-	1,344	16,968
Investments - unrestricted	416,921	60,194	47,175	85,301	78,504	688,095
Bond issuance costs net of amortization	108	-	-	-	-	108
Due from primary government	3,339	2,152	3,062	806	902	10,261
Other noncurrent assets	8,372	5,723	7,856	5,475	249	27,675
Capital assets:						
Land	47,008	20,919	18,989	4,156	12,984	104,056
Infrastructure	14,398	33,630	10,068	3,649	-	61,745
Construction in progress	49,187	6,493	40,497	3,286	2,259	101,722
Property, plant, and equipment	534,301	383,969	412,061	213,323	192,297	1,735,951
Less accumulated depreciation	(223,697)	(213,605)	(128,692)	(91,960)	(78,258)	(736,212)
Total capital assets, net of depreciation	421,197	231,406	352,923	132,454	129,282	1,267,262
Total noncurrent assets	860,158	368,922	411,016	224,182	210,281	2,074,559
Total assets	969,302	481,346	576,572	293,068	280,549	2,600,837
Liabilities						
Current liabilities:						
Accounts payable	36,866	2,577	8,299	1,745	2,237	51,724
Interest payable	-	611	-	1,705	-	2,316
Current portion of long-term debt	7,548	11,677	12,246	7,130	2,595	41,196
Capital lease payable	-	-	-	-	39	39
Salaries, health, disability, and benefits payable	-	5,130	-	5,275	5,906	16,311
Deferred revenue	7,384	1,598	11,955	-	2,326	23,263
Accrued liability for compensated absences	-	-	6,447	-	1,299	7,746
Deposits held in custody for others	8,226	668	5,050	-	412	14,356
Other current liabilities	1,342	4,412	-	1,884	1,321	8,959
Total current liabilities	61,366	26,673	43,997	17,739	16,135	165,910
Long-term liabilities:						
Accrued liability for compensated absences	8,196	1,139	2,944	2,539	-	14,818
Deferred revenue	7,077	-	-	-	-	7,077
Capital lease payable	-	-	-	-	62	62
Funds held in trust by others	-	-	-	-	12,156	12,156
Advances from federal government	-	7,681	-	-	1,116	8,797
Revenue bonds/notes payable	126,330	102,101	222,134	114,470	57,357	622,392
Other noncurrent liabilities	10,784	1,432	129	2,650	67	15,062
Total long-term liabilities	152,387	112,353	225,207	119,659	70,758	680,364
Total liabilities	213,753	139,026	269,204	137,398	86,893	846,274
Net assets						
Invested in capital assets net of related debt	297,509	120,005	96,637	11,407	66,814	592,372
Restricted-nonexpendable						
Student aid	883	2,932	-	-	2,355	6,170
Other purposes	-	-	17,625	-	-	17,625
Total restricted-nonexpendable	883	2,932	17,625	-	2,355	23,795
Restricted-expendable						
Instruction and research	-	1,487	-	99	-	1,586
Student aid	2,159	-	-	-	2,300	4,459
Capital projects	12,085	58,955	55,840	57	11,448	138,385
Other purposes	173,948	19	25,012	58,706	26,835	284,520
Total restricted-expendable	188,192	60,461	80,852	58,862	40,583	428,950
Unrestricted (deficit)	268,965	158,922	112,254	85,401	83,904	709,446
Total net assets	\$ 755,549	\$ 342,320	\$ 307,368	\$ 155,670	\$ 193,656	\$ 1,754,563

State of Indiana
Combining Statement of Activities
Non-Major Discretely Presented Component Units -
Colleges and Universities
For the Fiscal Year Ended June 30, 2007
(amounts expressed in thousands)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
		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	\$ 360,289	\$ 166,330	\$ 67,749	\$ 6,406	\$ (119,804)	\$ -	\$ -	\$ -	\$ -	\$ (119,804)
Indiana State University	182,013	68,952	30,807	3,317	-	(78,937)	-	-	-	(78,937)
Ivy Tech Community College	399,034	139,242	104,483	3,537	-	-	(151,772)	-	-	(151,772)
University of Southern Indiana	113,803	56,748	16,920	805	-	-	-	(39,330)	-	(39,330)
Vincennes University	99,456	37,552	27,292	2,004	-	-	-	-	(32,608)	(32,608)
Total component units	<u>\$ 1,154,595</u>	<u>\$ 468,824</u>	<u>\$ 247,251</u>	<u>\$ 16,069</u>	<u>(119,804)</u>	<u>(78,937)</u>	<u>(151,772)</u>	<u>(39,330)</u>	<u>(32,608)</u>	<u>(422,451)</u>
General revenues:										
Investment earnings					48,980	15,119	10,140	12,000	7,705	93,944
Payments from State of Indiana					138,634	82,416	158,355	41,854	40,526	461,785
Other					6,828	1,188	-	2,095	604	10,715
Total general revenues					<u>194,442</u>	<u>98,723</u>	<u>168,495</u>	<u>55,949</u>	<u>48,835</u>	<u>566,444</u>
Change in net assets					74,638	19,786	16,723	16,619	16,227	143,993
Net assets - beginning, as restated					680,911	322,534	290,645	139,051	177,429	1,610,570
Net assets - ending					<u>\$ 755,549</u>	<u>\$ 342,320</u>	<u>\$ 307,368</u>	<u>\$ 155,670</u>	<u>\$ 193,656</u>	<u>\$ 1,754,563</u>



STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo courtesy of Indiana Economic Development Corporation



Underwater Dolphin Dome at the Indianapolis Zoo



STATISTICAL AND ECONOMIC DATA

The Statistical Data are presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic Data are presented to allow broader understanding of the economic and social environment in which State government operates.



State of Indiana

State Facts

AREA	36,185 square miles, including 253 square miles of water. Length, 275 miles breadth, 144 miles. Highest altitude, 1,257 feet in Wayne County; lowest altitude, 320 feet in Posey County.
CLIMATE	Four distinct seasons. Average temperatures in July range from 63 to 86 degrees Fahrenheit; January ranges from 17 to 35 degrees Fahrenheit. Record high: 116 degrees at Collegeville in 1936. Record low: 35 below zero at Greensburg in 1951. Average annual precipitation is 40 inches.
STATE CAPITAL	Indianapolis (combination of Indiana and Greek word "polis" meaning city -- thus, Indianapolis means "city of indiana").
STATE MOTTO	The Crossroads of America. Adopted 1937.
STATE FLOWER	Peony. Adopted 1957.
STATE TREE	Tulip tree (yellow poplar). Adopted 1931
STATE BIRD	Cardinal. Adopted 1933.
STATE SONG	"On the Banks of the Wabash," by Paul Dresser. Adopted 1913
STATE POEM	"Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.
STATE STONE	Indiana limestone. Adopted 1971.
STATE SEAL	The seal depicts a pioneer scene--a woodsman felling a tree, a buffalo fleeing from the sound of the axe and the sun gleaming over a distant hill. In use since 1801, the seal was officially adopted in 1963.
STATE FLAG	The Indiana flag displays 19 gold stars surrounding a gold torch centered on a rectangular field of blue. The torch stands for liberty and enlightenment. Thirteen stars in the outer circle represent the 13 original states; the five in the inner circle represent the five states next admitted to the Union. The star above the torch stands for Indiana, the 19th state. Adopted 1917.
STATE NAME	The name Indiana means "land of the Indian". It was coined in 1800 when Congress carved the new state of Ohio from the Northwest Territory and designated the remaining vast area as the Indiana Territory. The territorial name was retained when Indiana became a state in 1816.
NICKNAME	The nickname for someone of Indiana birth or long residency is "Hoosier", a word whose origin has never been determined. Some have said it stemmed from the pioneer custom of greeting night callers with, "Who's yere?" Others claimed it came from "hoosier men", referring to laborers for an early- day Indiana contractor named Sam Hoosier. Still others traced the word to the term "husher", meaning a river boat worker strong enough to "hush" any challenger, or to "hoozer", a dialect word meaning hill-dweller.

Source: Here Is Your Indiana Government, 2007-2008, Indiana Chamber of Commerce.

State of Indiana

Twenty Largest Indiana Public Companies

(ranked by 2006 revenue)

Ranking	Company	2006 revenue in millions	City
1	WellPoint, Inc.	\$ 56,100.0	Indianapolis
2	Eli Lilly and Company	15,700.0	Indianapolis
3	Cummins, Inc.	11,400.0	Columbus
4	NiSource, Inc.	7,500.0	Merrillville
5	Conseco, Inc.	4,500.0	Carmel
6	Zimmer Holdings, Inc.	3,500.0	Warsaw
7	Simon Property Group, Inc.	3,300.0	Indianapolis
8	Steel Dynamics, Inc.	3,200.0	Fort Wayne
9	Brightpoint, Inc.	2,400.0	Plainfield
10	Biomet, Inc.	2,000.0	Warsaw
10	Hillenbrand Industries, Inc.	2,000.0	Batesville
10	Vectren Corporation	2,000.0	Evansville
13	Calumet Specialty Products Partners LP (1)	1,600.0	Indianapolis
14	Accuride Corporation	1,400.0	Evansville
15	Finish Line, Inc.	1,300.0	Indianapolis
15	Wabash National Corporation	1,300.0	Lafayette
17	Duke Realty Corp.	1,200.0	Indianapolis
18	Kimball International Inc.	1,100.0	Jasper
19	Republic Airways Holdings Inc.	1,100.0	Indianapolis
20	American Commercial Lines Inc.	942.6	Jeffersonville

(1) initial public offering Jan.31, 2006

SOURCE: Indianapolis Business Journal's 2008 Book of Lists

State of Indiana

Twenty Largest Indiana Private Companies

(ranked by 2006 revenue)

Ranking	Company	2006 revenue in millions	City
1	Do It Best Corporation	\$ 3,100	Fort Wayne
2	OmniSource Corporation (1)	2,500	Fort Wayne
3	Federal Home Loan Bank of Indianapolis	2,400	Indianapolis
4	Hunt Construction Group Inc.	2,000	Indianapolis
5	Petroleum Traders Corporation	1,600	Fort Wayne
6	Berry Plastics Corporation	1,400	Evansville
7	Remy International, Inc.	1,300	Anderson
8	OneAmerica Cos.	1,100	Indianapolis
9	Cook Group	1,000	Bloomington
9	Rea Magnet Wire Co. Inc.	1,000	Fort Wayne
11	Atlas World Group Inc.	986	Evansville
12	United Components Inc.	985	Evansville
13	Gregg Appliances Inc.(2)	904	Indianapolis
14	Countrymark Cooperative Inc.	878	Indianapolis
15	The Bob Rohrman Auto Group	831	Lafayette
16	Koch Enterprises, Inc.	819	Evansville
17	LDI Ltd. LLC	797	Indianapolis
18	Jayco Corp.	790	Middlebury
19	Indiana Farm Bureau Insurance	780	Indianapolis
20	Global Aero Logistics Inc. (3)	752	Indianapolis

(1) acquired by Steel Dynamic Inc. in Oct. 2007

(2) became a public company in July 2007

(3) formerly ATA Holdings Corp. moved headquarters to Georgia in late 2007

SOURCE: Indianapolis Business Journal's 2008 Book of Lists

State of Indiana

Twenty Largest Indiana Colleges & Universities

(Ranked by Fall 2007 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2007 FTE enrollment	Location
1	Indiana University	78,436	Bloomington
2	Purdue University	70,398	West Lafayette
3	Ivy Tech Community College	52,742	Indianapolis
4	Ball State University	20,030	Muncie
5	Indiana Wesleyan University	14,221	Marion
6	University of Notre Dame	11,486	Notre Dame
7	Indiana State University	8,823	Terre Haute
8	University of Southern Indiana	8,230	Evansville
9	Vincennes University	6,925	Vincennes
10	Butler University	4,200	Indianapolis
11	Indiana Business College	4,160	Indianapolis
12	University of Indianapolis	3,884	Indianapolis
13	Valparaiso University	3,687	Valparaiso
14	University of Evansville	3,375	Evansville
15	DePauw University	2,374	Greencastle
16	Rose-Hulman Institute of Technology	2,046	Terre Haute
17	University of Phoenix	1,990	Indianapolis
18	University of Saint Francis	1,894	Fort Wayne
19	Oakland City University	1,696	Oakland
20	Marian College	1,630	Indianapolis

SOURCE: Indianapolis Business Journal's 2008 Book of Lists

State of Indiana
Net Assets by Component
Last Six Fiscal Years

(accrual basis of accounting, dollars in thousands)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 8,683,332	\$ 9,664,938	\$ 9,828,279	\$ 8,708,789	\$ 8,764,090	\$ 8,693,300
Restricted	666,420	534,076	580,918	534,646	1,040,953	1,077,585
Unrestricted	<u>2,970,923</u>	<u>2,456,321</u>	<u>1,933,416</u>	<u>2,688,896</u>	<u>6,122,442</u>	<u>8,321,133</u>
Total governmental activities net assets	<u>\$ 12,320,675</u>	<u>\$ 12,655,335</u>	<u>\$ 12,342,613</u>	<u>\$ 11,932,331</u>	<u>\$ 15,927,485</u>	<u>\$ 18,092,018</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 19,775	\$ 36,931	\$ 68,151	\$ 11,893	\$ 11,164	\$ 11,106
Restricted	2,054,310	1,218,210	834,010	452,708	448,929	342,192
Unrestricted	<u>21,396</u>	<u>590,362</u>	<u>727,261</u>	<u>(4,278)</u>	<u>(1,293)</u>	<u>183</u>
Total business-type activities net assets	<u>\$ 2,095,481</u>	<u>\$ 1,845,503</u>	<u>\$ 1,629,422</u>	<u>\$ 460,323</u>	<u>\$ 458,800</u>	<u>\$ 353,481</u>
Primary government						
Invested in capital assets, net of related debt	\$ 8,703,107	\$ 9,701,869	\$ 9,896,430	\$ 8,720,682	\$ 8,775,254	\$ 8,704,406
Restricted	2,720,730	1,752,286	1,414,928	987,354	1,489,882	1,419,777
Unrestricted	<u>2,992,319</u>	<u>3,046,683</u>	<u>2,660,677</u>	<u>2,684,618</u>	<u>6,121,149</u>	<u>8,321,316</u>
Total primary government net assets	<u>\$ 14,416,156</u>	<u>\$ 14,500,838</u>	<u>\$ 13,972,035</u>	<u>\$ 12,392,654</u>	<u>\$ 16,386,285</u>	<u>\$ 18,445,499</u>

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

State of Indiana
Changes in Net Assets
Last Six Fiscal Years

(accrual basis of accounting, dollars in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 3,097,818	\$ 3,049,696	\$ 4,149,762	\$ 4,027,990	\$ 4,317,441	\$ 4,682,298
Public safety	1,134,037	1,198,585	1,211,825	1,207,563	1,181,061	1,248,583
Health	332,712	323,621	413,339	426,531	333,740	343,552
Welfare	6,403,514	6,534,702	7,039,564	7,297,887	7,261,688	7,881,108
Conservation, culture, and development	473,090	480,843	511,773	507,990	546,489	539,997
Education	5,718,249	6,243,705	6,360,264	6,598,563	6,971,170	7,012,148
Transportation	1,099,448	1,278,902	1,641,740	1,658,504	1,726,735	1,774,739
Unallocated interest expense	87,310	80,887	94,881	750	787	758
Other	511	-	-	-	-	-
Total governmental activities expenses	18,346,689	19,190,941	21,423,148	21,725,778	22,339,111	23,483,183
Business-type activities:						
Toll roads	85,658	90,766	75,697	-	-	-
Aviation technology bonds	-	723	685	-	-	-
Airport facilities revenue bonds	-	12,035	13,036	-	-	-
State revolving fund	50,350	62,642	60,990	-	-	-
Unemployment compensation fund	804,882	887,501	868,940	713,120	692,907	758,673
State lottery commission	521,148	552,192	599,117	-	-	-
Other	23,638	29,687	39,568	31,827	31,981	32,945.00
Total business-type activities expenses	1,485,676	1,635,546	1,658,033	744,947	724,888	791,618
Total primary government expenses	\$ 19,832,365	\$ 20,826,487	\$ 23,081,181	\$ 22,470,725	\$ 23,063,999	\$ 24,274,801
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 284,537	\$ 303,777	\$ 287,985	\$ 444,845	\$ 464,728	\$ 490,980
Public safety	537,805	572,584	621,619	604,438	516,316	484,667
Health	22,750	8,148	19,758	32,963	12,702	11,155
Welfare	228,445	232,147	165,544	113,249	157,221	100,540
Conservation, culture, and development	96,100	85,524	97,756	102,410	114,004	123,264
Education	4,227	6,649	9,627	1,637	3,045	3,724
Transportation	4,898	1,589	3,797	3,973	18,542	39,174
Other	22	-	-	-	-	-
Operating grants and contributions	6,171,851	6,677,237	7,469,214	7,388,752	7,653,298	8,571,156
Capital grants and contributions	37,042	15,577	14,077	15,587	11,754	11,260
Total governmental activities program revenues	7,387,677	7,903,232	8,689,377	8,707,854	8,951,610	9,835,920
Business-type activities:						
Charges for services:						
Toll roads	89,322	89,017	92,661	-	-	-
Aviation technology bonds	-	713	711	-	-	-
Airport facilities revenue bonds	-	11,612	12,916	-	-	-
State revolving fund	55,272	61,609	65,413	-	-	-
Unemployment compensation fund	257,344	-	-	599,437	663,084	629,716
State lottery commission	626,310	664,417	734,872	-	-	-
Other	21,223	25,686	30,605	31,356	32,846	30,628
Operating grants and contributions	590	170,480	122,200	-	-	-
Capital grants and contributions	92,327	17,807	62,790	-	-	-
Total business-type activities program revenues	1,142,388	1,041,341	1,122,168	630,793	695,930	660,344
Total primary government program revenues	\$ 8,530,065	\$ 8,944,573	\$ 9,811,545	\$ 9,338,647	\$ 9,647,540	\$ 10,496,264

continued on next page

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Net (Expense)/Revenue						
Governmental activities	\$ (10,959,012)	\$ (11,287,709)	\$ (12,733,771)	\$ (13,017,924)	\$ (13,387,501)	\$ (13,647,263)
Business-type activities	(343,288)	(594,205)	(535,865)	(114,154)	(28,958)	(131,274)
Total primary government net expenses	<u>\$ (11,302,300)</u>	<u>\$ (11,881,914)</u>	<u>\$ (13,269,636)</u>	<u>\$ (13,132,078)</u>	<u>\$ (13,416,459)</u>	<u>\$ (13,778,537)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Income taxes	\$ 4,307,550	\$ 4,428,304	\$ 4,653,807	\$ 5,090,306	\$ 5,396,926	\$ 5,638,203
Sales taxes	3,630,102	4,210,526	4,694,868	4,963,327	5,352,132	5,491,750
Fuel taxes	766,998	779,087	827,525	831,010	879,313	707,354
Gaming taxes	520,353	673,072	780,643	791,228	806,271	851,853
Inheritance taxes	153,593	175,873	136,382	166,825	139,365	154,817
Alcohol & Tobacco taxes	83,652	374,308	357,370	359,066	373,921	398,601
Insurance taxes	183,644	181,186	180,705	190,253	181,501	197,064
Financial institution taxes	58,570	106,000	81,181	70,067	79,018	59,003
Other taxes	229,272	170,306	241,543	204,328	346,816	519,747
Investment earnings	124,478	60,344	43,146	73,798	153,834	260,805
Other	38,577	111,955	107,064	35,759	55,848	69,522
Spelical item: Proceeds from lease of Toll Road	-	-	-	-	3,618,528	-
Transfers within primary government	85,794	105,797	135,221	(958)	(818)	(1,006)
Payback to federal government	(9,296)	-	-	-	-	-
Total governmental activities	<u>10,173,287</u>	<u>11,376,758</u>	<u>12,239,455</u>	<u>12,775,009</u>	<u>17,382,655</u>	<u>14,347,713</u>
Business-type activities:						
Investment earnings	96,648	75,530	43,746	32,907	26,617	24,992
Unemployment taxes	232,396	332,281	402,222	-	-	-
Other	-	1,097	3,627	-	-	-
Transfers within primary government	(107,215)	(105,797)	(135,221)	958	818	1,006
Total business-type activities	<u>221,829</u>	<u>303,111</u>	<u>314,374</u>	<u>33,865</u>	<u>27,435</u>	<u>25,998</u>
Total primary government	<u>10,395,116</u>	<u>11,679,869</u>	<u>12,553,829</u>	<u>12,808,874</u>	<u>17,410,090</u>	<u>14,373,711</u>
Changes in Net Assets						
Governmental activities	(785,725)	89,049	(494,316)	(242,915)	3,995,154	700,450
Business-type activities	(121,459)	(291,094)	(221,491)	(80,289)	(1,523)	(105,276)
Total primary government	<u>\$ (907,184)</u>	<u>\$ (202,045)</u>	<u>\$ (715,807)</u>	<u>\$ (323,204)</u>	<u>\$ 3,993,631</u>	<u>\$ 595,174</u>

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

State of Indiana
Fund Balances, Governmental Funds,
Last Six Fiscal Years

(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund						
Reserved	\$ 340,454	\$ 386,617	\$ 400,937	\$ 395,316	\$ 396,736	\$ 409,227
Unreserved	738,880	871,053	840,956	798,926	1,436,814	1,853,603
Total general fund	<u>\$ 1,079,334</u>	<u>\$ 1,257,670</u>	<u>\$ 1,241,893</u>	<u>\$ 1,194,242</u>	<u>\$ 1,833,550</u>	<u>\$ 2,262,830</u>
All other Governmental Funds						
Reserved	\$ 1,516,804	\$ 1,541,427	\$ 1,767,167	\$ 1,583,392	\$ 2,019,809	\$ 2,286,840
Unreserved, reported in:						
Special revenue funds	120,358	(140,656)	(781,296)	(630,732)	2,019,154	3,480,696
Capital project funds	207,857	78,304	86,266	81,284	91,149	90,207
Permanent funds	180,985	250,467	200,749	124,005	590,233	607,606
Total all other governmental funds	<u>\$ 2,026,004</u>	<u>\$ 1,729,542</u>	<u>\$ 1,272,886</u>	<u>\$ 1,157,949</u>	<u>\$ 4,720,345</u>	<u>\$ 6,465,349</u>

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the fund balance information is available only beginning in 2002.

State of Indiana
Changes in Fund Balances, Governmental Funds,
Last Six Fiscal Years

(modified accrual basis of accounting, dollars in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Revenues						
Income taxes	\$ 4,343,492	\$ 4,348,056	\$ 4,490,858	\$ 5,074,938	\$ 5,509,068	\$ 5,597,801
Sales taxes	3,715,528	4,195,935	4,678,528	4,943,675	5,320,398	5,466,299
Fuels taxes	762,476	773,729	834,732	827,955	872,144	707,576
Gaming taxes	520,372	673,072	780,640	791,232	806,235	851,886
Inheritance taxes	153,593	175,873	136,382	166,825	139,341	154,820
Alcohol and tobacco taxes	138,460	374,207	357,397	358,909	373,934	398,031
Insurance taxes	183,644	181,186	180,705	190,253	181,502	197,063
Financial institutions taxes	45,577	106,963	79,625	84,968	88,803	60,465
Other taxes	98,179	177,892	256,257	295,514	342,615	519,126
Current service charges	1,194,342	1,188,354	1,189,224	1,284,213	1,330,427	1,248,641
Investment income	184,984	77,030	53,395	93,043	186,496	535,109
Sales/rent	89,196	27,659	30,778	25,046	25,358	26,190
Grants	5,819,146	6,262,457	7,079,510	6,968,652	7,222,934	7,793,657
Other	281,317	502,455	467,501	437,374	430,745	557,551
Total revenues	17,530,306	19,064,868	20,615,532	21,542,597	22,830,000	24,114,215
Expenditures						
General government	3,141,436	3,114,707	4,233,766	4,047,666	4,314,955	4,652,936
Public safety	1,137,158	1,180,709	1,228,129	1,217,152	1,191,219	1,216,894
Health	331,243	321,125	399,043	426,221	333,530	338,558
Welfare	6,383,168	6,527,068	7,036,544	7,304,079	7,262,231	7,857,600
Conservation, culture and development	468,967	462,907	502,063	516,105	540,955	529,097
Education	5,718,303	6,244,579	6,374,478	6,505,924	6,951,080	7,073,057
Transportation	1,171,696	1,381,264	1,586,867	1,555,916	1,738,414	1,790,017
Other	24	-	-	-	-	-
Debt service						
Principal	24,015	-	-	-	-	-
Interest	48,887	-	-	-	-	-
Total expenditures	18,424,897	19,232,359	21,360,890	21,573,063	22,332,384	23,458,159
Revenues over (under) expenditures	(894,591)	(167,491)	(745,358)	(30,466)	497,616	656,056
Other Financing Sources (Uses)						
Transfers in	10,224,082	8,357,799	7,948,229	7,983,449	8,536,557	9,185,086
Transfers (out)	(10,128,684)	(8,223,363)	(7,823,312)	(7,981,882)	(8,532,044)	(9,184,865)
Proceeds of refunding bonds	10,095	-	-	-	-	-
Payments to refunded bond escrow agent	(10,573)	-	-	-	-	-
Proceeds from capital leases	14,738	-	-	-	66,481	63,714
Proceeds of loan from component unit	-	-	50,000	-	-	-
Total other financing sources (uses)	109,658	134,436	174,917	1,567	70,994	63,935
Special Item						
Proceeds from lease of Toll Road	-	-	-	-	3,618,527	-
Net Change in Fund Balances	\$ (784,933)	\$ (33,055)	\$ (570,441)	\$ (28,899)	\$ 4,187,137	\$ 719,991
Debt Service as a Percentage of Noncapital Expenditures	<1%	N/A	N/A	N/A	N/A	N/A

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the fund balance information is available only beginning in 2002.

State of Indiana
Capital Assets by Function of Government
Last Five Fiscal Years
(in thousands of dollars)

	Fiscal Year Ended June 30th				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Conservation, Culture and Development	\$ 356,562	\$ 377,586	\$ 384,044	\$ 389,333	\$ 405,099
Education	44,629	47,373	47,347	49,220	49,144
General Government	102,322	90,467	122,447	122,758	122,688
Health	70,722	71,181	70,288	72,157	62,750
Public Safety	594,967	596,169	601,438	664,070	665,286
Transportation	273,445	322,467	342,070	359,344	399,473
Welfare	193,720	199,479	194,913	195,743	152,713
Total	<u>\$ 1,636,366</u>	<u>\$ 1,704,723</u>	<u>\$ 1,762,547</u>	<u>\$ 1,852,625</u>	<u>\$ 1,857,155</u>

Source: Auditor of State of Indiana

State of Indiana
Operating Indicators by Function
For the Fiscal Years 2003-2007

		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General Government</u>						
Department of Revenue						
Number of Tax Returns Filed Electronically	¹	N/A	1,455,888	1,341,802	N/A	N/A
Number of Tax Returns Processed	¹	N/A	3,031,011	3,004,164	N/A	N/A
Percent of Tax Returns Filed Electronically	¹	N/A	48.0%	44.7%	N/A	N/A
Number of Taxpayers Assisted - Walk-in	²	116,777	154,105	130,103	141,270	143,307
Number of Taxpayers Assisted - Telephone	²	149,692	163,073	151,122	157,868	175,419
Number of Taxpayers Assisted - Total	²	266,469	317,178	281,225	299,138	318,726
Department of Administration						
Construction projects administered		61	69	73	94	69
Construction value excluding design fee (thousands)		\$63,191	\$36,491	\$35,806	\$53,453	\$33,281
<u>Public Safety</u>						
Department of Correction						
Department Active Personnel	²	7,423	7,051	8,130	8,743	8,605
Number of Adult Institutions	²	22	22	23	24	24
Incarcerated Offenders	^{2, 3}	25,849	24,431	24,244	23,760	22,576
Average Cost Per Diem	²	\$ 52.25	\$ 57.69	\$ 58.99	\$ 55.43	\$ 57.44
Contract Beds	²	156	293	88	655	650
Average Offender Age at Intake	²	32.3	32.1	31.8	31.7	31.3
Average Offender Age - Current	²	40.0	35.8	35.7	35.3	35.0
Supervised Offenders	^{2, 4}	8,108	7,248	5,308	5,696	6,379
State Police						
Active State Troopers		1,298	1,129	1,138	1,184	1,192
Number of Traffic Citations Issued		415,519	342,863	315,351	275,229	315,599
Number of Firearm Permits Issued		67,501	78,921	68,842	68,981	75,754
<u>Health</u>						
Department of Health						
Number of Birth and Death Certificates Issued		51,428	57,467	78,300	58,988	69,190
<u>Welfare</u>						
FSSA						
Medicaid and Children's Health Insurance Program (CHIP) recipients		894,378	885,587	866,597	832,224	789,805
Temporary Assistant for Needy Families (TANF) recipients		130,285	140,673	145,489	155,549	160,711
Food Stamp recipients		582,972	570,627	550,416	516,360	452,654
<u>Conservation, Culture, and Development</u>						
Department of Natural Resources						
Visitation to State Museum		509,498	590,899	521,677	571,000	703,278
Hunting licenses sold		350,071	364,924	334,171	N/A	N/A
Fishing licenses sold		434,534	432,965	420,330	N/A	N/A
<u>Transportation</u>						
Department of Transportation						
Construction projects administered		368	496	453	473	519
Construction value excluding design fee (thousands)		\$612,958	\$871,588	\$556,051	\$917,870	\$940,738
<u>Business-type activities</u>						
Unemployment Insurance						
Number of payments made to claimants (thousands)		2,124	2,257	2,412	2,991	3,223
Percentage of unemployment		4.7%	5.1%	5.3%	5.2%	5.4%

¹ Tax Year (January 1 - December 30)

² Fiscal Year (July 1-June 30)

³ Includes inmates held in county jails and contract beds

⁴ Excludes Indiana parolees on parols in other states; includes other states parolees supervised by Indiana

Sources: Indianapolis Business Journal's 1998-2007 Book of Lists and Indiana Department of Education

Note: Information prior to 2003 not available.

State of Indiana
Taxable Sales by Industry*
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year Ended June 30th									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Agricultural/forestry, fishing, and other	\$ 319	\$ 105,728	\$ 219,661	\$ 252,168	\$ 258,912	\$ 282,177	\$ 285,068	\$ 288,890	\$ 373,116	\$ 393,753
Construction	2,007	560,661	1,189,954	1,325,810	1,203,006	1,171,339	1,149,773	1,229,418	1,658,236	1,882,904
Finance, insurance, and real estate	596	463,763	979,776	1,047,194	1,058,668	981,937	897,024	865,755	975,299	1,000,052
Government	-	5,067	8,731	7,934	7,785	9,608	9,719	11,049	12,408	13,598
Manufacturing	4,495	1,031,268	2,240,468	2,449,942	2,286,650	2,162,812	2,086,294	2,199,352	2,918,516	3,181,579
Mining	14	21,785	53,592	49,195	40,871	37,316	35,576	42,692	55,870	57,611
Retail trade	18,689	7,006,949	14,669,555	15,884,599	14,946,313	15,317,396	15,447,967	15,487,493	20,917,629	21,705,880
Services	17,263	4,299,150	8,878,859	9,376,664	9,626,407	9,589,176	9,416,500	9,763,976	12,726,361	13,779,860
Transportation and public utilities	221	1,196,527	2,488,558	2,555,111	2,660,596	2,962,501	3,077,836	2,876,271	4,117,159	4,668,952
Wholesale trade	1,204	841,400	1,790,148	1,873,953	1,718,980	1,722,996	1,719,167	1,832,342	2,330,767	2,588,441
Unknown**	2,022	12,816,201	32,053,743	34,229,603	35,730,953	36,129,751	38,190,554	40,051,160	42,611,621	44,783,721
Total	\$ 46,830	\$ 28,348,499	\$ 64,573,045	\$ 69,052,173	\$ 69,539,141	\$ 70,367,009	\$ 72,315,478	\$ 74,648,398	\$ 88,696,982	\$ 94,056,351
Direct sales tax rate	5%	5%	5%	5%	5%	5%	5%	5 - 6%	6%	6%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana
Sales Tax Revenue Payers by Industry*
Fiscal Years 2000 and 2006

(in thousands of dollars)

	Fiscal Year Ended June 30, 2000				Fiscal Year Ended June 30, 2006			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural/forestry, fishing, and other	4,344	2.30%	\$ 12,608.4	0.37%	4,454	2.24%	\$ 23,625.2	0.42%
Construction	11,037	5.84%	66,290.5	1.92%	11,538	5.81%	112,974.2	2.00%
Finance, insurance, and real estate	5,106	2.70%	52,359.7	1.52%	4,950	2.49%	60,003.1	1.06%
Government	406	0.21%	396.7	0.01%	498	0.25%	815.9	0.01%
Manufacturing	18,633	9.86%	122,497.1	3.55%	17,883	9.01%	190,894.7	3.38%
Mining	436	0.23%	2,459.7	0.07%	383	0.19%	3,456.7	0.06%
Retail trade	66,399	35.13%	794,230.0	23.00%	67,127	33.81%	1,302,352.8	23.08%
Services	60,777	32.16%	468,833.2	13.58%	63,652	32.06%	826,791.6	14.65%
Transportation and public utilities	3,865	2.04%	127,755.6	3.70%	5,051	2.54%	280,137.1	4.96%
Wholesale trade	9,721	5.14%	93,697.7	2.71%	10,288	5.18%	155,306.5	2.75%
Unknown**	8,274	4.38%	1,711,480.1	49.57%	12,743	6.42%	2,687,023.2	47.61%
Total	188,998	100.00%	\$ 3,452,608.7	100.00%	198,567	100.00%	\$ 5,643,381.0	100.00%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form.

Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana
Personal Income by Industry
Last Ten Fiscal Years

(in millions of dollars)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Farm earnings	\$ 1,185	\$ 763	\$ 300	\$ 553	\$ 469	\$ 128	\$ 632	\$ 1,518	\$ 767	\$ 407
Agriculture, forestry, fishing, and hunting	442	497	565	602	183	179	205	186	191	208
Mining	458	502	512	472	506	552	579	662	703	781
Construction and utilities	6,709	7,346	7,792	8,003	9,608	9,758	10,073	10,711	11,287	11,632
Manufacturing	31,959	34,381	35,890	36,813	33,899	35,860	38,558	38,335	39,292	41,269
Transportation and warehousing	6,412	6,900	7,295	7,601	5,115	5,178	5,313	5,591	5,892	6,327
Wholesale trade	5,934	6,404	6,751	7,268	6,350	6,408	6,594	7,036	7,451	8,021
Retail trade	9,587	10,142	10,603	10,993	8,796	9,039	9,197	9,361	9,589	9,994
Finance and insurance	6,343	7,167	7,852	8,674	6,107	6,060	6,275	6,505	6,592	6,816
Services	22,031	24,131	25,632	27,776	18,218	18,940	19,642	20,866	22,043	23,468
Government and government enterprises	14,037	14,698	15,469	16,517	17,041	17,679	18,622	20,546	21,423	21,911
Total personal income	<u>\$ 105,097</u>	<u>\$ 112,931</u>	<u>\$ 118,661</u>	<u>\$ 125,272</u>	<u>\$ 106,292</u>	<u>\$ 109,781</u>	<u>\$ 115,690</u>	<u>\$ 121,317</u>	<u>\$ 125,230</u>	<u>\$ 130,834</u>

Note: the data from 1996-2000 uses the Standard Industrial Classification (SIC) system and the data from 2001-2006 uses the North American Industry Classification System (NAICS).

The basis for industry classification is different between the two systems. From 2001-2006, the Services industry includes only professional and technical services, administrative and waste services, education services, accomodation and food services, and other services.

Source: U.S. Department of Commerce - Bureau of Economic Analysis

State of Indiana
Personal Income Tax Rates
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Personal Income Tax Revenues (in millions)	3,751	4,065	4,376	4,531	4,676	4,569	4,606	4,821	5,209	5,558
Personal Income (in millions)	138,794	149,336	154,842	165,285	167,881	172,392	178,815	187,565	195,372	205,355
Average Effective Rate ¹	2.7%	2.7%	2.8%	2.7%	2.8%	2.7%	2.6%	2.6%	2.7%	2.7%

Tax Rates on the Portion of Taxable Income in Ranges²							
Tax Years 1997-1998							
Tax Rate	1.5%	2.8%	3.0%	3.1%	3.2%	3.2%	3.3%
Income Bracket (in thousands)	\$0-20	\$21-40	\$41-60	\$61-80	\$81-100	\$101-120	\$121+
Tax Years 1999-2002							
Tax Rate	1.4%	2.7%	3.0%	3.1%	3.2%	3.2%	3.2%
Income Bracket (in thousands)	\$0-20	\$21-40	\$41-60	\$61-80	\$81-100	\$101-120	\$121+
Tax Years 2003-2006							
Tax Rate	1.2%	2.7%	3.0%	3.1%	3.2%	3.2%	3.2%
Income Bracket (in thousands)	\$0-20	\$21-40	\$41-60	\$61-80	\$81-100	\$101-120	\$121+

¹ Average effective rate equals tax collections divided by income.

² This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's deduction minus exemptions. The State income tax rate for the entire 10 years was 3.4%.

Source: U.S. Department of Commerce - Bureau of Economic Analysis and Auditor of State Financial Records

State of Indiana
Personal Income Tax Filers and Liability by Income Level
Fiscal Years 2000 and 2006

(in millions of dollars)

Income Level	Fiscal YE 2000				Fiscal YE 2006			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	Percentage of Total	Tax Liability	% of Total
\$50,000 and under	2,249,191	75.43%	\$ 1,517.0	34.81%	2,141,580	70.78%	\$ 1,483.0	28.27%
\$50,001 - \$100,000	574,227	19.26%	1,478.3	33.93%	650,565	21.50%	1,766.5	33.68%
\$100,001 - \$250,000	134,218	4.50%	718.4	16.49%	202,337	6.69%	1,103.1	21.03%
\$250,001 - \$1,000,000	21,496	0.72%	368.1	8.45%	27,752	0.92%	481.4	9.18%
\$1,000,001 and over	2,504	0.08%	275.5	6.32%	3,552	0.12%	411.0	7.84%
Total	2,981,636	100.00%	\$ 4,357.4	100.00%	3,025,786	100.00%	\$ 5,245.0	100.00%

Source: Indiana Department of Revenue

State of Indiana
Ratios of Outstanding Debt by Type
Last Six Fiscal Years
(in thousands of dollars)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Revenue bonds/notes payable	\$ 1,821,262	\$ 1,742,823	\$ 2,311,356	\$ -	\$ -	\$ -
Capital leases	19,290	18,516	24,953	1,271,258	1,307,072	1,333,099
Total Governmental Activities	<u>1,840,552</u>	<u>1,761,339</u>	<u>2,336,309</u>	<u>1,271,258</u>	<u>1,307,072</u>	<u>1,333,099</u>
Business-type Activities						
Revenue bonds/notes payable	228,019	430,984	411,930	-	-	-
Total Business-type Activities	<u>228,019</u>	<u>430,984</u>	<u>411,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 2,068,571</u>	<u>\$ 2,192,323</u>	<u>\$ 2,748,239</u>	<u>\$ 1,271,258</u>	<u>\$ 1,307,072</u>	<u>\$ 1,333,099</u>
Debt as a Percentage of Personal Income	1.2%	1.2%	1.5%	0.7%	0.6%	Not available ¹
Amount of Debt per Capita (in whole dollars)	\$ 336	\$ 354	\$ 441	\$ 203	\$ 207	Not available ¹

Notes: (a) In 2005, Business-type activities had no Revenue bonds/notes payable because of the reclassification of some funds from blended component units to discretely presented component units. Starting in 2006, Governmental activities had no revenue bonds/notes payable because the reclassification of some funds from internal service funds to discretely presented component units.

(b) The State did not begin reporting government-wide statements until it implemented GASB 34 in 2002.

¹ Due to unavailability of data for State Population and State Personal Income for 2007.

State of Indiana
Demographic and Economic Statistics
Last Ten Calendar Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Population										
State (in thousands)	5,864	5,899	5,943	6,080	6,115	6,159	6,196	6,238	6,272	6,314
Percentage change	0.6%	0.6%	0.7%	2.3%	0.6%	0.7%	0.6%	0.7%	0.5%	0.7%
National (in thousands)	267,636	270,299	272,691	281,422	284,797	288,369	290,810	293,655	296,410	299,398
Percentage change	0.9%	1.0%	0.9%	3.2%	1.2%	1.3%	0.8%	1.0%	0.9%	1.0%
Total Personal Income										
State (in millions)	\$ 138,794	\$ 149,336	\$ 154,842	\$ 165,285	\$ 167,881	\$ 172,392	\$ 178,815	\$ 187,781	\$ 195,372	\$ 205,355
Percentage change	5.1%	7.6%	3.7%	6.7%	1.6%	2.7%	3.7%	5.0%	4.0%	5.1%
National (in millions)	\$ 6,907,332	\$ 7,415,709	\$ 7,796,137	\$ 8,422,074	\$ 8,716,992	\$ 8,872,521	\$ 9,156,108	\$ 9,717,173	\$ 10,224,761	\$ 10,860,917
Percentage change	6.1%	7.4%	5.1%	8.0%	3.5%	1.8%	3.2%	6.1%	5.2%	6.2%
Per Capita Personal Income										
State	\$ 23,604	\$ 24,219	\$ 26,092	\$ 27,011	\$ 27,532	\$ 28,240	\$ 28,838	\$ 30,158	\$ 31,150	\$ 32,526
Percentage change	4.3%	2.6%	7.7%	3.5%	1.9%	2.6%	2.1%	4.6%	3.3%	4.4%
National	\$ 25,598	\$ 26,412	\$ 28,518	\$ 29,676	\$ 30,271	\$ 30,941	\$ 31,472	\$ 33,090	\$ 34,495	\$ 36,276
Percentage change	4.8%	3.2%	8.0%	4.1%	2.0%	2.2%	1.7%	5.1%	4.2%	5.2%
Resident Civilian Labor Force and Employment										
Civilian labor force (in thousands)	3,118	3,125	3,137	3,144	3,152	3,155	3,168	3,172	3,209	3,285
Employed (in thousands)	3,014	3,033	3,047	3,053	3,021	2,992	2,999	3,004	3,035	3,127
Unemployed (in thousands)	103	91	90	92	131	163	168	168	174	158
Unemployment rate	3.3%	2.9%	2.9%	2.9%	4.2%	5.2%	5.3%	5.3%	5.4%	4.8%
State and Area Employment, Hours, and Earnings										
Goods-producing industries										
Natural resources and mining	\$ 7,400	\$ 7,500	\$ 7,400	\$ 6,700	\$ 7,100	\$ 7,100	\$ 7,000	\$ 7,100	\$ 6,900	\$ 6,900
Construction	140,500	145,200	148,100	149,900	148,300	146,000	144,800	147,900	148,100	151,700
Manufacturing	650,800	656,700	664,700	663,500	615,400	588,400	572,700	571,600	571,200	560,200
Subtotal goods-producing industries	<u>798,700</u>	<u>809,400</u>	<u>820,200</u>	<u>820,100</u>	<u>770,800</u>	<u>741,500</u>	<u>724,500</u>	<u>726,600</u>	<u>726,200</u>	<u>718,800</u>
Service-producing industries										
Transportation and utilities	123,400	126,700	129,600	132,100	127,900	121,400	121,800	125,600	130,100	134,200
Wholesale trade	117,400	120,800	122,600	125,500	123,300	119,600	117,500	119,400	121,400	123,800
Retail trade	345,700	348,600	352,900	358,000	348,800	340,700	334,700	332,300	331,800	329,900
Service	644,000	667,900	688,600	696,900	696,900	709,700	720,900	744,500	762,100	781,200
State government	103,100	103,700	103,900	105,700	109,100	111,200	113,000	114,200	114,100	112,600
Federal government	38,200	39,000	39,400	43,200	38,600	37,200	37,100	36,300	36,300	36,700
Subtotal service-producing industries	<u>1,371,800</u>	<u>1,406,700</u>	<u>1,437,000</u>	<u>1,461,400</u>	<u>1,444,600</u>	<u>1,439,800</u>	<u>1,445,000</u>	<u>1,472,300</u>	<u>1,495,800</u>	<u>1,518,400</u>
Total Nonfarm Wage and Salary Employment	<u>\$ 2,170,500</u>	<u>\$ 2,216,100</u>	<u>\$ 2,257,200</u>	<u>\$ 2,281,500</u>	<u>\$ 2,215,400</u>	<u>\$ 2,181,300</u>	<u>\$ 2,169,500</u>	<u>\$ 2,198,900</u>	<u>\$ 2,222,000</u>	<u>\$ 2,237,200</u>

Sources: U.S. Department of Commerce - Bureau of Economic Analysis, and U.S. Department of Labor - Bureau of Labor Statistics

**State of Indiana
Principal Employers
Current Year and Nine Years Ago**

	2007			1998		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Wal-Mart	39,041	1	1.28%	23,350	4	0.78%
State of Indiana (1)	34,927	2	1.14%	38,183	2	1.28%
U.S. Government	34,515	3	1.13%	39,579	1	1.32%
Clarian Health (2)	26,284	4	0.86%	10,642	8	0.36%
Indiana University	15,790	5	0.52%	13,821	5	0.46%
Eli Lilly and Co.	15,125	6	0.50%	11,100	7	0.37%
Purdue University	14,262	7	0.47%	11,506	6	0.38%
St. Vincent Health	11,605	8	0.38%	5,014	16	0.17%
City of Indianapolis/Marion Couty (3)	11,314	9	0.37%	6,190	13	0.21%
Kroger Co.	8,478	10	0.28%	N/A		N/A
Community Health Network	6,696	11	0.22%	N/A		N/A
U.S. Steel Corporation	6,685	12	0.22%	N/A		N/A
General Motors Corporation	6,416	13	0.21%	30,000	3	1.00%
CVS Pharmacy	5,961	14	0.20%	N/A		N/A
Cummins Inc.	5,900	15	0.19%	6,950	11	0.23%
FedEx Corporation	5,500	16	0.18%	N/A		N/A
Toyota Motor Manufacturing Indiana Inc.	4,700	17	0.15%	N/A		N/A
University of Notre Dame	4,624	18	0.15%	N/A		N/A
Delphi Corporation	4,600	19	0.15%	N/A		N/A
Rolls-Royce Corp.	4,300	20	0.14%	4,500	18	0.15%
Total	266,723		8.74%	200,835		6.71%

(1) full time State employees paid through the Auditor of State's Office as of December 2007 and December 1998.

(2) includes Methodist Hospital, Indiana University Hospital and Riley Hospital for Children.

(3) includes consolidated fire and police departments and Marion County .

N/A = Not available

Source: Indianapolis Business Journal's 1999 and 2008 Book of Lists

**State of Indiana
School Enrollment
Last Ten Fiscal Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public School Enrollment, Grades K-12										
Elementary	542,024	547,234	549,592	551,577	553,835	552,447	551,392	554,610	559,919	566,775
Secondary	444,836	440,880	438,472	437,114	441,603	449,490	459,267	466,587	474,808	478,927
Total, all grades	<u>986,860</u>	<u>988,114</u>	<u>988,064</u>	<u>988,691</u>	<u>995,438</u>	<u>1,001,937</u>	<u>1,010,659</u>	<u>1,021,197</u>	<u>1,034,727</u>	<u>1,045,702</u>
Public Higher Education Enrollment ¹										
Indiana University	68,514	69,301	66,694	68,566	75,360	76,635	76,372	77,079	77,163	78,436
Purdue University	50,802	51,874	52,017	52,316	52,881	54,595	69,044	69,098	69,594	70,398
Ball State University	15,898	15,519	18,000	18,000	18,059	18,310	18,043	18,415	18,178	20,030
Indiana State University	9,137	9,124	9,337	9,639	10,047	9,819	9,609	9,122	8,832	8,823
Ivy Tech Community College	23,351	24,331	28,186	32,369	36,754	40,554	44,381	45,235	47,591	52,742
University of Southern Indiana	6,432	6,847	7,089	7,418	7,716	7,994	8,120	8,181	8,284	8,230
Vincennes University	5,989	6,134	7,437	8,859	6,064	5,668	6,303	6,411	6,158	6,925
Total, public colleges and universities	<u>180,123</u>	<u>183,130</u>	<u>188,760</u>	<u>197,167</u>	<u>206,881</u>	<u>213,575</u>	<u>231,872</u>	<u>233,541</u>	<u>235,800</u>	<u>245,584</u>

¹ based on Fall full-time equivalent enrollment.

Sources: Indianapolis Business Journal's 1999-2008 Book of Lists and Indiana Department of Education

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

Function of Government	Dec, 2007	Dec, 2006	Dec, 2005	Dec, 2004	Dec, 2003	Dec, 2002	Dec, 2001	Dec, 2000	Dec, 1999	Dec, 1998
General Government	4,899	5,335	5,426	5,372	5,213	5,227	5,266	5,221	5,122	5,040
Public Safety	12,213	12,090	12,223	14,006	13,781	13,682	13,353	13,225	12,617	12,452
Health	1,941	1,926	2,058	2,154	2,057	1,998	2,007	2,061	2,052	2,032
Welfare	7,360	8,497	9,169	9,642	9,789	9,980	10,304	10,466	10,409	10,273
Conservation, Culture and Development	3,680	3,564	3,536	3,735	3,646	3,678	3,722	3,758	3,731	3,737
Education	394	387	334	293	293	298	343	336	332	337
Transportation	4,440	4,138	3,962	4,300	4,129	4,249	4,282	4,302	4,330	4,312
Totals	34,927	35,937	36,708	39,502	38,908	39,112	39,277	39,369	38,593	38,183
G - Governor's Authority	32,106	32,759	33,417	36,276	35,753	35,907	36,134	36,284	35,602	35,284
J - Judiciary	947	903	896	899	899	869	862	836	816	790
O - Other Elected Officials	1,137	1,136	1,095	1,039	1,039	1,021	1,018	1,014	1,016	1,012
D - Disability Leave	737 *	1,139	1,300	1,288	1,217	1,315	1,263	1,235	1,159	1,097
Total	34,927	35,937	36,708	39,502	38,908	39,112	39,277	39,369	38,593	38,183

* Beginning in 2007, for this chart of Employees "Paid" through the Auditor of State's Office, we are beginning to report only the active staff currently on disability leave, which totals 737 for December 2007. There are an additional 350 staff listed on disability leave in a non-pay status, which if included as they were in prior years, would have resulted in a total of 1,087.

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

Function of Government	Dec, 2007	Dec, 2006	Dec, 2005	Dec, 2004	Dec, 2003	Dec, 2002	Dec, 2001	Dec, 2000	Dec, 1999	Dec, 1998
General Government	104	105	104	103	128	119	114	121	110	114
Public Safety	1,014	1,820	2,300	1,312	1,374	913	774	635	727	521
Health	217	260	258	259	201	294	289	336	305	365
Welfare	346	443	536	627	842	824	846	765	670	555
Conservation, Culture and Development	954	1,245	1,648	1,747	1,544	1,341	1,574	1,306	1,043	1,027
Education	3	4	7	3	2	5	6	7	24	7
Transportation	39	27	16	-	-	1	2	3	7	6
Totals	2,677	3,904	4,869	4,051	4,091	3,497	3,605	3,173	2,886	2,595
 G - Governor's Authority	 2,618	 3,830	 4,788	 3,976	 3,993	 3,408	 3,526	 3,109	 2,815	 2,541
J - Judiciary	8	8	9	11	11	7	13	12	13	11
O - Other Elected Officials	51	65	71	62	83	75	59	47	58	43
D - Disability Leave	-	1	1	2	4	7	7	5	-	-
Total	2,677	3,904	4,869	4,051	4,091	3,497	3,605	3,173	2,886	2,595

**Pension, Death Benefits, and Former Governors
Number of People Paid Through The Auditor of State's Office**

Category	Dec, 2007	Dec, 2006	Dec, 2005	Dec, 2004	Dec, 2003	Dec, 2002	Dec, 2001	Dec, 2000	Dec, 1999	Dec, 1998
Death Benefits (Governor)	2	2	2	2	1	-	2	2	3	3
Death Benefits (Police)	32	28	27	27	26	26	28	28	28	26
Former Governors	2	2	2	2	3	3	3	3	3	3
Police Pension	1,526	1,464	1,438	1,422	1,408	1,391	1,361	1,318	1,275	1,248
Total	1,562	1,496	1,469	1,453	1,438	1,420	1,394	1,351	1,309	1,280

**STATE OF INDIANA
DISTRIBUTION OF MOTOR VEHICLE HIGHWAY FUND
JULY 1, 2006 TO JUNE 30, 2007**

Gross Receipts:		
Motor Fuel Tax	314,023,087.90	
Special Fuel	160,604,006.33	
Motor Carrier Surtax & Highway User Fee	31,693,352.75	
Trip Permit Fee	100,945.00	
Motor Carrier Fund Surplus	1,499,243.21	
Vehicle License, Title & Driver's License Fees	136,404,405.78	
International Registration Plan Revenue	91,937,299.32	
Reinstatement Fees & Driver Court Fees	330,952.00	
Defensive Driver School	172,235.00	
MVH Fund's Share of Abandoned Vehicle Fund	826,629.13	
MVH Fund's Share of Odometer Fund	284,659.40	
Bureau of Motor Vehicles Misc Receipts	700,032.86	
MVH Fund's Share of State Court Cost	3,614,659.00	
State Police Misc Receipts & MCSAP - Federal	259,195.61	
State Police Sale of Personal Property	1,095.66	
Traffic Safety - Federal	13,124,365.76	
Traffic Safety Miscellaneous Receipts	200,702.09	
Miscellaneous Receipts	71,983.14	
Total Gross Receipts	755,848,849.94	
Less: Gas Tax Refunds	259,438.94	
Special Fuel Refunds	35,425,399.15	
Net Receipts		720,164,011.85
Fund Expenses:		
State Police:		
Administrative	121,858,054.52	
Pension	11,786,923.80	
Supplemental Pension	3,042,666.15	
Benefits	2,919,635.82	
Gross State Police Expense	139,607,280.29	
Less: General Fund Reimbursement	47,544,056.47	
Motor Carrier Fund Reimbursement	3,848,033.14	
Toll Road Reimbursement	5,945,275.69	
Gaming Commission Reimbursement	706,680.11	
Grant Reimbursements	3,461,442.90	
Misc Reimbursements	2,181,448.09	
Net State Police Expense	75,920,343.89	
Other Fund Expenses		
Bureau of Motor Vehicles	41,905,325.79	
Dept. of Revenue - Motor Fuel Tax Division	10,767,076.22	
Traffic Safety	17,983,998.42	
Traffic Safety Education	261,309.00	
Highway Safety Plan	190,673.66	
Forensic & Health Sciences Laboratory	4,059,725.98	
Audit Expense	871,265.00	
Total Other Fund Expenses	76,039,374.07	
Total Net Fund Expenses		151,959,717.96
Amount Available for Distribution (net receipts less total net fund expenses)		568,204,293.89
Adjustments to Amount Available for Distribution:		
County Engineer Distribution Per IC 8-17-5-8 & 11.1	(789,999.95)	
LTAP Budget Per IC 8-14-1-3(6), IC 8-17-7-4, IC 8-23-2-5(7)	0.00	
Local Assistance Expenses Per IC 8-14-1-3(6), IC 8-23-2-5(6)	0.00	
Covered Bridge Distribution Per IC 8-14-1-10	(95,000.00)	
Access Road Construction Per IC 8-23-5-7	(8,986,620.00)	
Counties Share of 3 Cent Gas Tax Increase IC 6-6-1.1-801.5(c)	21,596,536.01	
Cities & Towns Share of 3 Cent Gas Tax Increase IC 6-6-1.1-801.5(c)	10,123,425.81	
FY05 Undistributed InDOT, County, City and Town Funds Distributed in FY06	0.00	
Total Adjustments		21,848,341.87
Net Distributions:		
Indiana Department of Transportation	301,104,992.39	
Counties	196,481,542.06	
Cities and Towns	92,466,101.31	
Net Amount Distributed	\$590,052,635.76	\$590,052,635.76

State of Indiana

County Facts

County Name	2000 Total Population	Area Sq. Miles	2006 County Road Miles	2006 Municipal Street Miles	2006 County Bridges
Adams	33,625	345	698	88	157
Allen	331,849	671	1,471	1,254	343
Bartholomew	71,435	402	689	258	203
Benton	9,421	409	672	55	115
Blackford	14,048	167	325	61	56
Boone	46,107	427	814	149	184
Brown	14,957	319	395	8	86
Carroll	20,165	374	771	41	114
Cass	40,930	415	883	116	122
Clark	96,472	384	528	260	123
Clay	26,556	364	665	84	152
Clinton	33,866	407	784	86	156
Crawford	10,743	312	457	31	74
Daviess	29,820	430	800	105	121
Dearborn	46,109	306	508	80	102
Decatur	24,555	370	665	78	184
Dekalb	40,285	366	733	137	100
Delaware	118,769	396	861	429	194
Dubois	39,674	433	665	175	156
Elkhart	182,791	468	1,187	432	162
Fayette	25,588	215	380	65	85
Floyd	70,823	149	326	176	83
Fountain	17,954	397	667	75	142
Franklin	22,151	394	630	26	113
Fulton	20,511	368	792	55	58
Gibson	32,500	498	971	127	252
Grant	73,403	421	815	286	187
Greene	33,157	549	879	104	158
Hamilton	182,740	401	936	1,101	262
Hancock	55,391	305	682	145	148
Harrison	34,325	479	846	36	74
Hendricks	104,093	417	827	379	226
Henry	48,508	400	795	147	139
Howard	84,964	293	685	240	133
Huntington	38,075	369	691	121	113
Jackson	41,335	520	741	122	190
Jasper	30,043	562	952	76	127
Jay	21,806	386	753	85	159
Jefferson	31,705	366	545	74	100
Jennings	27,554	377	669	40	127
Johnson	115,209	315	597	379	147
Knox	39,256	516	885	176	217
Kosciusko	74,057	540	1,188	181	105
Lagrange	34,909	381	796	36	53
Lake	484,564	513	561	1,898	168
Laporte	110,106	607	1,044	363	115
Lawrence	45,922	459	670	133	129
Madison	133,358	453	916	501	202

County Name	2000 Total Population	Area Sq. Miles	2006 County Road Miles	2006 Municipal Street Miles	2006 County Bridges
Marion	860,454	392	1,785	1,651	501
Marshall	45,128	443	927	124	113
Martin	10,369	345	377	32	45
Miami	36,082	377	805	87	125
Monroe	120,563	386	702	267	137
Montgomery	37,629	507	844	94	173
Morgan	66,689	406	702	114	143
Newton	14,566	413	667	42	120
Noble	46,275	412	820	111	62
Ohio	5,623	87	137	10	26
Orange	19,306	405	601	64	105
Owen	21,786	390	635	22	110
Parke	17,241	445	743	46	179
Perry	18,899	384	492	61	99
Pike	12,837	335	554	30	110
Porter	146,798	425	798	482	126
Posey	27,061	412	712	66	150
Pulaski	13,755	433	878	33	73
Putnam	36,019	490	758	89	222
Randolph	27,401	457	869	81	220
Ripley	26,523	442	726	72	131
Rush	18,261	409	765	41	193
St Joseph	265,559	396	1,176	700	91
Scott	22,960	466	318	51	73
Shelby	43,445	193	864	90	188
Spencer	20,391	409	768	55	167
Starke	23,556	310	682	57	59
Steuben	33,214	309	629	93	49
Sullivan	21,751	457	875	89	179
Switzerland	9,065	221	360	11	36
Tippecanoe	148,955	500	853	360	183
Tipton	16,577	261	567	38	80
Union	7,349	168	270	15	42
Vanderburgh	171,922	241	560	537	148
Vermillion	16,788	263	397	81	74
Vigo	105,848	415	845	362	187
Wabash	34,960	398	737	114	154
Warren	8,419	368	557	24	95
Warrick	52,383	391	747	88	112
Washington	27,223	561	771	59	131
Wayne	71,097	405	727	246	232
Wells	27,600	368	714	79	129
White	25,267	497	924	78	157
Whitley	30,707	337	632	61	87
Totals	6,080,485	36,144	67,080	17,987	12,732

Source: Association of Indiana Counties 2006 County Fact Book, Indiana Department of Transportation,
United States Department of Commerce, Bureau of Census 2000 Decennial Census,

State of Indiana

Property Tax Levies and Collections

Last Ten Years

(amounts expressed in thousands)

Fiscal Year	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2006-07	Data not available		
2005-06	\$ 8,094,556	\$ 8,008,291	98.93%
2004-05	7,681,171	7,551,004	98.31%
2003-04	7,377,734	7,228,301	97.97%
2002-03	7,118,174	6,937,759	97.47%
2001-02	6,542,218	6,308,153	96.42%
2000-01	6,290,345	5,996,746	95.33%
1999-00	5,855,125	5,797,660	99.02%
1998-99	5,652,612	5,557,729	98.32%
1997-98	5,346,491	5,248,552	98.17%

State of Indiana

Assessed Value of Property

Last Ten Years

(amounts expressed in thousands)

Fiscal Year	Real Property Assessed Value	Exemptions	Personal Property Assessed Value	Exemptions	Total Net Value
2006-07	Data Not Available				
2005-06	\$ 323,275,155	\$ 81,766,028	\$ 49,635,245	\$ 6,880,540	\$ 284,263,832
2004-05	318,261,789	80,295,044	49,396,340	6,494,198	280,872,561
2003-04	311,396,369	77,886,866	51,445,361	6,961,755	277,993,110
2002-03	305,950,711	74,437,505	60,278,438	9,415,089	282,376,554
2001-02	162,798,100	28,796,702	55,610,279	5,980,052	183,631,624
2000-01	52,680,019	8,954,555	18,056,453	1,814,730	59,967,186
1999-00	50,527,572	8,794,125	17,699,709	1,842,866	57,590,291
1998-99	48,534,574	8,048,264	17,116,873	1,481,610	56,121,573
1997-98	46,886,602	7,788,731	16,321,365	1,418,899	54,000,338

Note: Beginning in 2001-02 the assessed value is one hundred percent of the true tax value.
Prior to 2001-02 the assessed value was one-third of the true tax value.
2006-07 Data not available, because property tax billings not completed in all counties

State of Indiana Property Tax Schedules For Year Ended December 31, 2005 Payable 2006

In the State of Indiana property taxes are levied by local units of government and overseen by the Indiana Department of Local Government Finance. The State of Indiana levies two rates of taxation against all taxable property in the state and Indiana Law fixes those rates. There is an eight ten thousandths per one hundred dollars assessed value rate for the Indiana State Fair Board and a sixteen ten-thousandths rate for the Indiana State Forestry Fund.

Property taxes are collected by county treasurers and distributed by county auditors. County auditors are required by Indiana Law to file, with the Auditor of State, reports of property taxes charged, collected and distributed. It is from those reports the property tax information is provided on the following pages.

Property taxes paid by each property taxpayer in Indiana are reduced by a credit referred to as a property tax replacement credit. The credit is paid by the state to county treasurers and is funded by a portion of state sales tax, individual income tax and riverboat wagering taxes. County auditors distribute the credit to taxing units. The property tax replacement credit percentage is determined by a formula established by Indiana Law and is computed by the Indiana Department of Local Government Finance. There are two separate property tax replacement credits. One credit applies to real estate and individual personal property. The other property tax replacement credit applies to business personal property. The two credit percentages are different within each taxing district and there are different credit percentages for each taxing district. Both of the credit percentages are based on the type of taxes levied within each taxing district. The average real estate and individual personal property credit is in the mid-twenty percent range and the business personal property credit is in the mid-teen percent range.

Residential property owners, who qualify, receive an additional credit on their property taxes. This credit is referred to as the homestead credit. There is a state homestead credit funded by a portion of the state sales tax, individual income tax and riverboat wagering taxes and in some counties there is a local (COIT) homestead credit funded by a portion of their county option income tax. Also, beginning for taxes payable in 2004 counties, who elected to exempt business inventory assessed values from property taxes, can adopt an additional homestead credit. The additional homestead credit adopted by those counties is funded by a county economic development income tax (CEDIT). The state and local homestead credit is given on the residential taxes after the taxes have been reduced by the property tax replacement credit. The state homestead credit is paid by the state to county treasurers and, where applicable, the local homestead credit is paid by county auditors to county treasurers. County auditors distribute the homestead credit to taxing units. On the following schedules the state paid homestead credit and the locally funded homestead credit are shown in separate columns. The state and COIT homestead credit percentages are determined by a formula established by Indiana Law and are computed by the Indiana Department of Local Government Finance. The CEDIT homestead credit percentage is calculated by county auditors and is based on net residential assessed values and the amount of CEDIT revenue available to fund the homestead credit. There are different state and COIT homestead credit percentages for each taxing district in a county, because the state and COIT homestead credit percentages are based on the type of taxes levied within each taxing district. The state homestead credit percentage range is nine to fifteen percent, the COIT homestead credit percentage range is three to eight percent. The CEDIT homestead credit percentages vary by county, because of differences in net residential assessed values and the amount of CEDIT revenue available to fund the homestead credit. The CEDIT homestead credit percentage range is four to nineteen percent.

Beginning with taxes payable in 2005 an additional residential property tax credit was authorized by the state legislature. The credit is known as the excessive residential property tax credit. Lake County is the only county that adopted the credit for 2006 payable taxes. The credit is equal to the amount the net residential taxes on the residential property exceeds two percent of the gross residential assessed value. The county provided funding to replace the credit. The county will be repaid by the taxing units in Lake County in proportion to each taxing unit's property tax levy.

For 2006 payable taxes state legislature authorized a property tax credit in Lake County funded by proceeds from the settlement of a property assessment appeal by USX. On the 2006 property tax schedules the credit is labeled USX Property Tax Credit.

State of Indiana

Assessed Value and Current Property Tax Levied by County

Payable 2006

(amounts expressed in thousands)

County	Assessed Value	Net Tax Levied
Adams	\$ 1,273,519	\$ 23,934
Allen	14,413,982	305,442
Bartholomew	3,759,450	65,658
Benton	535,015	8,678
Blackford	415,704	10,171
Boone	3,225,567	59,023
Brown	1,072,805	11,558
Carroll	1,002,781	15,665
Cass	1,272,653	31,937
Clark	3,860,259	62,401
Clay	885,713	13,453
Clinton	1,350,225	21,406
Crawford	253,172	7,572
Daviess	961,294	19,934
Dearborn	2,501,020	43,419
Decatur	1,185,737	19,088
Dekalb	2,169,141	36,747
Delaware	3,917,937	93,362
Dubois	2,073,645	35,272
Elkhart	8,965,306	178,147
Fayette	847,384	18,943
Floyd	3,001,906	48,813
Fountain	653,364	10,537
Franklin	935,462	11,377
Fulton	832,636	13,659
Gibson	1,650,268	32,087
Grant	2,301,869	52,860
Greene	845,733	18,265
Hamilton	18,383,452	298,473
Hancock	3,214,121	49,840
Harrison	1,423,796	19,260
Hendricks	6,667,125	127,840
Henry	1,770,132	35,496
Howard	4,307,533	92,577
Huntington	1,409,614	28,008
Jackson	1,834,276	25,996
Jasper	1,949,567	25,043
Jay	754,382	13,623
Jefferson	1,170,045	25,267
Jennings	926,384	16,482
Johnson	6,381,987	113,980
Knox	1,390,549	28,544
Kosciusko	4,665,786	58,051
Lagrange	1,680,161	22,065
Lake	19,767,298	634,313
Laporte	4,971,849	98,267
Lawrence	1,325,194	29,933
Madison	4,139,215	95,801

County	Assessed Value	Net Tax Levied
Marion	42,187,480	1,000,785
Marshall	2,314,614	37,315
Martin	310,439	5,280
Miami	1,067,916	19,602
Monroe	5,510,946	89,486
Montgomery	1,937,342	41,938
Morgan	2,937,449	40,969
Newton	693,527	13,512
Noble	2,013,015	32,640
Ohio	247,096	2,582
Orange	612,795	9,274
Owen	640,353	11,503
Parke	568,461	9,013
Perry	618,506	13,047
Pike	639,406	12,814
Porter	8,775,629	160,240
Posey	1,761,350	29,736
Pulaski	637,675	10,220
Putnam	1,537,941	25,869
Randolph	951,867	18,698
Ripley	1,074,117	14,860
Rush	773,675	12,648
St Joseph	9,942,178	289,094
Scott	733,651	13,846
Shelby	2,092,027	37,756
Spencer	1,334,962	20,932
Starke	846,318	16,655
Steuben	2,660,619	32,981
Sullivan	796,285	15,883
Switzerland	388,397	4,439
Tippecanoe	7,940,851	135,432
Tipton	750,103	12,277
Union	297,565	5,559
Vanderburgh	7,720,170	159,256
Vermillion	727,975	14,089
Vigo	3,729,387	85,615
Wabash	1,271,485	21,614
Warren	439,249	6,954
Warrick	2,962,329	43,539
Washington	788,171	15,048
Wayne	2,578,007	56,137
Wells	1,173,285	17,618
White	1,536,935	23,187
Whitley	1,446,271	22,267
Total	<u>\$ 284,263,832</u>	5,770,473
Property Tax		
Replacement Credit		1,810,778
State Homestead Credit		365,123
COIT Homestead Credit		48,750
CEDIT Homestead Credit		48,120
Excessive Residential		
Property Tax Credit		5,210
USX Property Tax Credit		46,102
Total Current Tax Levy		<u>\$ 8,094,556</u>

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2006 by County

County	Value of Land	Value of Improvements	Total Value of Land and Improvements	Standard Deduction	Mortgage and Contract Deduction	Veterans' Deduction	Age 65 Deduction
Adams	\$ 394,840,900	\$ 1,124,116,400	\$ 1,518,957,300	\$ 275,494,520	\$ 15,860,075	\$ 2,551,260	\$ 6,927,250
Allen	3,527,700,400	13,111,463,650	16,639,164,050	2,894,355,675	205,515,859	38,193,620	57,759,240
Bartholomew	977,523,580	3,274,056,950	4,251,580,530	606,634,400	34,433,613	9,385,100	15,301,230
Benton	290,087,900	330,231,150	620,319,050	76,600,500	4,915,950	1,106,250	3,041,580
Blackford	139,954,100	359,139,300	499,093,400	110,804,550	6,348,170	2,746,310	6,325,700
Boone	965,581,235	2,826,135,740	3,791,716,975	474,534,500	29,439,160	6,718,410	6,837,060
Brown	467,151,570	786,221,560	1,253,373,130	167,297,450	8,349,445	3,575,820	2,928,180
Carroll	401,553,420	761,898,300	1,163,451,720	185,280,750	10,454,900	4,166,220	5,152,850
Cass	390,049,400	1,124,734,210	1,514,783,610	297,122,600	18,657,780	6,431,010	11,061,200
Clark	967,202,060	3,559,211,530	4,526,413,590	825,040,450	54,395,350	22,016,990	25,172,540
Clay	277,368,240	797,698,820	1,075,067,060	219,558,335	13,012,250	5,550,260	7,961,915
Clinton	479,511,560	1,063,425,300	1,542,936,860	263,117,250	16,366,500	4,528,640	9,832,960
Crawford	75,581,900	216,028,700	291,610,600	58,903,200	4,579,450	2,662,220	3,733,660
Daviess	248,841,690	869,145,300	1,117,986,990	203,869,670	12,291,265	6,276,300	7,587,666
Dearborn	609,078,660	2,000,716,510	2,609,795,170	410,464,200	19,549,500	7,359,520	9,485,150
Decatur	380,938,629	993,216,935	1,374,155,564	206,877,350	13,602,250	3,916,425	6,709,215
Dekalb	467,747,500	1,800,360,920	2,268,108,420	342,755,850	20,349,700	4,539,050	7,827,490
Delaware	951,940,240	3,657,458,400	4,609,398,640	879,964,575	55,854,380	19,278,745	42,338,220
Dubois	380,938,360	1,817,339,420	2,198,277,780	363,148,850	19,023,350	5,676,290	9,516,250
Elkhart	2,103,083,300	7,358,606,900	9,461,690,200	1,445,618,000	82,532,600	20,540,520	34,501,090
Fayette	260,420,000	729,465,300	989,885,300	208,381,060	12,424,280	4,260,480	10,753,660
Floyd	567,765,160	3,093,061,471	3,660,826,631	623,144,180	34,602,400	12,062,460	15,339,100
Fountain	281,697,000	470,577,800	752,274,800	136,335,700	7,423,200	3,188,600	8,553,980
Franklin	324,751,510	825,668,400	1,150,419,910	188,279,455	9,835,000	2,708,070	5,392,610
Fulton	305,632,420	660,062,480	965,694,900	154,464,505	9,994,050	3,075,270	5,594,780
Gibson	343,677,550	1,384,636,480	1,728,314,030	267,376,250	15,554,300	7,211,690	10,286,930
Grant	729,972,020	2,170,506,240	2,900,478,260	517,577,500	31,358,662	17,737,260	21,294,030
Greene	225,916,985	801,057,542	1,026,974,527	229,096,050	15,826,950	7,734,270	13,545,580
Hamilton	5,116,512,840	16,237,924,890	21,354,437,730	2,321,907,005	176,106,100	20,465,680	9,914,910
Hancock	889,600,900	2,869,731,900	3,759,332,800	632,332,950	37,427,150	11,009,410	8,304,530
Harrison	272,036,180	1,415,354,200	1,687,390,380	302,331,250	17,254,100	7,555,860	8,114,780
Hendricks	1,788,139,590	6,258,479,180	8,046,618,770	1,290,231,930	90,432,900	17,057,940	15,532,690
Henry	462,682,950	1,605,696,430	2,068,379,380	440,786,705	26,419,380	8,996,960	18,906,210
Howard	1,060,843,600	3,589,935,000	4,650,778,600	734,891,600	54,794,300	15,136,030	20,699,730
Huntington	390,986,200	1,422,821,420	1,813,807,620	329,249,560	21,666,550	7,339,990	11,168,550
Jackson	493,528,320	1,561,101,100	2,054,629,420	320,828,800	18,968,950	7,916,030	11,500,420
Jasper	515,233,500	1,236,104,410	1,751,337,910	266,837,850	14,713,550	3,853,790	6,599,120
Jay	261,800,700	603,485,700	865,286,400	165,922,350	10,378,275	3,170,820	9,286,715
Jefferson	280,711,400	1,057,539,420	1,338,250,820	264,578,950	17,800,300	6,624,170	9,053,340
Jennings	304,783,130	826,174,280	1,130,957,410	230,723,700	13,876,675	4,935,970	9,589,190
Johnson	1,504,176,500	5,789,832,990	7,294,009,490	1,134,201,690	67,144,230	16,501,190	12,738,720
Knox	414,082,840	1,366,933,250	1,781,016,090	261,390,950	18,307,340	9,365,870	15,524,190
Kosciusko	1,551,249,800	3,497,088,540	5,048,338,340	614,626,586	35,621,385	7,567,790	12,521,870
Lagrange	517,226,450	1,425,706,180	1,942,932,630	256,886,675	14,255,400	3,428,380	4,541,470
Lake	6,045,925,744	18,472,919,484	24,518,845,228	4,039,579,017	311,504,031	50,138,795	162,313,515
Laporte	1,277,666,930	4,390,820,190	5,668,487,120	925,228,845	57,381,670	18,113,760	38,590,225
Lawrence	274,019,000	1,341,015,000	1,615,034,000	353,589,100	23,680,250	9,039,390	18,319,400
Madison	994,878,000	4,354,589,900	5,349,467,900	1,118,507,520	72,737,246	24,453,425	41,329,508
Marion	8,973,845,900	36,066,483,100	45,040,329,000	6,712,798,880	414,279,710	106,370,340	123,263,130
Marshall	720,849,300	1,996,964,600	2,717,813,900	381,480,050	23,625,000	5,473,370	10,817,340
Martin	81,024,400	280,101,800	361,126,200	76,714,900	4,635,500	3,197,600	3,028,560
Miami	351,500,940	1,076,108,490	1,427,609,430	266,665,030	20,583,450	13,519,410	7,672,190
Monroe	1,245,984,275	4,980,158,095	6,226,142,370	835,292,450	54,782,350	17,461,940	18,419,910
Montgomery	577,568,000	1,346,636,000	1,924,204,000	311,387,900	19,414,050	4,039,540	13,047,440
Morgan	901,773,200	2,637,368,500	3,539,141,700	608,463,850	33,410,250	9,861,280	9,174,120
Newton	286,176,810	489,174,500	775,351,310	123,453,224	7,234,870	2,081,260	3,960,670
Noble	554,760,251	1,656,280,000	2,211,040,251	362,393,970	18,417,750	6,431,430	10,897,210
Ohio	63,407,930	236,896,100	300,304,030	51,652,837	3,366,750	898,700	1,984,110
Orange	161,071,710	566,512,240	727,583,950	135,005,050	7,861,350	2,824,150	5,051,340
Owen	245,190,800	588,733,760	833,924,560	164,881,970	10,637,730	3,995,650	5,560,880
Parke	285,021,793	414,667,950	699,689,743	117,684,975	8,603,050	2,518,430	5,496,990
Perry	126,007,700	568,983,520	694,991,220	147,070,850	9,405,015	3,183,040	8,325,090
Pike	138,800,830	383,108,080	521,908,910	97,165,220	6,180,640	3,072,900	4,939,380
Porter	2,317,608,760	7,230,433,400	9,548,042,160	1,386,687,743	86,792,300	16,408,290	24,008,490
Posey	360,189,890	991,929,593	1,352,119,483	233,433,100	13,306,890	4,414,230	5,412,790
Pulaski	258,828,770	442,413,070	701,241,840	106,797,500	6,433,000	1,964,250	3,627,110
Putnam	557,848,830	1,334,592,140	1,892,440,970	285,777,450	15,901,250	6,517,880	5,972,270
Randolph	355,085,827	847,411,930	1,202,497,757	216,140,764	11,515,800	3,193,000	9,977,466
Ripley	328,327,100	916,259,790	1,244,586,890	225,956,160	17,305,275	4,557,920	7,107,490
Rush	305,052,900	606,087,770	911,120,670	150,801,750	8,624,050	2,139,320	5,924,770
St Joseph	1,978,706,520	9,884,616,300	11,863,322,820	2,136,180,895	138,601,876	29,812,770	77,817,775
Scott	224,992,910	660,568,100	885,561,010	182,815,590	11,011,900	4,362,860	8,126,670
Shelby	557,317,800	1,718,305,070	2,275,622,870	359,641,650	21,346,150	6,442,970	8,539,440
Spencer	233,457,560	905,460,360	1,138,917,920	170,321,600	10,069,700	3,793,560	4,347,830
Starke	306,683,430	798,481,130	1,105,164,560	200,517,850	11,386,320	2,740,520	11,266,740
Steuben	1,204,189,960	1,624,647,830	2,828,837,790	277,034,700	19,070,300	3,470,330	5,714,800
Sullivan	279,014,904	478,774,820	757,789,724	147,783,895	10,634,590	5,375,235	7,263,490
Switzerland	100,760,200	337,821,380	438,581,580	63,418,100	4,086,250	1,488,410	1,777,200
Tiptecanoe	2,235,580,000	6,245,430,300	8,481,010,300	1,082,914,985	64,279,955	14,084,900	13,238,810
Tipton	263,653,100	603,815,000	867,468,100	158,493,800	10,407,050	2,767,800	3,387,960
Union	118,322,700	211,737,600	330,060,300	59,862,850	3,661,950	1,152,520	1,864,290
Vanderburgh	1,694,586,087	7,041,367,460	8,735,953,547	1,372,796,925	89,152,980	31,249,440	45,555,490
Vermillion	191,345,570	455,391,900	646,737,470	122,749,325	8,718,800	4,515,175	7,283,907
Vigo	947,993,700	3,653,310,300	4,601,304,000	711,220,350	48,585,600	18,712,030	33,285,166
Wabash	410,226,600	1,179,826,050	1,590,052,650	289,692,050	16,572,750	5,380,930	10,627,070
Warren	219,563,270	266,730,590	486,293,860	78,977,750	4,440,640	1,149,350	3,247,780
Warrick	622,292,440	2,364,775,790	2,987,068,230	517,540,700	32,269,630	9,323,410	7,741,970
Washington	262,866,550	701,828,430	964,694,980	188,180,375	11,708,625	5,959,120	6,001,510
Wayne	799,010,600	2,592,454,940	3,391,465,540	557,629,850	33,144,400	11,857,640	25,719,100
Wells	298,048,880	1,144,694,670	1,442,743,550	246,457,900	14,224,800	3,323,450	4,656,120
White	616,589,400	977,943,680	1,594,533,080	215,105,250	11,431,500	4,339,010	6,480,410
Whitley	410,786,200	1,355,887,600	1,766,673,800	311,995,700	17,940,250	4,177,930	7,433,720
Totals	\$ 75,124,596,168	\$ 248,150,648,989	\$ 323,275,155,069	\$ 51,885,767,526	\$ 3,278,082,217	\$ 887,471,689	\$ 1,418,356,193

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2006 by County -- continued

County	Blind and/or Disabled Deduction	Energy System Deduction	Rehab, Urban Dev or Revit Deduction	Fertilizer/ Pesticide Deduction	Tax Exempt Property	Net Value of Land and Improvements	Personal Property Other Than Business Personal Property
Adams	\$ 2,968,400	\$ 2,102,600	\$ 11,834,130	\$ 204,600	\$ 88,087,210	\$ 1,112,927,255	\$ 2,743,150
Allen	12,581,370	9,151,100	83,331,570	-	663,454,740	12,674,820,876	17,817,760
Bartholomew	3,885,760	3,042,800	46,678,240	41,800	402,677,410	3,129,500,177	11,271,460
Benton	615,680	-	2,531,275	618,500	41,512,300	489,377,015	2,296,180
Blackford	1,443,380	478,300	3,671,680	88,800	22,739,000	344,447,510	2,379,265
Boone	1,790,100	2,727,600	114,180,198	51,600	200,768,250	2,954,670,097	8,204,540
Brown	1,079,710	511,300	-	-	33,565,210	1,036,066,015	4,506,434
Carroll	1,357,475	1,237,800	125,930	397,300	74,176,740	881,101,755	3,916,735
Cass	2,059,560	-	5,764,960	1,067,200	76,082,570	1,096,536,730	3,915,810
Clark	15,119,320	207,920	22,602,380	-	135,237,280	3,426,621,360	7,891,710
Clay	2,532,025	191,400	4,083,790	264,500	47,471,520	774,441,065	3,336,800
Clinton	2,574,540	742,400	9,218,840	469,900	90,335,280	1,145,750,550	6,143,995
Crawford	2,476,020	53,100	-	-	15,697,100	203,505,850	2,142,920
Daviess	3,312,345	432,800	11,023,995	-	38,623,430	834,569,519	3,966,750
Dearborn	4,751,910	-	8,754,820	-	173,891,520	1,975,538,550	9,991,230
Decatur	2,123,695	1,529,984	11,296,440	2,275,590	112,267,290	1,013,557,325	7,582,130
Dekalb	753,060	1,582,910	29,841,930	1,382,224	164,756,480	1,694,319,926	5,082,005
Delaware	15,248,265	-	15,421,565	-	155,795,195	3,425,497,695	26,017,690
Dubois	1,633,120	3,972,500	1,143,610	530,000	98,696,380	1,694,937,630	6,584,350
Elkhart	8,727,260	321,490	24,649,970	-	417,704,200	7,427,095,070	19,727,700
Fayette	3,229,440	85,000	1,482,605	8,010	57,030,740	692,230,025	2,847,220
Floyd	9,294,330	362,000	22,783,355	-	222,847,210	2,720,391,596	5,614,840
Fountain	1,774,870	-	2,570,960	-	22,478,570	569,948,920	2,640,280
Franklin	1,934,955	728,700	1,244,773	-	92,746,650	847,549,697	8,509,500
Fulton	1,857,625	1,150,100	2,310,148	264,470	74,289,000	712,694,952	4,248,080
Gibson	3,846,940	97,600	108,667,780	7,700	140,007,700	1,175,257,140	4,441,965
Grant	5,611,830	1,423,030	36,195,140	-	307,617,700	1,961,663,103	46,724,450
Greene	4,939,220	177,500	605,840	316,900	58,037,014	696,695,203	17,501,762
Hamilton	4,978,410	2,148,806	75,016,634	163,300	1,740,453,400	17,003,283,485	72,409,790
Hancock	2,442,150	-	36,801,510	294,830	171,712,280	2,859,007,990	46,439,690
Harrison	5,307,430	287,800	1,174,930	-	126,567,930	1,218,796,300	7,144,650
Hendricks	5,416,320	1,208,390	267,910,070	-	196,047,414	6,162,781,116	18,034,860
Henry	6,091,640	-	15,592,000	33,090	80,597,890	1,470,955,505	24,903,580
Howard	5,688,580	2,879,600	37,440,640	31,800	536,035,720	3,243,180,600	14,806,550
Huntington	3,369,770	4,347,400	11,929,405	-	200,000,120	1,224,736,275	7,321,080
Jackson	3,079,690	-	15,612,340	-	135,830,520	1,540,892,670	3,467,330
Jasper	3,434,955	50,700	18,669,720	-	57,089,210	1,380,089,015	8,159,900
Jay	3,058,760	389,300	2,519,035	31,100	30,066,560	640,463,485	17,504,070
Jefferson	4,439,130	697,690	7,045,960	-	135,460,060	892,551,220	2,504,890
Jennings	4,696,530	1,237,890	10,695,890	64,800	42,449,380	812,687,385	3,494,595
Johnson	3,902,000	1,099,200	50,312,410	63,940	278,284,410	5,729,761,700	14,595,920
Knox	4,989,760	-	7,327,200	-	366,111,150	1,097,999,630	13,523,430
Kosciusko	3,417,760	5,692,100	8,460,170	274,300	217,789,720	4,142,366,659	25,282,220
Lagrange	1,658,350	799,300	3,541,610	104,000	130,391,250	1,527,326,195	7,059,765
Lake	71,694,430	2,070,300	211,262,688	-	2,897,252,435	16,773,030,017	33,369,985
Laporte	9,320,480	21,400	8,544,420	-	405,322,680	4,205,963,640	67,790,320
Lawrence	7,367,260	528,500	12,913,370	478,500	130,332,400	1,058,785,830	9,581,090
Madison	13,474,175	-	89,088,901	-	328,973,628	3,660,903,497	35,459,249
Marion	36,644,440	416,470	245,839,160	-	2,698,659,300	34,702,057,570	43,785,700
Marshall	3,134,300	131,520	20,089,635	268,580	302,977,600	1,969,816,505	13,230,337
Martin	1,335,220	180,800	596,480	34,400	25,263,030	246,139,710	1,917,020
Miami	1,736,850	-	4,379,470	-	156,839,870	956,213,160	7,898,110
Monroe	6,355,980	1,514,435	59,725,588	-	289,075,551	4,943,514,166	12,916,040
Montgomery	2,983,280	79,500	13,213,291	301,015	122,881,580	1,436,856,404	7,219,090
Morgan	3,213,570	2,566,300	20,208,940	-	132,771,080	2,719,472,310	17,138,720
Newton	1,392,140	-	18,965,253	126,500	9,950,560	608,186,833	4,405,950
Noble	4,771,705	5,841,880	22,594,605	22,590	79,433,584	1,700,235,527	24,966,901
Ohio	334,130	-	-	-	19,959,800	222,107,703	1,892,310
Orange	2,584,340	67,570	1,029,480	-	44,635,850	528,524,820	4,076,540
Owen	1,607,130	-	-	-	70,165,530	577,075,670	3,137,010
Parke	1,051,500	283,800	1,102,780	176,120	43,014,430	519,757,668	2,948,655
Perry	3,016,320	148,500	1,176,850	-	36,839,525	485,826,030	2,867,670
Pike	1,735,320	92,400	11,000	-	39,487,480	369,224,570	6,707,810
Porter	10,159,630	-	44,645,900	-	359,310,800	7,620,029,007	20,166,955
Posey	1,893,590	18,300	1,811,615	933,040	35,880,600	1,055,015,328	5,334,300
Pulaski	1,557,330	363,400	1,728,791	752,080	17,352,850	560,665,529	4,465,720
Putnam	2,531,610	199,200	7,448,162	-	264,474,454	1,303,618,694	5,694,700
Randolph	2,794,630	104,950	5,597,150	-	142,115,800	811,058,197	3,594,860
Ripley	2,648,815	1,765,450	12,706,679	-	43,044,350	929,494,751	4,416,350
Rush	1,239,690	296,030	4,094,588	655,470	52,277,420	685,067,582	2,704,530
St Joseph	17,313,780	664,060	151,463,765	656,240	904,695,443	8,406,116,216	15,287,253
Scott	6,245,290	-	9,115,580	-	31,616,400	632,266,720	7,929,460
Shelby	2,635,100	997,700	15,532,048	133,700	145,767,552	1,714,586,560	7,501,670
Spencer	1,380,280	249,570	22,498,240	564,340	111,502,000	814,190,800	4,028,760
Starke	6,241,970	39,000	109,855	-	99,588,900	773,273,405	2,179,240
Steuben	2,247,110	-	10,522,100	-	84,463,680	2,426,314,770	14,452,940
Sullivan	3,546,755	-	-	-	15,371,700	567,814,059	2,544,240
Switzerland	836,030	105,670	-	-	25,474,100	341,395,820	3,551,670
Tippecanoe	3,155,040	-	29,489,040	61,440	654,506,340	6,619,279,790	15,670,950
Tipton	627,320	2,386,400	3,028,548	-	36,113,955	650,255,267	4,243,320
Union	721,030	72,100	890,240	164,190	8,833,200	252,838,130	15,250,770
Vanderburgh	20,430,970	21,400	91,501,600	-	707,879,530	6,377,365,212	178,864,320
Vermillion	3,020,550	251,457	2,526,538	239,530	26,565,540	470,866,648	6,300,420
Vigo	9,802,420	71,610	40,302,594	120,200	834,426,640	2,904,777,390	6,167,030
Wabash	4,558,800	3,912,900	7,238,870	510,090	146,636,570	1,104,922,620	4,313,070
Warren	764,460	23,400	4,157,348	23,910	10,978,300	382,530,922	1,305,080
Warrick	4,853,260	-	5,161,595	-	96,405,470	2,313,772,195	18,044,080
Washington	3,907,850	6,390	1,681,780	-	47,403,190	699,846,140	1,612,690
Wayne	9,584,300	17,248,310	23,662,057	-	564,960,057	2,147,659,826	5,878,290
Wells	842,590	616,500	8,700,272	110,900	138,913,000	1,024,898,018	12,800,270
White	1,809,530	66,100	2,224,687	106,600	55,770,315	1,297,199,678	6,723,180
Whitley	1,199,770	2,573,260	34,888,767	59,400	106,680,300	1,279,724,703	8,156,280
Totals	\$ 487,795,518	\$ 99,144,642	\$ 2,425,535,768	\$ 15,549,889	\$ 22,076,325,072	\$ 241,509,127,443	\$ 1,225,189,936

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2006 by County -- continued

County	Veterans' Deductions	Tax Exempt Property	Net Personal Property Other Than Business Personal Property	Net Land And Improvements And Non Business Personal Property	State & Local Assessment Of Railroads & Utilities	Business Personal & Railroads, Utilities Business Personal Property	Total Value Of
Adams	\$ 1,600	\$ -	\$ 2,741,550	\$ 1,115,668,805	\$ 28,844,300	\$ 149,490,000	\$ 178,334,300
Allen	8,180	-	17,809,580	12,692,630,456	442,916,200	1,489,288,300	1,932,204,500
Bartholomew	2,305	213,870	11,055,285	3,140,555,462	66,503,570	659,737,524	726,241,094
Benton	-	-	2,296,180	491,673,195	14,444,860	31,031,432	45,476,292
Blackford	1,350	-	2,377,915	346,825,425	13,556,280	60,229,520	73,785,800
Boone	3,230	-	8,201,310	2,962,871,407	47,096,430	224,703,872	271,800,302
Brown	10,150	83,000	4,413,284	1,040,479,299	14,735,950	18,589,000	33,324,950
Carroll	13,920	-	3,902,815	885,004,570	21,831,840	96,742,530	118,574,370
Cass	6,440	-	3,909,370	1,100,446,100	42,982,360	131,439,250	174,421,610
Clark	11,690	-	7,880,020	3,434,501,380	121,016,630	346,832,170	467,848,800
Clay	-	-	3,336,800	777,777,865	26,066,300	94,136,720	120,203,020
Clinton	-	-	6,143,995	1,151,894,545	30,398,200	193,326,469	223,724,669
Crawford	-	-	2,142,920	205,648,770	22,631,450	24,955,745	47,587,195
Daviess	48,510	-	3,918,240	838,487,759	32,973,940	93,676,880	126,650,820
Dearborn	-	-	9,991,230	1,985,529,780	357,979,300	161,666,310	519,645,610
Decatur	12,710	-	7,569,420	1,021,126,745	25,904,580	167,086,194	192,990,774
Dekalb	-	900	5,081,105	1,699,401,031	51,307,910	564,160,990	615,468,900
Delaware	-	4,440	26,013,250	3,451,510,945	130,985,500	371,965,070	502,950,570
Dubois	-	-	6,584,350	1,701,521,980	42,628,210	350,620,280	393,248,490
Elkhart	20,410	-	19,707,290	7,446,802,360	200,023,410	1,414,758,480	1,614,781,890
Fayette	-	14,640	2,832,580	695,062,605	20,556,120	160,388,260	180,944,380
Floyd	-	-	5,614,840	2,726,006,436	90,489,400	198,927,210	289,416,610
Fountain	-	-	2,640,280	572,589,200	-	89,462,580	89,462,580
Franklin	-	-	8,509,500	856,059,197	22,301,520	57,127,944	79,429,464
Fulton	-	-	4,248,080	716,943,032	33,182,465	85,377,781	118,560,246
Gibson	-	-	4,441,965	1,179,699,105	182,854,430	585,901,315	768,755,745
Grant	53,670	31,966,890	14,703,890	1,976,366,993	64,272,540	317,972,780	382,245,320
Greene	-	380	17,501,382	714,196,585	51,601,800	80,446,352	132,048,152
Hamilton	-	4,451,470	67,958,320	17,071,241,805	381,069,310	1,121,330,101	1,502,399,411
Hancock	-	1,060,330	45,379,360	2,904,387,350	80,468,680	270,977,010	351,445,690
Harrison	10,110	115,010	7,019,530	1,225,815,830	37,684,860	189,571,080	227,255,940
Hendricks	-	2,670	18,032,190	6,180,813,306	136,853,400	404,526,710	541,380,110
Henry	31,000	-	24,872,580	1,495,828,085	77,084,250	230,017,230	307,101,480
Howard	12,610	346,610	14,447,330	3,257,627,930	92,755,310	1,446,166,850	1,538,922,160
Huntington	-	18,000	10,330,080	1,232,039,355	41,607,080	163,002,445	204,609,525
Jackson	63,320	-	3,404,010	1,544,296,680	50,279,970	307,368,430	357,648,400
Jasper	17,410	4,860	8,137,630	1,388,226,645	376,860,460	211,812,200	588,672,660
Jay	17,930	-	17,486,140	657,949,625	119,025,100	2,142,000	121,167,100
Jefferson	-	54,000	2,450,890	895,002,110	114,891,870	175,781,746	290,673,616
Jennings	5,000	-	3,489,595	816,176,980	24,966,170	99,889,879	124,856,049
Johnson	-	-	14,595,920	5,744,357,620	137,916,520	531,929,840	669,846,360
Knox	-	173,700	13,349,730	1,111,349,360	211,499,380	211,202,510	422,701,890
Kosciusko	19,920	5,400	25,256,900	4,167,623,559	95,604,350	430,036,185	525,640,535
Lagrange	-	-	7,059,765	1,534,385,960	40,024,780	111,395,305	151,420,085
Lake	59,360	904,710	32,405,915	16,805,435,932	805,353,610	2,710,650,812	3,516,004,422
Laporte	-	23,647,280	44,143,040	4,250,106,680	245,121,910	579,628,910	824,750,820
Lawrence	-	1,879,110	7,701,980	1,066,487,810	57,323,530	241,372,150	298,695,680
Madison	-	-	35,459,249	3,696,362,746	99,363,690	431,402,327	530,766,017
Marion	22,020	-	43,763,680	34,745,821,250	968,890,680	7,727,054,070	8,695,944,750
Marshall	-	-	13,230,337	1,983,046,842	57,747,480	312,761,156	370,508,636
Martin	7,960	2,700	1,906,360	248,046,070	12,498,630	50,561,396	63,060,026
Miami	66,810	-	7,831,300	964,044,460	25,746,085	86,061,168	111,807,253
Monroe	18,400	-	12,897,640	4,956,411,806	-	644,207,860	644,207,860
Montgomery	-	695,000	6,524,090	1,443,380,494	41,358,750	522,917,790	564,276,540
Morgan	-	1,500	17,137,220	2,736,609,530	82,299,910	158,381,960	240,681,870
Newton	-	-	4,405,950	612,592,783	23,737,390	62,885,710	86,623,100
Noble	1,525	5,618,382	19,346,994	1,719,582,521	50,178,730	282,105,057	332,283,787
Ohio	-	-	1,892,310	224,000,013	6,710,390	16,385,340	23,095,730
Orange	5,620	300	4,070,620	532,595,440	22,720,620	60,664,620	83,385,240
Owen	-	40,900	3,096,110	580,171,780	21,237,700	39,363,450	60,601,150
Parke	100	-	2,948,555	522,706,223	22,340,370	25,859,815	48,200,185
Perry	6,130	-	2,861,540	488,687,570	16,927,530	138,163,505	155,091,035
Pike	-	4,890	6,702,920	375,927,490	192,174,150	72,050,670	264,224,820
Porter	-	11,400	20,155,555	7,640,184,562	346,314,480	879,453,100	1,225,767,580
Posey	800	-	5,333,500	1,060,348,828	103,252,660	606,667,990	709,920,650
Pulaski	18,090	-	4,447,630	565,113,159	18,668,230	56,835,636	75,504,066
Putnam	-	-	5,694,700	1,309,313,394	43,705,090	229,692,085	273,397,175
Randolph	2,480	6,620	3,585,760	814,643,957	30,727,060	119,692,410	150,419,470
Ripley	-	43,850	4,372,500	933,867,251	31,640,690	114,968,830	146,609,520
Rush	-	-	2,704,530	687,772,112	15,029,910	96,049,914	111,079,824
St Joseph	3,050	-	15,284,203	8,421,400,419	279,661,520	1,505,304,335	1,784,965,855
Scott	-	-	7,929,460	640,196,180	17,130,180	102,453,010	119,583,190
Shelby	330	-	7,501,340	1,722,087,900	53,148,240	368,148,070	421,296,310
Spencer	3,960	829,420	3,195,380	817,386,180	373,992,970	335,351,025	709,343,995
Starke	-	-	2,179,240	775,452,645	28,504,950	42,858,960	71,363,910
Steuben	-	2,337,660	12,115,280	2,438,430,050	46,004,940	193,825,862	239,830,802
Sullivan	-	-	2,544,240	570,358,299	148,730,250	77,440,865	226,171,115
Switzerland	-	76,790	3,474,880	344,870,700	16,704,530	26,822,236	43,526,766
Tiptecanoe	33,760	274,570	15,362,620	6,634,642,410	141,248,770	1,355,840,350	1,497,089,120
Tipton	23,990	-	4,219,330	654,474,597	32,527,860	68,202,980	100,730,840
Union	-	-	15,250,770	268,088,900	10,698,860	22,911,360	33,610,220
Vanderburgh	-	156,336,700	22,527,620	6,399,892,832	199,078,500	1,248,832,260	1,447,910,760
Vermillion	-	193,680	6,106,740	476,973,388	171,988,910	183,200,020	355,188,930
Vigo	17,590	-	6,149,440	2,910,926,830	392,244,000	780,198,120	1,172,442,120
Wabash	2,600	-	4,310,470	1,109,233,090	40,941,460	124,830,070	165,771,530
Warren	-	-	1,305,080	383,836,002	10,493,820	51,626,664	62,120,484
Warrick	-	1,796,520	16,247,560	2,330,019,755	148,259,370	493,707,710	641,967,080
Washington	-	81,500	1,531,190	701,377,330	36,503,010	71,519,950	108,022,960
Wayne	-	-	5,878,290	2,153,538,116	70,238,850	442,327,370	512,566,220
Wells	-	206,910	12,593,360	1,037,491,378	85,226,490	127,442,486	212,668,976
White	4,390	-	6,718,790	1,303,918,468	46,151,240	189,275,021	235,426,261
Whitley	-	150,000	8,006,280	1,287,730,983	33,370,060	262,312,740	295,682,800
Totals	\$ 670,438	\$ 233,656,562	\$ 990,862,944	\$ 242,499,990,387	\$ 9,942,595,040	\$ 38,467,459,874	\$ 48,418,054,914

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2006 by County

County	Veterans' Deductions	Coal or Oil Shale System Deductions	Urban Dev Econ Revital Deduction	Enterprise Zone Deduction	Tax Exempt Property	Net Value Of Railroads, Utilities And Business Personal Property	Total Net Value of Taxable Property
Adams	\$ -	\$ -	\$ 18,534,620	\$ -	\$ 1,949,250	\$ 157,850,430	\$ 1,273,519,235
Allen	1,740	-	118,165,821	-	92,685,365	1,721,351,574	14,413,982,030
Bartholomew	-	-	103,953,440	-	3,393,100	618,894,554	3,759,450,016
Benton	-	-	2,134,472	-	-	43,341,820	535,015,015
Blackford	-	-	3,166,430	-	1,740,340	68,879,030	415,704,455
Boone	11,860	-	3,335,113	-	5,757,960	262,695,369	3,225,566,776
Brown	-	-	-	-	999,658	32,325,292	1,072,804,591
Carroll	-	-	-	-	798,290	117,776,080	1,002,780,650
Cass	-	-	-	-	2,214,920	172,206,690	1,272,652,790
Clark	5,720	-	35,261,140	-	6,824,410	425,757,530	3,860,258,910
Clay	-	-	7,503,300	-	4,764,360	107,935,360	885,713,225
Clinton	-	-	17,275,829	-	8,118,820	198,330,020	1,350,224,565
Crawford	1,100	-	-	-	62,720	47,523,375	253,172,145
Daviess	-	-	2,826,040	-	1,019,030	122,805,750	961,293,509
Dearborn	5,690	-	3,029,640	-	1,119,580	515,490,700	2,501,020,480
Decatur	-	-	23,700,944	-	4,679,460	164,610,370	1,185,737,115
Dekalb	-	-	140,493,260	-	5,235,760	469,739,880	2,169,140,911
Delaware	-	-	-	-	36,524,720	466,425,850	3,917,936,795
Dubois	-	-	365,000	-	20,760,760	372,122,730	2,073,644,710
Elkhart	-	-	4,744,340	15,721,180	75,812,360	1,518,504,010	8,965,306,370
Fayette	-	-	19,940,040	-	8,683,210	152,321,130	847,383,735
Floyd	-	-	9,729,944	-	3,786,780	275,899,886	3,001,906,322
Fountain	-	-	8,436,320	-	251,360	80,774,900	653,364,100
Franklin	-	-	27,073	-	-	79,402,391	935,461,588
Fulton	-	-	1,984,262	-	882,924	115,693,060	832,636,092
Gibson	-	-	293,171,409	-	5,015,480	470,568,856	1,650,267,961
Grant	-	-	56,420,770	-	322,190	325,502,360	2,301,869,353
Greene	-	-	340,133	-	171,890	131,536,129	845,732,714
Hamilton	-	-	143,269,088	-	46,919,981	1,312,210,342	18,383,452,147
Hancock	-	-	1,304,870	39,466,830	940,820	309,733,170	3,214,120,520
Harrison	-	-	28,583,850	-	692,220	197,979,870	1,423,795,700
Hendricks	-	-	31,882,741	-	23,186,008	486,311,361	6,667,124,667
Henry	5,270	-	23,321,940	-	9,469,950	274,304,320	1,770,132,405
Howard	-	-	445,108,580	8,778,710	35,129,645	1,049,905,225	4,307,533,155
Huntington	-	-	12,414,429	-	14,620,170	177,574,926	1,409,614,281
Jackson	-	-	59,140,800	-	8,528,620	289,978,980	1,834,275,660
Jasper	-	-	26,297,740	-	1,035,000	561,339,920	1,949,566,565
Jay	1,380	-	23,344,370	-	1,388,990	96,432,360	754,381,985
Jefferson	-	-	14,519,410	-	1,111,086	275,043,120	1,170,045,230
Jennings	600	-	12,246,658	-	2,402,030	110,206,761	926,383,741
Johnson	-	-	21,521,940	-	10,694,670	637,629,750	6,381,987,370
Knox	4,130	-	130,655,252	7,782,470	5,060,500	279,199,538	1,390,548,898
Kosciusko	1,500	-	17,005,100	-	10,471,954	498,161,981	4,665,785,540
Lagrange	-	-	4,419,773	-	1,225,520	145,774,792	1,680,160,752
Lake	-	-	246,213,238	127,113,100	180,815,966	2,961,862,118	19,767,298,050
Laporte	-	-	-	-	103,008,060	721,742,760	4,971,849,440
Lawrence	-	-	14,821,910	20,776,800	4,390,650	258,706,320	1,325,194,130
Madison	-	-	39,493,060	-	48,420,920	442,852,037	4,139,214,783
Marion	-	-	552,996,700	17,971,060	683,318,500	7,441,658,490	42,187,479,740
Marshall	-	-	14,823,673	-	24,117,600	331,567,363	2,314,614,205
Martin	-	-	-	-	667,210	62,392,816	310,438,886
Miami	-	-	7,599,861	-	335,740	103,871,652	1,067,916,112
Monroe	-	-	32,761,422	13,234,621	43,677,380	554,534,437	5,510,946,243
Montgomery	-	-	60,004,096	-	10,311,340	493,961,104	1,937,341,598
Morgan	-	-	37,954,929	-	1,887,660	200,839,281	2,937,448,811
Newton	-	-	4,324,998	-	1,363,820	80,934,282	693,527,065
Noble	4,695	-	38,168,902	-	677,595	293,432,595	2,013,015,116
Ohio	-	-	-	-	-	23,095,730	247,095,743
Orange	2,480	-	427,890	-	2,755,530	80,199,340	612,794,780
Owen	-	-	-	-	420,370	60,180,780	640,352,560
Parke	-	-	2,445,070	-	-	45,755,115	568,461,338
Perry	-	-	24,034,425	-	1,237,845	129,818,765	618,506,335
Pike	-	-	-	-	746,020	263,478,800	639,406,290
Porter	-	-	60,006,108	6,249,535	24,067,770	1,135,444,167	8,775,628,729
Posey	-	-	7,762,480	-	1,156,500	701,001,670	1,761,350,498
Pulaski	-	-	1,972,402	-	969,340	72,562,324	637,675,483
Putnam	-	-	32,761,300	-	12,008,330	228,627,545	1,537,940,939
Randolph	-	-	8,192,907	-	5,003,970	137,222,593	951,866,550
Ripley	-	-	5,976,846	-	382,800	140,249,874	1,074,117,125
Rush	3,750	-	23,307,260	-	1,866,160	85,902,654	773,674,766
St Joseph	-	-	83,789,300	30,518,060	149,881,406	1,520,777,089	9,942,177,508
Scott	-	-	26,096,490	-	31,610	93,455,090	733,651,270
Shelby	1,500	-	49,681,178	-	1,674,830	369,938,802	2,092,026,702
Spencer	-	-	183,832,110	-	7,935,940	517,575,945	1,334,962,125
Starke	2,370	-	-	-	495,700	70,865,840	846,318,485
Steuben	-	-	14,388,360	-	3,253,130	222,189,312	2,660,619,362
Sullivan	-	-	-	-	244,290	225,926,825	796,285,124
Switzerland	-	-	-	-	-	43,526,766	388,397,466
Tippecanoe	-	-	124,188,860	12,124,780	54,566,580	1,306,208,900	7,940,851,310
Tipton	32,000	-	4,199,769	-	870,450	95,628,621	750,103,218
Union	24,960	-	3,892,616	-	216,860	29,475,784	297,564,684
Vanderburgh	-	-	55,539,350	71,879,530	214,540	1,320,277,340	7,720,170,172
Vermillion	-	-	102,612,070	-	1,575,220	251,001,640	727,975,028
Vigo	20,710	-	310,590,071	13,019,330	30,351,450	818,460,559	3,729,387,389
Wabash	-	-	3,519,990	-	-	162,251,540	1,271,484,630
Warren	1,010	-	5,296,858	-	1,409,450	55,413,166	439,249,168
Warrick	-	-	6,533,475	-	3,123,870	632,309,735	2,962,329,490
Washington	90	-	21,183,430	-	45,890	86,793,550	788,170,880
Wayne	16,950	-	39,746,539	17,169,154	31,164,433	424,469,144	2,578,007,260
Wells	-	-	74,122,924	-	2,752,450	135,793,602	1,173,284,980
White	7,220	-	1,351,689	-	1,050,600	233,016,752	1,536,935,220
Whitley	-	-	132,478,800	-	4,664,250	158,539,750	1,446,270,733
Totals	\$ 156,725	\$ -	\$ 4,328,669,237	\$ 481,885,160	\$ 1,915,581,886	\$ 41,763,841,906	\$ 284,263,832,293

State of Indiana **Property Taxes Charged Payable 2006 by Fund and County**

County	State Fair Board	State Forestry Fund	County General Fund	Property Reassessment Fund	County Debt Service Fund	Cumulative Bridge Fund
Adams	\$ 10,171	\$ 20,342	\$ 5,051,196	\$ 67,383	\$ -	643,319
Allen	112,529	225,057	45,222,401	309,453	8,327,111	-
Bartholomew	30,030	60,060	8,633,640	142,643	-	1,824,326
Benton	4,282	8,564	1,408,719	65,833	-	228,542
Blackford	3,316	6,631	1,878,233	69,626	-	168,262
Boone	24,953	49,906	3,162,781	187,147	-	1,116,643
Brown	8,584	17,168	1,725,377	82,621	-	201,723
Carroll	7,780	15,560	2,639,440	114,758	-	522,247
Cass	10,168	20,336	5,456,331	139,808	-	313,933
Clark	28,982	57,964	4,872,600	86,946	271,706	362,275
Clay	7,055	14,109	1,702,788	175,482	-	359,781
Clinton	10,807	21,614	4,401,209	136,440	-	340,425
Crawford	1,936	3,872	1,630,338	68,969	-	-
Daviess	7,518	15,037	6,562,637	168,225	-	640,945
Dearborn	19,896	39,793	4,223,007	221,347	-	828,187
Decatur	8,860	17,720	2,289,156	147,294	-	720,968
Dekalb	15,092	30,184	4,965,310	226,382	273,545	369,757
Delaware	30,183	60,365	14,348,106	233,916	1,539,318	2,373,116
Dubois	16,377	32,753	3,834,185	161,720	-	614,125
Elkhart	70,598	141,195	17,896,462	264,741	-	908,943
Fayette	6,783	13,566	3,483,016	79,699	483,281	327,275
Floyd	23,171	46,341	4,130,184	202,744	-	385,214
Fountain	5,048	10,095	2,048,118	90,859	-	372,270
Franklin	7,489	14,977	1,713,009	-	167,557	132,922
Fulton	6,666	13,332	2,209,750	76,658	-	249,972
Gibson	11,832	23,665	7,096,520	112,408	-	1,002,801
Grant	17,976	35,953	9,635,381	332,564	1,026,905	337,059
Greene	6,568	13,137	3,225,844	145,323	-	297,214
Hamilton	140,171	280,343	21,025,714	420,514	3,329,071	-
Hancock	25,014	50,028	5,352,992	150,084	872,363	1,094,362
Harrison	11,406	22,812	2,325,432	139,726	-	489,039
Hendricks	50,633	101,266	8,949,414	259,495	1,645,578	1,291,146
Henry	13,832	27,664	5,021,078	179,818	760,769	394,217
Howard	34,470	68,941	12,663,512	392,099	-	555,833
Huntington	10,936	21,871	4,439,815	103,887	-	560,445
Jackson	14,678	29,356	2,786,969	62,381	-	366,948
Jasper	15,330	30,660	3,972,328	130,303	-	199,287
Jay	6,040	12,080	2,864,504	83,806	-	453,005
Jefferson	9,041	18,083	3,829,015	105,106	-	699,575
Jennings	7,001	14,001	2,415,197	70,006	679,930	393,782
Johnson	49,829	99,658	8,234,269	236,689	2,254,769	934,297
Knox	10,920	21,840	4,643,836	212,945	-	409,509
Kosciusko	36,685	73,369	6,740,799	320,990	-	256,792
Lagrange	12,834	25,668	3,064,136	72,192	118,715	275,933
Lake	153,549	307,099	93,262,105	1,420,333	5,623,749	3,032,602
Laporte	38,781	77,561	20,708,831	431,434	-	780,459
Lawrence	10,572	21,145	4,263,329	149,335	483,688	725,532
Madison	32,249	64,497	16,156,606	124,964	116,902	874,746
Marion	321,071	642,141	113,097,116	1,484,952	17,779,284	-
Marshall	18,093	36,185	4,624,951	244,252	-	592,536
Martin	2,487	4,973	1,176,771	-	-	89,828
Miami	8,437	16,873	4,074,862	164,513	-	299,498
Monroe	41,858	83,716	10,658,067	418,579	-	1,114,466
Montgomery	15,360	30,720	4,329,600	107,520	-	384,000
Morgan	23,056	46,112	4,939,739	236,324	-	288,199
Newton	5,554	11,107	3,215,586	86,082	-	194,379
Noble	15,500	31,001	4,665,814	120,128	151,129	-
Ohio	1,977	3,954	610,574	40,030	-	74,129
Orange	4,906	9,813	1,386,062	90,155	-	367,981
Owen	5,124	10,248	1,397,591	93,514	279,902	320,255
Parke	4,549	9,098	2,294,894	25,019	-	28,430
Perry	4,326	8,651	2,014,656	69,210	182,757	214,118
Pike	5,116	10,232	3,942,514	88,251	-	319,750
Porter	67,645	135,290	23,870,160	312,857	845,560	473,514
Posey	14,108	28,215	5,958,682	-	-	881,723
Pulaski	5,104	10,207	2,905,853	91,227	-	154,383
Putnam	12,056	24,113	2,626,766	114,535	-	904,222
Randolph	7,566	15,132	3,103,986	101,196	-	331,016
Ripley	8,598	17,195	1,709,845	61,258	-	429,879
Rush	6,156	12,311	2,883,179	138,503	-	151,584
St Joseph	73,729	147,458	31,251,916	801,804	6,294,621	875,533
Scott	5,527	11,053	2,229,957	96,024	467,683	80,135
Shelby	16,335	32,670	4,126,689	93,928	522,728	477,806
Spencer	10,105	20,209	4,578,647	109,888	-	631,538
Starke	6,773	13,546	2,947,179	234,521	-	58,419
Steuben	21,223	42,447	3,464,701	164,480	-	159,175
Sullivan	6,370	12,740	3,802,786	167,208	-	332,027
Switzerland	3,108	6,215	1,264,365	102,159	-	182,954
Tippecanoe	59,138	118,275	16,565,915	266,119	-	2,587,269
Tipton	6,004	12,008	1,933,280	74,299	-	447,296
Union	2,382	4,764	1,012,371	20,247	-	99,451
Vanderburgh	58,941	117,881	29,264,010	368,379	-	2,210,273
Vermillion	5,824	11,648	4,576,190	144,143	-	252,615
Vigo	29,087	58,174	15,801,422	632,639	-	1,090,756
Wabash	10,172	20,345	3,213,165	80,107	-	343,314
Warren	3,514	7,029	2,324,793	-	-	253,039
Warrick	23,523	47,046	9,238,693	-	779,202	252,873
Washington	6,306	12,611	2,882,434	-	-	275,869
Wayne	20,206	40,413	11,027,582	343,507	-	881,499
Wells	9,389	18,778	3,120,726	145,532	-	-
White	12,180	24,361	3,387,660	94,398	-	809,993
Whitley	10,985	21,969	3,020,794	101,609	631,621	465,477
Totals	\$ 2,198,084	\$ 4,396,167	\$ 774,687,963	\$ 17,306,189	\$ 55,989,446	\$ 49,810,953

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	County Health Fund	County Welfare Family and Children	Hospital Care for Indigent Fund	County Medical Assist to Wards Fund	Children with Special Health Care Needs Fund
Adams	\$ 172,908	\$ 1,796,461	\$ 221,220	\$ 26,699	40,684
Allen	2,264,637	17,259,063	2,405,297	253,189	365,718
Bartholomew	994,745	3,119,372	431,682	108,859	127,628
Benton	53,523	255,839	36,395	10,705	9,634
Blackford	113,556	681,750	132,620	13,262	24,866
Boone	502,177	1,572,033	324,388	18,715	31,191
Brown	304,731	549,374	95,497	2,146	13,949
Carroll	38,901	321,907	108,923	4,863	24,313
Cass	-	3,111,367	547,794	134,724	24,149
Clark	489,071	3,383,650	898,442	123,174	311,557
Clay	152,554	219,572	98,763	882	23,809
Clinton	244,512	715,973	185,072	44,579	25,667
Crawford	98,009	1,247,014	43,076	968	9,438
Daviess	140,030	693,574	44,171	38,532	44,171
Dearborn	646,632	1,265,907	256,166	24,870	19,896
Decatur	242,538	630,155	234,785	7,752	19,935
Dekalb	228,268	1,207,370	137,716	24,525	37,730
Delaware	879,071	9,001,993	928,118	45,274	139,595
Dubois	245,650	988,741	116,684	40,942	18,424
Elkhart	1,570,794	9,354,167	979,540	194,143	264,741
Fayette	139,049	1,653,330	195,856	16,957	33,067
Floyd	298,323	1,955,031	530,031	107,165	115,854
Fountain	72,561	561,560	58,049	4,417	10,095
Franklin	87,055	944,495	31,826	59,909	49,612
Fulton	79,158	1,020,718	203,310	19,164	22,497
Gibson	147,906	875,602	176,008	23,665	29,581
Grant	67,412	2,438,057	1,379,693	141,565	85,388
Greene	115,766	1,371,127	100,987	6,568	26,273
Hamilton	683,336	2,698,300	280,343	17,521	35,043
Hancock	275,154	1,056,841	140,704	3,127	28,141
Harrison	372,126	2,164,320	105,507	14,258	39,922
Hendricks	664,560	898,739	63,291	44,304	63,291
Henry	461,649	2,885,737	416,694	70,890	36,309
Howard	349,011	2,365,522	853,139	77,558	86,176
Huntington	133,960	914,481	274,755	170,867	45,109
Jackson	214,665	1,520,999	302,732	3,669	58,712
Jasper	7,665	664,929	159,046	42,157	15,330
Jay	141,942	542,097	298,229	31,710	35,485
Jefferson	216,993	2,824,294	160,484	13,562	45,207
Jennings	175,014	1,155,094	214,393	33,253	23,627
Johnson	442,234	965,440	6,229	6,229	68,515
Knox	96,917	2,058,467	348,083	79,172	17,745
Kosciusko	394,360	834,575	229,279	18,342	45,856
Lagrange	259,890	1,090,897	30,481	54,545	16,043
Lake	1,420,928	62,648,181	23,435,487	6,832,951	748,554
Laporte	828,935	6,054,618	1,939,029	135,732	116,342
Lawrence	218,056	1,433,885	416,289	9,251	44,933
Madison	697,378	5,824,924	1,422,975	124,964	157,212
Marion	-	41,779,311	521,740	441,472	1,244,149
Marshall	273,652	2,218,619	248,775	6,785	54,278
Martin	46,002	1,243	117,180	42,583	19,582
Miami	118,112	1,918,264	182,441	58,001	44,292
Monroe	308,702	6,001,376	402,882	41,858	52,322
Montgomery	245,760	2,403,840	172,800	42,240	24,960
Morgan	348,721	1,314,190	317,019	86,460	83,578
Newton	143,702	622,013	126,346	301,982	15,273
Noble	310,008	670,391	187,942	38,751	15,500
Ohio	79,812	388,682	70,175	247	1,730
Orange	25,145	117,754	90,769	4,293	39,251
Owen	35,228	119,135	83,266	3,203	19,856
Parke	31,842	230,285	96,094	10,804	33,548
Perry	82,187	611,534	110,303	6,488	27,035
Pike	65,868	755,888	118,947	44,765	1,279
Porter	490,425	6,781,391	913,205	8,456	118,378
Posey	105,807	37,032	148,129	5,290	22,925
Pulaski	163,315	733,640	116,744	311,957	13,397
Putnam	122,070	1,332,221	102,479	6,028	45,211
Randolph	194,827	2,364,401	177,803	33,102	34,047
Ripley	192,371	1,608,824	108,545	10,747	26,867
Rush	187,749	556,322	54,632	11,542	21,545
St Joseph	1,234,962	37,712,427	5,290,062	193,539	451,591
Scott	171,323	236,950	99,478	37,995	53,884
Shelby	353,249	2,427,825	28,587	226,651	28,587
Spencer	142,727	262,720	145,254	6,315	18,946
Starke	72,812	1,550,211	293,787	13,546	44,026
Steuben	225,497	2,613,117	68,976	87,546	26,529
Sullivan	53,347	754,028	105,102	7,962	21,498
Switzerland	43,505	102,936	33,406	3,108	20,976
Tiptecanoe	-	7,488,296	332,649	406,571	96,099
Tipton	108,822	51,034	50,283	7,505	19,513
Union	134,586	544,596	41,984	298	2,084
Vanderburgh	2,453,403	10,380,914	3,610,112	184,189	265,233
Vermillion	39,312	191,463	72,072	1,456	21,112
Vigo	1,556,146	3,657,669	549,014	36,359	196,336
Wabash	209,803	1,393,601	461,567	150,041	19,073
Warren	-	177,918	14,497	1,757	7,029
Warrick	291,098	1,367,279	299,919	26,463	73,510
Washington	148,969	744,846	130,841	9,458	26,799
Wayne	727,426	565,776	447,064	35,361	149,021
Wells	126,754	798,080	165,484	43,425	15,257
White	199,453	449,150	4,568	1,523	12,180
Whitley	201,844	127,697	236,171	28,835	21,969
Totals	\$ 39,518,653	\$ 314,962,431	\$ 58,948,368	\$ 12,369,230	\$ 7,227,266

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	Children's Psychiatric Residential Treatment	Cumulative Capital Development	Other County Funds	Township General Fund	Township Assistance Fund	Township Fire Fighting Fund
Adams	\$ -	\$ 312,760	\$ 330,559	\$ 196,382	\$ 151,063	\$ 115,562
Allen	1,378,474	3,249,261	1,814,522	841,230	2,780,898	1,046,684
Bartholomew	172,673	-	221,472	338,165	482,737	342,706
Benton	25,156	103,834	323,813	73,666	22,655	94,495
Blackford	39,372	101,123	480,748	56,293	141,778	52,897
Boone	74,859	527,130	960,687	164,210	33,728	403,767
Brown	28,971	115,884	664,184	62,928	45,217	46,757
Carroll	28,203	174,082	19,125	204,981	59,392	243,520
Cass	236,403	293,597	1,392,998	206,270	151,448	408,490
Clark	163,024	862,215	2,387,393	324,427	374,653	215,910
Clay	49,382	169,309	110,227	48,137	117,493	170,903
Clinton	31,071	258,021	225,599	209,249	237,788	291,294
Crawford	-	65,581	816,500	60,402	8,159	21,520
Daviess	67,666	115,596	81,763	137,421	130,908	100,791
Dearborn	79,586	440,207	1,845,389	128,978	57,420	448,444
Decatur	96,351	239,215	868,262	162,090	19,104	202,000
Dekalb	83,007	424,466	207,517	198,283	68,836	216,230
Delaware	369,738	-	-	530,228	1,281,928	645,871
Dubois	38,895	540,430	49,130	107,028	64,387	200,318
Elkhart	635,377	1,235,456	5,390,539	589,453	541,631	1,675,671
Fayette	-	224,683	149,224	81,821	98,135	52,149
Floyd	408,384	-	1,033,380	127,714	27,740	353,811
Fountain	54,263	141,968	-	87,225	56,833	83,954
Franklin	-	169,429	132,922	64,625	45,191	66,524
Fulton	-	167,481	322,463	96,716	15,083	278,031
Gibson	79,869	-	-	288,915	153,400	1,007,175
Grant	155,047	467,388	-	286,359	248,930	321,572
Greene	86,209	164,207	440,895	74,208	178,200	262,203
Hamilton	192,736	3,013,686	8,007,293	596,965	364,562	5,167,505
Hancock	3,127	-	994,306	180,086	169,287	1,502,519
Harrison	-	295,135	1,114,953	107,987	45,850	103,247
Hendricks	94,937	1,335,450	613,927	637,306	85,783	2,532,328
Henry	200,566	300,850	700,254	234,546	104,925	447,034
Howard	51,705	1,042,725	1,585,632	739,529	703,230	386,806
Huntington	46,476	-	288,424	107,878	97,203	200,594
Jackson	165,127	370,617	289,889	221,173	53,869	95,579
Jasper	82,398	436,899	1,050,090	211,346	65,737	246,828
Jay	54,361	180,447	456,025	81,351	141,998	126,778
Jefferson	174,046	188,738	782,078	147,220	96,581	150,517
Jennings	-	-	87,507	88,945	57,503	55,415
Johnson	143,259	1,227,043	317,661	234,310	287,333	76,818
Knox	12,285	-	315,322	241,675	196,693	193,662
Kosciusko	275,135	793,305	50,441	438,358	136,963	735,572
Lagrange	-	377,001	672,185	136,887	61,191	209,907
Lake	2,092,111	2,130,499	13,857,839	3,876,053	15,486,332	1,107,773
Laporte	135,732	882,258	1,885,706	316,684	322,541	882,597
Lawrence	38,325	241,844	679,278	101,572	176,706	166,946
Madison	282,176	-	-	261,719	540,825	689,766
Marion	1,765,888	5,177,263	15,290,987	1,491,940	4,571,044	48,570,810
Marshall	296,268	454,579	-	302,698	70,875	560,120
Martin	31,082	63,408	61,543	76,255	38,942	31,980
Miami	-	-	410,228	146,018	84,105	210,832
Monroe	62,787	967,964	491,830	476,253	761,069	1,507,468
Montgomery	-	405,120	-	115,189	216,402	282,084
Morgan	31,702	590,809	276,672	607,003	140,114	752,360
Newton	32,628	142,313	568,559	279,847	36,434	251,260
Noble	102,690	275,132	470,824	372,160	92,112	270,074
Ohio	-	42,500	87,225	25,395	10,169	22,373
Orange	37,411	145,966	3,680	69,877	51,759	-
Owen	50,600	96,717	388,789	82,383	34,335	106,660
Parke	51,743	105,761	282,029	104,712	31,715	106,463
Perry	11,895	133,553	-	98,983	-	19,408
Pike	-	123,423	248,126	157,076	38,528	65,255
Porter	1,099,228	1,166,873	2,536,680	826,855	859,772	1,944,462
Posey	77,592	347,399	229,248	240,651	84,478	521,667
Pulaski	85,485	142,900	378,303	137,191	29,843	200,920
Putnam	12,056	-	320,999	87,623	60,825	84,795
Randolph	90,793	210,905	568,402	157,393	113,029	166,867
Ripley	53,735	236,434	121,340	98,460	64,142	77,798
Rush	70,791	163,896	115,419	116,306	30,270	178,527
St Joseph	1,483,798	2,027,550	3,612,725	851,227	1,012,704	2,240,666
Scott	6,908	124,347	290,143	80,651	93,636	111,922
Shelby	114,347	400,213	1,268,023	157,582	42,930	266,948
Spencer	30,314	252,615	45,471	203,365	27,010	292,963
Starke	487,669	149,010	-	159,137	39,586	441,722
Steuben	2,653	392,631	363,449	160,023	164,303	681,392
Sullivan	27,072	-	26,276	192,427	92,651	144,290
Switzerland	55,158	60,985	66,423	65,045	44,608	34,796
Tippecanoe	-	1,448,871	1,101,437	221,971	203,497	695,062
Tipton	18,012	148,598	-	98,307	63,187	264,162
Union	51,214	62,827	9,528	19,038	4,959	67,120
Vanderburgh	154,719	1,436,677	3,417,617	424,693	1,429,729	794,722
Vermillion	53,872	102,648	381,471	217,339	127,749	193,944
Vigo	312,683	639,910	2,043,350	576,408	405,363	191,459
Wabash	118,253	296,267	-	176,174	96,807	358,168
Warren	14,936	91,375	36,023	81,749	47,460	72,897
Warrick	79,390	614,541	732,253	246,003	169,812	690,742
Washington	7,882	162,368	387,004	117,148	69,371	198,508
Wayne	217,218	505,157	245,001	232,645	482,107	796,303
Wells	16,431	-	550,440	65,574	113,563	110,108
White	175,093	-	1,230,216	119,288	78,918	247,636
Whitley	23,343	280,110	56,297	260,628	71,757	238,497
Totals	\$ 15,841,818	\$ 43,569,434	\$ 92,732,147	\$ 25,595,683	\$ 39,091,512	\$ 89,513,650

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	Other Township Funds	Pre-School Special Education Fund	School General Fund	School Debt Service Fund	School Pension Debt
Adams	\$ 26,306	\$ 29,911	\$ 9,141,931	\$ 3,586,894	332,502
Allen	1,664,732	333,620	100,765,062	34,950,988	4,923,610
Bartholomew	423,260	85,398	25,369,989	8,281,245	1,343,874
Benton	45,145	10,285	3,968,558	1,513,436	136,388
Blackford	9,362	9,534	3,218,987	2,059,406	350,317
Boone	212,331	60,118	23,063,143	16,117,818	990,727
Brown	32,277	34,336	4,931,488	3,666,426	-
Carroll	153,331	18,890	6,495,502	3,135,446	263,909
Cass	87,190	28,459	8,910,897	6,601,606	722,734
Clark	133,275	76,609	26,743,723	9,877,928	2,787,783
Clay	49,722	17,686	5,594,820	4,024,909	292,911
Clinton	100,481	26,259	8,524,584	3,402,845	936,915
Crawford	-	5,808	1,602,992	1,020,262	-
Daviess	46,763	20,259	6,145,307	3,161,230	892,735
Dearborn	18,224	53,154	18,607,805	10,544,190	1,283,856
Decatur	43,444	24,526	7,076,987	2,362,252	557,263
Dekalb	160,904	42,040	12,437,927	7,344,300	415,102
Delaware	773,790	85,187	28,887,007	9,516,304	1,886,664
Dubois	39,061	52,428	14,034,504	8,451,628	2,054,198
Elkhart	2,766,161	208,600	54,537,860	40,018,472	1,760,246
Fayette	-	23,740	6,572,623	1,092,046	219,596
Floyd	237,777	66,616	20,816,011	13,033,540	1,494,513
Fountain	45,780	13,234	4,291,584	2,282,979	116,554
Franklin	11,988	18,882	5,850,958	2,693,127	240,455
Fulton	83,560	17,871	5,734,304	2,842,884	131,259
Gibson	143,851	36,369	10,929,847	3,471,271	1,012,226
Grant	53,815	51,841	20,884,245	4,962,946	1,652,903
Greene	327,008	19,126	6,237,960	3,684,827	846,432
Hamilton	2,808,405	371,185	124,792,571	67,713,712	4,615,828
Hancock	2,053,147	65,720	19,743,681	12,459,745	1,200,355
Harrison	190,127	29,569	8,929,551	3,691,850	272,347
Hendricks	1,740,338	121,587	43,909,144	40,335,569	2,344,617
Henry	132,504	32,428	11,989,229	5,543,475	916,770
Howard	164,415	110,913	33,900,797	10,942,904	791,030
Huntington	118,010	28,706	9,472,880	4,453,484	442,888
Jackson	105,696	42,718	12,658,976	5,474,810	466,336
Jasper	157,505	45,038	12,868,796	3,723,980	1,056,044
Jay	8,483	18,120	4,825,263	1,053,993	487,736
Jefferson	14,904	32,747	7,392,182	2,748,632	726,903
Jennings	58,079	19,252	5,284,556	2,114,172	322,901
Johnson	16,571	126,409	42,336,375	28,822,168	2,346,225
Knox	87,150	28,895	9,627,289	3,712,458	658,359
Kosciusko	798,255	83,750	27,615,670	10,726,356	1,145,910
Lagrange	204,655	33,337	10,918,678	4,151,933	136,969
Lake	4,069,731	334,010	144,640,529	91,609,255	4,846,747
Laporte	572,299	95,552	33,207,474	14,337,397	1,913,612
Lawrence	92,327	27,139	8,324,328	6,324,361	1,000,319
Madison	773,615	83,329	29,557,766	19,445,186	4,296,070
Marion	27,530,026	983,579	300,151,130	119,545,093	11,819,312
Marshall	529,956	45,642	14,242,215	6,960,365	945,740
Martin	15,379	7,149	2,424,755	656,793	415,468
Miami	6,453	22,968	8,521,004	3,707,011	351,204
Monroe	943,983	107,311	35,742,563	12,434,092	171,957
Montgomery	376,593	41,257	14,258,202	11,078,455	936,178
Morgan	1,519,910	53,146	18,237,275	7,851,538	1,182,356
Newton	57,818	14,578	5,112,352	1,797,595	499,986
Noble	151,208	37,956	13,336,026	7,523,486	589,851
Ohio	-	4,448	1,721,022	-	-
Orange	3,883	15,010	3,882,971	2,223,015	451,783
Owen	72,019	11,288	4,365,868	2,953,724	287,983
Parke	174,503	10,472	3,601,038	2,755,786	113,169
Perry	-	13,094	4,032,783	2,184,485	560,181
Pike	4,735	17,266	4,520,622	1,142,146	262,834
Porter	1,545,924	171,722	60,042,340	28,957,482	3,403,763
Posey	411,177	50,834	15,885,017	5,194,822	1,033,984
Pulaski	39,595	13,440	4,379,257	1,608,657	23,367
Putnam	88,436	33,930	10,126,458	7,265,403	743,910
Randolph	55,792	20,561	6,332,086	2,030,765	583,723
Ripley	55,138	23,217	6,911,495	3,227,467	138,815
Rush	38,345	15,840	5,337,185	1,951,663	-
St Joseph	4,505,822	198,772	60,723,515	43,428,558	2,526,200
Scott	13,285	15,956	4,637,339	2,377,008	663,086
Shelby	119,804	43,138	13,637,180	8,662,373	1,073,407
Spencer	119,828	37,739	9,118,265	2,827,513	987,110
Starke	150,125	16,377	5,070,495	4,155,438	45,889
Steuben	36,929	42,462	15,506,230	7,478,222	1,012,499
Sullivan	261,668	19,390	4,872,414	2,127,103	854,920
Switzerland	-	6,603	2,583,499	-	-
Tiptecanoe	498,771	169,287	54,688,779	21,327,015	107,457
Tipton	106,961	15,275	5,022,342	1,997,772	298,931
Union	-	6,551	1,926,780	1,475,382	45,557
Vanderburgh	817,612	154,719	55,831,488	6,711,881	5,172,038
Vermillion	97,274	17,174	5,141,221	2,903,480	-
Vigo	148,024	83,625	22,320,508	8,017,058	-
Wabash	140,488	26,615	9,086,028	3,383,198	455,210
Warren	9,629	8,437	2,907,736	1,170,083	13,217
Warrick	314,745	76,450	19,500,640	6,709,961	1,731,887
Washington	57,567	16,186	5,356,013	3,667,638	508,763
Wayne	104,453	53,099	19,216,518	6,872,902	2,133,139
Wells	129,301	21,651	9,013,721	3,814,886	367,097
White	131,934	29,973	10,798,374	5,185,661	629,857
Whitley	314,079	27,268	10,587,337	5,027,528	488,058
Totals	\$ 63,554,924	\$ 6,982,643	\$ 1,944,882,424	\$ 937,457,127	\$ 181,263,527

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	School Capital Projects Fund	School Transporation Fund	School Bus Replacement Fund	Other School Funds	Library General Fund	Library Debt Service Fund
Adams	\$ 4,475,523	\$ 2,263,086	\$ 376,016	\$ -	\$ 643,412	\$ 103,474
Allen	38,559,988	22,383,379	3,585,934	9,362,936	15,852,456	6,751,712
Bartholomew	12,344,071	3,957,202	1,038,421	-	1,786,640	23,218
Benton	1,469,475	1,025,239	377,126	-	310,770	107,270
Blackford	1,241,529	642,580	151,476	-	307,345	10,769
Boone	6,738,894	4,873,184	1,178,823	-	1,092,794	1,697,423
Brown	1,459,274	1,846,625	-	-	136,270	226,402
Carroll	2,566,990	1,600,351	398,913	-	540,731	118,308
Cass	4,116,162	2,178,192	614,991	-	957,776	87,362
Clark	6,191,005	5,258,488	545,514	-	1,751,670	446,120
Clay	2,541,782	1,508,279	790,532	-	231,459	143,001
Clinton	3,293,658	1,802,779	479,729	-	1,217,697	151,936
Crawford	969,684	1,001,628	128,501	-	92,927	-
Daviness	3,007,746	1,552,244	-	-	189,581	274,993
Dearborn	3,670,317	3,850,753	281,784	-	1,386,505	517,786
Decatur	3,391,197	1,439,898	76,449	-	422,588	231,592
Dekalb	4,902,800	3,017,445	481,025	-	1,123,667	-
Delaware	11,157,144	6,674,062	596,139	-	3,933,176	-
Dubois	5,115,430	2,861,273	248,227	-	618,079	20,884
Elkhart	27,429,725	12,869,098	2,457,451	-	5,941,682	662,321
Fayette	2,518,997	1,809,337	274,707	-	551,110	-
Floyd	8,816,465	4,002,745	515,549	-	1,210,671	304,116
Fountain	1,591,278	946,056	171,802	-	246,120	133,173
Franklin	1,784,109	2,267,471	147,499	-	257,658	-
Fulton	2,191,988	1,201,090	151,069	-	793,208	375,885
Gibson	3,872,289	3,205,624	209,838	-	970,080	-
Grant	5,171,878	3,326,560	666,804	-	1,641,753	913,296
Greene	2,292,254	1,950,161	452,312	-	411,772	105,196
Hamilton	40,900,078	16,923,608	5,121,758	1,971,476	4,639,286	4,680,114
Hancock	8,368,032	3,551,424	720,537	-	-	-
Harrison	4,342,673	2,017,482	114,423	-	1,020,852	-
Hendricks	17,677,452	10,230,865	3,092,484	-	2,023,823	1,830,486
Henry	4,105,554	3,433,398	393,855	-	1,016,430	1,304,037
Howard	13,615,356	4,392,472	643,007	-	3,774,666	-
Huntington	3,767,281	2,471,424	206,408	-	1,426,990	272,059
Jackson	3,915,581	1,781,081	480,482	-	1,040,029	550,628
Jasper	4,666,886	1,759,244	549,919	-	922,633	479,118
Jay	2,609,311	1,477,553	170,632	-	578,951	142,106
Jefferson	3,809,438	2,313,321	463,323	-	793,379	-
Jennings	2,626,089	2,263,810	105,884	-	248,520	271,272
Johnson	18,057,836	6,228,540	1,981,307	-	2,954,178	2,809,578
Knox	3,389,231	2,967,136	117,091	-	948,276	56,431
Kosciusko	10,734,843	4,267,499	1,026,343	-	1,875,215	378,297
Lagrange	4,420,245	2,323,939	497,754	-	450,797	-
Lake	39,797,093	35,011,941	3,654,293	-	26,953,993	3,650,257
Laporte	10,305,636	6,304,149	1,020,914	-	5,166,573	369,471
Lawrence	3,106,363	3,127,881	118,235	-	1,089,638	154,411
Madison	8,947,953	7,137,018	787,411	-	4,611,432	963,196
Marion	129,943,933	62,018,133	21,039,109	5,446,258	31,307,015	7,626,234
Marshall	5,384,985	2,573,227	548,221	-	1,525,072	380,976
Martin	765,666	912,417	-	-	59,059	-
Miami	2,485,052	1,472,514	393,930	-	357,427	-
Monroe	12,218,190	5,152,272	710,120	-	3,667,798	1,899,302
Montgomery	4,652,754	3,964,944	424,607	-	991,438	1,204,670
Morgan	7,521,776	4,006,077	1,029,715	-	745,410	675,923
Newton	1,747,927	1,430,361	262,250	-	659,706	792,271
Noble	5,661,703	2,995,039	439,813	-	1,173,208	596,415
Ohio	491,226	276,500	93,155	-	83,271	-
Orange	1,168,685	1,169,445	102,713	-	175,108	110,780
Owen	1,892,117	1,790,580	109,224	-	317,052	142,193
Parke	1,598,218	996,091	97,907	-	202,952	-
Perry	1,574,983	940,443	182,327	-	475,092	183,757
Pike	2,053,433	1,954,310	118,307	-	425,267	-
Porter	22,958,804	12,132,047	1,765,976	-	5,090,788	1,165,121
Posey	4,384,705	2,042,165	253,420	-	1,136,097	-
Pulaski	1,387,928	1,024,495	158,629	-	479,437	75,568
Putnam	3,955,111	2,283,678	815,267	-	299,122	228,308
Randolph	2,523,617	2,012,523	279,737	-	420,503	-
Ripley	2,879,043	2,336,497	349,978	-	378,444	31,408
Rush	2,103,757	1,516,148	132,847	-	201,088	-
St Joseph	28,462,852	16,887,003	2,635,110	538,522	12,743,683	2,680,863
Scott	2,387,361	1,267,831	56,068	-	377,877	-
Shelby	5,013,542	3,073,724	228,313	-	481,889	230,735
Spencer	3,299,046	1,800,757	88,424	-	993,597	78,839
Starke	2,330,747	1,278,533	382,113	-	787,578	223,614
Steuben	5,542,921	3,072,440	600,378	-	655,123	431,465
Sullivan	2,633,073	2,001,784	187,588	-	777,915	-
Switzerland	661,121	914,771	161,979	-	139,838	-
Tippecanoe	19,578,761	7,420,139	1,407,912	2,186,671	3,284,770	1,663,344
Tipton	2,233,841	1,218,497	222,957	-	612,406	-
Union	804,835	520,776	-	-	221,531	132,799
Vanderburgh	16,252,872	10,867,174	1,245,120	132,616	6,557,142	3,425,923
Vermillion	1,220,105	1,213,156	164,494	-	487,674	345,895
Vigo	-	11,809,254	4,333,938	50,902	4,228,498	-
Wabash	3,812,967	1,590,001	409,299	-	721,777	168,264
Warren	1,191,044	758,128	231,583	-	133,174	94,418
Warrick	7,941,982	4,672,273	432,237	-	1,737,166	1,082,069
Washington	2,287,049	1,318,431	486,078	-	198,312	86,931
Wayne	6,205,381	3,643,347	376,052	-	1,827,018	205,437
Wells	2,973,487	1,791,989	447,053	-	858,030	351,548
White	3,546,560	1,868,585	486,625	-	422,839	158,002
Whitley	4,077,553	1,907,618	401,515	-	520,748	253,449
Totals	\$ 723,855,301	\$ 417,194,729	\$ 81,954,780	\$ 19,689,381	\$ 195,094,260	\$ 58,044,221

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	Library Capital Projects Fund	Other Library Funds	Municipal General Fund	Municipal Bond Fund	Firemens' Pension Fund
Adams	\$ -	\$ -	\$ 2,744,690	\$ -	35,193
Allen	-	-	42,627,585	495,761	2,768,887
Bartholomew	-	-	15,979,699	984,700	239,388
Benton	36,598	-	992,324	-	-
Blackford	-	-	1,556,335	130,846	52,867
Boone	56,753	-	3,748,835	565,400	209,391
Brown	82,621	-	199,895	-	-
Carroll	5,035	-	2,138,137	-	-
Cass	7,287	-	7,163,924	308,186	172,966
Clark	152,334	-	15,002,423	-	811,196
Clay	-	-	1,145,487	73,932	195,581
Clinton	-	-	4,126,623	-	211,183
Crawford	23,474	-	172,957	-	-
Daviess	-	-	2,186,306	44,399	91,355
Dearborn	152,321	-	6,354,696	-	-
Decatur	-	-	2,890,299	306,898	15,515
Dekalb	116,768	-	4,116,228	373,694	-
Delaware	38,692	-	20,087,282	32,438	1,621,876
Dubois	-	-	4,579,176	19,893	54,237
Elkhart	649,709	-	28,338,118	578,101	2,637,591
Fayette	92,417	-	5,576,370	-	474,774
Floyd	263,567	-	9,376,397	-	468,548
Fountain	30,592	-	767,310	24,598	-
Franklin	26,508	-	780,631	-	-
Fulton	63,686	-	1,238,650	48,097	47,577
Gibson	55,758	-	3,184,930	167,994	61,292
Grant	6,571	-	15,545,436	235,979	431,620
Greene	23,743	-	1,233,865	-	-
Hamilton	37,720	-	44,447,590	4,641,555	198,604
Hancock	-	-	6,589,064	180,526	7,088
Harrison	-	-	602,273	-	-
Hendricks	369,034	-	12,177,720	494,972	50,955
Henry	28,869	-	6,406,708	69,379	-
Howard	-	-	28,313,007	-	1,427,370
Huntington	7,466	-	6,354,604	243,298	540,220
Jackson	155,910	-	6,336,793	150,873	-
Jasper	172,128	-	1,858,125	52,175	-
Jay	-	-	2,370,504	-	59,692
Jefferson	81,372	-	3,531,425	-	-
Jennings	62,130	-	1,473,646	202,434	-
Johnson	522,089	-	13,536,934	1,025,095	24,950
Knox	114,552	-	3,390,943	-	240,810
Kosciusko	187,918	-	7,688,169	208,986	106,526
Lagrange	-	-	976,461	-	-
Lake	453,558	-	189,842,144	9,159,259	7,623,601
Laporte	151,997	-	19,614,791	314,317	861,560
Lawrence	-	-	4,598,870	-	219,616
Madison	46,195	-	25,882,751	2,287,046	1,331,341
Marion	1,082,732	-	18,632,119	1,718,441	477,063
Marshall	-	-	4,579,644	122,540	-
Martin	-	-	408,553	-	-
Miami	25,860	-	3,808,447	193,953	535,570
Monroe	-	-	15,161,488	738,454	1,146,086
Montgomery	-	-	3,990,779	448,999	391,592
Morgan	160,240	-	4,012,548	127,012	80,790
Newton	-	-	544,919	-	-
Noble	136,045	-	4,170,252	258,885	-
Ohio	-	-	45,110	-	-
Orange	-	-	894,499	25,085	-
Owen	48,679	-	526,819	-	-
Parke	-	-	376,990	7,588	-
Perry	-	-	1,812,430	103,303	-
Pike	-	-	578,016	-	-
Porter	682,449	-	23,928,647	2,448,115	401,414
Posey	184,868	-	2,199,441	38,638	36,318
Pulaski	51,146	-	513,816	-	-
Putnam	136,410	-	2,302,342	152,089	2,839
Randolph	2,299	-	3,242,648	-	72,882
Ripley	-	-	1,427,125	-	-
Rush	-	-	2,962,649	-	32,475
St Joseph	709,094	-	66,734,509	762,365	2,287,771
Scott	-	-	1,404,028	-	-
Shelby	-	-	5,450,555	-	250,018
Spencer	56,699	-	964,446	-	-
Starke	70,032	-	1,396,694	52,773	-
Steuben	70,045	-	3,380,278	92,344	-
Sullivan	-	-	1,188,011	-	53,707
Switzerland	-	-	239,410	-	-
Tippecanoe	1,003	-	20,296,972	-	2,422,262
Tipton	3,002	-	2,814,484	24,693	70,372
Union	-	-	422,280	-	-
Vanderburgh	-	670,449	41,253,345	656,763	2,776,918
Vermillion	-	-	936,871	67,670	19,919
Vigo	-	-	20,874,661	-	624,230
Wabash	-	-	5,022,215	247,863	294,971
Warren	-	-	292,416	-	-
Warrick	152,315	-	2,864,510	-	19,272
Washington	-	-	1,636,493	-	34,795
Wayne	153,635	-	9,341,876	298,457	1,238,147
Wells	-	-	2,140,266	-	-
White	76,173	-	2,610,949	-	98,340
Whitley	56,055	-	1,389,016	113,524	-
Totals	\$ 8,134,155	\$ 678,449	\$ 878,628,697	\$ 32,128,382	\$ 36,661,128

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County		Police Pension Fund		Municipal Street Fund		Park and Recreation Fund		Cumulative Capital Development		Other Municipal Funds		Solid Waste District Tax
Adams	\$	82,763	\$	739,887	\$	558,732	\$	270,544	\$	12,426	\$	484,396
Allen		3,413,500		387,099		708,458		77,659		37,566,238		319,533
Bartholomew		239,388		118,532		45,303		994,543		4,706,322		454,205
Benton		-		232,729		-		34,159		49,209		-
Blackford		26,638		257,046		-		95,408		-		-
Boone		59,587		626,880		833,163		450,063		396,807		-
Brown		-		133,595		-		9,187		-		131,978
Carroll		-		25,238		-		24,906		39,299		-
Cass		113,718		252,930		25,388		3,950		42,749		-
Clark		643,231		231,085		-		498,195		5,383,353		-
Clay		-		106,356		-		62,107		232,471		-
Clinton		-		83,624		-		25,481		1,360,063		33,772
Crawford		-		-		-		4,621		3,638		145,925
Daviess		110,648		529,234		349,379		103,885		121,174		319,533
Dearborn		76,048		767,244		133,820		98,068		600,408		539,689
Decatur		101,795		-		-		145,258		75,684		218,173
Dekalb		11,036		1,599,640		575,211		349,182		114,730		192,425
Delaware		1,862,295		574,909		26,887		130,156		1,165,784		218,825
Dubois		111,149		526,810		1,594,350		428,014		264,735		-
Elkhart		1,025,440		3,607,739		1,556,855		1,701,051		7,336,068		-
Fayette		174,820		520,319		-		81,889		539,641		-
Floyd		471,102		-		679,203		-		186,398		-
Fountain		33,214		374,014		71,423		68,505		182,149		114,836
Franklin		-		87,211		-		62,077		148,160		109,520
Fulton		18,199		568,842		-		79,116		347,044		-
Gibson		130,323		186,748		199,149		69,608		282,708		525,066
Grant		147,301		846,825		3,212		497,295		894,821		130,329
Greene		40,079		210,738		11,474		62,100		220,656		-
Hamilton		99,302		7,415,636		167,549		2,155,489		8,674,794		-
Hancock		35,442		529,815		649,650		29,109		182,521		-
Harrison		-		-		-		-		1,181		218,143
Hendricks		97,598		808,897		-		545,889		7,447,754		-
Henry		-		-		-		73,194		206,786		-
Howard		773,613		24,346		1,487,298		3,626		1,195,831		629,082
Huntington		194,142		284,456		625,126		192,617		392,285		148,996
Jackson		84,484		205,306		501,783		392,442		93,903		-
Jasper		-		135,038		-		126,739		66,817		-
Jay		19,546		592,366		132,761		86,843		206,137		-
Jefferson		323,823		-		731,017		210,102		111,386		132,230
Jennings		35,752		197,361		-		82,133		140,593		98,008
Johnson		90,573		1,205,167		2,176,601		1,042,767		4,482,419		348,804
Knox		150,127		720,981		298,202		85,065		2,430,570		-
Kosciusko		149,185		992,557		1,212,003		437,459		1,015,338		160,495
Lagrange		-		441,576		-		106,984		572,127		162,030
Lake		9,024,422		4,032,685		12,307,154		2,982,787		11,189,275		4,491,322
Laporte		909,071		459,585		2,761,577		749,724		826,482		-
Lawrence		181,633		1,095,326		133,237		161,358		1,047,923		1,100,853
Madison		822,183		663,563		-		163,943		3,179,757		233,803
Marion		467,606		76,742		140,431		756,600		655,050		-
Marshall		173,178		1,911,847		749,521		280,990		529,637		208,066
Martin		-		48,335		10,962		20,273		11,490		112,207
Miami		143,784		259,228		-		2,714		279,228		-
Monroe		648,021		123,169		4,105,614		896,714		1,341,900		1,187,718
Montgomery		228,258		745,053		1,055,864		246,934		312,442		-
Morgan		79,237		1,486,349		578,130		245,909		238,413		-
Newton		-		329,539		47,599		46,857		-		-
Noble		91,193		1,011,382		203,578		105,519		455,277		197,630
Ohio		-		228,818		-		36,284		-		28,910
Orange		-		231,625		-		60,327		321,008		218,335
Owen		-		-		-		32,794		-		-
Parke		-		84,050		-		25,910		97,565		-
Perry		48,085		-		-		64,301		-		-
Pike		-		15,159		-		15,354		41,834		-
Porter		448,276		1,794,163		1,351,024		930,012		4,558,911		-
Posey		29,177		315,135		-		85,657		488,750		424,990
Pulaski		-		123,776		7,497		21,039		102,404		-
Putnam		50,696		118,426		-		183,659		277,004		-
Randolph		24,954		717,886		52,909		109,652		375,031		-
Ripley		-		215,848		5,391		135,862		197,131		119,292
Rush		210,273		104,034		-		68,942		-		-
St Joseph		1,926,899		1,343,441		10,625,011		1,623,144		755,700		-
Scott		29,730		100,858		195,906		113,925		107,335		80,826
Shelby		340,778		76,973		14,368		264,524		1,803,212		142,933
Spencer		-		102,639		18,313		25,032		187,084		285,455
Starke		27,060		173,781		75,455		56,391		167,134		-
Steuben		63,274		928,221		19,271		124,376		343,360		270,597
Sullivan		37,008		-		74,603		30,166		2,076		-
Switzerland		-		-		-		-		15,995		45,447
Tippecanoe		1,776,530		1,809,501		3,048,009		932,186		934,729		184,805
Tipton		35,296		13,601		-		50,159		3,987		99,066
Union		-		130,176		-		18,859		10,114		-
Vanderburgh		2,917,968		3,456		4,287,929		-		2,379,375		-
Vermillion		62,923		15,693		-		13,862		60,107		-
Vigo		813,982		-		2,000,375		496,547		399,011		-
Wabash		199,635		687,683		274,941		46,811		578,256		-
Warren		-		-		15,692		14,682		27,058		112,462
Warrick		63,926		33,060		95,262		55,256		17,291		538,091
Washington		8,699		179,194		133,090		62,631		256,746		534,397
Wayne		877,362		1,580,749		1,952,932		469,678		86,538		-
Wells		-		359,834		321,178		199,170		75,618		117,365
White		70,359		88,024		39,424		96,123		-		-
Whitley		-		300,959		40,333		101,027		598,556		-
Totals	\$	33,777,339	\$	51,268,344	\$	62,096,575	\$	25,222,045	\$	124,829,168	\$	16,251,029

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County	Fire Protection District Tax	Tax Increment Replacement	Other Special District Taxes	Tax Increment Financing Taxes	Personal Property Taxes to Replace TIF PTRC
Adams	\$ -	\$ -	\$ -	\$ 62,811	-
Allen	-	755,573	7,544,756	8,526,068	-
Bartholomew	-	-	-	154,440	-
Benton	-	-	-	-	-
Blackford	-	-	-	42,327	-
Boone	-	13,544	-	2,283,528	-
Brown	36,524	-	-	-	-
Carroll	-	-	-	568,048	-
Cass	-	-	482,974	84,985	-
Clark	1,321,205	690,597	770,122	5,219,256	-
Clay	-	11,527	-	68,186	-
Clinton	-	-	101,160	-	-
Crawford	195,810	-	92,283	332,351	-
Daviess	76,080	-	-	445,517	-
Dearborn	-	21,817	-	267,596	-
Decatur	-	199,670	-	1,783,224	-
Dekalb	-	24,567	-	5,460,394	-
Delaware	-	439,389	10,210,759	3,495,980	-
Dubois	39,244	-	168,513	651,217	-
Elkhart	-	53,642	-	3,226,081	-
Fayette	-	-	-	-	-
Floyd	-	244,594	259,170	2,115,469	-
Fountain	-	-	-	412,295	-
Franklin	-	-	-	-	-
Fulton	-	-	-	-	-
Gibson	-	-	270,015	3,529,953	-
Grant	-	137,290	-	1,535,276	-
Greene	-	-	-	488,210	-
Hamilton	-	1,175,245	473,079	14,801,489	-
Hancock	-	-	-	1,625,609	-
Harrison	162,359	-	44,038	-	-
Hendricks	-	585,060	-	7,660,260	-
Henry	-	30,828	-	914,412	-
Howard	-	-	-	-	-
Huntington	-	-	-	1,180,312	-
Jackson	36,102	-	-	-	-
Jasper	-	13,746	-	536,810	-
Jay	-	-	-	-	-
Jefferson	-	109,326	-	980,204	-
Jennings	-	78,571	-	1,263,370	-
Johnson	3,894,778	412,224	2,073,884	3,753,283	-
Knox	865,928	-	257,604	701,516	-
Kosciusko	-	167,130	-	1,512,193	-
Lagrange	-	99,357	-	1,576,574	-
Lake	417,221	725,734	41,306,605	21,797,616	-
Laporte	-	-	2,347,181	3,172,656	-
Lawrence	-	-	-	77,071	-
Madison	18,368	38,478	-	3,339,216	-
Marion	-	5,437,362	285,241,486	50,305,161	9,381,976
Marshall	-	-	-	1,184,091	-
Martin	-	-	-	-	-
Miami	-	7,086	-	222,570	-
Monroe	955,572	568,740	1,105,066	5,390,807	-
Montgomery	-	-	-	572,107	-
Morgan	90,782	-	489,700	1,144,200	-
Newton	-	-	-	-	-
Noble	-	174,023	-	1,691,912	-
Ohio	-	-	-	-	-
Orange	105,127	-	74,186	3,692	-
Owen	-	-	-	-	-
Parke	-	-	-	-	-
Perry	-	220,313	37,849	1,626,828	-
Pike	164,266	-	-	-	-
Porter	89,072	336,994	617,608	7,249,713	-
Posey	87,725	-	-	-	-
Pulaski	-	-	-	-	-
Putnam	159,796	-	108,268	646,635	-
Randolph	-	14,257	-	162,130	-
Ripley	-	-	-	-	-
Rush	-	-	-	128,321	-
St Joseph	-	1,021,770	7,462,762	26,502,693	-
Scott	-	107,212	-	950,369	-
Shelby	-	46,393	-	1,072,272	-
Spencer	80,858	-	-	1,093,373	-
Starke	-	-	228,595	-	-
Steuben	-	8,843	-	111,264	-
Sullivan	-	-	-	14,670	-
Switzerland	-	-	-	-	-
Tippecanoe	-	1,087,036	1,805,664	10,854,234	-
Tipton	-	-	-	-	-
Union	-	-	-	-	-
Vanderburgh	-	-	1,281,958	7,041,062	-
Vermillion	-	-	-	-	-
Vigo	1,367,181	-	8,838,461	2,464,294	-
Wabash	-	-	-	-	-
Warren	-	-	-	-	-
Warrick	-	-	-	320,850	-
Washington	90,075	-	-	-	-
Wayne	-	173,303	4,429,358	1,328,647	-
Wells	-	-	-	-	-
White	-	39,041	-	292,391	-
Whitley	-	-	-	1,141,100	-
Totals	\$ 19,254,072	\$ 15,270,281	\$ 378,123,183	\$ 229,161,189	\$ 9,381,976

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County		Total Current Taxes	Real Estate& Other Personal Property Property Tax Replacement Credit	Business Personal Property Property Tax Replacement Credit	Less State Homestead Credit	Less County Option Income Tax Homestead Credit	Less County Economic Development Income Tax Homestead Credit
Adams	\$	35,127,207	\$ 8,184,545	\$ 673,265	\$ 1,658,634	-	\$ 676,520
Allen		431,861,523	87,214,915	6,402,726	21,988,666	10,813,716	-
Bartholomew		95,600,575	22,570,870	2,564,576	4,807,598	-	-
Benton		13,034,367	3,645,272	197,870	448,331	-	65,380
Blackford		14,127,103	2,853,699	309,211	578,458	-	214,326
Boone		76,423,522	13,686,071	882,597	2,831,402	-	-
Brown		16,892,008	4,577,988	92,219	664,241	-	-
Carroll		22,621,030	5,631,761	409,905	914,663	-	-
Cass		45,412,239	9,436,375	739,534	1,847,205	-	1,452,356
Clark		99,749,101	25,686,070	1,871,828	5,891,266	-	3,898,776
Clay		20,510,993	5,497,446	426,100	1,134,139	-	-
Clinton		33,258,108	8,229,049	766,300	1,614,844	-	1,241,722
Crawford		9,868,643	1,778,649	189,117	329,122	-	-
Daviess		28,657,351	6,105,718	478,813	1,182,554	-	955,867
Dearborn		59,771,809	11,787,354	2,534,880	2,030,326	-	-
Decatur		27,268,895	5,987,377	615,511	1,113,570	-	464,657
Dekalb		51,573,303	9,822,187	1,241,601	1,959,884	-	1,802,970
Delaware		135,821,565	29,609,425	2,157,516	6,272,964	-	4,419,297
Dubois		49,002,838	10,413,104	1,498,309	1,818,927	-	-
Elkhart		241,075,458	47,946,430	5,499,854	9,481,682	-	-
Fayette		27,560,275	6,118,535	708,467	1,385,912	-	404,630
Floyd		74,307,535	18,311,080	1,117,295	4,487,341	-	1,578,722
Fountain		15,574,810	3,926,692	284,423	577,728	-	249,289
Franklin		18,173,795	5,396,545	312,231	1,087,735	-	-
Fulton		20,715,328	4,982,118	482,298	781,664	-	810,262
Gibson		43,544,288	8,087,201	1,806,749	1,563,005	-	-
Grant		76,715,246	16,896,728	1,600,599	2,972,741	-	2,385,041
Greene		25,132,843	5,336,957	541,613	989,362	-	-
Hamilton		405,079,174	83,817,242	4,770,849	18,017,842	-	-
Hancock		69,889,599	15,464,809	931,780	3,652,925	-	-
Harrison		28,988,586	7,613,432	777,179	1,337,901	-	-
Hendricks		172,875,953	31,688,882	1,669,285	7,579,016	-	4,098,946
Henry		48,854,688	9,992,116	1,036,939	2,329,165	-	-
Howard		124,145,623	22,954,358	4,996,399	3,617,544	-	-
Huntington		40,240,350	9,242,782	736,326	2,253,676	-	-
Jackson		41,031,295	10,596,835	1,226,824	1,577,046	-	1,634,546
Jasper		36,521,071	8,041,055	2,223,339	1,213,619	-	-
Jay		20,349,857	4,864,822	378,958	795,810	-	687,191
Jefferson		33,966,254	6,104,893	1,039,681	1,554,866	-	-
Jennings		22,419,201	4,670,966	316,929	949,768	-	-
Johnson		155,853,339	32,701,664	2,300,275	6,871,827	-	-
Knox		39,707,687	8,258,181	1,155,863	1,749,816	-	-
Kosciusko		83,870,918	21,227,634	1,821,907	2,770,470	-	-
Lagrange		33,551,918	8,869,497	591,348	1,184,862	-	841,068
Lake		907,357,378	158,028,219	14,871,094	48,832,364	-	-
Laporte		140,999,258	32,519,456	3,055,189	7,157,654	-	-
Lawrence		41,161,575	8,241,451	1,012,227	1,975,207	-	-
Madison		141,981,523	29,253,246	1,880,621	7,800,819	2,228,820	5,016,852
Marion		1,345,961,757	243,521,127	30,765,841	55,136,662	15,753,417	-
Marshall		52,878,581	12,220,905	1,273,480	2,068,956	-	-
Martin		7,672,363	1,816,371	286,516	289,919	-	-
Miami		30,532,479	7,754,750	484,325	1,354,457	386,988	950,143
Monroe		129,808,132	30,632,885	2,134,401	5,875,916	1,678,835	-
Montgomery		54,696,721	9,362,777	1,997,738	1,398,670	-	-
Morgan		61,638,492	15,790,348	762,542	3,314,524	-	802,187
Newton		19,376,823	4,731,211	359,710	774,020	-	-
Noble		48,789,358	10,785,865	1,121,325	1,959,878	-	2,282,586
Ohio		4,467,715	1,528,766	101,990	255,330	-	-
Orange		13,682,101	3,588,353	317,647	502,356	-	-
Owen		15,677,146	3,379,569	209,541	585,342	-	-
Parke		13,589,223	3,308,118	169,579	500,693	-	598,203
Perry		17,655,360	3,452,277	380,819	678,476	96,923	-
Pike		17,298,569	2,889,812	1,117,520	477,247	-	-
Porter		224,521,113	44,867,693	4,217,345	10,794,410	-	4,401,757
Posey		42,985,867	8,204,894	3,869,210	1,175,371	-	-
Pulaski		15,490,519	4,044,083	301,583	555,022	-	369,514
Putnam		35,833,784	7,767,097	914,189	1,283,335	-	-
Randolph		26,704,420	6,295,078	564,486	1,147,238	-	-
Ripley		23,258,189	5,995,488	555,046	1,122,997	-	724,870
Rush		19,502,300	4,873,935	357,611	885,807	-	637,302
St Joseph		392,642,372	65,351,662	5,435,202	21,402,753	11,358,757	-
Scott		19,083,616	3,758,665	347,760	659,804	-	471,242
Shelby		52,611,228	11,486,656	1,395,204	1,973,477	-	-
Spencer		28,943,101	4,792,241	2,267,670	740,080	211,451	-
Starke		23,200,770	5,295,231	265,584	984,939	-	-
Steuben		48,428,683	12,795,948	771,874	1,544,465	-	335,503
Sullivan		20,881,882	3,628,543	757,601	612,826	-	-
Switzerland		6,858,407	2,038,893	161,903	218,829	-	-
Tippecanoe		189,077,007	39,302,091	5,063,915	7,217,165	2,062,045	-
Tipton		18,145,952	4,351,075	378,971	892,335	-	246,125
Union		7,793,086	1,814,034	113,916	305,914	-	-
Vanderburgh		227,009,280	47,363,870	5,488,565	10,742,105	4,158,721	-
Vermillion		19,160,379	3,450,755	1,068,922	552,125	-	-
Vigo		116,647,326	22,685,436	2,933,703	5,412,726	-	-
Wabash		34,093,079	8,672,842	741,247	1,724,792	-	1,339,903
Warren		10,113,676	2,674,724	226,124	358,807	-	-
Warrick		63,291,591	14,064,654	2,516,093	3,172,064	-	-
Washington		22,099,502	4,831,222	331,190	890,601	-	998,696
Wayne		79,284,317	17,402,066	1,877,912	3,867,816	-	-
Wells		28,281,736	7,705,411	643,524	1,432,972	-	881,768
White		33,515,849	8,307,883	1,022,746	997,865	-	-
Whitley		33,145,328	8,416,484	634,492	1,645,452	-	181,720
Totals	\$	8,094,556,182	\$ 1,640,873,490	\$ 169,984,981	\$ 365,122,694	\$ 48,749,671	\$ 48,119,939

State of Indiana
Property Taxes Charged Payable 2006 by Fund and County

continued

County		Less Funded Excessive Residential Property Tax Credit	Less USX Property Tax Credit	Net Current Taxes Charged	Delinquent Taxes and Penalties Charged	Total Current and Delinquent Taxes and Penalties Charged
Adams	\$	-	\$	23,934,242	\$	36,419,041
Allen	-	-	-	305,441,500	17,955,289	449,816,811
Bartholomew	-	-	-	65,657,532	3,816,866	99,417,441
Benton	-	-	-	8,677,513	335,119	13,369,485
Blackford	-	-	-	10,171,410	800,010	14,927,113
Boone	-	-	-	59,023,453	3,223,226	79,646,748
Brown	-	-	-	11,557,559	2,167,142	19,059,150
Carroll	-	-	-	15,664,701	873,465	23,494,495
Cass	-	-	-	31,936,769	2,245,132	47,657,371
Clark	-	-	-	62,401,161	13,551,838	113,300,939
Clay	-	-	-	13,453,309	1,323,149	21,834,142
Clinton	-	-	-	21,406,194	1,965,394	35,223,502
Crawford	-	-	-	7,571,755	1,574,467	11,443,110
Daviess	-	-	-	19,934,398	880,676	29,538,027
Dearborn	-	-	-	43,419,249	6,592,624	66,364,433
Decatur	-	-	-	19,087,780	1,350,742	28,619,637
Dekalb	-	-	-	36,746,661	4,568,271	56,141,573
Delaware	-	-	-	93,362,363	6,825,590	142,647,155
Dubois	-	-	-	35,272,498	1,232,788	50,235,625
Elkhart	-	-	-	178,147,494	13,144,980	254,220,438
Fayette	-	-	-	18,942,731	1,709,136	29,269,411
Floyd	-	-	-	48,813,097	3,067,293	77,374,827
Fountain	-	-	-	10,536,680	700,866	16,275,676
Franklin	-	-	-	11,377,284	1,237,668	19,411,463
Fulton	-	-	-	13,658,985	1,221,996	21,937,324
Gibson	-	-	-	32,087,333	1,859,798	45,404,085
Grant	-	-	-	52,860,137	9,561,971	86,277,217
Greene	-	-	-	18,264,910	1,528,279	26,661,122
Hamilton	-	-	-	298,473,241	10,683,959	415,763,133
Hancock	-	-	-	49,840,085	1,661,374	71,550,973
Harrison	-	-	-	19,260,074	2,099,400	31,087,986
Hendricks	-	-	-	127,839,823	5,138,246	178,014,199
Henry	-	-	-	35,496,468	3,069,674	51,924,362
Howard	-	-	-	92,577,321	6,805,394	130,951,017
Huntington	-	-	-	28,007,566	2,253,065	42,493,415
Jackson	-	-	-	25,996,044	4,187,103	45,218,397
Jasper	-	-	-	25,043,058	959,203	37,480,274
Jay	-	-	-	13,623,075	1,002,959	21,352,816
Jefferson	-	-	-	25,266,815	1,499,756	35,466,011
Jennings	-	-	-	16,481,539	1,922,410	24,341,612
Johnson	-	-	-	113,979,574	4,647,803	160,501,142
Knox	-	-	-	28,543,826	4,148,543	43,856,230
Kosciusko	-	-	-	58,050,907	3,505,001	87,375,919
Lagrange	-	-	-	22,065,143	2,008,698	35,560,616
Lake		5,210,488	46,101,729	634,313,485	333,060,272	1,240,417,650
Laporte	-	-	-	98,266,959	10,830,304	151,829,562
Lawrence	-	-	-	29,932,690	2,380,624	43,542,199
Madison	-	-	-	95,801,165	10,406,599	152,388,123
Marion	-	-	-	1,000,784,709	78,743,252	1,424,705,009
Marshall	-	-	-	37,315,240	2,284,411	55,162,991
Martin	-	-	-	5,279,558	406,469	8,078,832
Miami	-	-	-	19,601,816	3,617,059	34,149,538
Monroe	-	-	-	89,486,095	4,599,729	134,407,861
Montgomery	-	-	-	41,937,536	3,062,396	57,759,118
Morgan	-	-	-	40,968,891	3,154,610	64,793,102
Newton	-	-	-	13,511,881	778,147	20,154,970
Noble	-	-	-	32,639,704	3,124,009	51,913,367
Ohio	-	-	-	2,581,629	99,421	4,567,136
Orange	-	-	-	9,273,745	788,309	14,470,410
Owen	-	-	-	11,502,694	1,073,527	16,750,673
Parke	-	-	-	9,012,629	804,973	14,394,196
Perry	-	-	-	13,046,866	922,053	18,577,414
Pike	-	-	-	12,813,990	601,430	17,899,999
Porter	-	-	-	160,239,908	14,787,345	239,308,458
Posey	-	-	-	29,736,392	977,636	43,963,504
Pulaski	-	-	-	10,220,317	644,381	16,134,900
Putnam	-	-	-	25,869,163	1,631,775	37,465,559
Randolph	-	-	-	18,697,618	1,997,532	28,701,952
Ripley	-	-	-	14,859,788	1,356,452	24,614,641
Rush	-	-	-	12,647,645	608,353	20,110,653
St Joseph	-	-	-	289,093,997	44,183,589	436,825,960
Scott	-	-	-	13,846,145	1,804,814	20,888,430
Shelby	-	-	-	37,755,891	2,188,155	54,799,383
Spencer	-	-	-	20,931,659	1,284,351	30,227,452
Starke	-	-	-	16,655,017	1,863,428	25,064,198
Steuben	-	-	-	32,980,893	5,293,983	53,722,665
Sullivan	-	-	-	15,882,912	1,137,179	22,019,061
Switzerland	-	-	-	4,438,781	402,552	7,260,958
Tiptecanoe	-	-	-	135,431,791	4,729,166	193,806,172
Tipton	-	-	-	12,277,445	1,050,904	19,196,856
Union	-	-	-	5,559,222	352,611	8,145,697
Vanderburgh	-	-	-	159,256,019	7,619,057	234,628,337
Vermillion	-	-	-	14,088,577	1,452,634	20,613,013
Vigo	-	-	-	85,615,461	11,118,969	127,766,295
Wabash	-	-	-	21,614,295	1,774,378	35,867,457
Warren	-	-	-	6,954,021	355,692	10,469,368
Warrick	-	-	-	43,538,780	3,804,385	67,095,976
Washington	-	-	-	15,047,792	1,108,961	23,208,463
Wayne	-	-	-	56,136,524	4,191,748	83,476,065
Wells	-	-	-	17,618,061	1,450,862	29,732,598
White	-	-	-	23,187,355	1,991,217	35,507,065
Whitley	-	-	-	22,267,180	1,225,570	34,370,898
Totals	\$	5,210,488	\$	5,778,473,189	\$	8,839,879,651

State of Indiana

Property and Excise Taxes Collected in 2006 by County

County	Property Taxes Paid by Taxpayers	Property Tax Replacement Credit Paid by State	Homestead Credit Paid by State and County	Total Property Taxes Collected	License Excise Tax Collected	Total Excise, and Property Tax Collected
Adams	\$ 24,005,564	\$ 8,861,867	\$ 2,334,911	\$ 35,202,342	\$ 2,657,277	\$ 37,859,619
Allen	304,066,802	92,197,731	32,833,486	429,098,020	34,684,945	463,782,965
Bartholomew	65,640,159	24,986,426	4,825,432	95,452,017	8,399,611	103,851,627
Benton	8,561,680	3,807,545	512,572	12,881,798	942,596	13,824,394
Blackford	9,952,314	3,137,194	800,237	13,889,744	1,238,863	15,128,607
Boone	58,941,015	14,419,847	2,832,121	76,192,983	6,422,676	82,615,658
Brown	10,984,193	4,608,340	671,632	16,264,165	1,805,232	18,069,396
Carroll	15,533,600	6,005,071	920,847	22,459,517	2,412,372	24,871,890
Cass	31,047,740	9,973,964	3,313,252	44,334,956	3,870,808	48,205,764
Clark	64,078,552	27,298,253	9,876,147	101,252,951	10,828,352	112,081,304
Clay	13,588,108	5,868,320	1,141,641	20,598,068	2,737,911	23,335,979
Clinton	21,544,665	8,995,142	2,870,295	33,410,102	3,132,437	36,542,538
Crawford	7,495,058	1,967,853	337,161	9,800,072	866,022	10,666,094
Davies	19,780,616	6,567,966	2,158,025	28,506,607	2,782,579	31,289,186
Dearborn	40,988,646	14,331,244	2,033,784	57,353,674	4,937,927	62,291,601
Decatur	18,963,820	6,562,325	1,577,168	27,103,313	2,995,753	30,099,066
Dekalb	36,689,559	11,007,514	3,784,868	51,481,941	4,259,804	55,741,745
Delaware	88,653,762	30,209,866	10,753,757	129,617,384	10,213,357	139,830,741
Dubois	34,903,993	11,848,279	1,819,188	48,571,460	4,666,239	53,237,699
Elkhart	180,664,922	53,617,863	9,553,337	243,836,122	17,444,114	261,280,237
Fayette	18,973,932	6,819,409	1,795,562	27,588,903	2,249,691	29,838,594
Floyd	47,860,749	19,091,319	6,093,863	73,045,931	6,875,157	79,921,088
Fountain	10,573,428	4,198,611	831,721	15,603,760	1,819,370	17,423,130
Franklin	11,728,537	5,716,803	1,089,592	18,534,931	2,302,893	20,837,824
Fulton	13,658,231	5,462,346	1,598,943	20,719,520	2,265,078	22,984,597
Gibson	32,421,158	9,902,539	1,572,042	43,895,739	3,732,310	47,628,049
Grant	52,120,554	17,824,211	5,370,308	75,315,073	6,392,605	81,707,678
Greene	18,367,878	5,899,186	1,001,729	25,268,793	2,763,572	28,032,364
Hamilton	295,659,118	87,578,151	18,115,829	401,353,097	37,602,360	438,955,457
Hancock	49,485,711	16,322,057	3,656,216	69,463,983	8,767,260	78,231,244
Harrison	19,793,284	8,425,214	1,345,018	29,563,517	3,864,676	33,428,193
Hendricks	126,627,310	33,228,508	11,706,992	171,562,810	15,760,775	187,323,585
Henry	35,479,905	10,949,680	2,344,164	48,773,749	5,284,744	54,058,493
Howard	85,521,752	27,878,327	3,621,070	117,021,149	11,112,116	128,133,265
Huntington	27,103,448	9,634,337	2,254,293	38,992,078	3,830,087	42,822,165
Jackson	27,100,405	11,770,614	3,239,270	42,110,289	3,444,607	45,554,897
Jasper	25,065,961	10,292,162	1,214,500	36,572,623	3,811,101	40,383,725
Jay	13,611,759	5,225,516	1,491,000	20,328,274	1,829,777	22,158,052
Jefferson	24,829,945	7,131,734	1,559,305	33,520,985	3,098,111	36,619,096
Jennings	16,619,602	4,981,062	958,759	22,559,423	2,418,397	24,977,820
Johnson	113,833,595	35,021,104	6,888,245	155,742,945	15,916,063	171,659,008
Knox	29,947,460	9,309,971	1,747,435	41,004,867	3,676,551	44,681,418
Kosciusko	58,863,421	23,182,991	2,776,569	84,822,981	8,493,487	93,316,468
Lagrange	22,370,526	9,231,411	2,038,737	33,640,673	2,546,401	36,187,075
Lake	682,963,563	167,056,695	48,892,353	898,912,612	47,640,575	946,553,187
Laporte	98,080,335	35,478,437	7,223,787	140,782,559	11,283,901	152,066,460
Lawrence	29,756,303	9,225,725	1,983,426	40,965,455	4,734,175	45,699,630
Madison	92,841,207	30,741,622	15,232,912	138,815,741	14,222,365	153,038,106
Marion	963,874,536	265,196,199	71,125,077	1,300,195,812	105,024,361	1,405,220,173
Marshall	37,429,791	13,459,685	2,084,794	52,974,270	4,960,643	57,934,913
Martin	5,333,978	2,107,468	292,109	7,733,555	1,017,217	8,750,772
Miami	19,841,318	8,267,759	2,738,761	30,847,838	3,856,948	34,704,785
Monroe	89,231,022	32,707,646	7,587,803	129,526,471	11,426,934	140,953,406
Montgomery	40,207,611	11,161,079	1,413,730	52,782,420	3,882,661	56,665,081
Morgan	41,034,166	16,531,807	4,126,536	61,692,509	7,892,290	69,584,798
Newton	13,562,007	5,092,950	776,600	19,431,558	1,739,140	21,170,698
Noble	32,515,363	11,822,935	4,314,846	48,653,145	4,041,060	52,694,205
Ohio	2,581,637	1,632,672	255,363	4,469,672	670,026	5,139,698
Orange	9,427,745	3,894,566	505,219	13,827,529	1,638,947	15,466,476
Owen	11,483,048	3,560,995	587,945	15,631,988	1,978,279	17,610,268
Parke	9,134,421	3,468,235	1,102,831	13,705,487	1,671,711	15,377,198
Perry	13,117,642	3,818,404	779,846	17,715,892	1,826,339	19,542,230
Pike	12,960,610	4,019,525	479,973	17,460,109	1,353,383	18,813,491
Porter	158,718,957	48,429,136	15,276,072	222,424,166	20,148,973	242,573,139
Posey	29,461,949	12,029,941	1,185,556	42,677,446	3,224,169	45,901,615
Pulaski	10,222,845	4,339,189	927,776	15,489,810	1,439,501	16,929,311
Putnam	25,447,906	8,675,064	1,291,040	35,414,010	3,758,042	39,172,052
Randolph	17,980,345	6,803,943	1,151,949	25,936,237	2,422,637	28,358,874
Ripley	15,156,287	6,542,810	1,862,389	23,561,487	3,010,783	26,572,270
Rush	12,557,124	5,278,642	1,539,711	19,375,477	1,909,025	21,284,501
St. Joseph	291,391,625	69,752,732	32,940,253	394,084,610	25,228,774	419,313,384
Scott	14,338,998	4,117,410	1,149,657	19,606,065	1,954,586	21,560,651
Shelby	36,800,706	12,826,265	1,985,722	51,612,693	4,496,301	56,108,994
Spencer	21,167,362	7,019,865	953,894	29,141,121	2,428,029	31,569,150
Starke	16,670,845	5,550,027	987,620	23,208,492	2,384,411	25,592,904
Steuben	33,335,174	13,366,704	1,883,155	48,585,034	3,930,278	52,515,312
Sullivan	16,287,117	4,403,706	616,760	21,307,582	2,028,042	23,335,624
Switzerland	4,569,160	2,209,597	219,806	6,998,563	911,328	7,909,891
Tippecanoe	134,767,098	44,236,575	9,299,615	188,303,288	14,641,803	202,945,091
Tipton	12,074,770	4,703,424	1,145,707	17,923,901	2,238,358	20,162,259
Union	5,548,748	1,930,379	307,132	7,786,260	776,748	8,563,008
Vanderburgh	157,590,638	52,508,411	14,964,278	225,063,327	18,678,923	243,742,250
Vermillion	14,428,562	4,447,153	553,939	19,429,654	1,946,256	21,375,910
Vigo	85,770,189	25,333,886	5,444,184	116,548,259	9,195,720	125,743,978
Wabash	21,924,609	9,441,259	3,083,285	34,449,153	4,166,691	38,615,844
Warren	6,835,075	2,785,498	359,329	9,979,902	909,819	10,889,721
Warrick	43,445,987	16,529,563	3,170,589	63,146,139	6,877,406	70,023,545
Washington	14,903,134	5,192,422	1,898,151	21,993,707	2,617,096	24,610,803
Wayne	55,078,196	19,067,174	3,895,072	78,040,442	6,049,962	84,090,404
Wells	17,860,024	8,346,128	2,329,977	28,536,129	2,809,873	31,346,002
White	23,253,059	9,357,317	1,000,210	33,610,587	3,012,152	36,622,738
Whitley	22,660,805	9,117,649	1,840,773	33,619,427	3,612,293	37,231,720
Totals	\$ 5,759,326,037	\$ 1,784,936,347	\$ 464,028,533	\$ 8,008,290,916	\$ 674,824,997	\$ 8,683,115,913

State of Indiana

Distribution of Property and Excise Taxes Collected in 2006 by Fund and County

County	State Fair Board	State Forestry Fund	Hospital Care for Indigent Fund	Medical Assistance to Wards Fund	Children with Special Health Care Needs Fund	County Funds	Township Funds	School Funds	Library Funds	Municipal and Special District Funds	Total Property and Excise Taxes Distributed
Adams	\$ 10,973	\$ 21,946	\$ 238,660	\$ 28,804	\$ 43,892	\$ 9,037,744	\$ 525,813	\$ 21,798,764	\$ 801,113	\$ 5,351,910	\$ 37,859,619
Allen	121,359	242,718	2,594,051	273,058	394,417	88,203,650	8,268,642	231,817,957	26,317,005	105,550,108	463,782,965
Bartholomew	32,825	65,649	471,855	118,989	139,505	16,514,917	1,767,939	57,311,455	1,976,909	25,451,584	103,851,627
Benton	4,527	9,053	38,477	11,317	10,185	2,607,831	247,701	8,985,949	482,628	1,426,727	13,824,394
Blackford	3,555	7,110	142,195	14,219	26,661	3,787,707	274,423	8,227,357	343,596	2,301,784	15,128,607
Boone	27,066	54,132	351,860	20,300	33,833	8,789,728	885,970	59,594,614	3,082,477	9,776,680	82,615,658
Brown	9,196	18,392	102,305	2,299	14,943	3,288,713	201,482	12,789,312	477,042	1,165,712	18,069,396
Carroll	8,586	17,172	120,206	5,366	26,832	4,258,415	734,401	15,956,928	725,138	3,018,846	24,871,890
Cass	10,917	21,833	588,136	144,646	25,927	11,750,431	924,653	24,771,465	1,134,485	8,833,272	48,205,764
Clark	32,983	65,966	1,022,481	140,179	354,570	14,657,505	1,190,485	58,553,592	2,664,693	33,398,851	112,081,304
Clay	8,048	16,097	112,680	1,006	27,164	3,353,237	441,599	16,851,596	416,222	2,108,329	23,335,979
Clinton	11,825	23,651	98,198	23,653	28,085	7,100,316	911,115	20,205,013	1,497,693	6,642,989	36,542,538
Crawford	2,101	4,202	46,748	1,051	10,243	4,261,188	97,091	5,132,073	126,326	985,072	10,666,094
Daviess	8,201	16,403	48,184	42,033	48,184	9,240,036	448,748	16,134,152	509,918	4,793,328	31,289,186
Dearborn	20,956	41,912	269,811	26,195	20,956	9,801,456	806,782	41,073,940	2,102,797	8,126,797	62,291,601
Decatur	9,882	19,764	261,879	8,647	22,235	6,059,158	639,476	16,438,145	607,418	6,032,462	30,099,066
Dekalb	16,509	33,018	150,643	26,827	41,272	8,735,227	720,636	31,347,957	1,346,431	13,323,226	55,741,745
Delaware	31,657	63,315	973,462	47,486	146,415	30,149,611	3,395,870	61,770,599	4,005,582	39,246,744	139,830,741
Dubois	17,905	35,810	127,572	44,762	20,143	7,076,892	463,365	35,875,079	694,666	8,881,506	53,237,699
Elkhart	76,984	153,969	1,068,158	211,707	288,691	40,656,748	6,208,098	151,800,282	7,897,709	52,917,890	261,280,237
Fayette	7,410	14,820	213,967	18,525	36,124	7,144,260	256,222	13,667,924	703,033	7,776,309	29,838,594
Floyd	25,142	50,283	575,115	116,280	125,708	9,141,822	823,092	52,891,703	1,929,620	14,242,323	79,921,088
Fountain	5,679	11,357	65,304	4,969	11,357	3,759,252	307,208	10,571,052	459,453	2,227,497	17,423,130
Franklin	8,591	17,182	36,513	68,730	56,917	3,840,260	216,755	14,918,258	324,941	1,349,677	20,837,824
Fulton	7,414	14,828	226,134	21,316	25,023	4,505,177	524,225	13,636,500	1,370,631	2,653,350	22,984,597
Gibson	13,036	26,072	193,913	26,072	32,590	10,262,696	1,762,633	25,058,998	1,132,284	9,119,755	47,628,049
Grant	19,464	38,929	1,493,900	153,283	92,456	15,656,755	1,011,630	39,757,415	2,660,858	20,822,987	81,707,678
Greene	7,361	14,723	113,180	7,361	29,445	7,339,714	759,927	16,884,919	609,092	2,266,642	28,032,364
Hamilton	152,745	305,490	305,490	19,093	38,186	43,623,044	9,954,369	286,005,445	10,202,678	88,348,917	438,955,457
Hancock	28,147	56,294	158,326	3,518	31,665	11,026,498	4,394,578	51,884,736	0	10,647,482	78,231,244
Harrison	13,167	26,334	121,794	16,459	46,084	7,965,963	520,830	22,390,153	1,178,436	1,148,975	33,428,193
Hendricks	55,233	110,467	69,042	48,329	69,042	17,184,472	5,500,806	128,334,813	4,575,197	31,376,184	187,323,585
Henry	15,384	30,768	463,449	78,844	40,384	12,128,526	1,028,342	29,373,869	2,602,714	8,296,212	54,058,493
Howard	36,070	72,139	892,726	81,157	90,174	21,134,797	2,096,683	67,745,607	3,947,534	32,036,378	128,133,265
Huntington	11,771	23,542	295,746	183,922	48,555	6,983,147	566,660	22,435,531	1,766,898	10,506,393	42,822,165
Jackson	16,331	32,662	336,827	4,083	65,324	6,428,287	580,910	27,687,004	1,942,403	8,461,066	45,554,897
Jasper	16,992	33,983	176,289	46,727	16,992	7,037,680	774,935	27,309,380	1,747,952	3,222,796	40,383,752
Jay	6,593	13,186	325,524	34,613	38,733	5,213,322	394,110	11,616,659	785,571	3,729,741	22,158,052
Jefferson	9,835	19,671	174,579	14,753	49,177	9,594,491	457,386	19,042,912	951,581	6,304,710	36,619,096
Jennings	7,888	15,776	241,573	37,468	26,622	5,607,451	296,405	14,351,405	655,698	3,737,534	24,977,820
Johnson	55,268	110,535	6,908	6,908	75,990	16,365,483	679,395	110,590,273	6,970,134	36,798,113	171,659,008
Knox	12,278	24,556	391,364	89,016	19,952	8,712,833	2,051,552	23,057,584	1,258,446	9,063,836	44,681,418
Kosciusko	41,030	82,060	256,436	20,515	51,287	10,811,344	2,390,435	62,305,174	2,723,912	14,634,276	93,316,468
Lagrange	14,021	28,042	33,300	59,589	17,526	6,479,403	676,463	24,498,580	492,484	3,887,668	36,187,075
Lake	161,495	322,990	24,648,194	7,186,533	787,289	195,114,421	26,185,976	334,534,564	32,214,608	325,397,115	946,553,187
Laporte	42,037	84,074	2,101,844	147,129	126,111	34,370,396	2,311,043	72,887,202	6,152,887	33,843,738	152,066,460
Lawrence	11,917	23,834	469,235	10,427	50,648	9,280,435	631,753	24,813,294	1,401,729	9,006,358	45,699,630
Madison	35,194	70,388	1,552,935	136,377	171,511	26,276,719	2,549,163	76,566,448	6,098,945	39,580,367	153,038,106
Marion	334,770	669,539	544,001	460,308	1,297,233	321,371,957	85,629,893	678,288,860	41,724,237	274,899,375	1,405,220,173
Marshall	19,962	39,923	274,473	7,486	59,885	9,604,045	1,645,226	33,909,930	2,090,074	10,283,909	57,934,913
Martin	2,841	5,682	133,892	48,656	22,375	1,807,718	185,926	5,914,623	66,502	562,558	8,570,772
Miami	9,652	19,304	208,719	66,356	50,672	7,991,658	506,698	19,325,187	428,560	6,097,981	34,704,785
Monroe	45,877	91,754	441,568	45,877	57,346	22,103,361	6,510,429	73,035,860	6,101,665	32,519,668	140,953,406
Montgomery	16,069	32,137	180,772	44,189	26,112	8,020,221	1,062,698	36,814,099	2,257,114	8,211,671	56,665,081
Morgan	26,151	52,302	359,579	98,067	94,798	9,306,937	3,580,010	45,206,564	1,787,191	9,073,198	69,584,798
Newton	6,060	12,119	137,859	329,498	16,664	5,461,336	687,303	11,847,511	1,592,884	1,079,698	21,170,698
Noble	16,906	33,812	204,986	42,265	16,906	7,296,888	957,187	33,330,318	2,081,990	8,712,947	52,694,205
Ohio	2,282	4,564	81,008	285	1,997	1,527,172	68,223	2,985,601	96,126	372,442	5,139,698
Orange	5,570	11,140	103,042	4,874	44,559	2,468,129	143,601	10,224,223	322,279	2,139,060	15,466,476
Owen	5,765	11,530	93,683	3,603	22,340	3,129,722	335,896	12,840,701	571,464	595,564	17,610,268
Parke	5,131	10,261	108,386	12,185	37,839	3,440,122	471,471	10,354,128	232,087	705,588	15,377,198
Perry	4,848	9,696	123,622	7,272	30,299	3,720,776	132,843	10,631,003	736,565	4,145,307	19,542,230
Pike	5,549	11,098	129,019	48,556	1,387	6,013,270	290,001	10,921,553	461,279	931,778	18,813,491
Porter	73,631	146,567	989,898	9,274	128,106	42,219,143	6,884,820	140,341,211	7,489,221	44,291,266	242,573,139
Posey	15,048	30,096	158,002	5,643	24,453	8,146,515	1,428,492	30,761,589	1,411,006	3,920,771	45,901,615
Pulaski	5,572	11,144	127,457	340,583	14,626	5,082,276	443,918	9,381,309	664,272	858,152	16,929,311
Putnam	13,267	26,535	112,773	6,834	49,753	5,978,612	358,503	27,684,967	730,720	4,210,288	39,172,052
Randolph	8,114	16,227	190,669	35,497	36,511	7,469,546	540,427	14,791,118	443,738	4,827,028	28,358,874
Ripley	9,816	19,632	123,928	12,270	30,675	5,039,782	279,490	18,190,694	465,458	2,400,523	26,572,270
Rush	6,768	13,535	60,062	12,689	23,687	4,691,638	404,276	12,163,431	211,792	3,696,624	21,284,501
St Joseph	83,301	154,702	5,692,246	208,252	485,923	91,780,020	9,372,971	167,290,745	17,308,952	126,936,273	419,313,384
Scott	6,309	12,618	113,562	43,375	61,513	4,227,834	343,704	13,018,331	431,379	3,302,025	21,560,651
Shelby	17,597	35,194	14,856	181,541	30,795	10,619,166	649,785	34,094,605	767,670	9,697,785	56,108,994
Spencer	11,037	22,074	158,653	6,898	20,694	6,612,399	713,997	19,828,316	1,227,477	2,967,606	31,569,150
Starke	7,499	14,998	325,268	14,998	48,743	6,089,167	871,689	14,696,962	1,199,744	2,322,834	25,592,904
Steuben	23,198	46,396	75,394	95,692	28,998	8,072,255	1,155,508	36,339,699	1,250,362	5,427,810	52,515,312
Sullivan	7,094	14,187	117,047	8,867	23,941	5,749,474	783,034	14,129,299	866,323	1,636,359	23,335,624
Switzerland	3,584	7,169	38,532	3,584	24,194	2,166,735	168,991	4,992,093	161,295	343,714	7,909,891
Tippacanoe	64,009	128,019	360,053	440,065	104,015	31,884,708	1,811,472	115,653,889	5,322,584	47,176,276	202,945,091
Tipton	6,684	13,368	55,978	8,355	21,723	3,096,317					

State of Indiana

Property Tax Schedules

For Year Ended December 31, 2006

Payable 2007

In the State of Indiana property taxes are levied by local units of government and overseen by the Indiana Department of Local Government Finance. The State of Indiana levies two rates of taxation against all taxable property in the state and Indiana Law fixes those rates. There is an eight ten thousandths per one hundred dollars assessed value rate for the Indiana State Fair Board and a sixteen ten-thousandths rate for the Indiana State Forestry Fund.

Property taxes are collected by county treasurers and distributed by county auditors. County auditors are required by Indiana Law to file, with the Auditor of State, reports of property taxes charged, collected and distributed. It is from those reports the property tax information is provided on the following pages.

Not all counties completed 2007 property tax billings in 2007, because of a delay in indexing property values for market value changes from 1999 market values to 2005 market values. On the following schedules, where applicable, it has been noted that the data is not available. In the 2008 comprehensive annual report complete schedules for 2007 payable property taxes will be included.

Property taxes paid by each property taxpayer in Indiana are reduced by a credit referred to as a property tax replacement credit. The credit is paid by the state to county treasurers and is funded by a portion of state sales tax, individual income tax and riverboat wagering taxes. County auditors distribute the credit to taxing units. The property tax replacement credit percentage is determined by a formula established by Indiana Law and is computed by the Indiana Department of Local Government Finance. There are two separate property tax replacement credits. One credit applies to real estate and individual personal property. The other property tax replacement credit applies to business personal property. The two credit percentages are different within each taxing district and there are different credit percentages for each taxing district. Both of the credit percentages are based on the type of taxes levied within each taxing district. The average real estate and individual personal property credit is in the mid-twenty percent range and the business personal property credit is in the mid-teen percent range.

Residential property owners, who qualify, receive an additional credit on their property taxes. This credit is referred to as the homestead credit. There is a state homestead credit funded by a portion of the state sales tax, individual income tax and riverboat wagering taxes and in some counties there is a local (COIT) homestead credit funded by a portion of their county option income tax and a local (CEDIT) homestead credit funded by county economic development income tax. The state and local homestead credit is given on the residential taxes after the taxes have been reduced by the property tax replacement credit. The state homestead credit is paid by the state to county treasurers and, where applicable, the local homestead credit is paid by county auditors to county treasurers. County auditors distribute the homestead credit to taxing units. On the following schedules the state paid homestead credit and the locally funded homestead credit are shown in separate columns. The state and COIT homestead credit percentages are determined by a formula established by Indiana Law and are computed by the Indiana Department of Local Government Finance. The CEDIT homestead credit percentage is calculated by county auditors and is based on net residential assessed values and the amount of

CEDIT revenue available to fund the homestead credit. There are different state and COIT homestead credit percentages for each taxing district in a county, because the state and COIT homestead credit percentages are based on the type of taxes levied within each taxing district. The state homestead credit percentage range is nine to fifteen percent, the COIT homestead credit percentage range is three to eight percent. The CEDIT homestead credit percentages vary by county, because of differences in net residential assessed values and the amount of CEDIT revenue available to fund the homestead credit. The CEDIT homestead credit percentage range is four to nineteen percent.

Beginning with taxes payable in 2007 an additional unfunded residential property tax credit was authorized by the state legislature. The credit is known as the excessive residential property tax credit. Lake County is the only county that adopted the credit for 2007 payable taxes. The credit is equal to the amount the net residential taxes on the residential property exceeds two percent of the gross residential assessed value. The credit is not presented in a separate column on the following schedules, because the credit is unfunded. The fund amounts shown for Lake County are presented net of the credit. The total excessive residential property tax credit for Lake County for 2007 is \$15,777,827.

State of Indiana

Assessed Value and Current Property Tax Levied by County

Payable 2007

(amounts expressed in thousands)

County	Assessed Value	Net Tax Levied
Adams	\$ 1,410,967	\$ 24,669
Allen	16,016,509	348,096
Bartholomew	4,138,187	77,559
Benton	525,680	10,678
Blackford	425,934	10,441
Boone	4,109,768	73,976
Brown	Data Not Available	
Carroll	1,002,164	17,047
Cass	1,335,628	33,855
Clark	Data Not Available	
Clay	913,702	13,803
Clinton	1,447,741	25,747
Crawford	287,439	7,933
Daviess	1,108,262	22,012
Dearborn	2,825,418	45,654
Decatur	1,269,582	18,363
Dekalb	2,337,383	41,679
Delaware	4,166,590	113,839
Dubois	2,102,440	39,595
Elkhart	9,576,321	200,453
Fayette	870,363	20,668
Floyd	3,628,539	58,217
Fountain	713,752	12,324
Franklin	1,006,219	12,283
Fulton	858,059	16,160
Gibson	1,705,655	38,589
Grant	2,321,119	56,020
Greene	844,121	17,923
Hamilton	22,153,007	349,822
Hancock	3,412,233	57,418
Harrison	1,796,567	22,512
Hendricks	8,111,969	161,840
Henry	1,755,088	36,299
Howard	4,424,968	100,888
Huntington	1,506,984	32,636
Jackson	2,156,632	32,413
Jasper	Data Not Available	
Jay	759,963	16,391
Jefferson	1,335,127	28,634
Jennings	889,740	18,404
Johnson	6,847,991	133,236
Knox	1,314,942	31,410
Kosciusko	5,953,288	64,851
Lagrange	2,161,419	25,603
Lake	24,605,876	811,455
Laporte	6,211,619	114,725
Lawrence	1,405,594	31,803
Madison	4,202,684	101,737

County	Assessed Value	Net Tax Levied
Marion	Data Not Available	
Marshall	2,649,292	42,257
Martin	307,349	5,985
Miami	1,175,822	22,459
Monroe	6,723,231	99,148
Montgomery	1,878,793	46,393
Morgan	3,397,708	46,314
Newton	718,793	14,050
Noble	2,262,695	39,055
Ohio	288,830	2,794
Orange	640,501	9,856
Owen	706,114	12,426
Parke	691,455	10,726
Perry	641,281	14,345
Pike	609,831	14,127
Porter	Data Not Available	
Posey	Data Not Available	
Pulaski	638,135	11,556
Putnam	1,599,563	28,814
Randolph	978,180	20,546
Ripley	1,294,263	16,809
Rush	814,206	13,873
St Joseph	11,109,038	315,918
Scott	741,292	16,853
Shelby	2,062,706	41,598
Spencer	1,309,582	23,775
Starke	993,190	18,373
Steuben	3,109,186	34,586
Sullivan	782,120	18,578
Switzerland	486,249	4,614
Tippecanoe	8,064,150	146,563
Tipton	807,645	13,198
Union	325,748	5,962
Vanderburgh	8,786,744	170,440
Vermillion	772,648	16,888
Vigo	4,065,028	95,094
Wabash	1,294,885	22,996
Warren	443,957	7,435
Warrick	3,114,496	47,086
Washington	941,247	16,881
Wayne	2,638,287	61,707
Wells	1,205,024	18,433
White	1,625,176	24,592
Whitley	1,568,267	23,753
Total	<u>\$ 252,215,943</u>	5,146,519
Property Tax		
Replacement Credit		1,397,453
State Homestead Credit		211,456
COIT Homestead Credit		33,965
CEDIT Homestead Credit		47,675
Total Current Tax Levy		<u>\$ 6,837,067</u>

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2007 by County

County	Value of Land	Value of Improvements	Total Value of Land and Improvements	Standard Deduction	Mortgage and Contract Deduction	Veterans' Deduction	Age 65 Deduction
Adams	\$ 401,397,200	\$ 1,338,822,900	\$ 1,740,220,100	\$ 350,092,020	\$ 16,394,950	\$ 2,986,240	\$ 7,367,805
Allen	3,665,436,570	15,506,762,150	19,172,198,720	3,672,084,300	194,052,675	40,238,940	57,879,480
Bartholomew	1,260,578,350	3,567,013,990	4,827,592,340	769,890,200	34,706,200	9,970,020	14,959,100
Benton	291,361,500	335,265,100	626,626,600	87,349,300	4,945,000	1,087,660	3,072,440
Blackford	141,121,300	394,317,400	535,438,700	123,150,750	6,300,400	2,813,750	6,327,760
Boone	1,120,629,000	3,692,046,600	4,812,675,600	632,079,750	31,949,850	6,797,360	7,034,380
Brown	Data Not Available						
Carroll	415,826,900	824,551,800	1,240,378,700	223,227,800	10,587,550	4,388,960	4,989,070
Cass	461,811,900	1,192,567,400	1,654,379,300	361,205,050	19,233,580	6,473,990	10,977,150
Clark	Data Not Available						
Clay	294,552,910	875,996,600	1,170,549,510	261,544,485	13,404,250	6,031,030	7,734,355
Clinton	508,723,400	1,199,083,600	1,707,807,000	330,013,850	16,703,000	4,921,920	9,904,820
Crawford	75,858,300	274,088,500	349,946,800	77,999,950	4,719,450	3,008,230	3,836,740
Daviess	256,212,780	1,056,173,825	1,312,386,605	260,637,135	12,649,500	6,844,490	7,663,446
Dearborn	832,385,200	2,405,788,200	3,238,173,400	554,316,300	22,181,600	8,067,280	9,647,390
Decatur	416,393,794	1,040,576,240	1,456,970,034	261,578,900	14,050,275	3,401,380	7,564,155
Delalb	564,873,200	1,955,697,470	2,520,570,670	434,474,086	21,381,850	4,832,530	8,159,225
Delaware	1,116,037,300	4,187,078,900	5,303,116,200	1,082,239,200	56,480,430	19,485,480	39,003,170
Dubois	502,370,060	1,954,007,600	2,456,377,660	457,045,250	19,841,150	5,298,610	9,323,050
Elkhart	2,250,383,700	8,883,923,600	11,134,307,300	1,854,456,900	86,455,660	21,160,860	31,704,700
Fayette	260,694,700	784,887,800	1,045,582,500	242,918,750	12,817,480	4,477,220	10,495,880
Floyd	851,318,360	3,654,835,700	4,506,154,060	817,081,380	35,597,300	13,572,360	14,200,170
Fountain	301,669,600	555,684,500	857,354,100	167,749,500	7,538,250	3,370,440	8,258,440
Franklin	380,241,700	940,006,100	1,320,247,800	241,269,410	10,731,700	2,737,510	5,763,500
Fulton	311,199,200	655,738,800	966,938,000	180,045,750	10,265,650	3,237,420	6,144,270
Gibson	376,722,240	1,484,759,680	1,861,481,920	331,449,700	15,737,950	7,548,770	10,318,880
Grant	813,378,920	2,283,174,199	3,096,553,119	619,162,505	32,339,082	22,161,270	22,717,960
Greene	331,678,040	862,919,711	1,194,597,751	283,262,550	15,787,200	8,459,410	13,506,070
Hamilton	6,218,460,100	20,353,574,830	26,572,034,930	3,144,807,800	186,959,650	20,911,190	9,114,160
Hancock	1,052,263,600	3,265,064,300	4,317,327,900	834,401,350	39,729,850	13,180,230	8,566,670
Harrison	339,676,030	1,900,831,740	2,240,507,770	408,670,600	18,477,050	8,046,660	7,556,500
Hendricks	2,476,652,100	7,566,452,736	10,043,104,836	1,686,224,527	93,769,700	18,503,940	16,031,880
Henry	557,942,280	1,656,248,580	2,214,190,860	501,139,790	26,402,280	8,872,640	17,778,880
Howard	1,142,490,400	4,072,774,000	5,215,264,400	919,853,700	55,690,750	16,334,250	20,373,030
Huntington	416,467,330	1,593,126,160	2,009,593,490	403,114,760	22,269,050	8,100,235	10,833,180
Jackson	668,518,900	1,824,340,850	2,492,859,750	415,623,750	19,964,750	7,853,240	12,323,680
Jasper	Data Not Available						
Jay	261,458,280	623,108,600	884,566,880	185,947,200	10,543,550	3,408,740	9,552,390
Jefferson	332,662,700	1,321,416,100	1,654,078,800	337,194,650	17,970,250	7,760,160	8,996,810
Jennings	300,487,950	856,006,080	1,156,494,030	267,763,450	14,393,400	4,579,150	9,665,000
Johnson	1,781,959,080	6,567,583,530	8,349,542,610	1,494,500,580	72,165,500	16,619,400	13,113,120
Knox	459,563,030	1,442,785,080	1,902,348,110	299,543,950	18,173,800	10,476,550	15,075,760
Kosciusko	2,612,243,530	3,981,685,640	6,593,929,170	790,026,480	36,557,135	7,590,530	11,408,610
Lagrange	699,074,621	1,822,637,988	2,521,712,609	341,147,665	14,559,000	3,660,560	4,176,610
Lake	7,968,044,660	23,539,571,252	31,507,615,912	5,317,043,377	320,382,527	52,658,020	146,865,060
Laporte	2,371,584,100	5,187,191,140	7,558,775,240	1,168,371,970	55,871,950	18,480,540	38,219,150
Lawrence	324,787,100	1,513,163,060	1,837,950,160	442,727,150	24,523,300	9,705,200	18,584,390
Madison	1,103,010,100	4,608,373,000	5,711,383,100	1,348,181,818	75,872,735	25,530,238	42,447,180
Marion	Data Not Available						
Marshall	1,028,029,200	2,271,041,600	3,299,070,800	475,817,500	24,458,250	5,787,700	10,940,790
Martin	92,475,200	290,065,900	382,541,100	88,357,950	4,801,760	3,398,320	2,936,900
Miami	387,020,830	1,216,061,400	1,603,082,230	333,780,150	20,507,500	16,692,710	7,365,020
Monroe	2,225,228,365	5,873,599,261	8,098,827,626	1,093,648,050	48,869,400	18,049,580	17,963,320
Montgomery	608,534,200	1,534,443,505	2,142,977,705	393,681,850	20,633,000	4,638,280	13,735,940
Morgan	1,049,748,300	3,130,175,600	4,179,923,900	780,741,550	34,110,450	10,487,890	8,881,200
Newton	293,909,300	528,347,292	822,256,592	148,253,875	7,365,070	2,047,360	3,935,500
Noble	811,039,950	1,822,371,863	2,633,411,813	477,126,425	21,782,200	6,854,140	11,492,260
Ohio	71,500,300	293,302,000	364,802,300	69,031,764	3,403,500	892,790	1,886,995
Orange	188,950,340	618,769,180	807,719,520	158,907,850	8,080,750	3,031,020	4,943,360
Owen	271,490,600	684,398,000	955,888,600	205,171,700	10,938,630	4,244,810	5,657,850
Parke	299,166,693	549,593,310	848,760,003	142,037,730	8,686,750	3,424,280	4,641,100
Perry	176,414,020	613,901,790	790,315,810	176,881,400	9,531,330	4,073,370	8,489,780
Pike	153,220,720	400,041,710	553,262,430	112,974,325	6,321,240	3,102,910	4,906,100
Porter	Data Not Available						
Posey	Data Not Available						
Pulaski	287,970,930	464,096,100	752,067,030	124,086,830	6,727,300	2,034,990	3,863,170
Putnam	531,842,060	1,513,887,598	2,045,729,658	362,235,300	16,498,000	7,111,270	6,069,570
Randolph	365,079,610	837,666,830	1,202,746,440	256,410,905	11,703,300	3,501,345	9,991,836
Ripley	410,966,700	1,182,239,400	1,593,206,100	303,954,900	16,552,000	4,580,050	7,116,620
Rush	363,478,020	606,038,670	969,516,690	174,232,685	8,823,650	2,123,420	5,961,520
St Joseph	2,264,387,390	11,754,605,644	14,018,993,034	2,727,187,898	142,734,870	30,605,189	74,678,080
Scott	256,274,520	678,374,500	934,649,020	210,988,460	11,431,000	4,614,990	8,336,370
Shelby	637,218,300	1,784,864,770	2,422,083,070	438,812,400	22,450,400	6,852,630	9,619,070
Spencer	253,551,140	951,537,600	1,205,088,740	204,878,040	10,228,500	4,188,130	4,468,410
Starke	383,512,530	894,501,430	1,278,013,960	246,255,450	11,756,090	2,873,680	10,689,070
Steuben	1,613,497,600	1,782,321,200	3,395,818,800	356,407,200	19,823,900	3,910,180	6,217,500
Sullivan	275,435,090	509,354,030	784,789,120	165,208,925	10,686,080	5,327,065	7,122,230
Switzerland	101,752,400	462,795,980	564,548,380	86,402,600	4,048,700	1,545,210	1,887,610
Tiptecanoe	2,314,362,500	6,908,458,200	9,222,820,700	1,384,533,955	66,760,155	14,447,490	13,144,360
Tipton	297,436,500	690,129,800	987,566,300	202,855,650	10,611,507	2,766,200	3,682,580
Union	124,874,240	258,925,300	383,799,540	75,628,100	3,763,600	1,258,410	1,850,700
Vanderburgh	3,217,998,270	8,224,899,400	11,442,897,670	1,792,164,220	90,327,720	33,902,290	44,083,960
Vermillion	201,130,810	521,389,810	722,520,620	142,410,155	8,269,350	4,206,165	6,978,730
Vigo	939,839,200	4,220,796,940	5,160,636,140	891,110,000	49,856,950	19,926,260	33,379,610
Wabash	413,364,200	1,270,586,200	1,683,950,400	348,865,850	16,934,500	6,328,330	10,474,410
Warren	222,876,700	306,120,400	528,997,100	96,227,700	4,683,700	1,367,820	3,306,000
Warrick	792,390,250	2,591,892,600	3,384,282,850	650,311,380	31,554,950	10,007,330	7,711,350
Washington	327,943,500	855,466,700	1,183,410,200	253,341,625	12,574,750	6,381,220	6,463,980
Wayne	894,880,500	2,821,542,600	3,716,423,100	679,887,250	34,040,800	12,371,720	25,645,650
Wells	300,905,300	1,260,342,400	1,561,247,700	311,135,225	15,269,850	3,926,710	4,621,610
White	706,858,000	1,093,893,340	1,800,751,340	265,400,257	11,848,440	4,423,990	6,457,100
Whitley	450,086,600	1,536,670,700	1,986,757,300	395,833,450	18,737,500	4,408,720	7,066,740
Totals	\$ 75,896,842,893	\$ 231,411,213,584	\$ 307,308,056,477	\$ 52,785,787,867	\$ 2,749,075,601	\$ 777,360,567	\$ 1,197,899,417

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2007 by County - continued

County	Blind and/or Disabled Deduction	Energy System Deduction	Rehab, Urban Dev or Revit Deduction	Investment Deduction	Fertilizer/ Pesticide Deduction	Tax Exempt Property	Net Value of Land and Improvements	Personal Property Other Than Business Personal Property
Adams	\$ 3,068,835	\$ 2,594,900	\$ 9,074,630	\$ 1,402,970	\$ 204,600	\$ 97,578,940	\$ 1,249,454,210	\$ 2,903,390
Allen	12,342,670	12,709,000	120,254,220	4,880,500	-	748,300,653	14,309,456,282	17,571,340
Bartholomew	4,103,800	3,061,500	46,843,240	-	41,800	417,766,050	3,526,250,430	7,986,110
Benton	661,440	-	1,794,441	-	697,700	45,078,280	481,940,339	1,679,350
Blackford	1,625,350	551,700	2,745,440	-	88,800	35,179,331	356,655,419	2,532,070
Boone	1,826,850	3,856,800	126,175,805	-	51,600	106,688,270	3,896,214,935	7,978,570
Brown	Data Not Available	-	-	-	-	-	-	-
Carroll	1,333,990	1,335,600	2,655,466	437,255	429,900	77,323,290	913,669,819	4,200,955
Cass	2,068,380	-	4,182,690	23,630	1,067,200	76,466,520	1,172,681,110	3,886,850
Clark	Data Not Available	-	-	-	-	-	-	-
Clay	2,628,435	191,400	3,219,865	-	264,500	45,754,820	829,776,370	2,898,810
Clinton	2,695,710	1,081,900	15,285,490	70,560	469,900	97,163,354	1,229,496,496	5,595,630
Crawford	2,666,340	66,200	-	-	-	16,401,300	241,248,590	2,552,470
Daviess	3,455,450	561,500	7,849,300	-	-	40,132,600	972,593,184	4,061,110
Dearborn	5,079,390	-	7,390,770	-	-	65,062,100	2,566,428,570	8,637,650
Decatur	2,155,610	1,730,086	8,312,795	669,200	2,289,590	47,676,100	1,107,541,943	10,056,330
Dekalb	1,045,600	2,053,740	32,745,840	-	1,256,390	191,805,080	1,822,816,329	4,666,380
Delaware	15,445,880	-	11,565,840	-	-	348,151,150	3,730,745,050	14,977,020
Dubois	1,808,740	4,704,600	1,073,045	1,183,870	530,000	105,944,195	1,849,625,150	6,115,850
Elkhart	9,716,320	498,850	26,742,880	1,102,130	-	517,835,600	8,584,633,400	20,755,700
Fayette	3,558,010	108,900	3,324,370	-	8,010	60,682,800	707,191,080	2,732,790
Floyd	9,364,950	390,200	22,291,640	1,826,700	-	276,447,000	3,315,382,360	5,674,440
Fountain	1,747,660	-	1,881,580	159,000	20,990	32,112,920	634,515,320	3,179,050
Franklin	2,162,755	1,488,500	1,238,173	69,040	-	118,154,850	936,632,362	8,291,580
Fulton	1,793,210	1,326,920	3,486,953	-	308,200	23,144,170	737,185,457	4,297,720
Gibson	4,049,770	107,400	78,543,270	-	7,700	140,880,180	1,272,838,300	4,524,590
Grant	5,840,975	1,575,940	38,330,765	676,250	-	336,459,160	2,017,289,212	44,479,260
Greene	5,229,820	334,700	320,640	-	-	72,821,700	794,875,661	11,293,380
Hamilton	4,966,960	2,822,400	76,209,158	5,914,850	163,300	2,024,787,145	21,095,378,677	36,268,503
Hancock	2,508,480	-	59,292,920	481,400	294,830	246,311,150	3,112,561,020	13,978,980
Harrison	5,446,360	378,900	1,560,440	-	-	158,274,030	1,632,097,230	7,174,980
Hendricks	5,728,320	1,397,990	369,347,900	1,024,740	-	247,383,433	7,603,692,406	17,234,310
Henry	5,957,880	-	12,075,820	2,133,200	72,180	101,458,960	1,538,299,230	15,094,620
Howard	6,025,800	3,842,000	30,020,100	-	31,800	572,815,450	3,590,317,520	14,363,570
Huntington	3,450,220	5,598,700	9,958,760	242,930	-	206,485,860	1,339,539,795	6,575,650
Jackson	3,333,740	-	11,157,000	32,630	-	165,077,700	1,857,493,260	2,987,900
Jasper	Data Not Available	-	-	-	-	-	-	-
Jay	3,107,100	426,700	2,603,030	-	31,100	29,962,275	638,984,795	14,982,210
Jefferson	4,495,780	850,830	7,223,100	4,400	-	160,966,700	1,108,616,120	2,738,810
Jennings	4,820,590	922,610	30,737,770	144,225	64,800	44,076,030	779,327,005	3,407,320
Johnson	4,330,560	1,532,600	71,574,470	748,580	63,190	281,394,410	6,393,500,200	11,080,090
Knox	5,163,740	-	7,423,730	678,450	-	443,414,060	1,102,398,070	6,560,730
Kosciusko	3,725,860	7,056,100	12,597,910	1,145,760	388,780	280,191,190	5,443,240,815	24,920,300
Lagrange	1,681,790	948,500	6,100,705	160,950	104,000	140,490,839	2,008,681,990	6,461,800
Lake	78,029,760	957,550	400,146,575	1,045,571	-	3,365,815,820	21,824,671,652	22,963,044
Laporte	9,356,680	21,400	29,367,520	800,390	-	620,417,980	5,617,867,660	12,857,690
Lawrence	7,965,190	451,600	12,250,320	-	446,000	147,430,000	1,173,867,010	7,335,820
Madison	14,869,840	-	66,235,477	8,600	-	344,940,096	3,793,297,116	27,467,775
Marion	Data Not Available	-	-	-	-	-	-	-
Marshall	3,272,070	180,240	23,978,190	204,230	279,550	349,244,730	2,404,907,550	14,062,380
Martin	1,412,850	205,100	447,360	158,700	34,400	25,795,444	255,192,316	1,785,210
Miami	1,965,390	-	5,054,525	-	-	152,387,300	1,065,329,635	9,296,340
Monroe	6,217,350	1,479,555	90,752,138	2,000,000	-	557,746,099	6,262,102,134	13,947,280
Montgomery	3,105,600	112,900	11,954,843	-	301,015	128,537,800	1,566,276,477	6,916,384
Morgan	3,244,120	2,713,100	16,947,810	-	-	154,994,150	3,167,803,630	18,665,650
Newton	1,507,960	-	14,936,472	-	126,500	11,042,300	633,041,555	4,215,400
Noble	5,048,600	7,175,200	27,444,460	1,049,040	57,420	114,345,900	1,961,036,168	24,706,671
Ohio	338,210	-	-	-	-	22,320,300	266,928,741	1,832,810
Orange	2,676,760	92,570	1,364,690	-	-	56,560,300	572,062,220	3,296,920
Owen	1,647,830	-	474,030	-	-	73,248,200	654,505,550	3,705,480
Parke	953,040	464,600	1,213,340	-	176,120	45,783,390	641,379,653	4,055,220
Perry	3,161,660	176,300	2,099,035	-	-	47,142,575	538,760,360	2,727,067
Pike	1,846,170	100,200	-	62,250	-	40,309,500	383,639,735	1,811,900
Porter	Data Not Available	-	-	-	-	-	-	-
Posey	Data Not Available	-	-	-	-	-	-	-
Pulaski	1,687,560	422,620	1,346,437	1,858,980	753,800	45,694,250	563,591,093	5,051,750
Putnam	2,538,320	365,700	9,407,812	-	-	215,780,675	1,426,723,011	5,174,470
Randolph	2,887,910	138,050	4,174,940	207,775	-	41,728,200	872,002,179	3,963,090
Ripley	2,871,065	2,431,050	10,352,544	-	-	87,584,670	1,157,763,201	4,773,450
Rush	1,194,960	367,490	4,626,203	77,390	655,470	61,000,400	710,453,502	2,308,000
St Joseph	17,074,807	3,080,970	139,473,240	20,630	466,730	963,226,090	9,920,444,530	16,274,700
Scott	6,442,370	-	9,351,080	-	-	32,196,200	651,288,550	2,670,510
Shelby	2,750,850	1,150,100	28,842,881	-	133,700	145,723,052	1,765,747,987	6,975,580
Spencer	1,379,450	382,500	13,651,200	-	564,340	106,381,100	858,967,070	3,486,130
Starke	6,507,290	245,400	2,877,400	43,915	-	75,029,700	921,735,965	1,907,250
Steuben	2,361,770	-	15,359,400	-	-	85,765,700	2,905,973,150	11,429,710
Sullivan	3,840,870	-	-	-	-	12,656,100	579,947,850	2,438,210
Switzerland	923,520	94,325	-	-	-	25,690,300	443,956,115	2,432,020
Tippecanoe	3,390,510	-	25,418,790	270,600	-	686,222,030	7,028,632,810	16,674,730
Tipton	660,300	2,198,600	2,395,998	66,300	-	40,585,186	721,743,979	3,917,500
Union	720,850	81,100	643,080	41,490	164,190	9,352,500	290,295,520	12,406,150
Vanderburgh	22,012,050	54,200	84,897,730	-	-	1,542,338,250	7,833,117,250	163,425,330
Vermillion	2,935,680	254,250	4,889,830	14,400	239,530	44,037,500	508,285,030	4,266,785
Vigo	10,465,570	171,500	38,909,685	-	-	884,200,970	3,232,615,595	8,665,780
Wabash	4,754,350	4,601,100	4,910,870	158,260	510,090	155,527,570	1,130,885,070	4,388,230
Warren	840,370	46,400	3,444,245	-	23,910	9,372,800	409,684,155	1,239,241
Warrick	5,064,720	9,100	4,119,695	-	-	168,848,200	2,506,656,125	13,315,650
Washington	4,419,850	2,910	6,584,930	-	-	48,968,800	844,672,135	2,200,670
Wayne	10,281,950	723,720	41,039,253	-	1,469,100	591,787,308	2,319,176,349	6,258,221
Wells	953,570	639,370	7,984,194	645,625	357,200	153,704,040	1,062,010,306	4,890,060
White	1,922,120	186,400	1,579,471	1,031,530	200,100	35,998,130	1,471,703,802	6,558,130
Whitley	1,126,770	3,718,600	33,276,010	1,941,600	59,400	116,261,400	1,404,327,110	7,602,590
Totals	\$ 440,847,602	\$ 101,603,076	\$ 2,489,435,664	\$ 36,920,496	\$ 15,969,425	\$ 21,887,822,650	\$ 224,825,334,112	\$ 903,721,136

State of Indiana
Property Valuations and Deductions for Property Taxes Payable 2007 by County - continued

County	Veterans' Deductions	Tax Exempt Property	Net Personal Property Other Than Business Personal Property	Net Land And Improvements And Non Business Personal Property	State & Local Assessment Of Railroads & Utilities	Business Personal Property	Total Value Of Railroads, Utilities Business Personal Property
Adams	\$ -	\$ -	2,903,390	\$ 1,252,357,600	\$ 29,311,560	\$ 160,004,920	\$ 189,316,480
Allen	7,120	-	17,564,220	14,327,020,502	433,897,810	1,528,148,750	1,962,046,560
Bartholomew	-	17,300	7,968,810	3,534,219,240	70,713,140	671,486,855	742,199,995
Benton	-	-	1,679,350	483,619,689	13,768,920	31,779,200	45,548,120
Blackford	14,600	-	2,517,470	359,172,889	14,017,430	62,422,830	76,440,260
Boone	2,840	-	7,975,730	3,904,190,665	48,814,940	170,664,970	219,479,910
Brown	Data Not Available	-	-	-	-	-	-
Carroll	-	-	4,200,955	917,870,774	23,457,380	63,847,305	87,304,685
Cass	5,730	-	3,881,120	1,176,562,230	44,709,780	128,644,480	173,354,260
Clark	Data Not Available	-	-	-	-	-	-
Clay	-	-	2,898,810	832,675,180	28,432,740	62,959,490	91,392,230
Clinton	10,380	-	5,585,250	1,235,081,746	31,786,500	226,124,432	257,910,932
Crawford	550	-	2,551,920	243,800,510	25,287,580	20,243,810	45,531,390
Daviess	44,940	-	4,036,170	976,629,354	33,921,120	145,610,580	179,531,700
Dearborn	-	-	8,637,650	2,575,066,220	693,575,280	98,221,650	791,796,930
Decatur	-	1,586,350	4,469,980	1,116,011,923	27,731,940	153,755,576	181,487,516
Dekalb	-	2,250	4,664,130	1,827,480,459	56,095,380	545,476,426	601,571,806
Delaware	-	-	14,977,020	3,745,722,070	124,579,230	351,493,340	476,072,570
Dubois	-	-	6,115,850	1,855,741,000	44,420,290	238,945,160	283,365,450
Elkhart	10,290	-	20,745,410	8,605,378,810	205,041,160	868,320,600	1,073,361,760
Fayette	7,040	12,060	2,713,680	709,904,760	23,061,580	161,631,140	184,692,720
Floyd	-	-	5,674,440	3,321,056,800	99,868,110	230,387,920	330,256,030
Fountain	-	-	3,179,050	637,694,370	18,970,750	71,329,830	90,300,580
Franklin	13,000	-	8,278,580	944,910,942	24,722,850	40,859,790	65,582,640
Fulton	2,600	-	4,295,120	741,480,577	33,276,113	92,579,047	125,855,160
Gibson	4,560	1,390	4,518,640	1,277,356,940	245,011,970	511,807,054	756,819,024
Grant	120,010	32,710,930	11,648,320	2,028,937,532	61,952,880	307,909,600	369,862,480
Greene	-	300	11,293,080	806,168,741	759,290	39,420,800	40,180,090
Hamilton	-	3,077,910	33,190,593	21,128,569,270	359,736,070	843,596,670	1,203,332,740
Hancock	-	-	13,978,980	3,126,540,000	82,479,210	244,686,830	327,166,040
Harrison	6,500	179,680	6,988,800	1,639,086,030	42,916,130	127,023,250	169,939,380
Hendricks	-	-	17,234,310	7,620,926,716	144,326,750	422,725,210	567,051,960
Henry	27,600	-	15,067,020	1,553,366,250	85,518,230	157,632,840	243,151,070
Howard	9,240	292,060	14,062,270	3,604,379,790	92,538,949	1,329,936,810	1,422,475,759
Huntington	-	-	6,575,650	1,346,115,445	42,354,510	156,247,247	198,601,757
Jackson	24,960	-	2,962,940	1,860,456,200	56,647,310	318,533,403	375,180,713
Jasper	Data Not Available	-	-	-	-	-	-
Jay	27,260	-	14,954,950	653,939,745	26,261,650	105,585,010	131,846,660
Jefferson	-	69,840	2,668,970	1,111,285,090	119,873,170	141,275,390	261,148,560
Jennings	-	12,000	3,395,320	782,722,325	27,419,680	114,606,451	142,026,131
Johnson	-	-	11,080,090	6,404,580,290	128,893,980	357,734,020	486,628,000
Knox	29,530	157,910	6,373,290	1,108,771,360	148,162,700	142,594,768	290,757,468
Kosciusko	32,550	6,760	24,880,990	5,468,121,805	99,364,510	446,618,774	545,983,284
Lagrange	-	-	6,461,800	2,015,143,790	40,752,690	115,444,292	156,196,982
Lake	-	70,700	22,892,344	21,847,563,996	714,276,350	2,435,094,258	3,149,370,608
Laporte	500	-	12,857,190	5,630,724,850	248,777,830	382,474,190	631,252,020
Lawrence	-	-	7,335,820	1,181,202,830	70,832,700	179,479,670	250,312,370
Madison	-	-	27,467,775	3,820,764,891	93,295,090	409,893,870	503,188,960
Marion	Data Not Available	-	-	-	-	-	-
Marshall	-	-	14,062,380	2,418,969,930	59,792,040	229,370,460	289,162,500
Martin	11,720	-	1,773,490	256,965,806	13,826,030	39,174,150	53,000,180
Miami	49,750	-	9,246,590	1,074,576,225	25,768,710	89,128,584	114,897,294
Monroe	11,310	-	13,935,970	6,276,038,104	105,842,750	396,461,229	502,303,979
Montgomery	-	27,930	6,888,454	1,573,164,931	40,413,887	378,977,837	419,391,724
Morgan	-	33,500	18,632,150	3,186,435,780	83,373,200	167,713,306	251,086,506
Newton	-	-	4,215,400	637,256,955	24,890,410	63,864,320	88,754,730
Noble	2,050	7,041,394	17,663,227	1,978,699,395	50,620,130	276,280,496	326,900,626
Ohio	-	-	1,832,810	268,761,551	6,797,090	15,427,090	22,224,180
Orange	-	-	3,296,920	575,359,140	27,621,300	43,736,981	71,358,281
Owen	-	40,900	3,664,580	658,170,130	22,005,670	29,119,570	51,125,240
Parke	-	-	4,055,220	645,434,873	23,229,420	26,186,395	49,415,815
Perry	6,130	-	2,720,937	541,481,297	15,933,030	104,220,710	120,153,740
Pike	2,640	-	1,809,260	385,448,995	187,528,730	41,970,890	229,499,620
Porter	Data Not Available	-	-	-	-	-	-
Posey	Data Not Available	-	-	-	-	-	-
Pulaski	-	-	5,051,750	568,642,843	19,628,780	58,875,340	78,504,120
Putnam	-	1,740	5,172,730	1,430,895,741	45,881,120	246,547,539	292,428,659
Randolph	-	-	3,963,090	875,965,269	41,488,060	79,958,574	121,446,634
Ripley	-	48,180	4,725,270	1,162,488,471	36,391,880	109,014,203	145,406,083
Rush	9,350	-	2,298,650	712,752,152	22,805,730	88,620,660	111,426,390
St Joseph	-	-	16,274,700	9,936,719,230	268,483,910	1,120,307,344	1,388,791,254
Scott	-	-	2,670,510	653,959,060	19,319,380	91,250,440	110,569,820
Shelby	5,820	-	6,969,760	1,772,717,747	54,237,590	296,210,870	350,448,460
Spencer	4,990	590,850	2,890,290	861,857,360	372,786,320	277,010,034	649,796,354
Starke	-	-	1,907,250	923,643,215	29,497,190	43,277,567	72,774,757
Steuben	-	-	11,429,710	2,917,402,860	38,945,250	192,845,510	231,790,760
Sullivan	-	-	2,438,210	582,386,060	156,845,380	47,065,665	203,911,045
Switzerland	-	156,750	2,275,270	446,231,385	17,613,130	22,942,220	40,555,350
Tiptecance	50,550	274,570	16,349,610	7,044,982,420	151,362,960	1,143,774,460	1,295,137,420
Tipton	24,960	-	3,892,540	725,636,519	23,675,190	68,686,500	92,361,690
Union	-	-	12,406,150	302,701,670	9,984,420	19,607,000	29,591,420
Vanderburgh	25,060	140,817,370	22,582,900	7,855,700,150	174,057,780	848,513,680	1,022,571,460
Vermillion	-	172,760	4,094,025	512,379,055	184,692,740	166,978,248	351,670,988
Vigo	-	-	8,665,780	3,241,281,375	289,252,190	875,150,760	1,164,402,950
Wabash	-	-	4,388,230	1,135,273,300	43,294,700	129,607,100	172,901,800
Warren	-	-	1,239,241	410,923,396	10,212,160	24,773,290	34,985,450
Warrick	2,690	2,323,620	10,989,340	2,517,645,465	154,332,930	467,577,940	621,910,870
Washington	-	79,140	2,121,530	846,793,665	38,570,340	81,221,051	119,791,391
Wayne	2,120	-	6,256,101	2,325,432,450	70,513,730	316,881,291	387,395,021
Wells	-	160,080	4,729,980	1,066,740,286	78,587,550	132,118,585	210,706,135
White	3,890	-	6,554,240	1,478,258,042	41,486,900	112,211,731	153,698,631
Whitley	-	169,360	7,433,230	1,411,760,340	35,762,350	249,117,860	284,880,210
Totals	\$ 614,830	\$ 190,135,584	\$ 712,970,722	\$ 225,538,304,834	\$ 8,198,965,289	\$ 24,627,035,988	\$ 32,826,001,277

State of Indiana

Property Valuations and Deductions for Property Taxes Payable 2007 by County

County	Veterans' Deductions	Coal or Oil Shale System Deductions	Urban Dev Econ Revital Deduction	Investment Deduction	Enterprise Zone Deduction	Tax Exempt Property	Net Value Of Railroads, Utilities And Business Personal Property	Total Net Value of Taxable Property
Adams	\$ -	\$ -	\$ 23,011,970	\$ 5,501,180	\$ -	\$ 2,194,340	\$ 158,608,990	\$ 1,410,968,590
Allen	-	-	131,774,010	36,538,395	7,055,170	97,190,313	1,689,488,672	16,016,509,174
Bartholomew	-	-	126,306,400	8,245,030	-	3,681,080	603,967,485	4,138,186,725
Benton	-	-	1,674,780	1,580,992	-	232,450	42,059,898	525,679,587
Blackford	-	-	5,283,586	2,540,200	-	1,855,570	66,760,904	425,933,793
Boone	12,340	-	5,039,560	3,847,676	-	5,002,592	205,577,742	4,109,768,407
Brown	Data Not Available	-	-	3,002,605	-	8,850	84,293,230	1,002,164,004
Carroll	-	-	-	6,818,180	-	2,158,320	159,066,060	1,335,628,290
Cass	-	-	5,311,700	-	-	-	-	-
Clark	Data Not Available	-	-	2,315,405	-	3,933,500	81,026,445	913,701,625
Clay	-	-	4,116,880	2,315,405	-	3,933,500	81,026,445	913,701,625
Clinton	-	-	14,041,647	20,590,740	1,167,483	9,451,640	212,659,422	1,447,741,168
Crawford	-	-	-	1,838,680	-	54,050	43,638,660	287,439,170
Daviess	-	-	40,083,140	7,032,190	-	783,740	131,632,630	1,108,261,984
Dearborn	-	-	532,209,620	7,784,300	-	1,450,880	250,352,130	2,825,418,350
Decatur	-	-	27,907,210	-	-	10,000	153,570,306	1,269,582,229
Dekalb	-	-	77,969,450	8,481,540	-	5,218,180	509,902,636	2,337,383,095
Delaware	-	-	6,562,845	12,738,400	-	35,902,930	420,868,395	4,166,590,465
Dubois	-	-	291,470	14,251,194	-	22,123,550	246,699,236	2,102,440,236
Elkhart	-	-	5,281,180	27,006,060	2,097,590	68,034,960	970,941,970	9,576,320,780
Fayette	-	-	11,851,670	3,437,150	-	8,945,890	160,458,010	870,362,770
Floyd	-	-	10,785,830	7,136,940	-	4,851,120	307,482,140	3,628,538,940
Fountain	-	-	10,181,040	3,832,350	-	229,450	76,057,740	713,752,110
Franklin	-	-	1,454,190	2,294,510	-	525,590	61,308,350	1,006,219,292
Fulton	-	-	-	268,326	-	2,833,980	116,578,155	858,058,732
Gibson	-	-	310,622,370	-	-	17,898,629	428,298,025	1,705,654,965
Grant	-	-	75,238,720	1,068,030	-	1,374,570	292,181,160	2,321,118,692
Greene	-	-	-	1,349,280	-	878,430	37,952,380	844,121,121
Hamilton	-	-	110,962,380	22,722,688	-	45,209,620	1,024,438,052	22,153,007,322
Hancock	-	-	29,370,220	8,884,400	-	3,218,460	285,692,960	3,412,232,960
Harrison	5,980	-	4,366,930	-	-	8,085,640	157,480,830	1,796,566,860
Hendricks	-	-	31,523,730	14,421,307	-	30,064,812	491,042,111	8,111,968,827
Henry	5,690	-	26,672,770	3,637,830	-	11,112,650	201,722,130	1,755,088,380
Howard	-	-	560,085,640	4,713,606	-	37,087,885	820,588,628	4,424,968,418
Huntington	-	-	17,667,970	5,229,940	-	14,835,510	160,868,337	1,506,983,782
Jackson	-	-	58,036,570	9,625,330	-	11,343,510	296,175,303	2,156,631,503
Jasper	Data Not Available	-	-	-	-	-	-	-
Jay	1,370	-	22,513,145	1,688,330	-	1,620,230	106,023,585	759,963,330
Jefferson	-	-	14,969,020	7,999,640	-	14,338,280	223,841,620	1,335,126,710
Jennings	-	-	27,161,366	2,847,325	-	4,999,792	107,017,648	889,739,973
Johnson	-	-	33,213,520	9,633,080	-	370,890	443,410,510	6,847,990,800
Knox	-	-	71,819,470	8,265,980	-	4,501,660	206,170,358	1,314,941,718
Kosciusko	50	-	29,643,675	20,076,240	-	11,097,247	485,166,072	5,953,287,877
Lagrange	-	-	4,733,450	2,896,365	-	2,291,710	146,275,457	2,161,419,247
Lake	-	-	180,719,080	35,486,284	454,700	174,398,659	2,758,311,885	24,605,875,881
Laporte	-	-	47,653,100	-	2,466,600	238,150	580,894,170	6,211,619,020
Lawrence	350	-	17,675,190	8,217,169	-	28,520	224,391,141	1,405,593,971
Madison	-	-	44,948,085	11,665,432	-	64,656,570	381,918,873	4,202,683,764
Marion	Data Not Available	-	-	-	-	-	-	-
Marshall	-	-	29,176,490	5,945,950	-	23,717,640	230,322,420	2,649,292,350
Martin	-	-	-	2,005,450	-	611,780	50,362,950	307,348,756
Miami	-	-	9,395,060	3,945,850	-	310,800	101,245,584	1,175,821,809
Monroe	-	-	17,866,217	25,791,913	-	11,453,380	447,192,469	6,723,230,573
Montgomery	-	-	97,160,080	6,526,278	-	10,077,213	305,628,153	1,878,793,084
Morgan	-	-	29,626,030	3,519,680	-	6,668,120	211,272,676	3,397,708,456
Newton	-	-	1,648,880	4,595,070	-	974,350	81,536,430	718,793,385
Noble	-	-	37,204,280	3,886,020	-	1,814,705	283,995,621	2,262,695,016
Ohio	-	-	-	1,931,440	-	224,220	20,068,520	288,830,071
Orange	-	-	665,058	3,038,234	-	2,512,720	65,142,269	640,501,409
Owen	-	-	-	2,817,014	-	363,930	47,944,296	706,114,426
Parke	-	-	2,129,670	1,265,903	-	-	46,020,242	691,455,115
Perry	24,960	-	17,163,215	1,875,290	-	1,290,770	99,799,505	641,280,802
Pike	-	-	-	4,398,271	-	719,750	224,381,599	609,830,594
Porter	Data Not Available	-	-	-	-	-	-	-
Posey	Data Not Available	-	-	-	-	-	-	-
Pulaski	-	-	3,149,540	4,852,258	-	1,010,580	69,491,742	638,134,585
Putnam	-	-	35,527,600	4,653,620	-	83,579,729	168,667,710	1,599,563,451
Randolph	-	-	11,329,034	4,414,637	-	3,487,860	102,215,103	978,180,372
Ripley	-	-	7,949,171	4,939,482	-	743,300	131,774,130	1,294,262,601
Rush	-	-	4,603,820	3,753,136	-	1,615,780	101,453,654	814,205,806
St Joseph	-	-	31,644,775	3,699,284	-	181,128,420	1,172,318,775	11,109,038,005
Scott	-	-	16,056,775	6,920,986	-	259,280	87,332,779	741,291,839
Shelby	-	-	47,184,823	11,299,985	-	1,975,140	289,988,512	2,062,706,259
Spencer	-	-	192,809,740	3,583,020	-	5,678,480	447,725,114	1,309,582,474
Starke	2,370	-	1,651,180	1,121,481	-	452,670	69,547,056	993,190,271
Steuben	-	-	21,837,110	7,158,000	-	11,012,410	191,783,240	3,109,186,100
Sullivan	-	-	-	4,151,675	-	25,500	199,733,870	782,119,930
Switzerland	-	-	537,580	-	-	-	40,017,770	486,249,155
Tippecanoe	-	-	205,402,150	18,640,160	979,310	50,948,170	1,019,167,630	8,064,150,050
Tipton	27,380	-	3,765,530	5,695,700	-	864,260	82,008,820	807,645,339
Union	-	-	6,062,730	482,510	-	-	23,046,180	325,747,850
Vanderburgh	-	-	62,969,290	22,101,110	6,164,360	292,380	931,044,320	8,786,744,470
Vermillion	-	-	63,044,010	88,308,607	-	1,437,750	260,268,721	772,647,776
Vigo	7,560	-	289,919,589	21,416,800	-	29,312,330	823,746,671	4,065,028,046
Wabash	-	-	6,379,340	6,904,590	-	5,820	159,612,050	1,294,885,350
Warren	-	-	1,830,254	121,431	-	-	33,033,765	443,957,161
Warrick	-	-	11,679,115	9,880,530	-	3,500,860	596,850,365	3,114,495,830
Washington	90	-	17,471,860	7,806,234	-	60,030	94,453,177	941,246,842
Wayne	390	-	36,266,530	7,113,244	1,135,472	30,024,480	312,854,905	2,638,287,355
Wells	-	-	63,044,010	6,691,587	-	2,687,185	138,283,353	1,205,023,639
White	7,170	-	1,106,484	4,842,380	-	824,530	146,918,067	1,625,176,109
Whitley	-	-	119,085,850	4,263,090	-	5,024,170	156,507,100	1,568,267,440
Totals	\$ 95,700	\$ -	\$ 4,203,957,675	\$ 709,774,572	\$ 21,520,685	\$ 1,213,014,891	\$ 26,677,637,754	\$ 252,215,942,588

State of Indiana
Property Taxes Charged Payable 2007 by Fund and County -- continued

County	State Fair Board	State Forestry Fund	County General Fund	Property Reassessment Fund	County Debt Service Fund	Cumulative Bridge Fund
Adams	\$ 11,280	\$ 22,559	\$ 5,173,170	\$ 70,498	\$ -	\$ 713,443
Allen	124,574	249,148	47,836,504	327,007	7,583,456	-
Bartholomew	32,901	65,802	8,821,579	143,942	1,529,896	1,998,735
Benton	4,206	8,413	1,890,727	74,662	-	224,511
Blackford	3,366	6,732	1,995,159	73,209	-	154,412
Boone	31,796	63,592	2,921,273	194,752	-	1,192,356
Brown	Data Not Available					
Carroll	7,793	15,586	2,713,878	119,816	-	537,710
Cass	10,660	21,321	5,128,977	143,915	-	329,139
Clark	Data Not Available					
Clay	7,272	14,543	1,993,305	181,788	-	231,780
Clinton	11,582	23,164	4,776,120	140,432	-	364,832
Crawford	2,212	4,424	1,834,418	72,437	-	-
Daviess	8,571	17,142	6,944,765	175,708	-	620,336
Dearborn	22,327	44,654	4,473,739	212,105	-	929,354
Decatur	9,977	19,954	2,461,793	144,665	-	680,921
Dekalb	15,963	31,926	5,551,076	231,461	423,015	391,089
Delaware	31,712	63,423	15,273,169	245,766	1,740,182	2,398,201
Dubois	16,580	33,160	3,877,701	169,947	-	723,312
Elkhart	74,615	149,230	17,935,546	270,479	-	960,666
Fayette	6,965	13,930	3,539,844	81,836	496,240	374,356
Floyd	27,892	55,783	4,385,965	209,188	-	463,699
Fountain	5,546	11,091	2,194,639	96,353	-	408,982
Franklin	8,054	16,108	1,200,066	87,589	366,463	510,431
Fulton	6,868	13,736	2,443,378	78,985	-	197,462
Gibson	12,239	24,478	7,473,432	117,800	-	1,051,023
Grant	17,982	35,964	9,341,672	337,163	445,056	337,163
Greene	6,644	13,288	3,052,953	156,136	-	307,288
Hamilton	165,481	330,961	23,725,788	455,072	2,813,171	-
Hancock	26,590	53,181	5,613,874	235,989	1,894,558	1,163,325
Harrison	14,383	28,765	2,286,820	143,825	-	638,224
Hendricks	59,997	119,993	12,486,806	269,985	2,909,838	1,529,915
Henry	13,733	27,467	5,266,731	187,117	1,215,399	391,400
Howard	35,406	70,812	13,334,709	411,592	-	570,919
Huntington	11,598	23,197	4,726,352	107,285	-	594,419
Jackson	17,259	34,517	3,609,220	64,720	377,533	431,467
Jasper	Data Not Available					
Jay	6,083	12,167	3,164,922	86,689	-	456,260
Jefferson	10,302	20,604	3,842,729	109,461	-	826,753
Jennings	6,702	13,404	2,655,606	72,045	670,184	376,979
Johnson	53,238	106,477	8,910,783	246,228	2,821,637	998,221
Knox	10,263	20,526	5,537,023	192,436	-	384,872
Kosciusko	46,755	93,510	6,972,365	333,131	-	327,286
Lagrange	16,630	33,260	3,290,661	74,835	116,410	276,474
Lake	184,813	369,626	100,907,811	1,478,503	5,636,792	2,725,989
Laporte	46,756	93,511	20,958,266	379,891	-	1,040,316
Lawrence	11,209	22,417	3,738,064	155,519	383,894	818,227
Madison	32,593	65,186	16,422,711	126,297	122,223	863,710
Marion	Data Not Available					
Marshall	20,574	41,149	4,850,326	249,460	-	673,799
Martin	2,461	4,922	1,074,549	68,601	-	95,365
Miami	9,278	18,557	4,504,656	171,650	-	329,383
Monroe	50,698	101,397	10,957,193	418,262	1,882,178	1,349,845
Montgomery	14,834	29,667	4,565,062	111,253	-	463,552
Morgan	26,547	53,094	5,143,475	248,878	-	331,837
Newton	5,759	11,518	3,350,439	89,988	-	201,573
Noble	17,292	34,584	5,135,782	127,530	149,145	-
Ohio	2,311	4,622	594,156	41,016	-	86,654
Orange	5,092	10,185	1,259,099	85,934	-	397,208
Owen	5,650	11,301	1,588,433	96,761	-	346,785
Parke	5,534	11,068	2,219,776	64,331	-	227,581
Perry	4,457	8,913	2,149,202	71,863	251,799	291,908
Pike	4,879	9,759	4,157,878	92,709	-	304,964
Porter	Data Not Available					
Posey	Data Not Available					
Pulaski	5,108	10,216	3,046,353	94,500	-	154,521
Putnam	12,560	25,120	2,747,498	172,700	-	941,999
Randolph	7,740	15,480	3,435,681	106,428	-	338,634
Ripley	10,359	20,718	1,770,101	64,744	-	517,952
Rush	6,456	12,912	3,015,861	199,336	-	167,055
St Joseph	79,773	159,546	32,228,276	817,673	4,945,924	1,047,020
Scott	5,548	11,096	2,302,377	99,862	535,372	69,349
Shelby	16,003	32,005	4,286,718	100,017	850,142	468,078
Spencer	9,822	19,644	4,998,131	112,952	-	613,870
Starke	7,948	15,895	2,812,475	234,456	-	62,588
Steuben	24,792	49,583	3,641,250	170,442	622,886	185,936
Sullivan	6,255	12,511	4,247,317	173,583	-	334,656
Switzerland	3,890	7,780	1,081,483	39,875	-	229,037
Tiptecanoe	59,553	119,107	17,523,555	282,878	-	2,605,456
Tipton	6,465	12,930	2,046,953	77,579	-	442,847
Union	2,608	5,215	1,051,474	43,676	-	113,426
Vanderburgh	66,078	132,156	29,743,434	388,209	-	2,387,074
Vermillion	6,180	12,359	4,730,568	150,630	-	286,584
Vigo	31,606	63,213	16,395,813	655,833	-	1,149,682
Wabash	10,359	20,719	3,430,252	99,709	-	349,629
Warren	3,552	7,105	2,420,512	11,989	-	259,769
Warrick	24,578	49,156	9,020,063	325,656	774,202	267,284
Washington	7,531	15,063	2,921,199	107,321	-	329,494
Wayne	20,530	41,060	11,322,248	377,237	-	1,129,145
Wells	9,644	19,287	3,219,770	150,682	-	-
White	12,883	25,766	3,520,336	98,234	-	853,512
Whitley	11,900	23,800	3,217,502	105,614	215,690	504,269
Totals	\$ 1,934,455	\$ 3,868,911	\$ 654,413,314	\$ 16,488,308	\$ 41,773,286	\$ 51,425,280

State of Indiana
Property Taxes Charged Payable 2007 by Fund and County -- continued

County	County Health Fund	County Welfare Family and Children	Hospital Care for Indigent Fund	County Medical Assist to Wards Fund	Children with Special Health Care Needs Fund
Adams	\$ 169,196	\$ -	\$ 229,825	\$ 26,789	\$ 42,299
Allen	2,398,054	18,872,996	2,553,772	264,720	389,294
Bartholomew	904,777	5,231,258	431,826	106,928	127,491
Benton	54,682	328,616	41,011	12,093	11,042
Blackford	124,960	-	139,266	13,884	26,086
Boone	560,407	1,756,738	341,809	15,898	31,796
Brown	Data Not Available				
Carroll	66,240	284,441	112,997	4,871	25,327
Cass	334,470	2,799,683	563,668	138,585	23,986
Clark	Data Not Available				
Clay	160,882	212,692	102,710	909	24,541
Clinton	121,611	130,297	191,103	46,328	26,059
Crawford	106,720	1,231,977	45,066	829	9,953
Daviess	159,637	701,762	46,070	40,713	46,070
Dearborn	605,615	1,632,649	237,223	22,327	19,536
Decatur	239,445	467,666	236,951	7,483	19,954
Dekalb	131,693	2,093,127	139,675	23,944	37,912
Delaware	368,649	8,518,567	975,136	47,568	146,667
Dubois	302,589	924,348	122,279	41,451	18,653
Elkhart	2,163,831	10,651,271	1,007,301	195,864	270,479
Fayette	148,872	1,688,957	200,237	17,412	33,953
Floyd	278,917	1,863,041	550,861	111,567	118,540
Fountain	99,126	806,180	61,694	4,852	10,398
Franklin	138,934	352,368	32,217	60,406	50,338
Fulton	185,443	1,620,906	209,481	19,746	23,180
Gibson	385,528	1,101,509	185,115	24,478	30,597
Grant	137,113	4,848,408	1,402,599	143,856	85,415
Greene	132,882	1,353,730	104,644	6,644	27,407
Hamilton	1,510,011	1,510,011	289,591	20,685	41,370
Hancock	319,083	1,402,638	146,247	3,324	29,914
Harrison	361,361	1,835,568	107,869	12,585	41,350
Hendricks	584,968	1,169,935	142,492	44,998	67,496
Henry	394,833	1,191,366	432,600	72,100	37,767
Howard	424,870	1,270,183	893,996	79,663	88,515
Huntington	163,828	745,198	287,061	178,326	44,944
Jackson	224,363	819,787	312,813	2,157	60,405
Jasper	Data Not Available				
Jay	163,493	584,013	308,736	32,699	36,501
Jefferson	251,117	3,305,726	162,260	12,878	45,072
Jennings	167,546	1,027,058	222,836	33,509	24,294
Johnson	399,288	2,216,050	6,855	6,855	73,203
Knox	193,719	1,746,035	369,477	83,389	19,244
Kosciusko	467,552	257,153	239,620	17,533	46,755
Lagrange	195,402	1,712,890	31,181	56,126	16,630
Lake	805,562	70,321,286	24,372,193	7,092,193	762,353
Laporte	1,069,538	4,500,241	2,045,564	140,267	122,734
Lawrence	219,969	1,373,052	435,734	8,406	46,235
Madison	717,042	7,590,055	1,446,307	126,297	158,890
Marion	Data Not Available				
Marshall	285,465	2,422,591	257,175	5,144	56,579
Marin	45,222	923	119,975	43,683	19,996
Miami	71,907	1,933,383	190,207	60,310	45,232
Monroe	316,865	6,311,952	418,262	38,024	50,698
Montgomery	137,211	2,358,553	179,858	42,647	25,959
Morgan	345,111	1,755,418	335,155	89,596	89,596
Newton	148,300	215,972	131,743	314,599	15,838
Noble	250,737	1,206,131	198,860	41,069	15,131
Ohio	84,632	264,294	71,634	-	1,733
Orange	24,826	133,676	89,754	3,819	38,830
Owen	90,404	128,544	86,167	2,825	20,482
Parke	33,895	238,648	99,610	11,068	34,587
Perry	109,187	377,141	114,758	6,685	27,854
Pike	90,879	914,892	125,035	46,964	1,220
Porter	Data Not Available				
Posey	Data Not Available				
Pulaski	179,423	1,223,394	121,318	323,727	14,047
Putnam	117,750	2,022,158	109,900	6,280	48,670
Randolph	100,623	2,285,294	186,732	34,831	35,798
Ripley	195,527	1,829,666	113,949	10,359	27,192
Rush	167,055	485,023	61,334	12,105	23,404
St Joseph	1,027,077	34,172,742	5,374,703	189,461	458,695
Scott	179,613	1,107,499	101,943	38,835	54,785
Shelby	326,055	1,638,274	30,005	236,040	30,005
Spencer	152,240	259,053	153,468	6,139	19,644
Starke	118,221	1,585,556	293,070	12,915	43,712
Steuben	374,971	2,237,432	71,276	89,869	27,890
Sullivan	70,372	1,150,185	109,467	7,819	22,675
Switzerland	109,899	191,594	34,039	2,918	21,396
Tippecanoe		8,612,894	349,876	424,317	96,774
Tipton	165,663	-	51,719	7,273	20,203
Union	72,684	634,274	43,350	326	1,956
Vanderburgh	2,585,308	10,299,934	3,799,495	189,975	280,832
Vermillion	37,851	177,667	74,929	1,545	21,629
Vigo	1,536,861	6,265,966	564,964	35,557	201,491
Wabash	164,455	1,382,978	480,417	155,391	19,424
Warren	9,769	508,436	15,098	1,776	7,105
Warrick	313,367	571,435	307,223	27,650	73,733
Washington	125,208	953,649	138,387	9,414	28,242
Wayne	985,436	1,555,141	467,056	35,927	156,541
Wells	182,024	304,980	171,175	44,602	15,671
White	199,690	343,015	4,831	1,610	12,883
Whitley	130,902	214,203	243,953	29,750	22,313
Totals	\$ 30,776,498	\$ 274,125,991	\$ 58,409,632	\$ 12,066,779	\$ 5,671,090

State of Indiana

Property Taxes Charged Payable 2007 by Fund and County -- continued

County	Children's Psychiatric Residential Treatment	Cumulative Capital Development	Other County Funds	Township General Fund	Township Assistance Fund	Township Fire Fighting Fund
Adams	\$ -	\$ -	695,114	\$ 220,942	\$ 138,874	\$ 128,160
Allen	685,158	3,301,217	2,008,759	790,944	3,052,416	961,821
Bartholomew	82,253	-	205,631	269,781	602,715	323,961
Benton	32,073	102,003	349,648	90,208	29,208	112,076
Blackford	34,922	100,557	283,580	49,349	161,826	53,215
Boone	99,363	560,407	1,653,400	184,456	143,444	382,919
Brown	Data Not Available	-	-	-	-	-
Carroll	10,715	233,787	49,581	204,577	57,401	249,994
Cass	-	281,168	1,687,006	223,805	149,022	391,680
Clark	Data Not Available	-	-	-	-	-
Clay	23,632	174,516	51,810	79,085	85,847	166,716
Clinton	98,447	253,356	241,774	215,203	237,495	288,391
Crawford	50,595	65,801	393,425	64,775	20,630	22,501
Daviess	66,426	303,204	80,354	144,744	149,826	105,616
Dearborn	64	421,419	1,777,774	119,290	64,403	440,738
Decatur	221,985	225,727	932,637	167,017	19,054	214,065
Dekalb	75,823	407,052	11,972	215,394	62,153	232,277
Delaware	352,793	-	-	460,166	1,573,645	717,533
Dubois	24,870	586,526	116,062	123,781	77,830	216,854
Elkhart	643,553	1,305,760	5,700,441	970,350	893,156	1,764,877
Fayette	-	231,579	121,013	77,035	108,438	50,289
Floyd	244,052	-	1,050,217	125,078	48,419	60,765
Fountain	105,365	141,411	-	86,486	72,177	88,829
Franklin	12,081	169,137	64,433	73,042	49,907	65,559
Fulton	142,516	270,437	203,472	111,997	17,063	287,702
Gibson	48,956	-	-	298,982	176,813	207,409
Grant	-	467,533	-	269,646	269,911	330,802
Greene	102,153	178,560	540,662	82,760	154,347	263,511
Hamilton	186,166	3,268,243	10,052,949	663,934	348,210	5,435,629
Hancock	36,562	-	-	222,493	155,323	1,651,000
Harrison	120,454	300,235	1,177,568	121,365	44,791	105,097
Hendricks	22,499	1,379,923	779,957	665,789	183,115	2,727,447
Henry	-	310,717	556,200	203,859	154,598	464,910
Howard	185,880	1,057,748	1,407,380	742,434	737,396	411,208
Huntington	120,334	-	304,458	141,633	44,414	205,821
Jackson	36,675	386,163	1,337,547	240,353	48,995	98,599
Jasper	Data Not Available	-	-	-	-	-
Jay	38,022	191,629	444,093	107,218	127,428	131,439
Jefferson	91,432	191,879	866,675	157,661	95,170	159,633
Jennings	58,641	-	83,773	97,705	59,354	59,860
Johnson	126,441	1,291,032	286,157	284,673	244,851	80,352
Knox	74,409	-	360,497	247,272	230,842	217,392
Kosciusko	473,396	794,838	64,288	417,719	210,119	790,224
Lagrange	-	382,490	669,357	134,326	87,163	272,939
Lake	-	2,217,754	13,191,017	3,865,780	15,226,070	1,156,086
Laporte	222,090	923,426	2,121,542	325,738	344,995	6,539
Lawrence	155,519	142,910	793,008	120,557	162,903	162,432
Madison	268,891	-	-	246,638	541,756	661,016
Marion	Data Not Available	-	-	-	-	-
Marshall	200,597	465,487	-	404,013	181,138	592,277
Martin	30,455	64,295	79,984	75,199	37,533	31,627
Miami	-	-	451,161	154,342	104,212	225,744
Monroe	63,373	1,045,655	437,274	542,667	769,032	1,608,372
Montgomery	40,793	409,780	1,874,605	96,453	246,168	294,248
Morgan	73,004	593,988	325,200	662,451	138,537	1,280,801
Newton	-	141,101	691,829	291,703	35,119	261,983
Noble	54,038	646,296	529,573	391,908	126,197	283,231
Ohio	-	43,038	95,030	25,324	11,467	22,519
Orange	21,643	139,405	6,366	82,057	35,829	-
Owen	55,090	109,474	153,264	91,262	28,795	72,509
Parke	20,060	138,347	258,017	123,564	37,260	133,700
Perry	2,228	148,182	-	107,471	-	21,140
Pike	-	119,546	232,382	177,865	30,982	69,793
Porter	Data Not Available	-	-	-	-	-
Posey	Data Not Available	-	-	-	-	-
Pulaski	137,919	138,558	406,095	150,460	22,806	209,213
Putnam	-	-	288,880	118,081	90,341	94,139
Randolph	-	215,758	543,749	173,074	114,116	178,996
Ripley	54,385	240,848	126,501	97,997	79,851	87,944
Rush	112,177	167,055	122,968	115,767	44,036	187,596
St Joseph	987,190	2,034,210	3,579,812	910,760	1,002,241	2,379,219
Scott	85,299	128,295	323,165	83,830	97,664	116,915
Shelby	148,025	404,068	188,031	172,250	52,138	279,870
Spencer	1,228	245,548	46,654	224,519	79,372	322,831
Starke	447,055	142,064	-	167,997	49,098	483,107
Steuben	133,254	390,466	275,805	171,762	169,690	705,727
Sullivan	30,494	-	42,223	207,416	117,187	161,735
Switzerland	55,436	76,346	64,675	66,813	44,549	36,286
Tippecanoe	305,211	1,518,609	1,280,396	308,199	195,401	814,300
Tipton	14,546	147,077	-	130,090	40,293	275,055
Union	28,357	65,187	20,860	21,395	7,833	69,584
Vanderburgh	132,156	1,536,317	3,748,625	442,156	1,386,660	836,391
Vermillion	57,935	112,780	146,768	179,108	189,136	211,314
Vigo	-	675,587	2,026,760	616,087	395,110	192,703
Wabash	113,953	286,178	-	178,412	113,511	382,837
Warren	-	93,694	-	88,800	44,268	72,728
Warrick	92,167	648,240	899,690	256,488	176,349	688,568
Washington	18,828	160,981	355,853	138,803	62,457	205,830
Wayne	402,900	495,284	307,949	238,020	523,080	835,502
Wells	79,560	-	317,035	57,147	150,465	110,730
White	120,780	-	1,296,373	156,411	63,055	257,213
Whitley	44,626	273,703	38,675	291,729	77,005	246,390
Totals	\$ 9,539,903	\$ 36,881,590	\$ 74,297,358	\$ 23,715,887	\$ 34,633,491	\$ 38,266,549

State of Indiana
Property Taxes Charged Payable 2007 by Fund and County -- continued

County	Other Township Funds	Pre-School Special Education Fund	School General Fund	School Debt Service Fund	School Pension Debt
Adams	\$ 29,662	\$ 29,266	\$ 9,416,151	\$ 3,994,604	331,568
Allen	1,684,635	2,497,772	340,175	103,150,092	38,738,756
Bartholomew	430,897	81,454	22,404,108	12,648,704	1,569,173
Benton	37,715	10,574	4,338,175	1,784,158	300,541
Blackford	7,002	9,258	3,167,164	2,128,587	354,014
Boone	128,880	62,950	25,966,023	22,917,965	1,041,483
Brown	Data Not Available				
Carroll	163,017	18,605	6,663,624	3,185,330	325,947
Cass	84,368	27,243	9,033,079	6,308,258	878,314
Clark	Data Not Available				
Clay	36,181	26,604	5,630,821	3,447,820	374,349
Clinton	98,526	25,822	9,046,527	4,624,659	1,030,334
Crawford	-	5,806	1,687,056	1,026,832	432,961
Daviess	46,471	19,357	6,504,372	3,027,773	930,303
Dearborn	16,632	47,298	18,676,553	10,184,567	1,171,778
Decatur	67,379	22,551	7,232,896	2,104,851	514,965
Dekalb	165,951	39,853	13,131,784	6,034,459	1,185,062
Delaware	733,555	85,365	30,241,571	15,124,952	2,111,482
Dubois	40,857	52,741	14,840,887	9,107,225	2,132,154
Elkhart	3,545,593	209,029	56,384,868	43,028,636	4,834,846
Fayette	-	22,636	6,476,365	2,024,136	234,190
Floyd	156,761	66,243	20,639,836	13,890,052	1,586,339
Fountain	67,078	13,265	4,631,345	2,301,329	125,273
Franklin	26,044	18,970	5,795,379	1,933,004	247,189
Fulton	67,539	17,048	5,900,984	2,672,153	230,284
Gibson	2,689,895	35,787	11,460,111	3,543,507	1,205,143
Grant	57,145	48,953	19,796,677	5,942,369	1,626,444
Greene	229,660	18,201	5,964,405	3,027,351	1,032,313
Hamilton	5,811,695	2,029,355	393,774	135,887,055	80,017,975
Hancock	1,763,162	69,817	20,640,960	12,931,124	1,158,879
Harrison	200,672	29,278	9,395,391	4,695,890	1,170,537
Hendricks	3,809,935	125,138	46,920,528	44,906,321	2,503,760
Henry	164,671	32,994	12,546,737	5,961,125	962,584
Howard	230,882	110,723	35,064,905	11,891,651	1,424,107
Huntington	209,334	27,546	9,929,689	5,478,799	592,969
Jackson	111,559	41,839	13,130,800	6,211,768	701,231
Jasper	Data Not Available				
Jay	8,649	17,490	5,200,601	2,385,478	513,292
Jefferson	14,977	33,416	7,719,040	3,317,695	1,969,268
Jennings	82,122	18,430	5,527,346	2,146,265	351,847
Johnson	16,913	128,766	45,428,307	33,748,005	2,217,196
Knox	99,157	27,136	9,578,660	3,126,441	736,883
Kosciusko	954,645	84,614	29,880,384	10,080,990	1,292,968
Lagrange	220,845	34,194	11,619,981	4,081,089	571,349
Lake	4,295,244	334,336	153,262,556	107,378,970	6,706,736
Laporte	1,535,693	99,162	34,036,324	16,165,775	2,472,843
Lawrence	145,779	27,722	8,213,158	7,549,959	942,541
Madison	736,211	80,372	29,212,084	15,133,447	4,604,512
Marion	Data Not Available				
Marshall	420,407	48,397	15,374,748	7,524,277	1,014,696
Martin	14,888	6,937	2,206,637	896,144	415,117
Miami	8,649	23,191	9,265,076	4,210,651	473,754
Monroe	583,475	110,759	37,510,500	12,983,352	1,268,254
Montgomery	444,928	44,363	13,775,849	12,307,908	1,000,420
Morgan	1,598,044	53,687	19,535,955	7,515,476	1,261,598
Newton	57,846	14,685	5,296,313	1,707,677	485,234
Noble	266,593	37,693	14,379,672	6,585,969	684,029
Ohio	-	4,333	1,734,521	518,768	301,266
Orange	6,162	14,002	3,462,079	2,251,135	385,742
Owen	49,369	11,634	4,395,773	2,814,459	340,122
Parke	148,980	11,047	4,049,424	3,197,497	88,039
Perry	-	13,279	4,346,336	2,293,328	566,224
Pike	4,818	16,468	4,425,027	1,379,657	599,559
Porter	Data Not Available				
Posey	Data Not Available				
Pulaski	37,765	12,488	4,484,500	1,583,706	25,021
Putnam	107,285	34,924	10,721,336	8,599,061	674,159
Randolph	57,385	20,525	6,793,777	2,200,718	463,894
Ripley	73,128	22,736	7,049,729	3,078,914	39,238
Rush	35,358	15,908	5,840,731	1,884,550	1,480,823
St Joseph	4,842,151	199,022	63,098,709	41,581,114	3,848,889
Scott	13,246	16,240	4,867,758	3,084,833	709,324
Shelby	124,111	42,383	13,855,826	9,844,825	1,268,211
Spencer	107,425	36,625	9,324,837	2,871,226	1,232,137
Starke	120,864	14,817	5,422,042	4,409,666	626,086
Steuben	51,889	43,687	16,279,924	6,916,370	1,037,166
Sullivan	276,886	22,407	6,106,081	2,525,965	1,198,853
Switzerland	-	6,322	2,563,173	673,009	931,709
Tippecanoe	821,318	1,928,862	169,571	57,004,798	18,343,544
Tipton	121,573	15,360	5,221,363	1,969,259	395,369
Union	-	9,778	1,913,578	1,396,968	159,383
Vanderburgh	873,138	156,936	59,189,516	5,501,007	5,575,345
Vermillion	79,139	23,100	5,284,996	3,062,815	3,025,014
Vigo	139,100	82,967	24,234,197	6,740,062	12,863,799
Wabash	141,911	24,887	9,450,905	3,286,042	176,894
Warren	8,780	8,508	3,083,338	1,008,586	39,524
Warrick	1,119,391	79,878	20,147,676	6,350,297	1,738,881
Washington	70,615	15,852	5,402,404	4,021,248	527,666
Wayne	96,037	53,435	19,978,790	5,459,777	2,175,294
Wells	266,445	22,976	8,314,799	3,183,256	383,129
White	138,429	30,192	11,081,046	5,060,431	875,972
Whitley	264,768	26,775	10,874,127	4,988,415	757,711
Totals	\$ 44,615,883	\$ 10,243,040	\$ 1,293,584,800	\$ 986,714,438	\$ 244,913,771

State of Indiana

Property Taxes Charged Payable 2007 by Fund and County --

continued

County	School Capital Projects Fund	School Transportation Fund	School Bus Replacement Fund	Other School Funds	Library General Fund	Library Debt Service Fund
Adams	\$ 4,480,447	\$ 2,432,219	\$ 450,342	\$ -	\$ 670,934	\$ 106,233
Allen	5,035,746	41,389,083	7,347,258	27,723,589	16,801,949	6,882,726
Bartholomew	12,173,116	4,157,637	718,949	-	1,856,093	25,512
Benton	1,547,957	1,143,768	183,447	-	381,509	169,648
Blackford	1,256,779	699,105	165,912	-	324,429	-
Boone	6,382,111	5,247,717	1,226,825	-	1,274,975	1,339,005
Brown	Data Not Available					
Carroll	2,826,614	1,718,418	375,401	-	557,059	115,022
Cass	4,414,399	2,314,183	459,498	-	987,972	78,418
Clark	Data Not Available					
Clay	2,752,465	1,677,089	509,753	-	231,038	72,717
Clinton	3,905,346	1,930,042	615,249	-	1,259,765	111,518
Crawford	825,281	1,147,928	29,030	-	97,596	25,159
Daviess	3,008,317	1,692,436	78,224	-	211,687	272,295
Dearborn	4,588,326	4,041,835	679,415	-	1,351,342	431,399
Decatur	3,413,204	1,591,090	488,487	-	427,533	158,474
Dekalb	5,335,474	3,407,391	502,540	-	1,151,290	115,809
Delaware	12,503,148	7,349,194	776,505	-	4,303,992	-
Dubois	6,070,078	3,097,364	247,175	-	1,158,958	24,908
Elkhart	28,086,917	13,478,651	2,498,784	-	6,214,567	636,818
Fayette	1,929,241	1,917,923	242,026	-	562,405	-
Floyd	10,117,703	4,281,371	1,373,665	-	1,310,909	296,349
Fountain	1,841,695	1,077,765	276,816	-	268,197	88,578
Franklin	2,451,125	2,505,865	148,186	-	545,678	44,262
Fulton	2,427,066	1,246,365	134,849	-	831,374	319,785
Gibson	4,288,819	3,761,300	146,718	-	1,035,176	53,244
Grant	5,750,968	3,580,475	662,920	-	1,652,386	748,495
Greene	2,238,879	2,181,999	343,625	-	415,585	107,024
Hamilton	3,056,760	43,436,254	19,494,896	5,049,456	4,934,599	5,265,026
Hancock	10,445,198	3,966,514	961,139	-	-	-
Harrison	4,087,769	2,329,626	374,971	-	1,064,306	-
Hendricks	19,294,567	11,537,862	2,484,923	-	2,155,734	1,854,368
Henry	4,639,208	3,793,555	429,128	-	1,053,405	1,229,300
Howard	15,181,219	4,964,022	946,577	-	3,997,286	-
Huntington	4,221,822	2,708,229	395,796	-	1,512,993	141,982
Jackson	5,726,145	1,955,437	526,854	-	1,033,963	380,879
Jasper	Data Not Available					
Jay	2,491,939	1,600,711	158,170	-	606,320	139,961
Jefferson	3,119,025	2,586,791	385,175	-	829,329	77,267
Jennings	3,185,051	2,653,092	300,745	-	280,640	-
Johnson	19,766,578	7,571,086	2,558,378	-	3,091,218	2,386,171
Knox	3,882,359	3,205,920	249,575	-	1,006,165	34,131
Kosciusko	12,739,901	4,843,356	1,294,681	-	1,982,121	393,198
Lagrange	4,971,201	2,696,079	633,526	-	473,955	-
Lake	54,538,124	38,275,740	5,288,960	-	28,027,878	5,020,918
Laporte	11,928,104	7,198,363	833,867	-	5,338,021	311,282
Lawrence	2,482,664	3,508,449	322,808	-	1,116,250	169,949
Madison	12,231,839	7,810,338	925,073	-	4,685,142	500,632
Marion	Data Not Available					
Marshall	5,777,559	2,823,936	722,240	-	1,617,096	407,912
Martin	893,544	997,159	104,074	-	58,210	11,972
Miami	2,570,966	1,721,491	715,677	-	374,961	32,263
Monroe	9,645,329	5,575,180	1,177,552	-	3,821,392	1,844,155
Montgomery	5,363,140	4,076,112	339,378	-	1,029,744	759,344
Morgan	7,879,703	4,771,447	919,963	-	789,683	709,404
Newton	1,869,301	1,557,375	330,504	-	666,019	483,315
Noble	6,158,968	3,528,717	708,220	-	1,227,236	903,602
Ohio	123,626	-	-	-	86,943	-
Orange	1,408,574	1,285,780	229,953	-	200,086	147,573
Owen	2,268,859	2,024,351	122,703	-	316,415	144,082
Parke	1,856,705	1,127,987	134,341	-	216,603	-
Perry	1,853,772	1,074,249	261,620	-	528,067	190,134
Pike	1,964,578	2,069,485	127,475	-	444,637	-
Porter	Data Not Available					
Posey	Data Not Available					
Pulaski	1,392,767	1,109,320	215,248	-	505,174	72,670
Putnam	4,549,615	2,636,569	786,901	-	323,699	230,879
Randolph	2,639,060	2,301,065	434,812	-	441,996	-
Ripley	3,175,531	2,646,667	502,917	-	401,012	-
Rush	1,679,424	263,878	-	-	255,207	-
St Joseph	354,090	29,669,874	312,563	21,024,769	12,910,797	2,374,184
Scott	2,578,229	1,443,201	107,748	-	393,207	-
Shelby	5,657,209	3,318,584	258,517	-	506,085	-
Spencer	3,750,857	1,996,706	274,175	-	1,073,022	158,687
Starke	2,040,664	1,709,871	170,913	-	805,772	207,784
Steuben	4,644,529	3,215,753	574,136	-	689,190	388,433
Sullivan	2,585,909	2,160,976	209,963	-	867,916	-
Switzerland	141,507	-	-	-	129,636	-
Tiptecanoe	143,551	20,539,816	43,988	9,958,718	3,473,133	2,061,046
Tipton	2,178,611	1,398,608	247,398	-	641,643	-
Union	700,114	568,435	29,660	-	230,112	123,856
Vanderburgh	15,635,746	107,377	11,604,978	404,729	6,896,908	3,394,766
Vermillion	1,233,531	447,036	-	-	505,121	370,579
Vigo	4,590,828	1,137,830	-	-	4,444,648	-
Wabash	3,899,646	1,741,240	245,563	-	752,096	174,081
Warren	1,250,639	838,374	229,738	-	142,589	54,727
Warrick	8,728,202	4,847,977	239,634	-	1,783,076	771,241
Washington	2,402,589	1,645,614	413,398	-	206,975	44,742
Wayne	6,349,225	4,042,711	828,241	-	1,947,824	194,520
Wells	3,677,910	1,976,582	194,580	-	891,904	327,892
White	3,697,531	1,969,150	638,659	-	445,271	148,172
Whitley	4,137,779	2,054,425	147,380	-	771,446	228,951
Totals	\$ 481,090,604	\$ 404,130,544	\$ 83,851,673	\$ 64,161,261	\$ 162,886,475	\$ 47,089,425

State of Indiana
Property Taxes Charged Payable 2007 by Fund and County -- continued

County	Library Capital Projects Fund	Other Library Funds	Municipal General Fund	Municipal Bond Fund	Firemens' Pension Fund
Adams	\$ -	\$ -	\$ 3,316,247	\$ -	34,250
Allen	-	-	55,905,195	438,768	4,379,292
Bartholomew	-	-	15,124,481	910,883	205,082
Benton	37,692	-	1,116,665	-	-
Blackford	-	-	1,799,379	255,548	24,523
Boone	98,210	-	4,064,838	1,698,175	535,855
Brown	Data Not Available	-	-	-	-
Carroll	15,476	-	2,224,380	-	-
Cass	9,971	-	7,585,575	294,931	149,189
Clark	Data Not Available	-	-	-	-
Clay	-	-	1,167,416	20,280	-
Clinton	-	-	5,342,872	-	18,607
Crawford	-	-	179,611	-	-
Daviess	30,495	-	2,796,014	70,435	101,200
Dearborn	272,172	-	5,964,464	-	-
Decatur	-	-	2,628,618	279,172	43,765
Dekalb	-	-	4,234,381	353,069	-
Delaware	-	-	21,765,950	36,637	2,385,082
Dubois	-	-	4,288,187	23,447	46,543
Elkhart	810,366	-	32,710,112	988,692	2,209,695
Fayette	-	-	6,085,411	-	355,977
Floyd	264,971	-	10,721,003	-	417,327
Fountain	36,267	-	1,066,629	44,322	-
Franklin	-	-	708,731	-	-
Fulton	62,445	-	1,466,446	48,007	53,940
Gibson	-	-	2,691,580	183,003	39,503
Grant	4,811	-	13,722,955	148,448	752,982
Greene	31,654	-	1,234,340	-	-
Hamilton	754,470	-	47,566,131	3,340,311	201,530
Hancock	-	-	7,499,414	184,268	-
Harrison	-	-	640,973	-	-
Hendricks	608,509	82,824	11,851,929	1,077,795	20,500
Henry	137,910	-	6,607,923	45,377	82,281
Howard	-	-	25,630,040	-	3,245,435
Huntington	12,798	-	6,712,510	188,672	371,055
Jackson	183,558	-	6,515,497	396,018	-
Jasper	Data Not Available	-	-	-	-
Jay	-	-	2,560,915	-	51,710
Jefferson	-	-	4,050,891	-	-
Jennings	-	-	1,571,456	162,597	-
Johnson	697,190	-	13,457,331	1,449,066	203,528
Knox	111,189	-	3,396,989	-	710,621
Kosciusko	298,634	-	8,058,068	208,904	110,434
Lagrange	-	-	1,107,510	-	-
Lake	1,230,104	-	202,125,628	10,451,424	5,598,938
Laporte	168,981	-	21,055,425	581,208	1,045,359
Lawrence	-	-	5,321,148	-	26,212
Madison	77,634	-	25,225,337	2,354,597	948,487
Marion	Data Not Available	-	-	-	-
Marshall	-	-	5,317,421	164,691	9,709
Martin	-	-	443,299	-	-
Miami	-	-	4,289,638	123,520	124,749
Monroe	-	-	15,484,615	871,712	996,076
Montgomery	-	-	4,827,569	480,059	290,429
Morgan	224,564	-	5,110,880	98,262	82,277
Newton	-	-	699,755	-	-
Noble	149,037	-	4,710,561	278,047	-
Ohio	-	-	44,886	-	-
Orange	-	-	780,648	48,012	-
Owen	50,146	-	544,548	-	-
Parke	-	-	414,720	4,402	-
Perry	-	-	2,014,870	98,320	-
Pike	-	-	626,794	-	-
Porter	Data Not Available	-	-	-	-
Posey	Data Not Available	-	-	-	-
Pulaski	7,964	-	504,360	-	-
Putnam	197,896	-	2,183,658	189,708	3,195
Randolph	3,237	-	3,286,196	-	-
Ripley	-	-	1,200,583	-	-
Rush	-	-	3,446,456	-	37,904
St Joseph	998,446	472,027	68,528,061	1,095,154	2,343,525
Scott	-	-	1,562,085	-	-
Shelby	-	-	5,770,501	-	37,456
Spencer	62,303	-	1,051,789	-	-
Starke	103,651	-	1,472,199	64,581	-
Steuben	-	-	3,182,947	101,828	-
Sullivan	-	-	1,320,977	-	-
Switzerland	-	-	243,709	-	-
Tippecanoe	-	-	25,369,985	-	694,845
Tipton	73,538	-	2,734,614	27,482	75,423
Union	-	-	495,591	-	-
Vanderburgh	-	710,340	42,112,491	598,381	3,261,666
Vermillion	-	-	969,256	65,494	19,968
Vigo	-	-	21,927,308	-	406,064
Wabash	-	-	4,807,206	128,777	320,044
Warren	-	-	300,913	-	-
Warrick	186,812	-	2,978,327	-	35,994
Washington	-	-	1,619,772	-	74,601
Wayne	224,002	-	10,476,653	369,309	582,683
Wells	-	-	2,326,547	-	-
White	114,886	-	2,797,633	-	112,401
Whitley	62,584	-	1,587,041	93,832	-
Totals	\$ 8,414,574	\$ 1,265,191	\$ 870,435,653	\$ 31,135,626	\$ 33,877,912

State of Indiana

Property Taxes Charged Payable 2007 by Fund and County --

continued

County	Police Pension Fund	Municipal Street Fund	Park and Recreation Fund	Cumulative Capital Development	Other Municipal Funds	Solid Waste District Tax
Adams	\$ 9,725	\$ 576,022	\$ 393,264	\$ 262,955	\$ 14,534	\$ 503,358
Allen	4,448,874	531,431	747,838	81,950	41,245,747	-
Bartholomew	218,399	122,269	90,957	944,167	6,458,749	1,130,972
Benton	-	252,724	-	31,461	70,758	-
Blackford	41,969	171,848	-	95,192	-	-
Boone	327,992	615,168	738,330	491,543	3,412,024	-
Brown	Data Not Available	-	-	-	-	-
Carroll	4,999	40,006	-	25,138	48,307	-
Cass	113,738	116,861	18,993	3,482	45,978	-
Clark	Data Not Available	-	-	-	-	-
Clay	69,938	152,224	-	62,534	338,327	-
Clinton	166,306	352,667	-	26,763	85,274	101,664
Crawford	-	-	-	4,693	4,032	153,997
Daviess	103,898	321,784	239,641	102,528	98,287	339,631
Dearborn	153,970	762,540	110,078	95,817	608,762	513,517
Decatur	38,236	-	-	133,232	82,001	224,480
Dekalb	638	1,577,550	721,456	333,676	179,645	195,545
Delaware	3,004,017	313,229	222,066	139,232	1,318,491	229,910
Dubois	91,364	688,192	1,938,859	440,417	290,308	-
Elkhart	1,426,826	2,075,293	1,831,876	1,969,961	7,047,861	-
Fayette	101,639	609,834	-	81,889	549,621	-
Floyd	446,478	-	589,167	-	153,429	-
Fountain	4,912	185,437	55,029	67,515	239,151	122,001
Franklin	14,047	168,904	-	61,596	156,008	111,751
Fulton	18,879	529,347	-	136,907	345,368	-
Gibson	47,565	78,673	203,158	78,372	560,340	995,948
Grant	379,464	488,209	-	464,791	1,991,792	130,370
Greene	-	229,254	11,004	59,529	196,385	-
Hamilton	90,934	8,172,492	175,285	2,441,745	7,374,068	-
Hancock	61,951	598,532	622,661	33,233	268,734	-
Harrison	-	-	-	-	1,611	228,322
Hendricks	370,025	1,020,301	-	566,876	12,564,848	-
Henry	104,393	-	-	82,436	596,185	-
Howard	2,027,726	24,526	2,636,581	11,187	1,056,778	663,859
Huntington	373,675	169,073	811,813	187,776	616,817	153,679
Jackson	87,809	265,608	617,236	374,660	58,637	-
Jasper	Data Not Available	-	-	-	-	-
Jay	-	667,152	189,885	84,982	126,483	-
Jefferson	85,846	-	762,737	246,836	99,836	137,792
Jennings	35,441	195,643	-	80,939	139,369	104,716
Johnson	127,817	1,280,073	3,085,559	1,115,983	4,269,087	366,014
Knox	157,043	572,826	308,011	85,481	2,804,567	-
Kosciusko	140,162	1,078,017	1,246,690	420,002	1,090,599	163,643
Lagrange	-	602,306	-	104,453	528,213	168,379
Lake	7,090,171	3,852,529	13,474,939	3,617,567	14,174,353	4,735,829
Laporte	813,735	474,673	2,812,097	998,506	891,060	-
Lawrence	83,172	732,510	83,586	174,982	1,243,044	1,099,843
Madison	407,569	474,262	-	148,249	3,577,534	224,076
Marion	Data Not Available	-	-	-	-	-
Marshall	98,128	1,835,554	791,723	290,037	500,217	270,034
Martin	-	40,044	20,524	21,313	12,235	111,669
Miami	86,956	261,936	-	45,433	331,942	-
Monroe	648,608	137,897	4,306,353	952,596	1,614,321	1,242,111
Montgomery	229,949	531,522	842,308	245,458	307,254	-
Morgan	69,583	1,053,777	509,230	246,202	275,922	-
Newton	-	198,659	82,220	45,728	-	-
Noble	54,158	1,049,128	247,631	120,237	590,237	207,506
Ohio	-	239,433	-	54,888	-	29,751
Orange	-	-	-	74,396	427,467	208,789
Owen	-	-	-	34,359	158,407	-
Parke	-	-	-	25,113	194,888	-
Perry	32,788	-	-	67,086	-	-
Pike	-	-	-	14,795	46,509	-
Porter	Data Not Available	-	-	-	-	-
Posey	Data Not Available	-	-	-	-	-
Pulaski	-	-	-	21,042	257,444	-
Putnam	15,975	242,027	-	200,288	585,499	-
Randolph	-	656,768	150,625	115,020	435,624	-
Ripley	41,906	491,550	3,257	140,867	227,953	135,962
Rush	209,397	371,877	-	78,063	-	-
St Joseph	1,851,160	740,898	10,726,116	1,584,041	782,792	-
Scott	19,951	62,043	185,912	107,733	49,988	85,299
Shelby	92,012	81,500	14,365	258,143	2,791,313	148,025
Spencer	-	112,824	18,363	25,640	195,446	294,658
Starke	-	141,117	83,101	48,195	179,048	-
Steuben	124,294	1,196,577	14,402	267,561	610,041	282,003
Sullivan	-	-	62,932	29,234	2,012	-
Switzerland	-	-	-	-	15,851	47,169
Tippecanoe	795,906	1,515,300	3,594,679	1,014,437	1,652,633	193,548
Tipton	50,558	9,847	-	49,008	4,160	103,439
Union	-	47,412	-	19,845	10,667	-
Vanderburgh	4,080,761	3,606	5,971,814	-	2,255,034	-
Vermillion	33,945	-	-	15,133	99,191	-
Vigo	752,795	-	2,864,701	535,857	1,290,506	-
Wabash	245,202	1,022,703	262,352	45,611	774,723	-
Warren	-	-	-	16,736	70,124	115,009
Warrick	42,804	34,048	134,410	58,950	118,918	556,073
Washington	64,156	173,926	78,224	57,336	280,461	572,378
Wayne	501,218	1,964,602	2,344,611	449,130	151,269	-
Wells	10,990	177,340	372,918	191,692	84,141	104,875
White	66,812	73,048	46,666	108,184	-	-
Whitley	81,206	193,794	32,062	97,563	559,549	-
Totals	\$ 33,592,562	\$ 45,800,745	\$ 68,500,293	\$ 24,744,182	\$ 134,966,789	\$ 17,507,594

State of Indiana
Property Taxes Charged Payable 2007 by Fund and County -- continued

County	Fire Protection District Tax	Tax Increment Replacement	Other Special District Taxes	Tax Increment Financing Taxes	Personal Property Taxes to Replace TIF PTRC
Adams	\$ -	\$ -	\$ -	33,455	\$ -
Allen	-	990,611	8,007,029	10,568,621	-
Bartholomew	-	-	-	567,699	-
Benton	-	-	-	-	-
Blackford	-	-	-	168,243	-
Boone	-	47,957	-	2,656,749	-
Brown	Data Not Available	-	-	600,403	-
Carroll	-	-	-	117,727	-
Cass	-	-	521,026	-	-
Clark	Data Not Available	-	-	-	-
Clay	9,545	12,798	4,620	72,497	-
Clinton	-	-	34,746	-	-
Crawford	207,409	-	66,409	302,198	-
Davies	88,172	-	-	713,686	-
Dearborn	-	19,193	-	646,019	-
Decatur	-	9,668	-	424,840	-
Dekalb	-	74,384	-	6,957,651	-
Delaware	-	570,513	11,616,241	5,751,346	-
Dubois	42,554	-	183,023	770,696	-
Elkhart	-	-	-	6,033,991	-
Fayette	-	-	-	-	-
Floyd	2,026,260	-	863,805	2,646,325	-
Fountain	-	56,981	-	434,988	-
Franklin	-	-	-	-	-
Fulton	-	-	457,597	-	-
Gibson	-	-	288,879	4,512,445	-
Grant	-	133,060	-	2,108,487	-
Greene	-	-	-	259,506	-
Hamilton	-	1,490,603	496,442	23,597,636	-
Hancock	-	-	-	1,729,123	-
Harrison	171,359	-	43,803	-	-
Hendricks	-	710,787	-	13,338,297	-
Henry	-	28,302	-	821,101	-
Howard	-	-	-	-	-
Huntington	-	-	-	1,673,851	-
Jackson	37,845	-	-	-	-
Jasper	Data Not Available	-	-	17,708	-
Jay	-	-	-	1,168,274	-
Jefferson	-	123,697	-	1,411,593	-
Jennings	-	81,041	-	-	-
Johnson	4,222,695	447,907	2,215,375	4,888,493	-
Knox	907,129	-	214,308	1,006,824	-
Kosciusko	-	132,117	-	1,926,608	-
Lagrange	-	115,229	-	1,576,963	-
Lake	428,652	961,611	44,652,295	52,789,094	-
Laporte	-	67,279	3,308,475	8,248,345	-
Lawrence	-	-	-	104,357	-
Madison	18,778	50,368	-	3,953,399	-
Marion	Data Not Available	-	-	1,768,011	-
Marshall	-	-	-	-	-
Martin	-	-	-	-	-
Miami	-	8,088	-	297,229	-
Monroe	969,012	778,597	989,813	6,739,040	-
Montgomery	-	-	-	1,092,258	-
Morgan	93,325	-	178,998	1,551,901	-
Newton	-	-	-	-	-
Noble	-	191,433	-	2,322,230	-
Ohio	-	-	-	-	-
Orange	117,103	-	75,838	107,106	-
Owen	32,547	-	15,753	-	-
Parke	-	-	-	-	-
Perry	-	20,529	38,995	1,909,763	-
Pike	176,895	-	-	-	-
Porter	Data Not Available	-	-	-	-
Posey	Data Not Available	-	-	-	-
Pulaski	-	-	-	-	-
Putnam	179,073	-	95,520	692,009	-
Randolph	-	6,092	-	321,323	-
Ripley	-	-	-	-	-
Rush	-	-	-	228,707	-
St Joseph	-	753,826	7,738,970	39,307,568	-
Scott	-	126,470	-	1,250,236	-
Shelby	-	19,218	-	1,642,010	-
Spencer	87,970	-	-	1,442,947	-
Starke	-	-	232,469	-	-
Steuben	-	5,913	-	141,089	-
Sullivan	-	-	-	18,152	-
Switzerland	-	-	-	-	-
Tippecanoe	-	1,253,957	1,894,792	13,063,103	-
Tipton	-	-	-	-	-
Union	-	-	-	-	-
Vanderburgh	-	-	1,428,940	9,881,286	-
Vermillion	-	-	-	13,918	-
Vigo	1,455,487	-	8,616,259	2,994,190	-
Wabash	-	-	-	-	-
Warren	-	-	-	-	-
Warrick	-	-	-	624,441	-
Washington	102,124	-	-	-	-
Wayne	-	199,212	4,641,926	1,949,564	-
Wells	-	-	-	-	-
White	-	39,997	-	309,071	-
Whitley	-	-	-	1,165,664	-
Totals	\$ 11,373,933	\$ 9,527,438	\$ 98,922,346	\$ 255,431,954	\$ -

State of Indiana

Property Taxes Charged Payable 2007 by Fund and County -- continued

County		Total Current Taxes	Less Real Estate & Other Personal Property Property Tax Replacement Credit	Less Business Personal Property Property Tax Replacement Credit	Less State Homestead Credit	Less County Option Income Tax Homestead Credit
Adams	\$	34,727,386	\$ 7,673,392	\$ 583,922	\$ 1,126,907	\$ -
Allen		470,336,980	87,415,649	5,526,563	16,773,067	12,525,274
Bartholomew		102,718,678	20,070,675	1,847,941	3,241,460	-
Benton		14,771,968	3,543,493	184,837	307,947	-
Blackford		13,889,476	2,601,116	267,273	371,854	-
Boone		90,409,182	13,973,538	591,841	1,867,882	-
Brown	Data Not Available					
Carroll		23,602,457	5,629,759	248,895	676,717	-
Cass		45,790,288	8,646,817	607,351	1,227,801	-
Clark	Data Not Available					
Clay		20,181,045	5,289,795	289,527	798,426	-
Clinton		35,942,880	7,266,813	734,762	948,517	-
Crawford		10,121,760	1,770,196	146,460	272,507	-
Daviess		30,407,952	6,043,040	395,651	910,118	-
Dearborn		61,358,828	12,932,359	1,070,478	1,701,937	-
Decatur		25,954,934	5,885,538	473,965	756,721	-
Dekalb		55,773,160	9,816,143	1,036,828	1,411,142	-
Delaware		153,495,654	28,822,922	1,791,744	4,645,647	-
Dubois		52,951,883	11,012,981	949,007	1,394,984	-
Elkhart		260,980,801	49,972,704	3,158,545	7,396,113	-
Fayette		28,384,247	5,694,163	660,660	939,718	-
Floyd		81,241,975	17,336,630	940,478	3,248,118	-
Fountain		17,197,702	3,919,822	249,349	427,784	-
Franklin		18,193,874	4,989,307	203,907	717,618	-
Fulton		22,798,753	4,860,787	449,483	556,983	-
Gibson		49,037,524	7,798,449	1,576,666	1,073,184	-
Grant		78,662,481	16,050,751	1,297,377	2,148,820	-
Greene		24,064,320	5,271,202	162,736	707,124	-
Hamilton		451,895,764	85,376,742	3,124,483	13,572,280	-
Hancock		75,888,809	15,128,935	779,337	2,562,399	-
Harrison		31,774,766	7,708,510	481,486	1,072,865	-
Hendricks		202,950,980	31,673,046	1,364,044	5,126,444	-
Henry		50,239,408	9,840,990	743,491	1,483,047	-
Howard		130,830,214	23,481,668	3,608,340	2,852,638	-
Huntington		44,189,743	9,287,223	607,133	1,658,949	-
Jackson		46,459,916	10,226,267	1,014,679	1,099,889	-
Jasper	Data Not Available					
Jay		22,712,838	4,688,557	408,571	551,111	-
Jefferson		36,877,244	6,327,049	730,575	1,185,655	-
Jennings		23,957,829	4,566,829	311,613	675,016	-
Johnson		172,890,674	33,088,803	1,429,021	5,136,881	-
Knox		41,910,811	8,449,255	847,240	1,204,125	-
Kosciusko		89,972,984	21,586,767	1,456,876	2,078,479	-
Lagrange		36,872,047	9,024,828	450,865	1,010,588	-
Lake		1,034,404,251	159,332,269	11,750,218	36,088,852	-
Laporte		154,725,991	32,885,132	1,941,855	5,173,773	-
Lawrence		42,098,187	8,065,789	750,061	1,479,413	-
Madison		142,769,553	27,278,831	1,466,268	5,163,968	-
Marion	Data Not Available					
Marshall		57,482,568	12,842,544	816,061	1,566,670	-
Martin		8,048,558	1,670,660	192,306	200,383	-
Miami		33,236,191	7,830,782	422,573	1,060,178	459,947
Monroe		136,612,445	30,196,405	1,333,083	4,139,041	1,795,680
Montgomery		58,878,635	9,619,903	1,183,911	1,067,319	-
Morgan		66,022,569	15,782,076	685,135	2,354,000	-
Newton		19,402,095	4,493,517	336,312	522,064	-
Noble		53,608,407	11,039,560	893,314	1,395,015	-
Ohio		4,486,844	1,437,986	70,499	184,339	-
Orange		13,564,167	3,167,199	200,676	340,005	-
Owen		16,211,273	3,227,483	140,700	417,063	-
Parke		15,126,793	3,409,233	148,762	372,073	-
Perry		19,002,150	3,667,848	226,703	492,421	106,818
Pike		18,276,445	2,890,859	901,003	357,284	-
Porter	Data Not Available					
Posey	Data Not Available					
Pulaski		16,467,128	3,855,403	270,309	377,635	-
Putnam		40,045,353	8,196,679	643,097	1,055,943	-
Randolph		28,101,050	6,308,138	412,166	834,959	-
Ripley		24,480,043	5,740,920	412,815	815,915	-
Rush		20,728,120	5,073,421	406,612	649,620	-
St Joseph		408,533,090	62,967,553	3,489,555	14,485,334	11,673,088
Scott		22,004,950	3,845,311	312,689	495,134	-
Shelby		54,988,017	11,122,235	1,009,687	1,258,546	-
Spencer		31,382,751	5,020,361	1,799,359	549,469	238,379
Starke		24,328,999	4,957,172	222,474	601,816	-
Steuben		49,110,762	12,640,238	551,855	1,093,197	-
Sullivan		24,082,157	4,213,418	825,353	465,871	-
Switzerland		6,818,300	1,917,512	108,919	177,847	-
Tiptecance		200,028,056	39,595,155	3,811,138	5,210,348	2,260,454
Tipton		18,755,946	4,337,928	291,719	675,360	-
Union		7,887,602	1,647,955	74,643	203,079	-
Vanderburgh		237,599,566	50,532,346	3,378,164	8,344,057	4,905,081
Vermillion		21,645,217	3,376,469	980,012	400,990	-
Vigo		125,883,827	23,763,093	2,754,152	4,272,138	-
Wabash		34,688,106	8,397,072	686,945	1,238,966	-
Warren		10,712,187	2,739,620	129,721	304,316	-
Warrick		65,092,877	13,698,320	2,166,395	2,142,402	-
Washington		23,352,342	4,611,468	279,488	696,857	-
Wayne		83,873,087	17,878,759	1,302,382	2,985,213	-
Wells		27,340,746	6,510,074	550,653	874,117	-
White		34,720,145	8,542,242	566,802	774,833	-
Whitley		33,817,096	8,143,641	538,154	1,178,981	-
Totals	\$	6,852,844,856	\$ 1,303,213,985	\$ 94,238,699	\$ 211,456,267	\$ 33,964,722

State of Indiana **Property Taxes Charged Payable 2007 by Fund and County**

County	Less County Economic Development Income Tax Homestead Credit	Net Current Taxes Charged	Delinquent Taxes and Penalties Charged	Total Current and Delinquent Taxes and Penalties Charged
Adams	\$ 674,355	\$ 24,668,810	\$ 1,390,327	\$ 36,117,713
Allen	-	348,096,428	16,226,742	486,563,722
Bartholomew	-	77,558,602	3,786,166	106,504,844
Benton	57,426	10,678,266	392,796	15,164,764
Blackford	208,545	10,440,686	995,181	14,884,657
Boone	-	73,975,920	2,724,777	93,133,958
Brown	-	-	-	-
Carroll	-	17,047,087	1,005,317	24,607,774
Cass	1,453,803	33,854,516	2,342,005	48,132,293
Clark	-	-	-	-
Clay	-	13,803,297	1,016,295	21,197,340
Clinton	1,245,619	25,747,169	1,766,113	37,708,993
Crawford	-	7,932,598	1,890,311	12,012,071
Daviess	1,047,279	22,011,865	931,292	31,339,292
Dearborn	-	45,654,054	9,089,816	70,448,644
Decatur	475,320	18,363,391	1,538,149	27,493,083
Dekalb	1,830,251	41,678,796	4,927,100	60,700,260
Delaware	4,396,293	113,839,049	6,487,334	159,982,988
Dubois	-	39,594,911	1,133,361	54,085,244
Elkhart	-	200,453,439	12,433,961	273,414,762
Fayette	421,863	20,667,842	1,916,680	30,300,927
Floyd	1,499,706	58,217,043	3,427,562	84,669,537
Fountain	276,358	12,324,388	674,694	17,872,396
Franklin	-	12,283,042	1,003,030	19,196,904
Fulton	771,293	16,160,207	1,231,741	24,030,495
Gibson	-	38,589,225	1,746,831	50,784,355
Grant	3,145,977	56,019,555	8,102,986	86,765,467
Greene	-	17,923,258	1,533,996	25,598,316
Hamilton	-	349,822,258	11,854,913	463,750,677
Hancock	-	57,418,138	1,932,803	77,821,612
Harrison	-	22,511,905	1,889,183	33,663,949
Hendricks	2,947,341	161,840,105	6,012,067	208,963,047
Henry	1,872,888	36,298,992	2,922,784	53,162,193
Howard	-	100,887,569	14,626,323	145,456,537
Huntington	-	32,636,439	2,095,485	46,285,228
Jackson	1,705,675	32,413,406	2,551,245	49,011,161
Jasper	-	-	-	-
Jay	673,163	16,391,437	1,091,360	23,804,199
Jefferson	-	28,633,965	1,862,180	38,739,424
Jennings	-	18,404,371	1,307,832	25,265,661
Johnson	-	133,236,169	5,376,272	178,266,946
Knox	-	31,410,192	2,324,861	44,235,673
Kosciusko	-	64,850,863	3,492,434	93,465,418
Lagrange	782,563	25,603,204	1,087,431	37,959,478
Lake	-	811,455,085	328,622,318	1,363,026,569
Laporte	-	114,725,232	9,211,613	163,937,604
Lawrence	-	31,802,923	2,481,709	44,579,896
Madison	7,123,706	101,736,779	12,829,556	155,599,109
Marion	-	-	-	-
Marshall	-	42,257,292	2,193,673	59,676,241
Martin	-	5,965,209	415,263	8,463,821
Miami	1,004,158	22,458,553	2,577,676	35,813,867
Monroe	-	99,148,235	5,128,446	141,740,891
Montgomery	614,090	46,393,412	4,171,667	63,050,302
Morgan	887,138	46,314,220	3,290,200	69,312,770
Newton	-	14,050,203	768,024	20,170,119
Noble	1,225,933	39,054,586	3,163,446	56,771,853
Ohio	-	2,794,020	117,710	4,604,554
Orange	-	9,856,287	670,853	14,235,020
Owen	-	12,426,026	1,081,390	17,292,663
Parke	470,320	10,726,405	707,037	15,833,829
Perry	163,344	14,345,016	901,637	19,903,787
Pike	-	14,127,300	475,949	18,752,394
Porter	-	-	-	-
Posey	-	-	-	-
Pulaski	408,120	11,555,660	686,543	17,153,671
Putnam	1,335,586	28,814,048	2,259,703	42,305,056
Randolph	-	20,545,787	2,941,908	31,042,958
Ripley	701,593	16,808,800	1,160,362	25,640,405
Rush	725,514	13,872,954	576,423	21,304,543
St Joseph	-	315,917,559	31,568,518	440,101,608
Scott	498,939	16,852,876	1,597,427	23,602,376
Shelby	-	41,597,549	3,254,194	58,242,211
Spencer	-	23,775,182	890,049	32,272,799
Starke	175,024	18,372,512	1,932,803	26,261,801
Steuben	239,164	34,586,308	4,011,414	53,122,176
Sullivan	-	18,577,515	852,405	24,934,562
Switzerland	-	4,613,921	331,925	7,150,225
Tippecanoe	2,587,671	146,563,290	5,280,952	205,309,007
Tipton	252,696	13,198,243	1,241,762	19,997,708
Union	-	5,961,925	434,784	8,322,385
Vanderburgh	-	170,439,917	8,512,141	246,111,708
Vermillion	-	16,887,747	940,714	22,585,931
Vigo	-	95,094,444	11,041,629	136,925,456
Wabash	1,368,664	22,996,460	1,723,303	36,411,410
Warren	103,234	7,435,296	483,995	11,196,182
Warrick	-	47,085,760	4,111,398	69,204,276
Washington	883,952	16,880,576	1,546,535	24,898,876
Wayne	-	61,706,732	5,201,364	89,074,450
Wells	973,355	18,432,546	807,660	28,148,405
White	243,825	24,592,443	2,218,054	36,938,198
Whitley	202,992	23,753,329	1,213,500	35,030,596
Totals	\$ 47,674,739	\$ 5,146,518,617	\$ 625,771,366	\$ 7,478,616,222

