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STATE OF INDIANA

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February 4, 2010

Ms. Billie J. Breaux
Marion County Auditor
200 E. Washington Street, Suite 801
Indianapolis, IN 46204

We have reviewed the audit report prepared by KPMG, LLP, Independent Public Accountants, for the period January 1, 2005 to December 31, 2005. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Marion County, as of December 31, 2005, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The Single Audit Report contains twenty current audit findings and $5,670,388 in questioned costs on pages 13 through 39. The auditors have issued an adverse opinion on compliance with applicable requirements for six of the eight major programs, and a qualified opinion on compliance with applicable requirements for one of the eight major programs. Management's Corrective Action Plan follows the Single Audit Report. The Status of Prior Year Findings contains the status of sixteen prior audit findings.

STATE BOARD OF ACCOUNTS

MARION COUNTY, INDIANA

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2005

MARION COUNTY, INDIANA

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year

Ended December 31, 2005

1822

COMMISSIONERS • MARION COUNTY, INDIANA

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COMMISSIONERS • MARION COUNTY, INDIANA

City of Indianapolis
Gregory A. Ballard, Mayor

October 28, 2009

The Honorable Gregory A. Ballard
Mayor, City of Indianapolis
and the City-County Audit Committee

The comprehensive annual financial report of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis - Marion County) (County) for the fiscal year ended December 31, 2005 is submitted herewith. This report is presented pursuant to Section 5-11-1-4 of the State of Indiana Code. This report is presented in conformity with U.S. generally accepted accounting principles (GAAP) and is audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. The County has a responsibility to inform both the taxpayers of Marion County and its investors of its financial condition. We believe that this report fulfills that responsibility.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the County's financial statements for the fiscal year ended December 31, 2005, are fairly presented in all material respects in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting presented to the County for its 2004 comprehensive annual financial report, a list of principal County officials and City-County Council members, and the County's organizational chart. The financial section includes the independent auditors' report on the basic financial statements, the basic financial statements including the MD&A, notes to the basic financial statements, required supplementary information, and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

PROFILE OF THE COUNTY

The County's comprehensive annual financial report for 2005 encompasses all funds for which the County is financially accountable and all accounts mandated to the County by the Constitution of the State of Indiana and the State of Indiana General Assembly. The County provides property tax administration, data processing services, and other services. Financial accountability is demonstrated by the ability of the County to appoint the voting majority of an organization's governing body and (1) its ability to impose its will on the organization or (2) a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the County.

Information regarding the Indianapolis-Marion County Building Authority, a joint venture with the City of Indianapolis, Indiana (City), is disclosed in the notes to the basic financial statements.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, Marion County is considered a component unit of the Consolidated City of Indianapolis-Marion County. The County and the City share a common executive and legislative body. Otherwise, the County is considered a separate legal entity, with its elected officials directly and separately (from City officials) responsible for financial independence, operations, and accountability for fiscal matters. Note 1 of the basic financial statements provides a further discussion of the County as a financial reporting entity.

ECONOMIC CONDITION AND OUTLOOK

For a number of reasons, the issuance of the 2005 financial statements for Marion County has been delayed. The following information is in regards to the outlook at the issuance date of this report.

The County is expecting to experience a major reduction in property tax revenues in 2010. This reduction will occur due to the property tax "circuit breaker" enacted by the Indiana General Assembly in 2008. House Enrolled Act 1001-2008 limited the property tax bill liability based upon the class of property. This "circuit-breaker" limitation is 1.5 percent of the assessed valuation of the residential property in 2009 and 1.0 percent of the assessed valuation of the residential property in 2010. Commercial property is similarly limited to 3.5 percent of the assessed valuation of the commercial property in 2009 and 3.0 percent in 2010. The County took the aggressive step in 2008 of withholding 5 percent of the approved appropriations for most County agencies to prepare for the expected impact of the circuit breaker in 2010. A similar 5.0 percent reserve is expected to occur in 2009.

Major Initiatives: In 2005, a long outstanding issue in regards to the care for adjudicated juveniles in the care of state institutions was resolved with an agreement to repay the State for past service costs over time with the final payment being made in 2009.

Marion County has continued to work diligently to correct inmate overcrowding at the County Jail and lockup. In 2007, the Federal Court lifted the court order the County had been operating under to limit the population of the Jail, to improve the quality of medical care provided to the prisoners, to improve the quality of food served to prisoners, and to make substantive improvements to the Jail facility.

The legislature gave the City-County Council the ability to combine the Indianapolis Police Department and the Marion County Sheriff's Department to form the Indianapolis Metropolitan Police Department (IMPD). The City-County Council authorized the police consolidation in December 2005 with the consolidation going into effect on January 1, 2007. In the 2008 General Election, the majority of voters voted in favor of eliminating nine elected township tax assessors and consolidating those functions and resources under one Marion County Assessor.

Deferred Compensation: During 1997, the deferred compensation plan was revised to comply with the amendments to Section 457 of the Internal Revenue Code. Plan provisions were amended so that plan assets are held in trust by an independent trustee for the exclusive benefit of participants and their beneficiaries. In conjunction with these amendments, the County to implemented the provisions of GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* in 1999. As a result, the assets and liabilities of the deferred compensation plan are no longer included in the basic financial statements. Previously, plan assets were solely the property and rights of the County, subject only to the claims of the County's general creditors.

Debt Administration: At December 31, 2005, the County had $23,050,000 outstanding in general obligation notes. In 2003, the County issued $11.1 million in limited recourse notes to purchase a new countywide election system. In 2005, the County issued $15.9 million general obligation notes to fund deficits of the Children in Need of Services Program. Under state statute, the County's general obligation bonded debt issuances are subject to a legal limitation. The legal bonded debt margin for the County was $242,475,241 for 2005. See Note 9 in the notes to the basic financial statements for additional information on debt.

Pension Benefits: The County contributes to the Indiana Public Employees' Retirement Fund (PERF), an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. PERF was created and is governed by state statutes I.C.S. 5-10.2 and 5-10.3. As such, it is PERF's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. Additional information on the County's pension arrangements can be found in Note 12 in the notes to the financial statements.

Cash Management: Cash temporarily idle during the year for all funds except the pension trust funds was invested by the County Treasurer in demand deposits, certificates of deposit, obligations of the U.S. government, and U.S. government agencies and repurchase agreements as prescribed by State statute. The investments held by the County, except the pension trust funds, do not meet the requirements for accounting under GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The pension trust funds are authorized to invest in bonds, debentures, notes, obligations of the U.S. Treasury, U.S. government agencies, mutual funds, and other corporate securities. Interest rates for investments in governmental fund types at year-end ranged between 0.75% and 4.41% depending on maturity. The County earned interest revenue of $8.2 million on governmental fund type investments for the year ended December 31, 2005. The County's investment policy is governed by State statute and is intended to minimize credit and market risks while maintaining a competitive yield on its portfolio.

Risk Management: The County has various insurance policies in force, which are described in Table XIII in the Statistical Section of this report. These policies are related to auto liability, property coverage, and blanket employee bonds. The County is self-insured for vehicle and general liability through the City. Uninsured claims are recorded when a determinable loss has been incurred. Past experience indicates that incurred but not reported claims, in the aggregate, do not represent a material amount and, therefore, have not been accrued as required by GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. The County's liability is protected by a statutory limit. Effective July 1, 2004, the County became self-insured for workers' compensation. Additionally, the County purchases commercial insurance for claims for all other risks of loss.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-third consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report satisfied both U.S. generally accepted accounting principles and applicable legal requirements.

The GFOA has also awarded Marion County the Distinguished Budget Presentation Award for the year 2005. This is the tenth consecutive year Marion County has received the GFOA budget award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of the comprehensive annual financial report was made possible by the dedicated service and cooperation of all Marion County agencies. Beginning with the 2005 comprehensive annual financial report, the City's Office of Finance and Management assumed responsibility for financial reporting, including the preparation of this report. We especially want to express our sincere appreciation for the contributions made by the County and City staff in the preparation of this report.

Very truly yours,

Billie J. Breaux
Auditor of Marion County

David P. Reynolds
City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Marion County, Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

2005 County Elected Officials

		TERM
Auditor	Martha A. Womacks	01-01-03 to 12-31-06
Treasurer	Michael Rodman	01-01-05 to 12-31-08
Clerk	Doris Anne Sadler	01-01-03 to 12-31-06
Sheriff	Frank Anderson	01-01-03 to 12-31-06
Recorder	Wanda Martin	01-01-03 to 12-31-06
Assessor	Joan N. Romeril	01-01-03 to 12-31-06
Surveyor	Mary Catherine Barton	01-01-05 to 12-31-08
Coroner	Dr. Kenneth Ackles, Sr.	01-01-05 to 12-31-08
Prosecutor	Carl Brizzi	01-01-03 to 12-31-06
County Executive	Bart Peterson	01-01-04 to 12-31-07
Board of County Commissioners	Michael Rodman	01-01-05 to 12-31-08
Board of County Commissioners	Martha A. Womacks	01-01-03 to 12-31-06
Board of County Commissioners	Joan N. Romeril	01-01-03 to 12-31-06

2005 Other Elected Officials and Department Directors

		TERM
Center Township Assessor	James P. Maley	01-01-03 to 12-31-06
Decatur Township Assessor	Charles L. Coleman	01-01-03 to 12-31-06
Franklin Township Assessor	Becky L. Williams	01-01-03 to 12-31-06
Lawrence Township Assessor	Paul Ricketts	01-01-03 to 12-31-06
Perry Township Assessor	Katherine A. Price	01-01-03 to 12-31-06
Pike Township Assessor	Barbara M. Hurst	01-01-03 to 12-31-06
Warren Township Assessor	William A. Birkle	01-01-03 to 12-31-06
Washington Township Assessor	Joline Ohmart	01-01-03 to 12-31-06
Wayne Township Assessor	Charles Spears	01-01-03 to 12-31-06

Voters Registration	Sherry M. Beck*
	Joel Miller
Marion County Cooperative Extension	Ron Hoyt
Criminal Probation	Robert Bingham
Court Administrator	Mark Renner
Guardian Home (Acting Director)	Rose Butler
Community Corrections	Brian Barton
Forensic Services	Peter Mungovann**
Chief Public Defender	David Cook
Metropolitan Emergency Communication Agency	Linn Piper***
Chief Information Officer	Michael Hineline

* Kyle Walker-appointed 08-16-05
** Michael Medler-appointed 02-21-05
*** Wendell R. Raney-appointed 06-30-05

2005 City-County Council Members

President, Steve Talley

Majority Leader, Monroe Gray, Jr.
Minority Leader, Philip Borst
Patrice Abduallah
Greg Bowes
Rozelle Boyd
James Bradford
Vernon Brown
Virginia Cain
Bob Cockrum
Lonnell Conley
N. Susie Day
Sherron Franklin
Ron Gibson
Scott Keller
Becky Langsford*
Dane Mahern
Angela Mansfield
Lynn McWhirter
Mary Moriarty Adams
Jackie Nytes
William Oliver
Marilyn Pfisterer
Lincoln Plowman
Issace Randolph, Jr.
Earl Salisbury
Joanne Sanders
Scott Schneider
Mike Speedy

*Acting, Lance Langsford returned 4/20/2005

2005 Judiciary

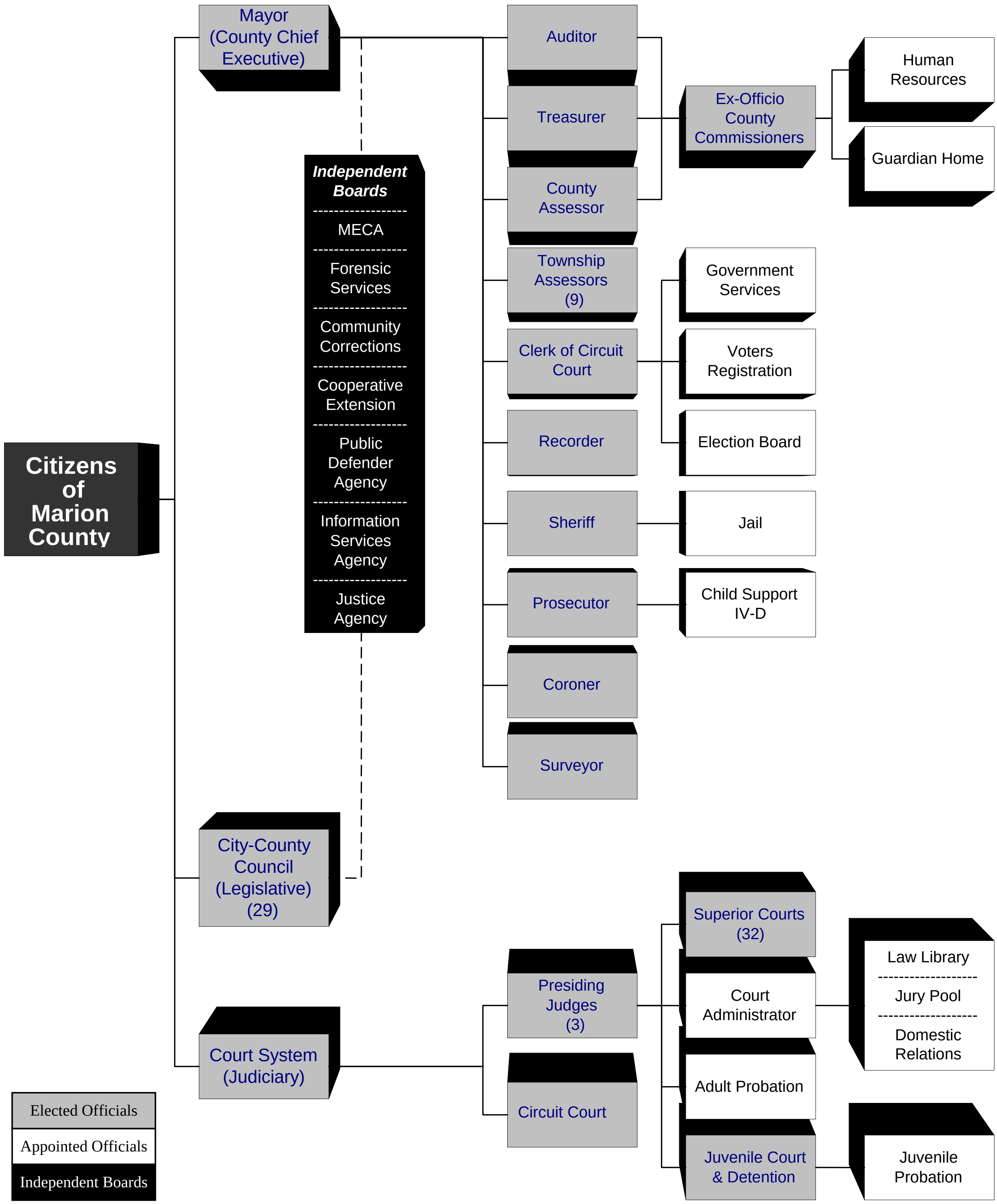
CIRCUIT COURT .... Theodore Sosin

SUPERIOR COURT

Criminal Division:	Court 1		Tanya Walton-Pratt
	Court 2		Robert Altice, Jr.
	Court 3		Sheila A. Carlisle
	Court 4		Patricia J. Gifford
	Court 5		Grant Hawkins
	Court 6		Jane Magnus-Stinson **
	Court 7	Misdemeanor	William T. Nelson
	Court 8	Misdemeanor	Barbara Collins
	Court 9	D-Felony	Mark Stoner
	Court 10	Misdemeanor	Linda E. Brown
	Court 11	Initial Hearing/APC	Commissioners
	Court 12	Environmental	Michael Keele
	Court 13	Traffic/Misdemeanor	Jane Conley & Marc Rothenberg, Commissioners
	Court 14	D-Felony Drug Court	David Shaheed
	Court 15	Felony	Evan Goodman
	Court 16	Domestic Violence	Clark Rogers
	Court 17	Domestic Violence	Carol J. Orbison
	Court 18	D-Felony	Reuben Hill
	Court 19	Misdemeanor	R. F. Pierson-Treacy
	Court 20	Felony Drug	William Young
	Court 21	Domestic Violence	John Hammel
	Drug Treatment Court		Patrick Murphy, Commissioner
	Community Court		Annie Christ, Commissioner
Civil Division:	Court 1		Cale Bradford*
	Court 2		Kenneth H. Johnson
	Court 3		Patrick L. McCarty
	Court 4		Cynthia J. Ayers
	Court 5		Gary Miller
	Court 6		Thomas J. Carroll
	Court 7		Gerald S. Zore
	Court 8	Probate Division	Charles J. Deiter
	Court 9	Juvenile Division	Marilyn A. Moore
	Court 10		David Dreyer
	Court 11		John Hanley
	Court 12		Robyn Moberly**
	Court 13		S. K. Reid
	Title IV-D Court		Carol Terzo, Commissioner

* Presiding Judge
** Associate Presiding Judge

Marion County, Indiana
Government Organization Chart



FINANCIAL
SECTION

1822

COMMISSIONERS • MARION COUNTY, INDIANA

KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report

The Honorable Gregory A. Ballard
Mayor, City of Indianapolis,
and the City-County Audit Committee
Marion County, Indiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis – Marion County) (County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana as of December 31, 2005 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3* in 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009 on our consideration of the County's internal control over financial reporting and on 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 and 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.

The management's discussion and analysis on pages 11 through 19; the budgetary comparison information on pages 59 through 61; the schedules of funding progress and of employer contributions on pages 62 and 63; and the notes to required supplementary information on pages 64 and 65 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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 County's basic financial statements. The combining and individual fund financial statements and schedules – other supplementary information on pages 68 through 85, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information, except the schedules of revenues and expenditures budget and actual, on pages 72 through 77 which are unaudited, 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 information presented in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Indianapolis, Indiana
October 28, 2009

As management of Marion County (County), Indiana, we offer readers of the County's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the Marion County government for the fiscal year ended December 31, 2005. A comparative financial analysis is presented with prior year information. For a better understanding of the financial information presented in the CAFR, we encourage readers to review the transmittal letter prior to this analysis and the financial statements following it.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the County's liabilities exceeded its assets by $25.3 million (deficit net assets).
- Governmental activities had deficit net assets of $(25.5) million and business-type activities had net assets of $182 thousand.
- As of December 31, 2005, the County's governmental funds reported combined ending deficit fund balances of $(44.6) million, an increase in the deficit of $5.0 million compared to the prior year.
- At the end of the fiscal year, the unreserved deficit fund balance for the General Fund was $(70.4) million.
- On a government-wide basis, the County's total expenses in 2005 were $313.3 million or $31.1 million more than the $282.2 million generated in charges for services, grants, taxes, and other revenues.
- The General Fund revenues (budgetary basis) of $188.9 million were 96.8% of the original budget estimates.
- The County's total long-term liabilities increased by $21.3 million during the current fiscal year. This increase is due primarily to $15.9 million of notes that were issued in 2005 to fund a deficit in the Children in Need of Services program. There was also a property tax refund liability of $8.3 million for refunds that were due to property owners at December 31, 2005.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other information to supplement the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances using accounting methods similar to those used by private-sector companies. In these statements, a distinction is made between governmental activities and business-type activities. Governmental activities are those activities normally associated with the operation of a government that are principally supported by taxes and intergovernmental revenues. Business-type activities are those activities that are designed to be self-supportive through user fees and charges. There are two government-wide statements, the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference being the net assets. Changes in the net assets may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All current year revenues and expenses are accounted for in the statement of activities, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. This statement also presents the various programs of the County and the extent to which they are supported by charges for services, grants and contributions, taxes, and investment income. The governmental activities of the County include administration and finance, protection of people and property, judicial, corrections, culture and recreation, real estate and assessments, and health and welfare. The business-type activities of the County include a juvenile alternative school, a forensic services training program, and drug testing laboratory program.

Fund Financial Statements

The second set of financial statements are fund financial statements, which provide information about groupings of related accounts (funds) that are used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance County programs.

The County maintains several individual governmental funds according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Records Perpetuation Fund, Property Reassessment Fund, and Cumulative Capital Development Fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements as supplementary information.

Proprietary Funds. Proprietary funds offer short-term and long-term financial information about services for which the County charges customers, both external customers and internal departments of the County. The County maintains the following two types of proprietary funds:

- Enterprise Funds are used to report information similar to business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Juvenile Court Alternative School Services, Forensics Training, and the Drug Testing Laboratory Funds, all of which are considered major funds.
- Internal Service Funds are used to report activities that provide services for certain County programs and activities. The County uses an internal service fund to provide for the financing of information technology.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The County is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that allows for a better understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report also presents required supplementary information concerning the County's budgetary comparisons for the General Fund, Property Reassessment, and County Records Perpetuation Fund, and required information pertaining to the County's progress in funding its obligation to provide pension benefits to its employees.

Additional Supplementary Information

The combining statements and schedules provide fund level detail for all nonmajor governmental funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually budgeted funds.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

This is the fourth year the County has presented its financial statements under the new reporting model required by the GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* The County has included prior year's financial information to provide comparative information for Management's Discussion and Analysis.

Net assets. The County's combined net assets at December 31, 2005 were approximately $(25.3) million. Looking at the net assets of governmental and business-type activities separately provides additional information.

Marion County, Indiana
Schedule of Net Assets
December 31, 2005

	Governmental activities 2005	Governmental activities 2004	Business-type activities 2005	Business-type activities 2004	Total 2005	Total 2004
Assets:						
Current and other assets	$ 71,746,103	$ 65,205,616	$ 205,712	$ 540,859	$ 71,951,815	$ 65,746,475
Capital assets, net of accumulated depreciation	70,775,299	73,303,223	—	3,480,000	70,775,299	76,783,223
Total assets	142,521,402	138,508,839	205,712	4,020,859	142,727,114	142,529,698
Liabilities:						
Long-term liabilities	75,083,435	34,076,724	—	—	75,083,435	34,076,724
Other liabilities	92,939,643	102,469,182	23,923	177,855	92,963,566	102,647,037
Total liabilities	168,023,078	136,545,906	23,923	177,855	168,047,001	136,723,761
Net assets:						
Invested in capital assets, net of related debt	38,546,304	43,163,608	—	3,480,000	38,546,304	46,643,608
Restricted	3,776,219	—	—	—	3,776,219	—
Unrestricted	(67,824,199)	(41,200,675)	181,789	363,004	(67,642,410)	(40,837,671)
Total net assets	$ (25,501,676)	$ 1,962,933	$ 181,789	$ 3,843,004	$ (25,319,887)	$ 5,805,937

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In Marion County, liabilities exceeded assets by $25.3 million at the close of fiscal year 2005. The largest portion of the County's net assets reflects its investment of $70.8 million in capital assets (e.g. land, buildings, furniture and equipment, and vehicles), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the County's total net assets is $3.8 million, which represents resources that are subject to external restrictions on how they may be used. In 2004, the County had no restrictions on its net assets.

All net assets generated by governmental activities are either externally restricted or invested in capital assets. Consequently, unrestricted governmental net assets showed a $(67.8) million deficit at the end of the year as compared to a deficit of $(41.2) million for the prior year. This deficit does not mean that the County does not have resources available to fund its operations. This deficit can be greatly attributed to a large liability due the state for the continually rising cost of incarcerated Marion County juveniles housed in state facilities for which the County pays.

All net assets generated by business-type activities are invested in capital assets or have no restrictions on how they may be used. Unrestricted net assets of the business-type activities were $182 thousand at the end of the year, a decrease of $181 thousand over the prior year. This decrease can be primarily attributed to the closing of the Juvenile Court Alternative School in 2005 and a reduction in net assets in the Drug Testing Laboratory Fund.

(Continued)

Marion County, Indiana
Schedule of Changes in Net Assets
For the year ended December 31, 2005

	Governmental activities 2005	Governmental activities 2004	Business-type activities 2005	Business-type activities 2004	Total 2005	Total 2004
Revenues:						
Program revenues:						
Charges for services	$ 41,105,696	$ 43,930,966	$ 497,147	$ 796,920	$ 41,602,843	$ 44,727,886
Operating grants and contributions	34,520,994	27,461,385	—	—	34,520,994	27,461,385
General revenues:						
Property taxes	147,139,503	115,165,095	—	—	147,139,503	115,165,095
Other taxes	47,904,959	47,989,550	—	—	47,904,959	47,989,550
Other general revenues and transfers	14,493,491	4,047,375	(3,453,333)	—	11,040,158	4,047,375
Total revenues	285,164,643	238,594,371	(2,956,186)	796,920	282,208,457	239,391,291
Expenses:						
Administration and finance	27,399,449	40,536,550	—	—	27,399,449	40,536,550
Protection of people and property program	96,467,489	87,531,515	—	—	96,467,489	87,531,515
Corrections program	60,766,168	59,245,279	—	—	60,766,168	59,245,279
Judicial program	41,981,379	52,956,427	—	—	41,981,379	52,956,427
Culture and recreation program	1,030,726	1,347,487	—	—	1,030,726	1,347,487
Real estate and assessment program	9,071,456	11,022,079	—	—	9,071,456	11,022,079
Health and welfare	74,972,688	7,291,301	—	—	74,972,688	7,291,301
Interest on long-term debt	939,897	2,446,182	—	—	939,897	2,446,182
Forensics training	—	—	—	147,646	—	147,646
Juvenile court alternative school services	—	—	282,625	518,375	282,625	518,375
Drug testing laboratory	—	—	422,404	378,994	422,404	378,994
Total expenses	312,629,252	262,376,820	705,029	1,045,015	313,334,281	263,421,835
Increase (decrease) in net assets	(27,464,609)	(23,782,449)	(3,661,215)	(248,095)	(31,125,824)	(24,030,544)
Net assets – beginning of year	1,962,933	25,745,382	3,843,004	4,091,099	5,805,937	29,836,481
Net assets – end of year	$ (25,501,676)	$ 1,962,933	$ 181,789	$ 3,843,004	$ (25,319,887)	$ 5,805,937

Changes in net assets. The County's total revenue on a government-wide basis for 2005 was $282.2 million. Taxes represent 69% of the County's revenue. Another 15% came from fees charged for services and 12% from grants and contributions. The remaining 4% came from interest earnings, and other revenues.

The total cost of all programs and services was $313.3 million. The County's expenses cover a range of typical County services. The programs with the largest burden on general revenues were protection of people and property, health and welfare, and corrections.

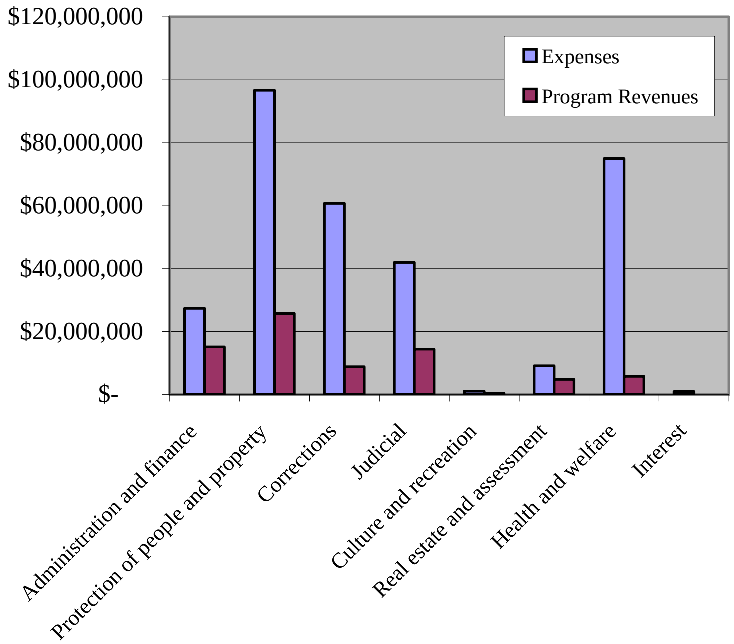
Governmental Activities. Governmental activities decreased the County's net assets by $27.5 million. This continuing decrease in net assets can be primarily attributed to an unfunded debt to the State of Indiana for the incarceration of juveniles, both boys and girls, in state institutions.

Total revenues for governmental activities in 2005 were $285.2 million, an increase of $46.6 million over the prior year, mainly due to an increase of $32.0 million in property taxes, $7.1 million in operating grants, and $10.4 million in other general revenues and transfers offset by decreases in other categories.

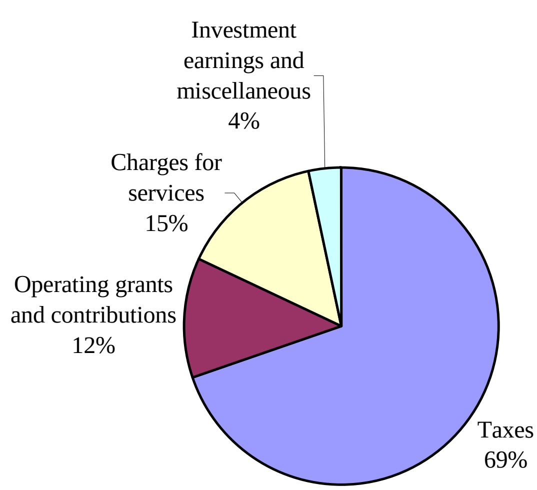
Total expenses for governmental activities for 2005 were $312.6 million, an increase of $50.3 million over the previous year. Health and welfare increased $67.7 over the previous year due primarily to reflecting $47.2 of property tax revenue and expense in the General Fund prior to the transfer to the Family and Children's Services Agency Fund. This gross up of revenue and expense was not presented in 2004.

The following charts provide comparisons of the County's governmental program revenues and expenses by function and revenues by source. As shown, protection of people and property, health and welfare, and corrections are the largest functions in expense. General revenues such as property taxes are not shown by program, but are included in the revenues by source chart to show their significance. Taxes are used to support program activities countywide.

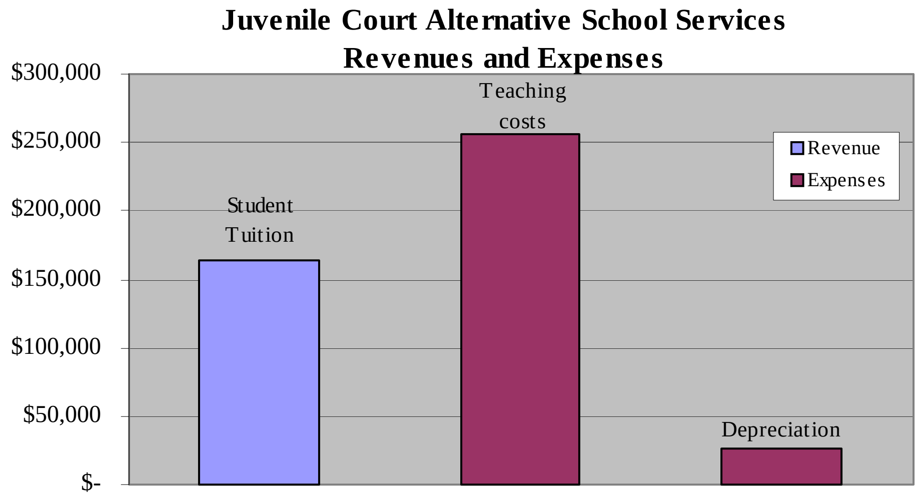
Expenses and Program Revenues - Governmental Activities

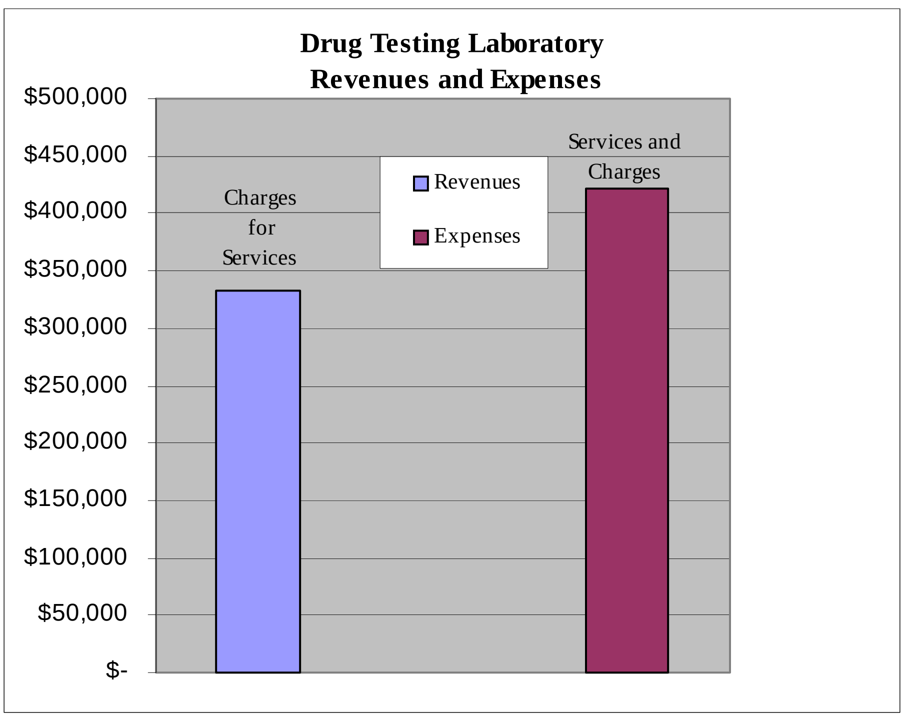


Revenues by Source - Governmental Activities



Business-type activities. At the Juvenile Court Alternative School, operating revenues were down $251 thousand over last year with a comparable decrease in expenses of $236 thousand. The decision was made in 2005 to close the school at the end of the school year. Operating revenues in the Forensics Training Fund were down by $8 thousand with a decrease in expenditures of $148 thousand over the prior year. The Forensics Training Fund is not anticipated to have any future activity, but has not been formally closed. Operating revenues in the Drug Testing Laboratory Fund were decreased by $41 thousand with an increase in expenditures of $43 thousand over the prior year.


Juvenile Court Alternative School Services
Revenues and Expenses
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$-
Teaching costs
Student Tuition
Depreciation
Revenue
Expenses


Drug Testing Laboratory
Revenues and Expenses
$500,000
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$-
Charges for Services
Services and Charges
Revenues
Expenses

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The focus of the County's governmental funds is to provide information on inflows and balances of resources that are available for spending. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2005, the unreserved fund balance (deficit) of the General Fund was $(71.2) million, as compared to $(65.2) million in 2004 while the total General Fund balance (deficit) was $(70.4) million as compared to $(64.8) million in 2004. The fund balance in the County's General Fund decreased by $5.6 million. The decrease in the General Fund is primarily due to the increase in the debt owed to the State of Indiana for the incarceration of Marion County juveniles. The total fund balance of the County Records Perpetuation fund was $6.3 million (as compared to $6.7 million in 2004). The Property Reassessment Fund had an unreserved fund balance of $2.4 million (as compared to $3.2 million in 2004) and a total fund balance of $2.4 million (as compared to $3.2 million in 2004). The total fund balance of the Cumulative Capital Development Fund was $1.8 million (as compared to $(90) thousand in 2004). The increase in the Cumulative Capital Development Fund is primarily due to a $4.3 million budgeted transfer to the City of Indianapolis, Indiana in 2004 which did not occur in 2005.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, there were no unrestricted net assets in the Juvenile Court Alternative School Services Fund (a decrease of $91 thousand over 2004). There was a decrease of $3.5 million in net assets invested in capital assets, net of related debt over 2004, due to the closure of the juvenile court alternative school in 2005 and subsequent transfer of the building to governmental activities. At the end of the year, there was $182 thousand of unrestricted net assets for the Drug Testing Laboratory Fund (a decrease of $90 thousand over 2004). At the end of 2005, the Forensics Training Fund had unrestricted net assets of $9 thousand, with no change from 2004, as the fund had no activity in 2005. The internal service fund, which is used to account for the operations of the County's management information systems, had $4.5 million in unrestricted net assets at year-end, an increase of $1.2 million over 2004 and $1.1 in net assets invested in capital assets net of related debt, a decrease of $900 thousand over 2004. This was due to the methodology used to calculate the user fee charge-backs. The fees are calculated on the budgetary figures.

Fiduciary Funds

The County maintains fiduciary funds for the assets of the retirement and disability trust funds for the sheriff's deputies. As of the end of 2005, the net assets of the funds totaled $151.5 million, representing an increase of $7.6 million in total net assets during the year due primarily to investment earnings in 2005.

The County is the custodian of certain agency funds, and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of the other entities, there are no net assets. As of the end of 2005, the combined gross assets of the agency funds totaled $122.3 million ($132.8 million in 2004).

General Fund Budgetary Highlights

The final budget for the County's General Fund represents the original budget plus any additional supplemental appropriations during the year. It does not include encumbrances carried over from the prior year. In 2005, there were $3 million of supplemental appropriations to the General Fund.

Excluding prior year encumbrances, the original General Fund budget for 2005 was $195.2 million. The final General Fund budget was $192.2 million. Actual expenditures were $190.9 million on a budgetary basis. Of the total underspending from the final budget, $2.5 million was in public safety. General revenues and other resources were originally estimated at $195.2 million with final estimates at $195.3 million. The actual revenues were $188.9 million, or 96.8% of the original and final estimates.

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County had a net investment of $70.8 million in capital assets at December 31, 2005 (net of accumulated depreciation of $77.4 million), in a broad range of capital assets for governmental activities. This amount represents a net decrease for the current year (including additions and deductions) of $2.5 million.

Schedule of Capital Assets
Net of Depreciation
December 31, 2005

	Governmental activities 2005	Governmental activities 2004	Business-type activities 2005	Business-type activities 2004	Total 2005	Total 2004
Land	$ 29,555	$ 29,555	$ —	—	$ 29,555	$ 29,555
Construction in progress	—	—	—	—	—	—
Buildings and improvements	50,205,252	48,571,344	—	3,480,000	50,205,252	52,051,344
Furniture and equipment	11,731,925	13,075,499	—	—	11,731,925	13,075,499
Vehicles	8,808,567	11,626,825	—	—	8,808,567	11,626,825
Total	$ 70,775,299	$ 73,303,223	$ —	$ 3,480,000	$ 70,775,299	$ 76,783,223

Major capital assets additions in 2005 included $1.6 million of furniture and equipment and $1.9 million of vehicles. In addition, a $4.0 million building was transferred from the business-type activities to the governmental activities upon the closure of the juvenile court alternative school in 2005 and subsequent transfer of the building recorded in that enterprise fund.

Depreciation expense for 2005 for governmental activities was $8.9 million. Additionally, $540 thousand of accumulated depreciation was transferred from the business-type activities to the governmental activities due to the transfer of the building noted above.

Additional information on the County's capital assets can be found in Note 7 of the notes to the basic financial statements.

Long-term Debt

At the end of 2005, the County had outstanding long-term debt and other long-term obligations for governmental activities of $75.1 million compared to $53.8 million at December 31, 2004, as shown below.

Marion County, Indiana
Schedule of Long-term Debt Obligations

	December 31, 2005	December 31, 2004
Governmental activities:		
General obligation notes	$ 23,050,000	$ 9,400,000
Capital leases	32,228,995	33,763,608
Claims and judgments	2,606,289	2,275,932
Operating lease escalation	1,371,803	835,973
Compensated absences	7,564,189	7,505,034
Property tax refunds	8,262,159	—
Total	$ 75,083,435	$ 53,780,547

In 2005, the County entered into an agreement with the Indianapolis Local Public Improvement Bond Bank to issue $15.9 million in notes the proceeds were used to fund a deficit in the Children in Need of Services program.

(Continued)

Bond ratings. As of December 31, 2005, the County's general obligation bonds have been rated Aa by all three bond rating agencies.

Limitation on debt. The state limits the amount of general obligation debt the County can issue to 0.67% of assessed value, as shown in the statistical section. The County's outstanding debt is well below the limit.

Additional information on the County's long-term debt can be found in Note 9 of the notes to the basic financial statements.

ECONOMIC FACTORS AND THE 2006 BUDGET

The 2006 original budget for all annually budgeted funds was $347.2 million. The 2006 General Fund original budget was $225.2 million, an increase of 15.4% over the 2005 original General Fund budget of $195.2. Total revisions of $63.0 million were made to the budget in 2006, which included a $43.6 million increase in the Family and Children's Fund budget.

The County's unemployment rate increased from 4.2% for May 2005 to 4.8% for May 2006. This compares with the state's rate holding steady at 4.8% and the national rate decreasing from 5.1% to 4.6%. In 2009, the unemployment rate has significantly increased to approximately 10.0%.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact Marion County Auditor's Office, Suite 801, 200 East Washington Street, Indianapolis, IN 46204.

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COMMISSIONERS • MARION COUNTY, INDIANA

BASIC
FINANCIAL STATEMENTS

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 43,747,158	$ 201,937	$ 43,949,095
Receivables (net of allowance for uncollectibles):			
Taxes	9,668,400	—	9,668,400
Intergovernmental	10,870,440	3,775	10,874,215
Due from state and federal governments	84,053	—	84,053
Other	1,239,584	—	1,239,584
Restricted cash and cash equivalents	1,400,000	—	1,400,000
Net pension asset	4,682,417	—	4,682,417
Deferred note issuance costs	54,051	—	54,051
Capital assets (net of accumulated depreciation):			
Land	29,555	—	29,555
Buildings and improvements	50,205,252	—	50,205,252
Furniture and equipment	11,731,925	—	11,731,925
Vehicles	8,808,567	—	8,808,567
Total assets	142,521,402	205,712	142,727,114
Liabilities			
Accounts payable	22,495,450	18,312	22,513,762
Accounts payable from restricted assets	399,473	—	399,473
Accrued interest payable	79,235	—	79,235
Accrued liabilities	2,673,344	5,611	2,678,955
Intergovernmental payables	66,585,629	—	66,585,629
Unearned revenue	706,513	—	706,513
Long-term liabilities:			
Due within one year	29,640,470	—	29,640,470
Due in more than one year	45,442,965	—	45,442,965
Total liabilities	168,023,078	23,923	168,047,001
Net Assets (Deficit)			
Invested in capital assets, net of related debt	38,546,304	—	38,546,304
Restricted for capital projects	3,776,219	—	3,776,219
Unrestricted (deficit)	(67,824,199)	181,789	(67,642,410)
Total net assets (deficit)	$ (25,501,676)	$ 181,789	$ (25,319,887)

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental activities:						
Administration and finance	$ 27,399,449	$ 12,512,290	$ 2,590,507	$ (12,296,652)	$ —	$ (12,296,652)
Protection of people and property program	96,467,489	10,467,668	15,880,861	(70,118,960)	—	(70,118,960)
Corrections program	60,766,168	5,142,432	3,647,632	(51,976,104)	—	(51,976,104)
Judicial program	41,981,379	7,494,827	6,919,626	(27,566,926)	—	(27,566,926)
Culture and recreation program	1,030,726	328,140	33,350	(669,236)	—	(669,236)
Real estate and assessments program	9,071,456	4,813,650	8,743	(4,249,063)	—	(4,249,063)
Health and welfare	74,972,688	346,689	5,440,275	(69,185,724)	—	(69,185,724)
Interest on long-term debt	939,897	—	—	(939,897)	—	(939,897)
Total governmental activities	312,629,252	41,105,696	34,520,994	(237,002,562)	—	(237,002,562)
Business-type activities:						
Juvenile court alternative school services	282,625	164,500	—	—	(118,125)	(118,125)
Drug testing laboratory	422,404	332,647	—	—	(89,757)	(89,757)
Total business-type activities	705,029	497,147	—	—	(207,882)	(207,882)
Total	$ 313,334,281	$ 41,602,843	$ 34,520,994	(237,002,562)	(207,882)	(237,210,444)
General revenues:						
Property taxes				147,139,503	—	147,139,503
Financial institution tax				1,900,642	—	1,900,642
Excise tax				13,838,328	—	13,838,328
Local option income tax				28,394,965	—	28,394,965
Other state and local taxes				1,305,908	—	1,305,908
State wagering taxes				2,465,116	—	2,465,116
Unrestricted investment earnings				8,248,890	—	8,248,890
Other				2,791,268	—	2,791,268
Transfers				3,453,333	(3,453,333)	—
Total general revenues and transfers				209,537,953	(3,453,333)	206,084,620
Change in net assets				(27,464,609)	(3,661,215)	(31,125,824)
Net assets (deficit) – beginning of year				1,962,933	3,843,004	5,805,937
Net assets (deficit) – end of year				$ (25,501,676)	$ 181,789	$ (25,319,887)

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	County Records Perpetuation	Property Reassessment	Cumulative Capital Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 10,390,789	$ 6,317,837	$ 2,462,168	$ 1,852,019	$ 18,737,086	$ 39,759,899
Receivables (net of allowance for uncollectibles):						
Taxes	7,931,838	—	60,921	207,170	1,468,471	9,668,400
Intergovernmental	5,859,257	—	—	—	3,351,219	9,210,476
Other	925,183	—	102	—	314,299	1,239,584
Due from other funds	84,053	—	—	—	—	84,053
Due from state and federal governments	—	—	—	—	84,053	84,053
Total assets	$ 25,191,120	$ 6,317,837	$ 2,523,191	$ 2,059,189	$ 23,955,128	$ 60,046,465
Liabilities and Fund Balances (Deficits)						
Liabilities:						
Accounts payable	$ 9,286,128	$ 30,875	$ 15,712	$ 64,930	$ 4,473,542	$ 13,871,187
Accrued liabilities	2,294,993	20,660	51,697	—	251,945	2,619,295
Intergovernmental payables	66,585,629	—	—	—	—	66,585,629
Due to other funds	6,547,889	—	—	—	84,053	6,631,942
Deferred revenue	10,897,599	—	68,669	228,898	3,780,969	14,976,135
Total liabilities	95,612,238	51,535	136,078	293,828	8,590,509	104,684,188
Fund balances (deficits):						
Reserved for:						
Encumbrances	825,520	4,751	24,426	—	568,403	1,423,100
Unreserved, reported in:						
General fund	(71,246,638)	—	—	—	—	(71,246,638)
Special revenue funds	—	6,261,551	2,362,687	—	13,775,105	22,399,343
Debt service funds	—	—	—	—	10,780	10,780
Capital projects funds	—	—	—	1,765,361	1,010,331	2,775,692
Total fund balances (deficits)	(70,421,118)	6,266,302	2,387,113	1,765,361	15,364,619	(44,637,723)
Total liabilities and fund balances (deficits)	$ 25,191,120	6,317,837	$ 2,523,191	$ 2,059,189	$ 23,955,128	

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 fund statements, excluding internal service fund capital assets	67,443,680
Revenues not available in fund statements but earned and recognized in statement of net assets	14,269,623
Internal service fund is used by management to charge the costs of information technology to individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	5,659,845
Net pension asset not recorded in the fund statements	4,682,417
Deferred note issuance costs not in the fund statements	54,051
Accrued interest payable not in the fund statements	(79,235)
Accounts payable related to workers' compensation claims not in the fund statements	(119,398)
Long-term liabilities including capital leases are not due and payable in the current period and, therefore, are not reported in the governmental funds (see note 19)	(72,774,936)
Net assets (deficit) of governmental activities	$ (25,501,676)

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	County Records Perpetuation	Property Reassessment	Cumulative Capital Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 196,939,556	$ —	$ 1,946,544	$ 5,458,791	$ 1,988,862	$ 206,333,753
Intergovernmental	17,658,364	—	—	—	15,583,306	33,241,670
Interest	8,168,208	—	71,845	—	8,838	8,248,891
Charges for services	11,762,770	1,025,357	—	—	14,457,019	27,245,146
Miscellaneous	1,943,469	—	3,626	—	55,316	2,002,411
Total revenues	236,472,367	1,025,357	2,022,015	5,458,791	32,093,341	277,071,871
Expenditures						
Current:						
General government	67,259,747	1,394,490	2,723,009	2,334,797	7,625,949	81,337,992
Public safety	117,612,557	—	—	—	21,382,198	138,994,755
Welfare	70,355,925	—	—	—	—	70,355,925
Culture and recreation	999,539	—	—	—	35,296	1,034,835
Capital outlay	1,066,374	49,177	124,482	1,382,888	536,390	3,159,311
Debt service:						
Principal	—	—	—	—	2,250,000	2,250,000
Interest and fiscal charges	700,578	—	—	—	214,302	914,880
Note issuance costs	54,051	—	—	—	—	54,051
Total expenditures	258,048,771	1,443,667	2,847,491	3,717,685	32,044,135	298,101,749
Excess (deficiency) of revenues over expenditures	(21,576,404)	(418,310)	(825,476)	1,741,106	49,206	(21,029,878)
Other Financing Sources (Uses)						
Transfers in	—	—	—	—	389,379	389,379
Transfers out	—	—	—	—	(389,379)	(389,379)
Proceeds from note issuance	15,900,000	—	—	—	—	15,900,000
Sale of capital assets	32,343	—	—	114,570	3,315	150,228
Total other financing sources and uses, net	15,932,343	—	—	114,570	3,315	16,050,228
Net change in fund balances (deficits)	(5,644,061)	(418,310)	(825,476)	1,855,676	52,521	(4,979,650)
Fund balances (deficits) – beginning of year	(64,777,057)	6,684,612	3,212,589	(90,315)	15,312,098	(39,658,073)
Fund balances (deficits) – end of year	$ (70,421,118)	$ 6,266,302	$ 2,387,113	$ 1,765,361	$ 15,364,619	$ (44,637,723)

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Amounts reported for governmental activities in the statement of activities (page 21) are different because:	
Net change in fund balances—total governmental fund (page 23)	$ (4,979,650)
Depreciation expense reported in the statement of activities but not in the fund statements (excluding internal service fund depreciation expense)	(7,691,892)
Capital expenditures reported in the fund statements but reported as additions to capital assets in the statement of activities (excluding internal service fund capital additions)	2,586,406
Loss on disposal of capital assets not recorded in the fund statements (excluding internal service fund loss on disposal)	(634,480)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the fund statements	14,269,622
Revenues in the fund statements but not in current year statement of activities due to the current financial resources focus of the governmental fund	(14,149,616)
Notes issued reported as other financing sources in the fund statements but as additions to long-term liabilities in the statement of net assets	(15,900,000)
Notes principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of net assets	2,250,000
Capital lease principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities (excluding internal service fund capital lease principal payments)	2,176,300
Operating lease escalation expense reported in the statement of activities is not reported as an expense in the fund statements as did not require current financial resources	(535,830)
Increase in net pension asset, which is not reported in the fund statements	124,472
Increase in claims and judgments not reported in the fund statements	(330,357)
Increase in compensated absences not reported in the fund statements (excluding amounts recorded in the internal service fund)	(85,104)
Current year note issuance costs, which are deferred and amortized for the statement of activities but reported when paid in the fund statements	54,051
Transfer of juvenile court building from business-type activities to governmental activities	3,453,333
Accounts payable on workers' compensation claims not recorded in the fund statements	(119,398)
Accrued interest on notes payable through December 31, 2005 reported as expenses in the statement of activities but reported when paid in the fund statements	(25,017)
Change in net assets of internal service fund reported with governmental activities	334,710
Decrease in property tax revenue due to refunds owed to property owners which are not reported in the fund statements	(8,262,159)
Change in net assets of governmental activities (page 21)	$ (27,464,609)

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business-type Activities – Enterprise Funds				
	Forensics Training	Juvenile Court Alternative School Services	Drug Testing Laboratory	Total	Governmental Activities – Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	$ 9	$ —	$ 201,928	$ 201,937	$ 3,987,259
Due from other funds	—	—	—	—	1,132,141
Intergovernmental receivables	—	—	3,775	3,775	1,659,964
Restricted cash and cash equivalents	—	—	—	—	1,400,000
Total current assets	9	—	205,703	205,712	8,179,364
Non-current assets:					
Capital assets:					
Furniture and equipment	—	—	—	—	12,444,269
Less accumulated depreciation	—	—	—	—	(9,112,650)
Total capital assets (net of accumulated depreciation)	—	—	—	—	3,331,619
Total noncurrent assets	—	—	—	—	3,331,619
Total assets	9	—	205,703	205,712	11,510,983
Liabilities					
Current liabilities:					
Accounts payable	—	—	18,312	18,312	3,015,117
Accounts payable from restricted assets	—	—	—	—	399,473
Accrued liabilities	—	—	5,611	5,611	54,049
Due to other funds	—	—	—	—	74,000
Compensated absences	—	—	—	—	107,571
Capital leases payable-current	—	—	—	—	1,290,464
Total current liabilities	—	—	23,923	23,923	4,940,674
Noncurrent liabilities:					
Capital leases payable		—	—	—	910,464
Total noncurrent liabilities	—	—	—	—	910,464
Total liabilities	—	—	23,923	23,923	5,851,138
Net Assets					
Invested in capital assets, net of related debt	—	—	—	—	1,130,691
Unrestricted	9	—	181,780	181,789	4,529,154
Total net assets	$ 9	$ —	$ 181,780	$ 181,789	$ 5,659,845

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities – Enterprise Funds				
	Forensics Training	**Juvenile Court Alternative School Services**	**Drug Testing Laboratory**	**Total**	**Governmental Activities – Internal Service Fund**
Operating revenues:					
Student tuition	$ —	$ 164,500	$ —	$ 164,500	$ —
Charges for services	—	—	332,647	332,647	24,706,153
Miscellaneous	—	—	—	—	18,873
Total operating revenues	—	164,500	332,647	497,147	24,725,026
Operating expenses:					
Costs of teaching	—	255,958	—	255,958	—
Services and charges	—	—	422,404	422,404	20,503,890
Administration including salaries and wages	—	—	—	—	2,652,573
Depreciation	—	26,667	—	26,667	1,163,365
Other	—	—	—	—	70,488
Total operating expenses	—	282,625	422,404	705,029	24,390,316
Operating income (loss)	—	(118,125)	(89,757)	(207,882)	334,710
Income (loss) before transfers	—	(118,125)	(89,757)	(207,882)	334,710
Transfers out	—	(3,453,333)	—	(3,453,333)	—
Change in net assets	—	(3,571,458)	(89,757)	(3,661,215)	334,710
Net assets – beginning of year	9	3,571,458	271,537	3,843,004	5,325,135
Net assets – end of year	$ 9	$ —	$ 181,780	$ 181,789	$ 5,659,845

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities – Enterprise Funds				Governmental Activities – Internal Service Fund
	Forensics Training	**Juvenile Court Alternative School Services**	**Drug Testing Laboratory**	**Total**	
Cash Flows from Operating Activities					
Receipts from customers and users	$ —	$ —	$ 327,832	$ 327,832	$ 25,978,492
Payments to suppliers	(1,504)	(255,958)	(409,292)	(666,754)	(19,205,175)
Payments to employees	—	—	—	—	(2,678,522)
Net cash provided by (used in) operating activities	(1,504)	(255,958)	(81,460)	(338,922)	4,094,795
Cash Flows from Capital and Related Financing Activities					
Proceeds from financing of capital lease	—	—	—	—	1,885,920
Purchases of capital assets	—	—	—	—	(870,551)
Principal paid on capital leases	—	—	—	—	(1,244,233)
Interest paid on capital leases	—	—	—	—	(51,523)
Net cash used in capital and related financing activities	—	—	—	—	(280,387)
Net increase (decrease) in cash and cash equivalents	(1,504)	(255,958)	(81,460)	(338,922)	3,814,408
Cash and cash equivalents – beginning of year	1,513	255,958	283,388	540,859	1,572,851
Cash and cash equivalents – end of year	$ 9	$ —	$ 201,928	$ 201,937	$ 5,387,259
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ —	$ (118,125)	$ (89,757)	$ (207,882)	$ 334,710
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	—	26,667	—	26,667	1,163,365
Increase in intergovernmental receivables	—	—	(3,775)	(3,775)	(11,168)
Decrease in due from other funds	—	—	—	—	1,264,634
Increase (decrease) in accounts payable	(1,504)	—	13,112	11,608	1,361,311
Increase (decrease) in accrued liabilities	—	—	(1,040)	(1,040)	7,892
Decrease in compensated absences payable	—	—	—	—	(25,949)
Decrease in unearned income	—	(164,500)	—	(164,500)	—
Total adjustments	(1,504)	(137,833)	8,297	(131,040)	3,760,085
Net cash provided by (used in) operating activities	$ (1,504)	$ (255,958)	$ (81,460)	$ (338,922)	$ 4,094,795

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 6,448,953	$ 68,855,122
Investments:		
U.S. government securities	24,001,077	—
Corporate obligations	24,677,162	—
Corporate equity securities	41,788,796	—
Mutual funds	49,529,724	—
Receivables:		
Property taxes	—	48,349,051
Accrued interest	555,497	—
Other	1,596	1,263,555
Due from other funds	5,668,030	3,788,070
Total assets	$ 152,670,835	$ 122,255,798
Liabilities		
Accrued liabilities	$ 145,315	$ —
Due to other funds	—	3,966,352
Due to broker for securities purchased	1,005,443	—
Amounts held in custody for others	—	118,289,446
Total liabilities	1,150,758	$ 122,255,798
Net Assets		
Net assets for employees' pension benefits	$ 151,520,077	

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 5,473,205
Employee	937,754
Total contributions	6,410,959
Investment income:	
Interest and dividends	3,648,576
Net increase in the fair value of investments	5,244,335
Less investment expenses	(332,907)
Net investment income	8,560,004
Miscellaneous	276,040
Total additions	15,247,003
Deductions	
Benefits	7,635,974
Total deductions	7,635,974
Change in net assets	7,611,029
Net assets – beginning of year	143,909,048
Net assets – end of year	$ 151,520,077

See accompanying notes to the basic financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Marion County (County) is a unit of local government created by the State of Indiana, governed by the following officials, each of whom is granted certain independent executive authority under the State Constitution:

County Auditor	County Prosecutor	County Surveyor
County Treasurer	County Recorder	Clerk of the Circuit Court
County Coroner	County Sheriff	Judge of the Circuit Court

The legislature of the State of Indiana has provided for certain additional elected officials who are not mentioned in the Constitution to exercise certain independent executive authority. These are the county assessor, township assessors, and superior court judges.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the County is considered a component unit of the Consolidated City of Indianapolis-Marion County. The County and the Consolidated City share a common executive and legislative body. Otherwise, the County is considered a separate legal entity, with its elected officials directly and separately (from City officials) responsible for financial independence, operations, and accountability for fiscal matters.

Based on the criteria established in GASB Statement No. 14, the County has no component units under the current financial reporting requirements.

The County has an investment in the Indianapolis-Marion County Building Authority (Building Authority); a joint venture with the City of Indianapolis (City). Because the County shares joint control equally with the City, and the County and City retain an ongoing financial responsibility, information concerning this joint venture is included in note 15.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenue.

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has determined that the General, County Records Perpetuation, Property Reassessment, and Cumulative Capital Development Funds are major governmental funds. All other governmental funds are reported in one column labeled “Nonmajor Governmental Funds.” The total fund balances for all governmental funds is reconciled to net assets for governmental activities as shown on the statement of net assets. The net change in fund balances for all governmental funds is reconciled to the total change in net assets for governmental activities as shown on the statement of activities in the government-wide statements. The County has three enterprise funds (business-type activities), Juvenile Court Alternative School Services, Forensics Training, and Drug Testing Laboratory. Each of these enterprise funds is considered a major fund within the fund financial statements. Additionally, the County has one internal service fund (governmental activities) that accounts for the operations of the Information Services Agency. All internal service fund activity is combined into a single column on the proprietary fund statements, since major fund reporting requirements do not apply to internal service funds. The County also has two fiduciary fund types: pension trust funds and agency funds.

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

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenue, and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The governmental fund types utilize the current resources measurement focus.

The following are the County's major governmental funds:

The General Fund is used to account for all revenues and expenditures applicable to the general operations of governmental agencies of the County, except those required to be accounted for in another fund. All operating revenues that are not restricted as to use by sources external to the County are recorded in the General Fund.

The County Records Perpetuation Fund is used to account for certain fees that are collected by the County Recorder for the preservation of records and the improvement of recording systems and equipment.

The Property Reassessment Fund is used for the purpose of receiving and holding in escrow tax distribution for the funding for the next property reassessment. Funds are held in escrow until distribution is authorized by the State Legislature; whereby, the distribution is made to each township assessor.

The Cumulative Capital Development Fund is used to account for financial resources to be used for the renovation and/or construction of major capital facilities as approved by the City-County Council, other than those financed by proprietary funds.

The other governmental funds of the County are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes; debt service funds, which account for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs; and, capital projects funds, which account for resources designated to construct or acquire major capital facilities.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector. Proprietary funds utilize the economic resources measurement focus.

The following are the County's proprietary fund types:

Enterprise – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private sector business enterprises – where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Enterprise funds have been established for the Juvenile Court Alternative School Services, Forensics Training, and Drug Testing Laboratory funds. The Juvenile Court Alternative School Services Fund accounts for the operation of the "New Directions Academy" (Academy). The Academy is financed through fees collected from local municipal school systems. In May 2005, the Academy was closed. The Forensics Training Fund is used to account for fees collected in providing training in forensic science to domestic and foreign students. The cost associated with training is to be recovered through the training fees charged. The Drug Testing Laboratory Fund is used to account for fees collected by the Marion Superior Court drug testing laboratory.

Internal Service – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis. An internal service fund has been established for the County's Information Services Agency, which provides information technology services to other agencies of the County, or to other governmental units on a cost-reimbursement basis.

In the government-wide and proprietary fund financial statements, the County applies all applicable GASB pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

Fiduciary Fund Types

Fiduciary – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Marion County Law Enforcement Personnel Retirement Plan and the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan. Agency funds are accounted for and reported similar to the proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations. These funds account for the collection, distribution and escrow of various tax types, fees, and set aside funding.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and the tax rates are certified in the subsequent year. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as they become susceptible to accrual, generally as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, the County considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, and interest on investments. Charges for services in the governmental funds are recognized as revenues when received in cash because they are generally not measurable until actually received. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures to long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due (i.e., matured).

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, groups nonexchange transactions into four classes, based upon their principal characteristics: derived tax revenues, imposed exchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The County recognizes assets from derived tax revenue transactions in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The County recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted or at the same time as the assets of the government have not established time requirements. The County recognizes revenues from property taxes, net of estimated refunds and uncollectible amounts, in the period for which the tax is levied and the rates are certified. Imposed nonexchange revenues also include court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Juvenile Court Alternative School Services Fund are providing schooling to juveniles. The principal operating revenues of the Drug Testing Laboratory Fund are charges for drug testing. There were no operating revenues in the Forensics Training Fund in 2005. All expenses in the enterprise funds are reported as operating expenses as they reflect cost of services, administration, and depreciation of capital assets. Operating expenses for the Internal Service Fund primarily include the cost of services and charges, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds use the accrual basis of accounting to recognize receivables and payables.

For the pension trust funds, under the accrual basis of accounting, contributions are recognized in the period in which they are due and benefits are recognized when they become due and payable.

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

D. Cash, Investments, and Restricted Cash, and Cash Equivalents

Investments are stated at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the investment custodian. When funds pool cash for investment, income from the pooled investments under Indiana Code 5-13-9-6 are allocated to the General Fund except as otherwise provided by law, or by an outside party to be used for a specific purpose.

Proceeds from the Information Service Agency's fund capital lease with Justice.Net, amounting to $1,400,000 at December 31, 2005, are classified as restricted cash and cash equivalents on the statement of net assets.

E. Receivables and Payables

All outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade and taxes receivable balances are shown net of an allowance for uncollectibles. See note 1.F for further discussion on property taxes.

F. Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana (Treasurer). These taxes are then distributed by the Auditor of Marion County, Indiana (Auditor) to the County and the other governmental entities at June 30 and December 31 of each year. The County and the other governmental entities can request advances of their portion of the collected taxes from the Auditor once the levy and tax rates are certified by the State of Indiana, Department of Local Government Finance. The Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The County's 2005 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2004 assessed valuations, which were adjusted for estimated appeals and tax credits and deductions. The lien date for the 2005 property taxes was March 1, 2004 (assessment date); however, the County does not recognize a receivable on the lien date as the amount of property tax to be collected can not be measured until the levy and tax rates are certified in the subsequent year. In 2005, taxes were due and payable to the Treasurer in two installments on May 10, 2005 and November 10, 2005. The Auditor distributed all property taxes collected by November 10, 2005 to each applicable governmental entity based upon their levy amounts prior to December 31, 2005. All taxes collected by the Treasurer and not distributed at December 31, 2005 (i.e., collections from November 11, 2005 to December 31, 2005) were held in the Treasurer's Tax Collections Agency Fund and are not considered available for fund statement purposes to the County as these monies will not be settled and distributed to the County until at least 60 days after year-end. These amounts plus delinquent property taxes outstanding at December 31, 2005, net of allowance for uncollectible accounts of $5,108,213 ($3,696,333 in the General Fund, $48,353 in the Property Reassessment Fund, $165,276 in the Cumulative Capital Development Fund, and $1,198,251 in the nonmajor governmental funds), are included as taxes receivable in the government-wide and fund financial statements. The fund financial statements have recorded a corresponding amount in deferred revenue since the amounts are not available to the County.

G. Inventory

Purchase of materials and supplies in the governmental fund types and governmental activities are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. The proprietary funds do not have inventory.

H. Capital Assets

Capital assets, which include land; buildings and improvements; furniture and equipment; vehicles; and construction in progress are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. The County does not have any infrastructure assets. Capital assets are defined by the County as assets with an initial individual cost or donated value of more than $1,000 and an estimated useful life in excess of one year. Such purchased or constructed assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Depreciation, including depreciation recognized on assets acquired through government grants, is computed on the straight-line method with no salvage over the estimated useful lives of the various classes of assets. Further, in the year of acquisition and disposal, the County's policy is to take one-half of a year's depreciation expense for the related capital assets. The following range of lives is generally used:

	Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 20
Vehicles	5 to 15

I. Deferred and Unearned Revenue

Deferred revenue is reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met. Deferred revenue is recognized as revenue when it is earned and considered measurable and available in the fund financial statements. See note 1.C for further discussion on the County's availability policy.

Unearned revenue is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements.

J. Compensated Absences

Substantially all County employees earn benefit leave time. The County's benefit leave policy provides that, upon retirement or resignation, County employees are paid for their total unused benefit leave. In addition, upon retirement, an employee may be paid for accumulated sick time at a rate of two for one. The entire cost of benefit and sick leave is recorded in the government-wide financial statements and the proprietary fund in the fund financial statements.

K. Interfund Transactions

In the fund financial statements, the County has the following types of transactions among funds:

Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the County.

Within the accompanying activity from the statement of activities, direct expenses are not eliminated from the various functional categories. Indirect expenses are eliminated from the respective functional categories.

Certain internal payments are treated as program revenues, such as internal services provided and used. Certain internal payments are treated as a reduction of expense, such as reimbursements.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

L. Fund Balance / Net Assets

In the fund financial statements, governmental funds report reservations for fund balances for the amounts that are not available for future appropriation or are legally restricted by outside parties for the use for specific purposes. Amounts are reserved for outstanding encumbrances. Designations of fund balance represent tentative management plans that are subject to change.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets, net of related debt; restricted for capital projects; and unrestricted.

Invested in Capital Assets, Net of Related Debt

This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding balances of debt including capital leases that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted for Capital Projects

This category represents net assets of the County not included in invested in capital assets, net of related debt, which have been restricted for capital projects.

Unrestricted Net Assets

This category represents net assets of the County not included in invested in capital assets, net of related debt, or restricted for any project or other purpose.

M. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances. Encumbrances outstanding at year-end will remain in force and will be liquidated under the current year's budget.

N. Pensions

The County has separate defined benefit pension plans that cover substantially all employees. The Indiana Public Employees' Retirement Fund (PERF), administered by the State of Indiana, applies to County employees. The Marion County Law Enforcement Personnel Retirement Plan (Retirement Plan) and the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan (Disability Plan) cover employees of the Sheriff's Department. The policy of the County is to fund accrued pension costs for the plans. Past service costs are amortized over 20 years for the Retirement Plan and 30 years for the PERF Plan.

The Retirement and Disability Plans are accounted for under the accrual method of accounting as pension trust funds of the County. Employee and employer contributions are recognized as revenues in the period due, pursuant to final commitments, as well as statutory or contractual requirements; and expenses, including benefits paid and refunds, are recorded when the corresponding payments are made. Investments are recorded at fair value. Bonds and stocks traded on a national exchange are valued at the reported sales price.

O. Estimates and Uncertainties

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

P. Statement of Cash Flows

For purposes of the statement of cash flows of the proprietary funds, cash and cash equivalents are considered deposits and any nonnegotiable certificates of deposits with a maturity within 90 days of purchase date.

Q. New Accounting Pronouncements

GASB has issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, Statement No. 46, *Net Assets Restricted by Enabling Legislation*, Statement No. 47, *Accounting for Termination Benefits,* Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues,* Statement No. 49, *Accounting and Reporting for Pollution Remediation Obligations*, Statement No. 50, *Pension Disclosures*, Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments,* Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.* The County intends to implement these GASB Statements on their respective effective dates.

NOTE 2—CASH AND INVESTMENTS

In 2005, the County adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an *Amendment of GASB Statement No. 3*.

A summary of all cash and investments on the financial statements at December 31, 2005 is as follows:

Cash and cash equivalents	$	43,949,095
Restricted cash and cash equivalents		1,400,000
Cash and investments – Pension Trust Funds		146,445,712
Cash and cash equivalents – Agency Funds		68,855,122
Total cash and investments	$	260,649,929

Investment Policy-Primary Government

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end. It is the policy of the County to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County and conforming to all state/local statutes governing the investment of public funds.

The primary objectives, in priority order, of the County's investment activities shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that might be reasonably anticipated.

Return on Investments: The County's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the County's investment risk constraints and the cash flow characteristics of the portfolio.

State statutes authorize the County to invest in certificates of deposit, obligations of the U.S. government and U.S. government agencies, and repurchase agreements. The statutes further require that repurchase agreements must be collateralized at 100% of market value on the day of trade by U.S. government or U.S. government agency obligations. These investments are required by statue to have a stated final maturity of not more than two years.

Investment Policy-Sheriff's Department Personnel Retirement and Disability Benefit Plans

The primary objectives for the Sheriff's Retirement and Disability Benefit Plans' investment activities shall be:

Time Horizon: Investment guidelines are based upon an investment horizon of greater than five years.

Risk Tolerances: To achieve the Plans' long-term objectives the following factors were considered when establishing the risk tolerance.

1. The Plans' financial condition.

2. Liquidity reserves are established, and any remaining assets are fully invested at all times

3. The Marion County Sheriff's Pension Board (Board) has set a shortfall constraint that current plans assets must be equal to 90% of the annual benefit obligation.

Performance Expectations: The desired investment objective is a long-term rate of return on assets that is a least 8.00%. Additionally, it is expected the return will be at least 4.75% greater than the anticipated rate of inflation as measured by the Consumer Price Index.

Asset Allocation Constraints: The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing risks and rewards and has selected the following asset classes for allowable investments:

1. Domestic large capitalization equities
2. Domestic small capitalization equities
3. International equities
4. Domestic fixed income
5. Cash equivalents

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The County's investment policy provides that the County seeks to minimize the risk that the market value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

As of December 31, 2005, the County's investments consisted of the following:

		Investment maturities (in years)			
Investment type	**Fair value**	**Less than 1**	**1 – 5**	**6 – 10**	**More than 10 years**
Federal home loan bank	$ 405,531	100,079	140,605	164,847	—
Federal home loan mortgage corporation	6,489,032	69,563	1,146,750	341,544	4,931,175
Federal national mortgage association	10,666,135	20,019	855,518	496,304	9,294,294
United states treasury notes	5,295,524	1,463,219	1,834,233	789,203	1,208,869
Mortgage-backed securities	326,960	—	—	—	326,960
Government national mortgage association	817,894	—	—	—	817,894
Government-backed money Market fund	6,448,953	6,448,953	—	—	—
Certificates of deposit	7,518,928	7,518,928	—	—	—
Common stock	41,788,796	41,788,796	—	—	—
Mutual funds	49,529,724	49,529,724	—	—	—
Corporate obligations	23,442,962	2,743,409	10,660,190	4,994,356	5,045,007
Foreign obligations	1,234,200	154,323	1,079,877	—	—
	$ 153,964,639	109,837,013	15,717,173	6,786,254	21,624,199

Total cash deposits at December 31, 2005 amounted to $106,685,290.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Moody's Investor Services. The County uses the highest integrity when choosing an instrument of investment. The County keeps its credit risk as it pertains to investments at a low rate by requiring all investments of the County be rated in the three highest ratings categories by Moody's Investor Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

Investments were rated as follows by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Rating Service at December 31, 2005:

Investments		Fair value	Rating
Federal home loan bank	$	405,531	AAA
Federal home loan mortgage corporation		6,489,032	AAA
Federal national mortgage association		10,666,135	AAA
United states treasury notes		5,295,524	AAA
Mortgage-backed securities		326,960	AAA
Government national mortgage association		817,894	AAA
Government–backed money market fund		6,448,953	Not rated
Certificates of deposit		7,518,928	Not rated
Common stock		41,788,796	Not rated
Mutual funds		49,529,724	Not rated
Corporate obligations		314,407	A+
Corporate obligations		11,205,784	A
Corporate obligations		338,450	A-
Corporate obligations		312,132	A1
Corporate obligations		3,212,862	AA
Corporate obligations		178,371	AA-
Corporate obligations		2,025,818	AAA
Corporate obligations		45,900	B+
Corporate obligations		593,852	B
Corporate obligations		132,008	B-
Corporate obligations		2,553,650	BAA
Corporate obligations		280,810	BB+
Corporate obligations		231,682	BB
Corporate obligations		423,975	BB-
Corporate obligations		624,705	BBB+
Corporate obligations		511,820	BBB
Corporate obligations		377,123	BBB-
Corporate obligations		79,613	CCC-
Foreign obligations		87,659	A
Foreign obligations		48,670	AA
Foreign obligations		154,323	AA-
Foreign obligations		943,548	Not rated
	$	153,964,639	

Foreign Currency Risk

At December 31, 2005, the Sheriff's Pension Fund was invested in the following foreign obligations. The pension investment's exposure to foreign currency risk is as follows:

Investment	Currency	Maturity		Fair value	Rating
Diageo, Public Limited Company Note	British pound	11/19/2007	$	87,659	A
Bank of Scotland, Public Limited Company Note	Pound sterling	9/30/2008		48,670	AA
Republic of Italy Note	European euro	3/31/2006		154,323	AA-
Israel Infrastructure Zero Dollar Bond	Israeli new sheqel	4/30/2007		462,556	Not rated
Israel Savings Bond	Israeli new sheqel	10/31/2007		480,992	Not rated
			$	1,234,200	

NOTE 3—RECEIVABLES AND DEFERRED REVENUE

All net receivables amounts outstanding at December 31, 2005 are scheduled for collection during the subsequent fiscal year.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2005, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Taxes receivable, net of allowance for uncollectible accounts	$ 8,980,788	—
Intergovernmental and other receivables not received within 120 days	1,916,811	—
Total General Fund	10,897,599	—
Taxes receivable, net of allowance for uncollectible accounts	68,669	—
Total Property Reassessment Fund	68,669	—
Taxes receivable, net of allowance for uncollectible accounts	228,898	—
Total Cumulative Capital Development Fund	228,898	—
Grant draw downs prior to meeting all eligibility requirements	—	706,513
Grant reimbursements not received within 120 days	1,605,985	—
Taxes receivable, net of allowance for uncollectible accounts	1,468,471	—
Total Nonmajor Governmental Funds	3,074,456	706,513
Total	$ 14,269,622	706,513

NOTE 4—INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at December 31, 2005 are as follows:

	Governmental Activities			
	General fund	Nonmajor governmental funds	Internal service fund	Total
State of Indiana – Family and Social Services Agency	$ 103,578	—	—	103,578
State of Indiana – Department of Corrections	239,565	252,023	—	491,588
Indiana Criminal Justice Institute	27,832	2,383,640	—	2,411,472
Indiana Division of Family and Children	1,760,303	308,463	—	2,068,766
Indiana Supreme Court	—	33,205	—	33,205
Indiana State Police	—	13,523	—	13,523
Indiana Public Defender Commission	1,318,906	—	—	1,318,906
U.S. Marshal	115,752	—	—	115,752
U.S. Department of Justice	7,217	237,541	—	244,758
U.S. Department of Health and Human Services	4,092	—	—	4,092
U.S. Department of Immigration	10,481	—	—	10,481
City of Indianapolis	2,263,000	112,088	1,588,646	3,963,734
Other governmental entities	8,531	10,736	71,318	90,585
	$ 5,859,257	3,351,219	1,659,964	10,870,440

All amounts were expected to be received in 2006.

(Continued)

NOTE 5—ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts, which have been deducted from the related receivable in the governmental fund statements and government-wide statement of net assets, consists of the following balances:

Governmental activities:		
Taxes receivable – General Fund	$	720,351
Taxes receivable – Property Reassessment Fund		9,767
Taxes receivable – Cumulative Capital Development Fund		32,558
Taxes receivable – Nonmajor governmental funds		210,001
	$	972,677

NOTE 6—INTERFUND TRANSACTIONS AND BALANCES

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of due to/from other funds as of December 31, 2005 is as follows:

Receivable fund	Payable fund		Amount
General Fund	Nonmajor Governmental Funds	$	84,053
			84,053
Internal Service Fund	General Fund		1,132,141
Fiduciary – Pension Trust Funds	General Fund		5,415,748
	Fiduciary – Agency Funds		252,282
			5,668,030
Fiduciary – Agency Funds	Fiduciary – Agency Funds		3,714,070
	Internal Service Fund		74,000
			3,788,070
Total		$	10,672,294

All of these interfund balances are due to (1) unsettled property taxes outstanding at December 31, 2005, (2) timing differences, (3) pension contributions, or (4) the elimination of negative cash balances with the various funds. All interfund balances are expected to be repaid during the fiscal year ending December 31, 2006 or when the property taxes are collected and settled.

Interfund transfers for the year ended December 31, 2005 consisted of the following:

			Transfer from Nonmajor governmental funds
Transfer to	Nonmajor governmental funds	$	389,379
		$	389,379

Interfund transfers were used to move revenues in excess of current year expenditures to other funds. Additionally, in 2005, the Juvenile Court Alternative School Services Fund (enterprise fund) transferred a building, with a net book value of $3,453,333 to the General Fund. This transfer is not reflected on the fund financial statements for the General Fund as there was no inflow of financial resources.

NOTE 7—CAPITAL ASSETS

The following is a summary of changes in capital assets – governmental activities for the year ended December 31, 2005:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 29,555	—	—	29,555
Total capital assets, not being depreciated	29,555	—	—	29,555
Capital assets, being depreciated:				
Buildings and improvements	88,912,342	4,000,000	—	92,912,342
Furniture and equipment	33,236,605	1,585,140	(941,659)	33,880,086
Vehicles	21,427,798	1,927,931	(2,001,281)	21,354,448
Total capital assets being depreciated	143,576,745	7,513,071	(2,942,940)	148,146,876
Less accumulated depreciation for:				
Buildings and improvements	(40,340,998)	(2,366,092)	—	(42,707,090)
Furniture and equipment	(20,161,106)	(2,843,127)	856,072	(22,148,161)
Vehicles	(9,800,973)	(4,192,705)	1,447,797	(12,545,881)
Total accumulated depreciation	(70,303,077)	(9,401,924)	2,303,869	(77,401,132)
Total capital assets, being depreciated, net	73,273,668	(1,888,853)	(639,071)	70,745,744
Governmental activities capital assets, net	$ 73,303,223	(1,888,853)	(639,071)	70,775,299

In 2005, the County changed its estimate of useful lives on the majority of its vehicles from 8 years to 5 years. This change resulted in an additional amount charged to depreciation expense in 2005 of $1,752,298. Also included in 2005 additions is a building with a gross value of $4,000,000 and associated accumulated depreciation of $546,667, which was transferred from business-type activities to governmental activities.

The following is a summary of changes in capital assets – business type activities for the year ended December 31, 2005:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005
Business-type activities:				
Capital assets, being depreciated:				
Building	$ 4,000,000	—	(4,000,000)	—
Total capital assets being depreciated	4,000,000	—	(4,000,000)	—
Less accumulated depreciation for:				
Building	(520,000)	(26,667)	546,667	—
Total accumulated depreciation	(520,000)	(26,667)	546,667	—
Total capital assets, being depreciated, net	3,480,000	(26,667)	(3,453,333)	—
Business-type activities capital assets, net	$ 3,480,000	(26,667)	(3,453,333)	—

All business-type activities capital assets are reported in the Juvenile Court Alternative School Services Fund. In 2005, the Academy was closed and the capital assets were transferred to the governmental activities in the net amount of $3,453,333, including deprecation of $546,667.

Within the statement of activities, depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
Administration and finance	$ 1,116,286
Protection of people and property program	4,584,054
Corrections program	1,096,194
Judicial program	737,254
Real estate and assessments program	110,820
Health and welfare	47,284
Depreciation on capital assets held by the government's internal services are charged to the administration and finance function	1,163,365
Total depreciation expense – governmental activities	$ 8,855,257
Business-type activities:	
Juvenile Court Alternative School Services	$ 26,667
Total depreciation expense – business-type activities	$ 26,667

(Continued)

NOTE 8—ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES DISAGGREGATION

Accounts payable and other current liabilities at December 31, 2005 are as follows:

		Vendors	Salaries and employee benefits	Intergovern-mental	Claims and settlements	Other – pension trust contributions	Other – agency fund	Total payables and other current liabilities
Governmental activities:								
General	$	9,021,187	2,294,993	66,585,629	264,941	—	—	78,166,750
County records perpetuation		30,875	20,660	—	—	—	—	51,535
Property reassessment		15,712	51,697	—	—	—	—	67,409
Cumulative capital development		64,930	—	—	—	—	—	64,930
Nonmajor governmental		4,473,542	251,945	—	—	—	—	4,725,487
Internal service		3,414,590	54,049	—	—	—	—	3,468,639
Reconciliation of balances in fund financial statements to government-wide financial statements		—	—	—	119,398	5,415,748	74,000	5,609,146
Total – governmental activities	$	17,020,836	2,673,344	66,585,629	384,339	5,415,748	74,000	92,153,896
Business-type activities:								
Drug testing laboratory	$	18,312	5,611	—	—	—	—	23,923
Total – business-type activities	$	18,312	5,611	—	—	—	—	23,923

Intergovernmental payables of $66,585,629 in the General Fund consist of amounts due to the State of Indiana for juveniles that the County has sent to the Indiana Boys and Girls Schools for the years 2001 through 2005.

NOTE 9—LONG-TERM LIABILITIES

Changes in Long-term Liabilities

The following is a summary of long-term debt and other long-term liabilities for the year ended December 31, 2005:

		Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due within one year
Governmental activities:						
General obligation notes	$	9,400,000	15,900,000	2,250,000	23,050,000	14,985,000
Capital leases		33,763,608	1,885,920	3,420,533	32,228,995	3,249,240
Claims and judgments		2,275,932	1,810,980	1,480,623	2,606,289	1,382,538
Operating lease escalation		835,973	535,830	—	1,371,803	—
Compensated absences		7,505,034	7,564,189	7,505,034	7,564,189	6,438,346
Property tax refunds		—	8,262,159	—	8,262,159	3,585,346
Total – governmental activities	$	53,780,547	35,959,078	14,656,190	75,083,435	29,640,470

The business-type activities had no long-term liabilities at December 31, 2005. The Internal Service Fund predominantly serves the governmental funds. Accordingly, long-term liabilities for that fund are included as part of the above totals for governmental activities. At year-end, $107,571 of the Internal Service Fund's compensated absences are included in the above amounts as well as $2,200,928 in capital leases. The total capital lease additions in the current year of $1,885,920 relate to the Internal Service Fund. Also, for the governmental activities, claims and judgments, and compensated absences are generally liquidated by the General Fund. Capital leases payments for governmental activities are paid out of the General Fund and the Internal Services Fund. See note 11 for further discussion on capital leases.

In 2004, the County entered into a new operating lease for office space, which has escalating rental payments throughout its life; therefore, for purposes of the government-wide financial statements, the County has established a long-term liability of $1,371,803 to account for the difference between the County's payments through 2005 and the expense amount measuring on a straight-line basis over the term of the lease. The County will not make an annual rent payment greater than the average annual payment until 2007.

General Obligation Notes

In 2004, the County entered into an agreement with the Indianapolis Local Public Improvement Bond Bank to issue the Indiana Limited Recourse Notes in the amount of $11,100,000. The proceeds of these notes were utilized to purchase new voting machines for all of Marion County. The notes carry a 3.27% annual interest rate and are to be repaid March 1, 2006. The notes are to be repaid from federal reimbursements and ad valorem taxes levied to the extent necessary against all taxable property within Marion County.

On November 22, 2005, the County issued a General Obligation Note, Series 2005 in the amount of $15,900,000. The proceeds were used to fund a deficit in the Children in Need of Services program, which is accounted for in the Family and Children Services Agency Fund and to pay note issuance costs. The note is a general obligation of the County and is payable by the County from ad valorem property taxes levied on all taxable property in the County. Principal payments on the note are due on July 1, 2006 and January 1, 2007 in the amount of $7,835,000 and $8,065,000, respectively. Interest is payable on January 1 and July 1 of each year commencing on July 1, 2006 at a rate of 83.68% of the London InterBank Offering Rate Index (LIBOR) Rate for each interest payment period.

Annual debt service requirements to maturity for the notes are as follows:

		Principal	Interest	Total
Year ending December 31:				
2006	$	14,985,000	585,522	15,570,522
2007		8,065,000	147,587	8,212,587
Total	$	23,050,000	733,109	23,783,109

The County has a legal debt limit of $265,525,241, which represents 0.67% of the net assessed value of Marion County property, as certified by the State of Indiana, Department of Local Government Finance.

Property Tax Refunds

At December 31, 2005, $8,262,159 in property tax refunds were payable to property owners. The refund liability stems primarily from the 2002 property tax reassessments paid in 2003 and the associated refunds as a result of appeals.

NOTE 10—SHORT-TERM DEBT ANALYSIS

During 2005, the County issued tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund and Family and Children Services Agency Fund. The City-County Council authorizes the temporary borrowing pending the receipt of taxes levied and repayment of loans on June 30 and December 31 of the year borrowed. These notes are necessary for operating purposes between the property tax distribution dates of June 30 and December 31 each year. Short-term debt activity for the year ended December 31, 2005 was as follows:

Fund		Balance January 1, 2005	Issued	Redeemed	Balance December 31, 2005
General	$	—	88,608,965	(88,608,965)	—
Family and Children Services		—	33,528,544	(33,528,544)	—
Total	$	—	122,137,509	(122,137,509)	—

NOTE 11—LEASES

The County leases its office building and parking lot jointly with the City over a 50-year term expiring in December 2012. The County and City will jointly obtain title to the building and parking lot in the future. Accordingly, the County's portion of the lease is classified as a capital lease. As a result of the lessor's early retirement of bonds associated with the building, no additional lease payments on the building were required after the July 1988 semiannual payment. The County and the City have continued the facilities management aspect of the lease agreement. In 2005, the County paid $2,942,023 for its share of building and maintenance costs. At December 31, 2005, the capitalized cost of the office building and parking lot was $19,034,240 ($18,082,526 of accumulated depreciation).

The County leased a jail addition over a 27-year lease term, expiring in December 2012. The lease had required the County to make annual average payments of $2,392,000 to December 31, 2001. The County continues to pay the building operation and maintenance costs ($1,391,500 in 2005). The County will obtain title to the property in the future. Accordingly, the lease is classified as a capital lease. At December 31, 2005, the capitalized cost of the jail addition was $20,900,000 ($8,568,999 of accumulated depreciation).

The County leases Jail II over a 19-year lease term expiring in 2016. The lease requires the County to make annual average payments of $1,050,579 ($1,040,000 in 2005) and to pay the building operation and maintenance costs ($51,000 in 2005). The County will obtain title to the property at the completion of the lease term. Accordingly, the lease is classified as a capital lease. At December 31, 2005, the capitalized cost of Jail II was $13,109,830 ($1,966,475 of accumulated depreciation).

On May 29, 2003, the County and the Building Authority entered into an addendum to the first amendment to the Jail II lease for the new arrestee processing center. The County makes semiannual rental payments of $483,000 with the last payment to be made on December 31, 2022. In addition, the County must pay the building operation and maintenance costs ($230,200 in 2005). The County will obtain title to the property at the completion of the lease term. Accordingly, the lease is classified as a capital lease. At December 31, 2005, the capitalized cost of the arrestee processing center was $12,672,117 ($633,600 of accumulated depreciation).

The County leases its juvenile detention center over a 25-year lease term expiring in June 2015. The lease requires the County to make semiannual payments of $794,000 and to pay its share of building and maintenance costs ($680,100 in 2005). The County will obtain title to the property at the completion of the lease term. Accordingly, the lease is classified as a capital lease. At December 31, 2005, the capitalized cost of the juvenile detention center was $20,258,494 ($10,754,269 of accumulated depreciation).

The County also leases certain equipment under capital leases expiring in various years through 2010. At December 31, 2005, the capitalized cost of equipment was $15,419,284 ($10,786,156 of accumulated depreciation).

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments for the governmental activities at December 31, 2005:

		Governmental activities
2006	$	5,202,546
2007		4,269,948
2008		4,076,419
2009		3,662,712
2010		3,635,160
2011 – 2015		17,613,000
2016 – 2020		4,830,000
2021 – 2022		1,932,000
		45,221,785
Less amount representing interest		(12,992,790)
Present value of net minimum lease payments	$	32,228,995

The business-type activities had no capital leases outstanding.

The County leases equipment and properties under operating leases that expire in various years through 2015. Governmental activities operating lease expenditures totaled $4,134,281 for 2005, which included $280,918 of operating lease expense for the Internal Service Fund. The business-type activities had no lease activity during 2005.

The following is a schedule of future minimum lease payments for all significant noncancelable operating leases with initial or remaining terms of one year or more as of December 31, 2005:

		Governmental activities
2006	$	3,915,266
2007		3,566,477
2008		3,290,818
2009		3,173,819
2010		2,984,141
2011 – 2015		7,116,506
Total future payments	$	24,047,027

NOTE 12—PENSION OBLIGATIONS

The County maintains two benefit plans for law enforcement personnel, which are reported as pension trust funds. Additionally, the County contributes to the statewide Indiana Public Employees Retirement Fund (PERF).

A. Plan Description

Marion County Law Enforcement Personnel Retirement Plan

The Marion County Law Enforcement Personnel Retirement Plan (Retirement Plan) is a single-employer contributory defined benefit retirement plan covering certain employees of the Marion County Sheriff's Department other than those deputies that are employed by the Civil Sheriff. The Retirement Plan is administered in accordance with State statutes, which require the County to make minimum contributions necessary to keep the plan sound on an actuarial basis according to State law. The Retirement Plan provides that each employee contributes 4.25% of their earnings to the plan, which is maintained in a reserve for member contributions and accumulates at a rate of 3% compounded annually. Contributions required of the employee may cease, at the election of the employee, following the completion of 20 years or more of credited service and prior to termination of employment.

Retirement Plan benefits begin to vest after 10 years of service. As of December 31, 2005, there are 110 fully vested employees (over 20 years of service), 83 partially vested (between 10 and 20 years of services), and 215 nonvested employees. Law enforcement employees who retire at or after age 55 with 10 years of credited services are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the highest monthly average of consecutive five year salary per year of service up to a maximum of 20 years; plus 2% of such salary per year of service in excess of 20 years, if any, up to an additional 12 years; plus $1 for each year of service up to a maximum of $20. Full benefits do not commence before attainment of age 50; however, employees with 20 years of service can elect earlier benefits at a reduced rate. As of December 31, 2005, there are 260 retirees and beneficiaries receiving benefits, 4 terminated members entitled to benefits but not yet receiving benefits and 408 current active members.

Although it has not expressed any intent to do so, the County has the right to discontinue its contributions to the Retirement Plan at any time. Doing so in three consecutive years terminates the plan. In the event of plan termination, participants are entitled to their amount of contributions and a proportionate amount of any excess after certain benefits and expenses.

The County does not issue a separate financial report for this plan, which is included as a pension trust fund in this report.

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

The Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan (Disability Plan) is a single-employer defined benefit plan covering all participants in the Retirement Plan. The Disability Plan provides benefits to the beneficiaries of disabled employees and payments of pensions to dependent parents, surviving spouses and dependent children under age eighteen for deceased employees. This plan is accounted for in a single fund in accordance with State statutes, which require the County to make minimum contributions necessary to keep the Disability Plan sound on an actuarial basis. At December 31, 2005, there are 69 benefit recipients and no vested employees.

During 1997, the County conducted a cost of living actuarial study. As a result of this study, the Council adopted general ordinance number 162-97, which amended the plan to include cost of living adjustments. Effective January 1, 1998, and each year thereafter, all participants in payment status (both current and future) are eligible for a cost of living increase. Benefit increases are not available to terminated vested participants or the beneficiaries of participants. Applicable increases, if any, may be payable on the July 1 following the later of retirement date or attained age 55. The amount of the annual increase, if any, will depend on the change in the Consumer Price Index and will never exceed two percent.

The County does not issue a separate financial report for this plan, which is included as a pension trust fund in this report.

PERF

PERF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana, in accordance with Indiana Codes 5-10.2 and 5-10.3.

PERF provides a contributory defined benefit plan. Substantially all County employees are covered by the plan except those covered by the Retirement and Disability Plans. The County pays the employee contribution portion, 3% of annual salary, which is mandated by State statute, in addition to the employer contribution amount, which is actuarially determined and is currently 4.0% of annual covered payroll.

PERF retirement benefits vest after 10 years of service. Under the defined benefit component, County employees who retire at or after age 65 with 10 or more years of creditable service; age 60 with 15 or more years creditable service; or if the sum of age and creditable service is greater than or equal to 85 (but not earlier than age 55); are entitled to an annual retirement benefit, payable monthly for life with 60 months guaranteed. Employees who have reached 50 years of age and have fifteen years of credited service will qualify for early retirement with reduced benefits. PERF also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and County ordinance.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, IN 46204.

B. Funding Policy

The County is obligated by state law to make all required contributions to the Retirement and Disability Plans based upon an annual actuarial valuation. The required contributions are actuarially determined. The costs of administering the plan are financed through plan assets. There are no long-term contracts for contributions to the plan. For PERF, the County pays the employee contribution portion, 3% of annual salary, which is mandated by State statute, in addition to the employer contribution amount, which is actuarially determined and is currently 4.0%.

C. Concentration of Investments

As of December 31, 2005, investments that represent 5% or more of the Retirement Plans' assets included the following:

Retirement Plan		2005
Mutual funds:		
Vanguard Institutional Index Fund	$	31,559,083
Fidelity Diversified International Fund		17,970,641

D. Annual Pension Cost and Net Pension Asset

The significant actuarial assumptions used to determine the annual pension cost for each pension plan are summarized below:

	Retirement Plan	Disability Plan	County Employees (PERF)
Valuation date	1/01/06	1/01/06	7/01/05
Actuarial cost method	Frozen initial liability	Aggregate	Entry age normal cost
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value
Investment return	7.5%	7.5%	7.25%
Inflation rate	4.0%	4.0%	*****
Projected salary increases	5.0%*	5.0%	*****
Postretirement increases	**	**	1% compounded annually after retirement for 5 years
Amortization method	Fixed period level annual installments	N/A****	Level dollar
Amortization period	20-year period	N/A****	Open 30-year period***

* 4.0% increase due to inflation and 1.0% due to merit / seniority.

** Assumed during the first 10 years of employment, none thereafter.

*** 30 year period phased in commencing July 1, 1998.

**** The aggregate actual cost method does not identify or separately amortize unfunded actuarial liabilities.

*****Based on PERF experience 1995-2000.

Marion County Law Enforcement Personnel Retirement Plan

For the plan year 2005, the County's annual pension cost of $4,439,205 for the Retirement Plan was more than the required annual contribution of $4,270,397 but less than the actual County contribution of $4,631,345. The required contribution was determined as part of the January 1, 2005 valuation using frozen entry age actuarial cost method. The calculation of the annual pension cost and the net pension asset (NPA) is as follows for the retirement plan:

Annual required contribution (ARC)	$	4,270,397
Interest on net pension asset		(148,053)
Adjustment to ARC		316,861
Annual pension cost		4,439,205
Actual contribution made		(4,631,345)
Increase in net pension asset		192,140
Net pension asset at beginning of year		1,974,042
Net pension asset at end of year	$	2,166,182

The January 1, 2006 actuarial valuation reflects the plan amendment effective January 1, 2006 changing the final average monthly salary used in benefit calculations from a 5-year average to a 3-year average. In addition, this valuation recognized the plan amendment, effective January 1, 2006, adding Deferred Retirement Option Program (DROP) provisions.

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the plan year 2005, the County's annual pension cost of $963,357 for the Disability Plan was more than the required annual contribution and the actual County contribution of $961,883. The required contribution was determined as part of the January 1, 2005 valuation using aggregate actuarial cost method. The calculation of the annual pension cost and the NPA is as follows for the disability plan:

Annual required contribution (ARC)	$	961,883
Interest on net pension asset		(1,293)
Adjustment to ARC		2,767
Annual pension cost		963,357
Actual contribution made		(961,883)
Decrease in net pension asset		(1,474)
Net pension asset at beginning of year		17,241
Net pension asset at end of year	$	15,767

The January 1, 2006 actuarial valuation reflects the plan amendment effective January 1, 2006 changing the final average monthly salary used in benefit calculations from a 5-year average to a 3-year average. In addition, this valuation recognized the plan amendment, effective January 1, 2006, adding Deferred Retirement Option Program (DROP) provisions.

PERF

For the plan year 2005, the County's annual pension cost of $3,505,712 for PERF was more than the required annual contribution of $3,479,739 and the actual County contribution of $3,439,518. The required contribution was determined as part of the July 1, 2005 valuation using entry age normal cost liability method.

(Continued)

The calculation of the annual pension cost and the NPA is as follows for PERF:

Annual required contribution (ARC)	$	3,479,739
Interest on net pension asset		(186,083)
Adjustment to ARC		212,056
Annual pension cost		3,505,712
Actual contribution made		(3,439,518)
Decrease in net pension asset		(66,194)
Net pension asset at beginning of year		2,566,662
Net pension asset at end of year	$	2,500,468

The total net pension asset for all plans of $4,682,417 as of December 31, 2005 is reflected as a net pension asset within the governmental activities in the government-wide financial statements.

E. Trend Information

Selected trend information for the years ended December 31, 2005, 2004, and 2003 is as follows:

Valuation date		Annual pension cost	Percentage contributed			Net pension asset
Marion County law enforcement personnel:						
Retirement plan						
1/01/03	$	3,559,873	107	%	$	1,699,182
1/01/04		4,207,072	107			1,974,042
1/01/05		4,439,205	104			2,166,182
Disability plan						
1/01/03	$	957,973	100	%	$	18,853
1/01/04		929,923	100			17,241
1/01/05		963,357	100			15,767
County employees (PERF)						
6/30/03	$	3,225,487	71	%	$	2,156,111
6/30/04		2,581,052	116			2,566,662
6/30/05		3,505,712	98			2,500,468

F. Financial Statements

Combining Statement of Fiduciary Net Assets – Pension Trust Funds at December 31, 2005:

		Retirement	Disability	Total
Assets:				
Cash and cash equivalents	$	5,837,200	611,753	6,448,953
Investments:				
U.S. government securities		18,978,328	5,022,749	24,001,077
Corporate obligations		18,800,525	5,876,637	24,677,162
Corporate equity securities		41,788,796	—	41,788,796
Mutual funds		49,529,724	—	49,529,724
Receivables:				
Accrued interest		432,910	122,587	555,497
Other		1,596	—	1,596
Due from other funds		4,706,197	961,833	5,668,030
Total assets		140,075,276	12,595,559	152,670,835
Liabilities:				
Accrued liabilities		136,394	8,921	145,315
Due to broker for securities purchased		1,005,443	—	1,005,443
Total liabilities		1,141,837	8,921	1,150,758
Net assets for employees' pension benefits	$	138,933,439	12,586,638	151,520,077

Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – Pension Trust Funds for the year ended December 31, 2005:

		Retirement	Disability	Total
Additions:				
Contributions:				
Employer	$	4,511,372	961,833	5,473,205
Employee		937,754	—	937,754
Total contributions		5,449,126	961,833	6,410,959
Investment income:				
Interest and dividends		3,041,575	607,001	3,648,576
Net increase (decrease) in the fair value of investments		5,603,952	(359,617)	5,244,335
Less investment expenses		(291,889)	(41,018)	(332,907)
Net investment income		8,353,638	206,366	8,560,004
Miscellaneous		196,346	79,694	276,040
Total additions		13,999,110	1,247,893	15,247,003
Deductions:				
Benefits		6,709,506	926,468	7,635,974
Total deductions		6,709,506	926,468	7,635,974
Change in plan net assets		7,289,604	321,425	7,611,029
Net assets – beginning of year		131,643,835	12,265,213	143,909,048
Net assets – end of year	$	138,933,439	12,586,638	151,520,077

(Continued)

NOTE 13—RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured for vehicle and general liability. From January 1, 2004 through June 30, 2004, the County participated in a public risk pool called Indiana Public Employers Plan, Inc. (IPEP) in relation to worker's compensation coverage. On July 1, 2004, the County became self-insured for workers compensation. Additionally, the County purchases commercial insurance for claims for all other risks of loss. Settled claims have not exceeded the insurance coverage in any of the past three years.

Uninsured claims for vehicle liability are recorded when a determinable loss has been incurred. Incurred but not reported claims, in the aggregate, do not represent a material amount and, therefore, have not been accrued. The change in claims for 2004 and 2005 is as follows:

Unpaid claims, December 31, 2003	$	—
Incurred claims and changes in estimates		220,825
Claims paid		(220,825)
Unpaid claims, December 31, 2004		—
Incurred claims and changes in estimates		220,825
Claims paid		(220,825)
Unpaid claims, December 31, 2005	$	—

Effective July 1, 2004 the County became self-insured for workers' compensation claims. The unpaid claims are included in accrued liabilities at December 31, 2005. The change in claims for 2004 and 2005 for the government-wide financial statements is as follows:

Unpaid claims, December 31, 2003	$	—
Incurred claims and changes in estimates		246,684
Claims paid		(135,465)
Unpaid claims, December 31, 2004		111,219
Incurred claims and changes in estimates		577,703
Claims paid		(527,122)
Unpaid claims, December 31, 2005	$	161,800

The amount recorded in the General Fund for workers' compensation claims liability amounted to $42,402 and represents payments made in January 2006 on claims incurred as of December 31, 2005.

The County has established a reserve in the government-wide statements for pending claims and settlements that involve the County (note 18). The change in the reserve for pending claims and settlements for 2004 and 2005 is as follows:

Reserve for pending claims and settlements, December 31, 2003	$	1,726,228
Changes to reserve		1,142,653
Settlements paid		(592,949)
Reserve for pending claims and settlements, December 31, 2004		2,275,932
Changes to reserve		689,751
Settlements paid		(359,394)
Reserve for pending claims and settlements, December 31, 2005	$	2,606,289

The amount recorded in the General Fund for claims and settlements amounted to $222,539 and represents payments made in January 2006 for claims incurred as of December 31, 2005.

NOTE 14—DEFERRED COMPENSATION PLAN

Employees of Marion County are eligible to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the County. Under this plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During 1997, the deferred compensation plan was amended to comply with the amendments to Section 457 of the IRC. Plan provisions were amended so that plan assets are held in trust by an independent trustee for the exclusive benefit of participants and their beneficiaries and are not included within the accompanying financial statements.

NOTE 15—JOINT VENTURE

The Building Authority is a joint venture of the County and the City. The Building Authority finances, acquires, constructs, improves, renovates, equips, operates, maintains, and manages lands, governmental buildings, and communication systems for governmental entities in Marion County. The Building Authority has no stockholders nor equity holders, and all bond and note loan proceeds, rentals, and other revenues must be disbursed for specific purposes in accordance with provisions of Indiana Code 36-9-13 et seq. and several trust indentures and loan agreements executed for the security of the holders of the bonds and notes.

The buildings are financed through the Building Authority's general obligation debt, which is repaid from rent received under long-term lease agreements with the County and City. See note 11 for capital leases. All of the leases contain lease renewals and purchase options. If these options are not exercised, the leases provide for transfer, upon expiration of the lease, of ownership of the properties to the lessees free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority's leases provides that the government lessee(s) shall be obligated to levy annually a tax sufficient, to produce each year, the necessary funds to pay the lease rentals to the Building Authority. These leases provide for sufficient rent to service the debt and provide for operating costs.

The County's share of the joint venture consists primarily of an allocation determined by the amount of space utilized by County agencies in the City-County Building and nearby parking lot determined by floor space, 100% of the Marion County Jail and Jail II, the Marion County Juvenile Detention Center, and the Marion County Sheriff's Roll Call Site. The City-County Building is an office building that houses the majority of the operations of the County and City. The City's share of the joint venture consists primarily of an allocation determined by the amount of space utilized by City departments in the City-County Building and parking lot, 100% of the Municipal Garage, Belmont Garage, the Public Safety Training Academy, and Public Safety Properties. The Environment Control Services Building is leased to other units of government and private parties. Public Safety Communications System operating costs are paid by the County agency Metropolitan Emergency Communication Agency.

The Building Authority has five members on the Board of Trustees, two of whom are appointed by the City-County Council of the Consolidated City of Indianapolis-Marion County, one by the Mayor of the City in his capacity as the municipal executive of Indianapolis, one by the Mayor of the City in his capacity as the county executive of the County, and one by the Marion County Board of Commissioners. The Trustees appoint the five members of the Board of Directors, which is the governing body of the Building Authority. The Building Authority is subject to the budgetary authority of the City-County Council, which equally represents the County and the City.

The Building Authority has various long-term debt obligations, which are secured by the rent payments received from the County and City. During 2005, the County paid $7,927,523 and $1,237,775 in rent and maintenance, respectively. The amount of the Building Authority's principal current portion and long-term debt portion at June 30, 2005 was $5,314,333 and $35,111,418, respectively. The amount of accumulated net revenues retained in operating accounts at June 30, 2005 was $63,393,368 and the amount of accumulated net revenues retained and used for building, site, and project costs and related debt service was $40,840,332 at June 30, 2005.

A copy of the separately issued financial statements of the Building Authority, which is prepared on a basis other than U.S. generally accepted accounting principles, is available upon request.

NOTE 16—RELATED-PARTY TRANSACTIONS

The legislative body of the County is the same in several respects as that of the City, and the position of County Executive is held by the Mayor of the City. The County provides certain information technology and telephone services to the City. Revenues from these services were approximately $12,329,000 in 2005, and the amount owed by the City to the County for these services was $1,665,000 at December 31, 2005. In 2005, the County received approximately $4,062,000 of 911 dispatch fees from the City. At December 31, 2005, the County owed the City $2,300,000 for fuel related to the Sheriff's fleet vehicles and $266,083 for court costs to municipalities.

The City and County purchase certain insurance policies that cover risks of both entities. The City and County pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County, including purchasing, legal, and other general administration. The City funds such services through a county-wide tax levy. The County does not compensate the City for these services. Conversely, the County provides, at no compensation, criminal, civil, juvenile, and probate court services to all municipalities and unincorporated areas in Marion County, administers the property tax administration and collection system for the same jurisdictions, and operates the County jail and lockup.

The County acted as either a subrecipient or a pass-through agent for various state and federal grant programs with the City during 2005.

In 2005, Marion County entered into various contracts with Health and Hospital Corporation of Marion County (HHC). HHC is a separate municipal corporation and is considered to be a component unit of the Consolidated City of Indianapolis-Marion County. HHC has its own governing board separate from the County's legislative body. HHC has within it the division of public health and the division of public hospitals. HHC provides medical care to the inmates of the Marion County jail through its division of public hospitals via a contract with the Marion County Sheriff's Department. In 2005, the cost of medical care provided to inmates for Marion County was $3.6 million. Additionally, in 2005 the County made $2.6 million in mental health distributions to HHC as allowed by law. Beginning in 2006, the Marion County Juvenile Detention Center entered into a contract with HHC's division of public health to provide medical and dental care to the children detained at the Marion County Juvenile Detention Center.

NOTE 17—DEFICIT FUND BALANCES

At December 31, 2005, the following funds had a deficit fund balance:

General Fund	$	70,421,118
Nonmajor governmental funds:		
State and Federal Grants Fund		220,292
MC Sheriff's Civil Diversion Fees Fund		618,744
Public Safety Capital Projects Fund		12,244

The County intends to reduce the deficit in the General Fund via property taxes and controlling spending. The County's local option income tax rate will also increase 0.1% each year until it reaches 1.0%. The County intends to use a portion of this increase to cover the deficit in the General Fund. The deficit fund balance for the State and Federal Grants Fund will be covered by reimbursements from the federal government. The other nonmajor governmental deficit fund balances will be covered by increased charges for services.

NOTE 18—COMMITMENTS AND CONTINGENCIES

In the government-wide statements, the County has established a reserve for pending lawsuits which involve the County. The County has provided for probable aggregate liability resulting from such claims where the potential claims are not covered by insurance. In 2005, Indiana law limits the liability of municipalities to $300,000 per person and $5,000,000 per occurrence. In 2006 and 2008, the per-person limit was increased to $500,000 and $700,000, respectively. In the opinion of legal counsel, potential claims against the County not covered by claims and judgment liability provided in the financial statements, would not materially affect the financial statements of the County. The County is vigorously defending its interest in all of the foregoing litigations.

The County participates in a number of federal and state financial assistance programs. These programs are subject to financial and compliance audits by federal agencies. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 19—EXPLANATION OF CERTAIN DIFFERENCE BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The liability associated with an operating lease with scheduled rate increases is recognized in government-wide financial statements but not the fund financial statements. All liabilities – both current and long term – are reported in the statement of net assets.

Balances at December 31, 2005 were as follows:

General obligation notes	$	23,050,000
Capital leases		32,228,995
Capital lease amounts recorded in internal service fund (already accounted for)		(2,200,928)
Claims and judgments		2,606,289
Operating lease escalation		1,371,803
Compensated absences		7,564,189
Compensated absences amounts recorded in internal service fund (already accounted for)		(107,571)
Property tax refunds		8,262,159
Combined adjustment	$	72,774,936

NOTE 20—SUBSEQUENT EVENTS

A. Property Tax Assessment

The 2006 property tax assessment involved a new procedure for assessing properties, which resulted in homeowner assessments being increased excessively while business assessments stayed nearly stagnant. The spring bills were sent out and a public outcry led the Governor of Indiana to require the County to review and reperform new assessments and the Governor instructed the public to pay an amount for the spring billing for 2007 equal to only one-half of the 2006 tax bill. It was determined that the new assessments could not be completed until the spring of 2008, and therefore, the taxpayers were asked to again pay only one-half of the 2006 tax bill for the fall billing for 2007 property taxes. Most of the property taxes collected in 2007 were distributed to the units of government by December 31, 2007. In June 2008, the final reconciliation bill was sent out based on the final assessments. The final distribution of taxes for 2007 occurred in August 2008. These property tax delays caused the County to collect less revenue than budgeted and the County utilized short-term borrowing using tax anticipation warrants. These tax warrants were not fully repaid by the end of 2007 or 2008 (see note 20.F below).

B. County Sheriff and Indianapolis Police Department Merger

In 2005, the City-County Council approved the merger of the Indianapolis Police Department and the Marion County Sheriff's Department. The purpose of the merger is to improve the coordination of police operations in Indianapolis and improve efficiencies. The merger went into effect on January 1, 2007 and transferred all law enforcement services to the City.

C. General Obligation Notes Issued

On August 23, 2006, the County issued the Family and Children Fund General Obligation Notes, Series 2006 in the amount of $33,360,000. The proceeds of the note were used to fund the shortfall in the Family and Children Services Agency Fund during the fiscal year 2006 and to pay costs of issuance. Interest is payable on January 1 and July 1 commencing on January 1, 2007 at a per annum rate of 4.44%. The notes mature on January 1, 2008.

D. Loan from City of Indianapolis

On August 7, 2006, the City-County Council authorized a loan from the City of Indianapolis's Sanitary Liquid Waste Fund to the County's General Fund in the amount of $1.1 million. The loan was for cash flow purposes and was repaid in 2007. No interest was charged on the loan.

E. Refinancing of General Obligation Notes

On March 1, 2006, the County refinanced its Indiana Limited Recourse Notes which had an outstanding balance at that time of $7,150,000. The County's Indiana Limited Recourse Notes, Series 2006 was issued in the amount of $7,150,000 with a maturity date of March 1, 2007. Interest was payable on the first of each month at a per annum rate equal to 87.25% of the London InterBank Offering Rate Index (LIBOR) determined for each interest payment period with such rate not to exceed 8.00%.

On April 26, 2007, the County refinanced the Indiana Limited Recourse Notes, Series 2006. The County's Indiana Limited Recourse Notes, Series 2007A was issued in the amount of $7,150,000 with a maturity date of March 1, 2008. Interest was payable at maturity at a rate of 4.54% per annum.

F. Issuance of Tax Anticipation Warrants

The County issued tax anticipation warrants in advance of property tax collections in each of the years 2006 through 2009. Due to the property tax reassessment issues discussed in note 20.A above, the County did not repay all of the tax anticipation warrants at the end of 2007 and 2008. Amounts borrowed and repaid by year by fund as well as the outstanding balance at the financial statement issuance date are as follows:

2006		Issued	Redeemed	Balance December 31, 2006
General Fund	$	90,776,088	90,776,088	—
Agency funds		33,513,465	33,513,465	—
Total	$	124,289,553	124,289,553	—

2007		Issued	Redeemed	Balance December 31, 2007
General Fund	$	94,086,744	71,022,172	23,064,572
Agency funds		54,843,553	41,360,426	13,483,127
Total	$	148,930,297	112,382,598	36,547,699

2008		Issued	Redeemed	Balance December 31, 2008
General Fund	$	78,314,080	69,880,952	31,497,700
Property Reassessment Fund		308,829	308,829	—
Cumulative Capital Development Fund		1,132,374	1,132,374	—
Nonmajor funds		10,333,902	10,333,902	—
Agency funds		47,777,390	39,956,406	21,304,111
Total	$	137,866,575	121,612,463	52,801,811

2009		Issued	Redeemed	Balance at financial statement issuance date
General Fund	$	104,508,531	52,830,584	83,175,647
Total	$	104,508,531	52,830,584	83,175,647

(Continued)

G. Lease Agreement

On August 1, 2007, the County entered into an agreement to lease approximately 50,000 square feet of space for use by the Public Defender Agency. The lease was subsequently amended in 2008 to add additional space for a total leased space of approximately 52,000 square feet. Total yearly lease amounts range from $300,340 to $901,393 with the lease terminating on July 31, 2017.

H. Credit Market Conditions

Recent market conditions have resulted in an unusually high degree of volatility and increased the risk associated with certain investments held by the County, which could impact the value of investments after the date of these financial statements.

I. Child Welfare Juvenile Incarceration Take Over By State

As a result of 2008 legislative changes to Indiana statute, beginning January 1, 2009, the State will take over the costs of the child welfare program and juveniles incarcerated in state facilities. These costs were previously part of the local property tax levy within Marion County, but with the change, the levy also transfers to the State. In 2005, the activity related to the child welfare program was accounted for in the Family and Children Services Agency Fund and the activity of the juvenile incarceration program was accounted for in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget – Positive (Negative)**
Revenues				
Taxes	$ 159,764,048	$ 159,764,048	$ 150,726,428	$ (9,037,620)
Intergovernmental	17,070,190	17,070,190	16,048,579	(1,021,611)
Charges for services	9,707,345	9,707,345	11,926,984	2,219,639
Interest	4,565,000	4,565,000	7,863,469	3,298,469
Miscellaneous	4,083,300	4,151,300	2,364,492	(1,786,808)
Total revenues	195,189,883	195,257,883	188,929,952	(6,327,931)
Expenditures				
Current:				
General government	72,090,404	70,552,613	71,824,820	(1,272,207)
Public safety	114,939,158	113,321,547	110,775,788	2,545,759
Welfare	7,238,038	7,309,038	7,286,906	22,132
Culture and recreation	896,625	996,625	995,416	1,209
Total expenditures	195,164,225	192,179,823	190,882,930	1,296,893
Excess (deficiency) of revenues over expenditures	$ 25,658	$ 3,078,060	$ (1,952,978)	$ (5,031,038)

See accompanying independent auditors' report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
REQUIRED SUPPLEMENTARY INFORMATION
COUNTY RECORDS PERPETUATION FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			Variance with Final Budget –
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Charges for services	$ 1,794,000	$ 1,794,000	$ 1,018,474	$ (775,526)
Total revenues	1,794,000	1,794,000	1,018,474	(775,526)
Expenditures				
Current:				
General government:	2,222,791	2,269,815	1,470,336	799,479
Total expenditures	2,222,791	2,269,815	1,470,336	799,479
Excess (deficiency) of revenues over expenditures	$ (428,791)	$ (475,815)	$ (451,862)	$ 23,953

See accompanying independent auditors' report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
REQUIRED SUPPLEMENTARY INFORMATION
PROPERTY REASSESSMENT FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget – Positive (Negative)**
Revenues				
Taxes	$ 2,000,430	$ 2,000,430	$ 1,954,292	$ (46,138)
Interest	45,000	45,000	74,855	29,855
Miscellaneous	1,500	1,500	3,525	2,025
Total revenues	2,046,930	2,046,930	2,032,672	(14,258)
Expenditures				
Current:				
General government:	4,015,420	4,265,420	2,861,067	1,404,353
Total expenditures	4,015,420	4,265,420	2,861,067	1,404,353
Excess (deficiency) of revenues over expenditures	$ (1,968,490)	$ (2,218,490)	$ (828,395)	$ 1,390,095

See accompanying independent auditors' report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
(UNAUDITED)
DECEMBER 31, 2005

Valuation date	(1) Net assets available for benefits	(2) Actuarial accrued liability	(3) Assets in excess (deficit) of actuarial accrued liability (AEAAL) (1)-(2)	(4) Funded ratio (1)/(2)	(5) Annual covered payroll	AEAAL as a percentage of covered payroll (3)/(5)
Marion County Law Enforcement Personnel: Retirement Plan						
1/1/00	$113,673,635	$113,673,635	$ —	100.0%	$17,585,164	0.0%
1/1/01	119,024,251	119,024,251	—	100.0	18,451,953	0.0
1/1/02	124,447,738	124,447,738	—	100.0	18,605,324	0.0
1/1/03	123,778,462	134,331,050	(10,552,588)	92.1	20,011,664	52.7
1/1/04	129,541,475	139,649,262	(10,107,878)	92.8	21,262,246	47.5
1/1/05	136,580,198	146,179,457	(11,883,027)	93.4	22,106,306	43.4
County Employees*						
7/1/2003	$64,129,932	$57,704,658	$6,425,274	111.1%	$67,734,513	9.0%
7/1/2004	64,732,579	65,002,859	(270,280)	100.0	76,096,978	0.0
7/1/2005	67,450,700	73,441,525	(5,990,825)	92.0	78,667,253	8.0

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

Analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and excess of actuarial accrued liability (assets in excess of actuarial accrued liability) in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of the County's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in funding status and annual covered payroll are both affected by inflation. Expressing the funding status as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the County's progress made in accumulating sufficient assets to pay benefits when due. Generally, the higher this percentage, the stronger the plan.

In accordance with GASB No. 25, a schedule of funding progress is not required to be disclosed for the disability plan as supplementary information since the aggregate actuarial cost method used by the disability plan does not identify or separately amortize unfunded actuarial liabilities. Under this method, the excess of the Actuarial Present Value of Projected Benefits of the group over Actuarial Value of Assets is allocated on a level basis over the earnings of the group.

See accompanying independent auditors' report and notes to the required supplementary information.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
DECEMBER 31, 2005

Valuation date	Annual required contributions	Percentage contributed
Marion County Law Enforcement Personnel:		
Retirement Plan		
1/1/00	$1,609,078	109.4%
1/1/01	2,228,225	105.7
1/1/02	2,665,033	107.1
1/1/03	3,434,668	110.5
1/1/04	4,061,769	110.3
1/1/05	4,270,397	108.5
Disability Plan		
1/1/00	$1,152,580	100.0%
1/1/01	927,406	100.0
1/1/02	949,714	100.0
1/1/03	956,210	100.0
1/1/04	928,311	100.0
1/1/05	961,883	105.0
County Employees		
07/01/00	$1,373,994	163.0%
07/01/01	1,666,209	119.2
07/01/02	2,028,297	106.8
07/01/03	3,194,174	71.6
07/01/04	2,559,233	116.9
07/01/05	3,479,739	98.8

See accompanying independent auditors' report and notes to the required supplementary information.

NOTE 1—BUDGETS AND BUDGETARY ACCOUNTING

Budgets:

Budgets, detailed to the agency (i.e., department) and character level, are adopted for all governmental funds except Clerk's Title IV D Incentive, and Prosecutor's Title IV D Incentive (Special Revenue Funds), Federal and State Grants (Special Revenue Fund), Campaign Finance Fees (Special Revenue Fund), MC Sheriff Medical Care for Inmates (Special Revenue Fund), Court Violations Bureau (Special Revenue Fund), Capital Improvement Sinking (Special Revenue Fund), and Public Safety Interest Escrow (Capital Projects Fund), which are not legally required to do so. MC Sheriffs Civil Diversion Fees (Special Revenue Fund), Section 102 HAVA Reimbursement (Special Revenue Fund), County Sinking (Debt Service Fund), and Public Safety Capital Projects (Capital Projects Fund) were not budgeted during 2005 due to no planned expenditure activity.

A separate budgetary report has been prepared, which is detailed to the agency and character level and is available upon request. The budgetary basis of accounting is essentially the cash basis with the exception that encumbrances and certain accounts payable are treated as expenditures.

The timetable for the budgetary process is as follows:

June 1	Auditor provides guidelines to County agencies
July 1	County officials submit budgets
August	Auditor recommends budget to City-County Council
August	Council committees review/amend budgets based on public testimony
September	Council approves budget by last meeting of September
December	State of Indiana, Department of Local Government Finance reviews/adjusts and gives final approval to budget
January 1	Budget becomes effective

Revisions to transfer appropriations between agencies or character of expenditure require approval of the City-County Council. Revisions to increase the appropriations require approval of the City-County Council and the State of Indiana Department of Local Government Finance.

During the year, the following supplementary appropriations were properly approved for the General Fund, Property Reassessment, and County Records Perpetuation funds:

	General	Property reassessment	County records perpetuation
Original appropriation	$ 195,164,225	$ 4,015,420	$ 2,222,791
Revisions	(2,984,402)	250,000	47,024
Revised appropriation	$ 192,179,823	$ 4,265,420	$ 2,269,815

Unencumbered appropriations lapse at year-end and represent fund balances available for future commitment, except for capital projects funds, which are budgeted on a project basis.

NOTE 2—BUDGET / GAAP REPORTING DIFFERENCES

Adjustments required to convert the results of 2005 operations from a budgetary basis to a GAAP basis are as follows:

	General	County records perpetuation	Property reassessment
Revenues and other financing sources over (under) expenditures and other uses (budgetary basis)	$ (1,952,978)	$ (451,862)	(828,395)
Adjustments:			
Accrued revenues	63,474,758	6,883	(10,657)
Accrued expenditures	(69,451,243)	(1,310)	(12,305)
Nonbudgeted activity (net)	36,692	—	—
Encumbrances	2,509,517	27,979	30,380
Expenditures from prior year encumbrances	(260,807)	—	(4,499)
Net change in fund balances (GAAP basis)	$ (5,644,061)	(418,310)	(825,476)

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for operating revenues that are restricted for particular purposes by State or Federal statute or that are designated by authority of the City-County Council to be maintained in separate funds.

ADULT PROBATION—Established to account for receipt of adult probation fees to be appropriated by the City-County Council for the courts' use in providing probation services to adults.

SECTION 102 HAVA REIMBURSEMENT—Established by City-County Council Special Resolution No. 54 for the reimbursement of outstanding obligations relating to the purchase of the County's voting system. If the obligations are paid in full, the funds will be used for the improvement of elections for federal office in the County.

SURVEYOR'S CORNER PERPETUATION—Established to account for receipt of fees collected by the County Recorder to be appropriated by the City-County Council for establishing or relocating corners and the keeping of the corner record book.

PROSECUTOR'S DIVERSION—Established to account for collection of user fees related to the operation of pretrial diversion programs. All monies collected in this fund must be appropriated by the City-County Council and can be used only as the Prosecuting Attorney directs for pretrial diversion programs.

PROSECUTOR'S LAW ENFORCEMENT—Established to account for the payment of restitution by certain offenders.

CLERK'S TITLE IV D INCENTIVE—This fund was created by IC 12-17-2-26. The revenues received in this fund are an incentive from the state/federal government for enhancing child support enforcement. These funds per the statute are eligible to be spent without appropriation.

COUNTY EXTRADITION—Established to account for the collection of certain court fees to be appropriated by the City-County Council to offset extradition expense.

COUNTY MISDEMEANANT—Established by the State of Indiana to provide incentive to counties to locally house misdemeanants. This fund may be used only for funding the operation of a county jail, jail programs, or other local correctional facilities.

ALCOHOL AND DRUG SERVICES—Established to account for the collection of court fees to be appropriated by the City-County Council for the operation of an alcohol and drug services program.

STATE AND FEDERAL GRANTS—Established to account for state and federal grants program received from the U.S. Marshal, U.S. Department of Justice, U.S. Department of Health and Human Services, State of Indiana Department of Corrections, Indiana Criminal Justice Institute, Indiana Division of Family and Children, City of Indianapolis, and various other state and federal agencies.

COMMUNITY CORRECTIONS HOME DETENTION—Established to collect user fees related to the supervision of home detention.

SUPPLEMENTAL PUBLIC DEFENDER FEE—Established to account for the collection of fees assessed, at the discretion of the judge, on a defendant to cover costs incurred by the County as a result of court appointed legal services rendered to the defendant.

DEFERRAL PROGRAM FEES—Established to account for the collection of traffic violation process fees for people who are released on their own recognizance.

(Continued)

COUNTY DRUG FREE COMMUNITY—Established to promote comprehensive local alcohol and drug abuse prevention initiatives by supplementing local funding for treatment, education, and criminal justice efforts.

CONDITIONAL RELEASE—Established to account for the pretrial diversion program fees collected by the Clerk.

ENHANCED ACCESS—Established for the replacement, improvement, and expansion of capital expenditures and the reimbursement of operating expenses incurred in providing enhanced access to public information.

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

PROSECUTOR'S TITLE IV D INCENTIVE—Created by IC 12-17-2-26. The revenues received in this fund are an incentive from the state/federal government for enhancing child support enforcement. These funds per the statue are eligible to be spent without appropriation.

MC SHERIFF'S CIVIL DIVISION FEES—Created by the City-County Council, Ordinance No. 86 (2004). The fund shall consist of fees collected in the processing of real estate foreclosures and orders of eviction. Revenues received in this fund are for the purpose of carrying out the functions of the Marion County Sheriff's Department. Amounts shall be paid from this fund only pursuant to appropriations authorized by the City-County Council.

AUDITOR'S ENDORSEMENT FEE—Established to account for the receipt of fees charged on documents for endorsing a document affecting an interest in real property. This fund is to be used for the improvement and maintenance of the real property records systems and equipment.

COUNTY SALES DISCLOSURE—Established to account for the receipt of fees charged on the filing of a sales disclosure form. This fund is to be used for the administration of the sales disclosure function, training of assessing officials, or the purchasing of computer software or hardware for a property record system.

OTHER—Used to account for activities of fourteen other less significant revenue sources and related expenditures.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources devoted to the payment of principal, interest, and related costs on long-term general obligation debt.

COUNTY SINKING—Established to account for the resources devoted to the payment of interest and principal on long-term general obligation debt issued by the County. This fund had no activity in 2005.

WELFARE SINKING – Established to account for the resources devoted to the payment of interest and principal on short-term notes payable outstanding for child services.

JUVENILE INCARCERATION SINKING – Established to account for the resources devoted to the payment of the debt owed to the State of Indiana for the incarceration of juveniles at State-owned facilities. There was no activity in this fund in 2005.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for resources designated to construct or acquire major capital facilities.

PUBLIC SAFETY CAPITAL PROJECTS AND PUBLIC SAFETY INTEREST ESCROW—Established to account for the development of the County integrated justice system and the upgrade of equipment for the County Forensic Services lab and County Sheriff's Department.

CAPITAL IMPROVEMENT LEASE FUND—Established for the purpose of funding capital lease obligations of County offices. The fund shall consist of all taxes and miscellaneous revenue allocated to the capital lease fund. Amounts may be paid from this fund from appropriations authorized by the City-County Council.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Special Revenue Funds								
	Adult Probation	**Section 102 HAVA Reimburse-ment**	**Surveyor's Corner Perpetu-ation**	**Prosecutor's Diversion**	**Prosecutor's Law Enforcement**	**Clerk's Title IV D Incentive**	**County Extradition**	**County Misdem-eanant**	**Alcohol and Drug Services**
Assets									
Cash and investments	$ 1,153,017	$ 598,759	$ 1,066,654	$ 274,398	$ 1,384,300	$ 889,618	$ 188,276	$ 114,173	$ 598,682
Receivables (net of allowance for uncollectibles):									
Intergovernmental	—	—	—	—	—	—	—	—	—
Other	60	—	—	600	209,998	—	—	—	—
Due from state and federal governments	—	—	—	—	—	—	—	—	—
Total assets	$ 1,153,077	$ 598,759	$ 1,066,654	$ 274,998	$ 1,594,298	$ 889,618	$ 188,276	$ 114,173	$ 598,682
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	$ 3,519	$ —	$ 569	$ —	$ 69,600	$ —	$ 315	$ 36,754	$ 3,877
Accrued liabilities	58,123	—	—	16,433	5,279	—	748	1,473	8,238
Intergovernmental payables	—	—	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	—	—	—	—
Total liabilities	61,642	—	569	16,433	74,879	—	1,063	38,227	12,115
Fund Balances:									
Reserved for encumbrances	—	—	300	—	2,788	—	—	43,289	—
Unreserved, undesignated	1,091,435	598,759	1,065,785	258,565	1,516,631	889,618	187,213	32,657	586,567
Total fund balances	1,091,435	598,759	1,066,085	258,565	1,519,419	889,618	187,213	75,946	586,567
Total liabilities and fund balances	$ 1,153,077	$ 598,759	$ 1,066,654	$ 274,998	$ 1,594,298	$ 889,618	$ 188,276	$ 114,173	$ 598,682

	Debt Service Funds				Capital Projects Funds				
	County Sinking	**Welfare Sinking**	**Juvenile Incarceration Sinking**	**Total Debt Service**	**Public Safety Capital Projects**	**Public Safety Interest Escrow**	**Capital Improvement Lease Fund**	**Total Capital Projects**	**Total Nonmajor Funds**
Assets									
Cash and investments	$ 10,780	$ —	$ —	$ 10,780	$ —	$ 1,684	$ 1,028,807	$ 1,030,491	$ 18,737,086
Receivables (net of allowance for uncollectibles):									
Taxes		669,524	795,418	1,464,942	—	—	3,529	3,529	1,468,471
Intergovernmental	—	—	—	—	—	—	—	—	3,351,219
Other	—	—	—	—	—	—	—	—	314,299
Due from other funds	—	—	—	—	—	—	—	—	—
Due from federal and state	—	—	—	—	—	—	—	—	84,053
Total assets	$ 10,780	$ 669,524	$ 795,418	$ 1,475,722	$ —	$ 1,684	$ 1,032,336	$ 1,034,020	$ 23,955,128
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	$ —	$ —	$ —	$ —	$ 12,244	$ —	$ —	$ 12,244	$ 4,473,542
Accrued liabilities	—	—	—	—	—	—	—	—	251,945
Due to other funds	—	—	—	—	—	—	—	—	84,053
Deferred revenue	—	669,524	795,418	1,464,942	—	—	11,445	11,445	3,780,969
Total liabilities	—	669,524	795,418	1,464,942	12,244	—	11,445	23,689	8,590,509
Fund Balances:									
Reserved for encumbrances	—	—	—	—	—	—	—	—	568,403
Unreserved, undesignated	10,780	—	—	10,780	(12,244)	1,684	1,020,891	1,010,331	14,796,216
Total fund balances	10,780	—	—	10,780	(12,244)	1,684	1,020,891	1,010,331	15,364,619
Total liabilities and fund balances	$ 10,780	$ 669,524	$ 795,418	$ 1,475,722	$ —	$ 1,684	$ 1,032,336	$ 1,034,020	$ 23,955,128

See accompanying independent auditors' report.

Special Revenue Funds													
State and Federal Grants	Community Corrections Home Detention	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	Enhanced Access	Prosecutor's Law Enforcement Equitable Share	Prosecutor's Title IV D Incentive	MC Sheriff's Civil Diversion Fees	Auditor's Endorsement Fee	County Sales Disclosure	Other	Total Special Revenue
$ —	1,609,382 $	115,858 $	2,288,724 $	527,876 $	711,772 $	524,172 $	548,755 $	593,091 $	1,651,673 $	988,235 $	419,220 $	1,449,180 $	17,695,815
3,340,483	—	—	—	—	—	—	—	—	—	—	—	10,736	3,351,219
—	—	—	1,152	—	—	47,334	—	—	—	6,205	2,960	45,990	314,299
84,053	—	—	—	—	—	—	—	—	—	—	—	—	84,053
$ 3,424,536	1,609,382 $	115,858 $	2,289,876 $	527,876 $	711,772 $	571,506 $	548,755 $	593,091 $	1,651,673 $	994,440 $	422,180 $	1,505,906 $	21,361,333
$ 1,240,194	376,973 $	1,245 $	113,754 $	107,097 $	50,731 $	225 $	13,190 $	112,083 $	2,270,417 $	— $	— $	60,755 $	4,461,298
86,009	22,280	—	50,310	—	3,052	—	—	—	—	—	—	—	251,945
—	—	—	—	—	—	—	—	—	—	—	—	—	—
84,053	—	—	—	—	—	—	—	—	—	—	—	—	84,053
2,234,572	—	—	—	—	—	43,397	—	—	—	—	—	26,613	2,304,582
3,644,828	399,253	1,245	164,064	107,097	53,783	43,622	13,190	112,083	2,270,417	—	—	87,368	7,101,878
—	115,698	—	46,000	31,915	68,228	—	252,527	12	—	7,646	—	—	568,403
(220,292)	1,094,431	114,613	2,079,812	388,864	589,761	527,884	283,038	480,996	(618,744)	986,794	422,180	1,418,538	13,775,105
(220,292)	1,210,129	114,613	2,125,812	420,779	657,989	527,884	535,565	481,008	(618,744)	994,440	422,180	1,418,538	14,343,508
$ 3,424,536	1,609,382 $	115,858 $	2,289,876 $	527,876 $	711,772 $	571,506 $	548,755 $	593,091 $	1,651,673 $	994,440 $	422,180 $	1,505,906 $	21,445,386

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds								
	Adult Probation	**Section 102 HAVA Reimbursement**	**Surveyor's Corner Perpetuation**	**Prosecutor's Diversion**	**Prosecutor's Law Enforcement**	**Clerk's Title IV D Incentive**	**County Extradition**	**County Misdemeanant**	**Alcohol and Drug Services**
Revenues:									
Taxes	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Intergovernmental	273	2,196,750	—	—	—	675,305	—	600,551	—
Interest	591	—	—	—	—	—	—	—	—
Charges for services	2,402,919	—	227,804	567,454	742,433	—	21,799	—	948,596
Miscellaneous	6,132	—	—	—	—	—	—	—	—
Total revenues	2,409,915	2,196,750	227,804	567,454	742,433	675,305	21,799	600,551	948,596
Expenditures:									
Current:									
General government	2,629,296	130,910	78,858	—	—	—	—	—	871,091
Public safety	—	—	—	1,023,826	566,482	—	47,543	580,915	—
Culture and recreation	—	—	—	—	—	—	—	—	—
Capital outlay	46,299	—	16,648	—	8,881	—	—	11,633	—
Debt service:									
Principal	—	2,250,000	—	—	—	—	—	—	—
Interest and fiscal charges	—	214,302	—	—	—	—	—	—	—
Total expenditures	2,675,595	2,595,212	95,506	1,023,826	575,363	—	47,543	592,548	871,091
Excess (deficiency) of revenues over expenditures	(265,680)	(398,462)	132,298	(456,372)	167,070	675,305	(25,744)	8,003	77,505
Other financing sources (uses):									
Transfers in	—	—	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—	—	—
Sale of capital assets	—	—	—	—	3,315	—	—	—	—
Total other financing sources (uses)	—	—	—	—	3,315	—	—	—	—
Net change in fund balances	(265,680)	(398,462)	132,298	(456,372)	170,385	675,305	(25,744)	8,003	77,505
Fund balances (deficits) – beginning of year	1,357,115	997,221	933,787	714,937	1,349,034	214,313	212,957	67,943	509,062
Fund balances (deficits) – end of year	$ 1,091,435	$ 598,759	$ 1,066,085	$ 258,565	$ 1,519,419	$ 889,618	$ 187,213	$ 75,946	$ 586,567

	Debt Service Funds				Capital Projects Funds				
	County Sinking	**Welfare Sinking**	**Juvenile Incarceration Sinking**	**Total Debt Service**	**Public Safety Capital Projects**	**Public Safety Interest Escrow**	**Capital Improvement Lease Fund**	**Total Capital Project**	**Total Nonmajor Funds**
Revenues:									
Taxes	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,988,862	$ 1,988,862	$ 1,988,862
Intergovernmental	—	—	—	—	—	—	1,034,830	1,034,830	15,583,306
Interest	—	—	—	—	—	—	—	—	8,838
Charges for services	—	—	—	—	—	—	—	—	14,457,019
Miscellaneous	—	—	—	—	—	—	—	—	55,316
Total revenues	—	—	—	—	—	—	3,023,692	3,023,692	32,093,341
Expenditures:									
Current:									
General government	—	—	—	—	—	—	—	—	7,625,949
Public safety	—	—	—	—	—	—	2,006,000	2,006,000	21,382,198
Culture and recreation	—	—	—	—	—	—	—	—	35,296
Capital outlay	—	—	—	—	—	—	—	—	536,390
Debt service:									
Principal retirement	—	—	—	—	—	—	—	—	2,250,000
Interest and fiscal charges	—	—	—	—	—	—	—	—	214,302
Total expenditures	—	—	—	—	—	—	2,006,000	2,006,000	32,044,135
Excess (deficiency) of revenues over expenditures	—	—	—	—	—	—	1,017,692	1,017,692	49,206
Other financing sources (uses):									
Transfers in	—	—	—	—	—	—	—	—	389,379
Transfers out	—	—	—	—	—	—	—	—	(389,379)
Sale of capital assets	—	—	—	—	—	—	—	—	3,315
Total other financing sources (uses)	—	—	—	—	—	—	—	—	3,315
Net change in fund balance	—	—	—	—	—	—	1,017,692	1,017,692	52,521
Fund balances (deficits) – beginning of year	10,780	—	—	10,780	(12,244)	1,684	3,199	(7,361)	15,312,098
Fund balances (deficits) – end of year	$ 10,780	$ —	$ —	$ 10,780	$ (12,244)	$ 1,684	$ 1,020,891	$ 1,010,331	$ 15,364,619

See accompanying independent auditor's report.

Special Revenue Funds

State and Federal Grants	Community Corrections Home Detention	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	Enhanced Access	Prosecutor's Law Enforcement Equitable Share	Prosecutor's Title IV D Incentive	MC Sheriff's Civil Diversion Fees	Auditor's Endorsement Fee	County Sales Disclosure	Other	Total Special Revenue
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
10,153,764	—	—	39,006	—	—	—	106,926	675,304	—	—	—	100,597	14,548,476
—	—	—	—	—	—	—	8,247	—	—	—	—	—	8,838
—	2,302,996	222,750	3,458,933	503,042	310,711	117,114	—	—	1,266,100	274,661	108,119	981,588	14,457,019
7,507	—	—	1,400	19,911	—	—	—	—	—	—	—	20,366	55,316
10,161,271	2,302,996	222,750	3,499,339	522,953	310,711	117,114	115,173	675,304	1,266,100	274,661	108,119	1,102,551	29,069,649
2,388,838	—	184,291	—	—	166,656	42,746	—	—	—	23,289	—	1,109,974	7,625,949
7,632,606	2,324,582	—	3,585,810	482,212	356,647	—	40,384	324,842	2,351,444	—	—	58,905	19,376,198
—	—	—	—	—	—	—	—	—	—	—	—	35,296	35,296
360,119	19,175	—	42,377	—	—	—	20,931	9,327	—	—	—	1,000	536,390
—	—	—	—	—	—	—	—	—	—	—	—	—	2,250,000
—	—	—	—	—	—	—	—	—	—	—	—	—	214,302
10,381,563	2,343,757	184,291	3,628,187	482,212	523,303	42,746	61,315	334,169	2,351,444	23,289	—	1,205,175	30,038,135
(220,292)	(40,761)	38,459	(128,848)	40,741	(212,592)	74,368	53,858	341,135	(1,085,344)	251,372	108,119	(102,624)	(968,486)
—	—	—	—	—	389,379	—	—	—	—	—	—	—	389,379
—	(389,379)	—	—	—	—	—	—	—	—	—	—	—	(389,379)
—	—	—	—	—	—	—	—	—	—	—	—	—	3,315
—	(389,379)	—	—	—	389,379	—	—	—	—	—	—	—	3,315
(220,292)	(430,140)	38,459	(128,848)	40,741	176,787	74,368	53,858	341,135	(1,085,344)	251,372	108,119	(102,624)	(965,171)
—	1,640,269	76,154	2,254,660	380,038	481,202	453,516	481,707	139,873	466,600	743,068	314,061	1,521,162	15,308,679
$ (220,292)	$ 1,210,129	$ 114,613	$ 2,125,812	$ 420,779	$ 657,989	$ 527,884	$ 535,565	$ 481,008	$ (618,744)	$ 994,440	$ 422,180	$ 1,418,538	$ 14,343,508

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Adult Probation				
Revenues:				
Charges for services	$ 2,510,280	$ 2,510,280	$ 2,231,393	$ (278,887)
Miscellaneous	—	—	6,440	6,440
Total revenues	2,510,280	2,510,280	2,237,833	(272,447)
Expenditures:				
General government	2,602,655	2,912,655	2,672,657	239,998
Deficiency of revenues over expenditures	$ (92,375)	$ (402,375)	$ (434,824)	$ (32,449)
Surveyor's Corner Perpetuation				
Revenues:				
Charges for services	$ 170,000	$ 170,000	$ 180,085	$ 10,085
Expenditures:				
General government	172,455	172,455	99,767	72,688
Excess (deficiency) of revenues over expenditures	$ (2,455)	$ (2,455)	$ 80,318	$ 82,773
Prosecutor's Diversion				
Revenues:				
Charges for services	$ 710,000	$ 710,000	$ 584,782	$ (125,218)
Expenditures:				
Public safety	916,965	1,166,965	1,011,339	155,626
Deficiency of revenues over expenditures	$ (206,965)	$ (456,965)	$ (426,557)	$ 30,408
Prosecutor's Law Enforcement				
Revenues:				
Charges for services	$ 640,000	$ 640,000	$ 722,775	$ 82,775
Miscellaneous	—	—	1,256	1,256
Total revenues	640,000	640,000	724,031	84,031
Expenditures:				
Public safety	882,860	984,246	599,883	384,363
Excess (deficiency) of revenues over expenditures	$ (242,860)	$ (344,246)	$ 124,148	$ 468,394
County Extradition				
Revenues:				
Charges for services	$ 50,000	$ 50,000	$ 21,800	$ (28,200)
Expenditures:				
Public safety	143,188	143,188	55,855	87,333
Deficiency of revenues over expenditures	$ (93,188)	$ (93,188)	$ (34,055)	$ 59,133

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
County Misdemeanant				
Revenues:				
Miscellaneous	$ 600,551	$ 600,551	$ 600,551	$ —
Expenditures:				
Public safety	636,000	636,000	634,518	1,482
Deficiency of revenues over expenditures	$ (35,449)	$ (35,449)	$ (33,967)	$ (1,482)
Alcohol and Drug Services				
Revenues:				
Charges for services	$ 1,100,000	$ 1,100,000	$ 883,839	$ (216,161)
Expenditures:				
General government	1,016,584	1,016,584	886,693	129,891
Excess (deficiency) of revenues over expenditures	$ 83,416	$ 83,416	$ (2,854)	$ (86,270)
Community Corrections Home Detention				
Revenues:				
Charges for services	$ 150,000	$ 150,000	$ 2,312,141	$ 2,162,141
Expenditures:				
Public safety	1,357,517	2,727,608	2,329,995	397,613
Deficiency of revenues over expenditures	$ (1,207,517)	$ (2,577,608)	$ (17,854)	$ 2,559,754
Supplemental Public Defender Fee				
Revenues:				
Charges for services	$ 220,000	$ 220,000	$ 209,719	$ (10,281)
Expenditures:				
General government	205,000	205,000	184,291	20,709
Excess of revenues over expenditures	$ 15,000	$ 15,000	$ 25,428	$ 10,428
Deferral Program Fees				
Revenues:				
Charges for services	$ 3,500,000	$ 3,500,000	$ 3,235,487	$ (264,513)
Transfer out	(430,000)	(430,000)	—	430,000
Miscellaneous	—	—	300	300
Total revenue	3,070,000	3,070,000	3,235,787	165,787
Expenditures:				
Public safety	4,027,453	4,027,453	3,731,924	295,529
Deficiency of revenues over expenditures	$ (957,453)	$ (957,453)	$ (496,137)	$ 461,316

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
County Drug Free Community				
Revenues:				
Charges for services	$ 450,000	$ 450,000	$ 433,821	$ (16,179)
Expenditures:				
Public safety	450,000	455,340	441,907	13,433
Deficiency of revenues over expenditures	$ —	$ (5,340)	$ (8,086)	$ (2,746)
Conditional Release				
Revenues:				
Charges for services	$ 110,000	$ 110,000	$ 301,807	$ 191,807
Expenditures:				
General government	192,730	192,730	164,178	28,552
Public safety	—	425,000	424,783	217
Total expenditures	192,730	617,730	588,961	28,769
Deficiency of revenues over expenditures	$ (82,730)	$ (507,730)	$ (287,154)	$ 220,576
Enhanced Access				
Revenues:				
Charges for services	$ 2,000	$ 2,000	$ 113,176	$ 111,176
Expenditures:				
General government	101,600	101,600	42,521	59,079
Excess (deficiency) of revenues over expenditures	$ (99,600)	$ (99,600)	$ 70,655	$ 170,255
Prosecutor's Law Enforcement Equitable Share				
Revenues:				
Charges for services	$ 100,000	$ 100,000	$ 106,925	$ 6,925
Miscellaneous	—	—	8,591	8,591
Total revenue	100,000	100,000	115,516	15,516
Expenditures:				
General government	316,890	469,390	—	469,390
Excess (deficiency) of revenues over expenditures	$ (216,890)	$ (369,390)	$ 115,516	$ (453,874)
Auditor's Endorsement Fee				
Revenues:				
Charges for services	$ 200,000	$ 200,000	$ 266,331	$ 66,331
Expenditures:				
General government	217,842	217,842	29,000	188,842
Excess (deficiency) of revenues over expenditures	$ (17,842)	$ (17,842)	$ 237,331	$ 255,173

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget— Positive (Negative)
County Sales Disclosure				
Revenues:				
Charges for services	$ 95,000	$ 95,000	$ 108,611	$ 13,611
Expenditures:				
General government	—	—	—	—
Excess of revenues over expenditures	$ 95,000	$ 95,000	$ 108,611	$ 13,611
Other – Guardian Ad Litem				
Revenues:				
Charges for services	$ 141,000	$ 141,000	$ 171,084	$ 30,084
Expenditures:				
Public safety	139,811	169,024	169,024	—
Excess (deficiency) of revenues over expenditures	$ 1,189	$ (28,024)	$ 2,060	$ 30,084
Other – County Grants				
Revenues:				
Intergovernmental	$ —	$ 37,500	$ 34,249	$ (3,251)
Expenditures:				
General government	6,628	44,128	28,242	15,886
Public safety	—	1,249	1,249	—
Culture and recreation	91,607	92,407	35,296	57,111
Total expenditures	98,235	137,784	64,787	72,997
Deficiency of revenues over expenditures	$ (98,235)	$ (100,284)	$ (30,538)	$ 69,746
Other – Child Advocacy				
Revenues:				
Charges for services	$ —	$ —	$ 4,048	$ 4,048
Expenditures:				
General government	—	—	—	—
Excess of revenues over expenditures	$ —	$ —	$ 4,048	$ 4,048
Other – Clerk's Perpetuation Fund				
Revenues:				
Charges for services	$ 350,000	$ 350,000	$ 311,699	$ (38,301)
Expenditures:				
General government	338,760	676,760	585,856	90,904
Excess (deficiency) of revenues over expenditures	$ 11,240	$ (326,760)	$ (274,156)	$ 52,604
Other – Drug Treatment Diversion				
Revenues:				
Intergovernmental	$ —	$ —	$ 14,492	$ 14,492
Expenditures:				
General government	—	—	—	—
Excess of revenues over expenditures	$ —	$ —	$ 14,492	$ 14,492

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Other – Juvenile Probation				
Revenues:				
Charges for services	$ 150,000	$ 150,000	$ 157,601	$ 7,601
Expenditures:				
General government	180,000	180,000	—	180,000
Excess (deficiency) of revenues over expenditures	$ (30,000)	$ (30,000)	$ 157,601	$ 187,601
Other – Sheriff's Continuing Education				
Revenues:				
Charges for services	$ 65,000	$ 65,000	$ 30,615	$ (34,385)
Expenditures:				
Public safety	30,000	30,000	3,903	26,097
Excess of revenues over expenditures	$ 35,000	$ 35,000	$ 26,712	$ (8,288)
Other – Jury Pay				
Revenues:				
Charges for services	$ 175,000	$ 175,000	$ 145,751	$ (29,249)
Expenditures:				
General government	250,000	250,000	250,000	—
Total expenditures	250,000	250,000	250,000	—
Deficiency of revenues over expenditures	$ (75,000)	$ (75,000)	$ (104,249)	$ (29,249)
Other – Alternate Dispute Resolution				
Revenues:				
Charges for services	$ 75,000	$ 75,000	$ 78,929	$ 3,929
Expenditures:				
General government	80,068	80,068	39,570	40,498
Total expenditures	80,068	80,068	39,570	40,498
Excess (deficiency) of revenues over expenditures	$ (5,068)	$ (5,068)	$ 39,359	$ 44,427
Other – Local Emergency Planning				
Revenues:				
Charges for services	$ 70,000	$ 70,000	$ 89,315	$ 19,315
Miscellaneous	45,000	45,000	75,851	30,851
Total revenues	115,000	115,000	165,166	50,166
Expenditures:				
General government	67,500	67,500	30,900	36,600
Excess of revenues over expenditures	$ 47,500	$ 47,500	$ 134,266	$ 13,566

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget – Positive (Negative)
Cumulative Capital Development				
Revenues:				
Taxes	$ 4,902,308	$ 4,902,308	$ 5,480,517	$ 578,209
Miscellaneous	802,000	802,000	114,570	(687,430)
Total revenues	5,704,308	5,704,308	5,595,087	(109,221)
Expenditures:				
Capital outlay	5,206,774	5,206,774	3,683,167	1,523,607
Total expenditures	5,206,774	5,206,774	3,683,167	1,523,607
Excess of revenues over expenditures	$ 497,534	$ 497,534	$ 1,911,920	$ 1,414,386
Capital Improvement Lease				
Revenues:				
Taxes	$ —	$ —	$ 1,996,778	$ 1,996,778
Transfers	2,069,659	2,069,659	1,034,830	(1,034,829)
Total revenues	2,069,659	2,069,659	3,031,608	961,949
Expenditures:				
Public safety	2,009,000	2,009,000	2,006,000	3,000
Excess of revenues over expenditures	$ 60,659	$ 60,659	$ 1,025,608	$ 964,949

See accompanying independent auditors' report.

FIDUCIARY FUND TYPES

PENSION TRUST FUNDS

Pension Trust Funds are those funds held in trust for disbursement to covered employees.

MARION COUNTY LAW ENFORCEMENT PERSONNEL RETIREMENT PLAN (RETIREMENT)—To account for assets held in the Marion County Law Enforcement Personnel Retirement Plan for eligible employees of the Marion County Sheriff's Department.

MARION COUNTY LAW ENFORCEMENT PERSONNEL DEPENDENTS AND DISABILITY BENEFITS PLAN (DISABILITY)—To account for assets held in the Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan for eligible employees of the Marion County Sheriff's Department.

AGENCY FUNDS

Agency Funds are used to account for transactions related to assets of others held in their behalf by the County.

EXCISE TAX REFUNDS—Established to refund monies to taxpayers where an error or overpayment has occurred in the payment of excise tax.

PROPERTY TAX REFUNDS—Established to refund monies to taxpayers where an error has occurred in the payment assessment of property tax.

STATE TAXES—Established to account for inheritance taxes, forfeiture of bonds, and fines paid in all courts which are collected by the County and remitted to the State of Indiana.

TAX SALE REDEMPTION—Established as an escrow account for funds received from property sold in a tax sale.

TAX SALE SURPLUS—Established to account for funds received over and above delinquent taxes received from property sold in a tax sale.

STATE PUBLIC SAFETY FEES—Established to account for various fees collected by the Courts and then remitted to the State. These include domestic violence fees, judicial fees, infraction judgments, state prosecutor fees, state docket fees, judicial salary fees, and victims of violent crimes fees.

SALE OF COUNTY-OWNED PROPERTY—Established to record funds received from the sale of County properties which were claimed for delinquent taxes.

TREASURER'S SURPLUS—Established to account for overpayment of taxes or misapplication of tax payments received.

TRUST CLEARANCE—Established as an escrow fund for assets held for disadvantaged children under the care of the Division of Family and Children. Authorization for receipts and disbursements is made through the Division of Family and Children by order of the Circuit Court.

COURT COSTS TO MUNICIPALITIES—Established to account for the portion of court costs collected and subsequently disbursed to various municipalities within Marion County.

TREASURER'S TAX COLLECTION—Established to account for advancement and final distribution of taxes collected by the County Treasurer for all taxing units within the County (including entities outside of Marion County's reporting entity).

FAMILY AND CHILDREN SERVICES—Established to fund the Children in Need of Services program and for delinquent children.

LAW ENFORCEMENT CONTINUING EDUCATION—Established to account for fees collected by the County and subsequently disbursed to various law enforcement agencies for continuing education programs.

PAYROLL—Established to account for the receipt of the gross payroll transfers from all County funds having personal services expenditures and the subsequent disbursements of net payroll checks and withholdings.

CLERK OF CIRCUIT COURT, SHERIFF —Represent various custodial and fiduciary bank accounts maintained by the designated department in the course of normal operations.

IMAGIS—Established to account for the receipts collected by the County and subsequently disbursed as approved by the IMAGIS board (IMAGIS board is not part of Marion County's reporting entity).

OTHER—Represents fourteen other less significant fiduciary funds that are maintained by Marion County on behalf of others.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF FIDUCIARY NET ASSETS – PENSION TRUST FUNDS
DECEMBER 31, 2005

	Retirement	Disability	Total
Assets			
Cash and cash equivalents	$ 5,837,200	$ 611,753	$ 6,448,953
Investments:			
U.S. government securities	18,978,328	5,022,749	24,001,077
Corporate obligations	18,800,525	5,876,637	24,677,162
Corporate equity securities	41,788,796	—	41,788,796
Mutual funds	49,529,724	—	49,529,724
Receivables:			
Accrued interest	432,910	122,587	555,497
Other	1,596	—	1,596
Due from other funds	4,706,197	961,833	5,668,030
Total assets	140,075,276	12,595,559	152,670,835
Liabilities			
Accrued liabilities	136,394	8,921	145,315
Due to broker for securities purchased	1,005,443	—	1,005,443
Total liabilities	1,141,837	8,921	1,150,758
Net Assets			
Net assets for employees’ pension benefits	$ 138,933,439	$ 12,586,638	$ 151,520,077

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS –
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Retirement	Disability	Total
Additions			
Contributions:			
Employer	$ 4,511,372	$ 961,833	$ 5,473,205
Employee	937,754	—	937,754
Total contributions	5,449,126	961,833	6,410,959
Investment income:			
Interest and dividends	3,041,575	607,001	3,648,576
Net increase (decrease) in fair value of investments	5,603,952	(359,617)	5,244,335
Less investment expenses	(291,889)	(41,018)	(332,907)
Net investment income	8,353,638	206,366	8,560,004
Miscellaneous	196,346	79,694	276,040
Total additions	13,999,110	1,247,893	15,247,003
Deductions			
Benefits	6,709,506	926,468	7,635,974
Total deductions	6,709,506	926,468	7,635,974
Change in plan net assets	7,289,604	321,425	7,611,029
Net assets – beginning of year	131,643,835	12,265,213	143,909,048
Net assets – end of year	$ 138,933,439	$ 12,586,638	$ 151,520,077

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
DECEMBER 31, 2005

	Excise Tax Refunds	Property Tax Refunds	State Taxes	Tax Sale Redemption	Tax Sale Surplus	State Public Safety Fees	Sale of County-Owned Property	Treasurer's Surplus	Trust Clearance	Court Costs to Municipalities	Treasurer's Tax Collection
Assets											
Cash and investments	$ 1,296	$ —	$ —	$ —	$ 20,308,156	$ 204,286	$ 838,112	$ 4,676,329	$ 301,404	$ 288,474	$ 18,478,807
Receivables:											
Property taxes	—	—	—	—	—	—	—	—	—	—	48,349,051
Other	—	—	1,246,552	—	—	—	—	—	—	—	—
Due from other funds	—	1,483,524	—	91,402	—	—	—	—	—	—	187,795
Total assets	$ 1,296	$ 1,483,524	$ 1,246,552	$ 91,402	$ 20,308,156	$ 204,286	$ 838,112	$ 4,676,329	$ 301,404	$ 288,474	$ 67,015,653
Liabilities											
Due to other funds	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,526,275
Amounts held in custody for others	1,296	1,483,524	1,246,552	91,402	20,308,156	204,286	838,112	4,676,329	301,404	288,474	63,489,378
Total liabilities	$ 1,296	$ 1,483,524	$ 1,246,552	$ 91,402	$ 20,308,156	$ 204,286	$ 838,112	$ 4,676,329	$ 301,404	$ 288,474	$ 67,015,653

	Family and Children Services	Law Enforcement Continuing Education	Payroll	Clerk of Circuit Court	Sheriff	IMAGIS	Other	Total
Assets								
Cash and investments	$ 5,101,961	$ 492,559	$ 5,145,187	$ 9,563,374	$ 2,997,690	$ 151,715	$ 305,772	$ 68,855,122
Receivables:								
Property taxes	—	—	—	—	—	—	—	48,349,051
Other	17,003	—	—	—	—	—	—	1,263,555
Due from other funds	1,951,349	—	—	—	—	74,000	—	3,788,070
Total assets	$ 7,070,313	$ 492,559	$ 5,145,187	$ 9,563,374	$ 2,997,690	$ 225,715	$ 305,772	$ 122,255,798
Liabilities								
Due to other funds	187,795	—	252,282	—	—	—	—	3,966,352
Amounts held in custody for others	6,882,518	492,559	4,892,905	9,563,374	2,997,690	225,715	305,772	118,289,446
Total liabilities	$ 7,070,313	$ 492,559	$ 5,145,187	$ 9,563,374	$ 2,997,690	$ 225,715	$ 305,772	$ 122,255,798

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Excise Tax Refunds				
Assets:				
Cash and investments	$ —	$ 3,135	$ 1,839	$ 1,296
Liabilities:				
Amounts held in custody for others	$ —	$ 3,135	$ 1,839	$ 1,296
Property Tax Refunds				
Assets:				
Due from other funds	$ 3,373,771	$ 27,773,200	$ 29,663,447	$ 1,483,524
Liabilities:				
Amounts held in custody for others	$ 3,373,771	$ 27,773,200	29,663,447	$ 1,483,524
State Taxes				
Assets:				
Other receivables	4,924,853	37,748,502	41,426,803	1,246,552
	$ 4,924,853	$ 37,748,502	$ 41,426,803	$ 1,246,552
Liabilities:				
Due to other funds	$ 3,223	$ —	3,223	$ —
Amounts held in custody for others	4,921,630	37,748,502	41,423,580	1,246,552
	$ 4,924,853	$ 37,748,502	$ 41,426,803	$ 1,246,552
Tax Sale Redemption				
Assets:				
Due from other funds	$ 237,479	$ 3,288,050	$ 3,434,127	$ 91,402
Liabilities:				
Amounts held in custody for others	$ 237,479	$ 3,288,050	$ 3,434,127	$ 91,402
Tax Sale Surplus				
Assets:				
Cash and investments	$ 14,481,219	$ 18,649,988	$ 12,823,051	$ 20,308,156
Liabilities:				
Amounts held in custody for others	$ 14,481,219	$ 18,649,988	$ 12,823,051	$ 20,308,156
State Public Safety Fees				
Assets:				
Cash and investments	$ 277,216	$ 1,641,291	$ 1,714,221	$ 204,286
Liabilities:				
Amounts held in custody for others	$ 277,216	$ 1,641,291	$ 1,714,221	$ 204,286
Sale of County-Owned Property				
Assets:				
Cash and investments	$ 834,591	$ 165,826	$ 162,305	$ 838,112
Liabilities:				
Amounts held in custody for others	$ 834,591	$ 165,826	$ 162,305	$ 838,112
Treasurer's Surplus				
Assets:				
Cash and investments	$ 6,734,521	$ 3,232,349	$ 5,290,541	$ 4,676,329
Liabilities:				
Amounts held in custody for others	$ 6,734,521	$ 3,232,349	$ 5,290,541	$ 4,676,329

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Trust Clearance				
Assets:				
Cash and investments	$ 229,943	$ 578,236	$ 506,775	$ 301,404
Liabilities:				
Amounts held in custody for others	$ 229,943	$ 578,236	$ 506,775	$ 301,404
Court Costs to Municipalities				
Assets:				
Cash and investments	$ 275,483	$ 268,466	$ 255,475	$ 288,474
Liabilities:				
Amounts held in custody for others	$ 275,483	$ 268,466	$ 255,475	$ 288,474
Treasurer's Tax Collection				
Assets:				
Cash and investments	$ 14,357,760	$ 1,440,883,860	$ 1,436,762,813	$ 18,478,807
Property taxes receivable	67,944,435	48,349,051	67,944,435	48,349,051
Due from other funds	—	187,795	—	187,795
	$ 82,302,195	$ 1,489,420,706	$ 1,504,707,248	$ 67,015,653
Liabilities:				
Due to other funds	$ 17,506,882	$ 5,333,709	$ 19,314,317	$ 3,526,274
Amounts held in custody for others	64,795,313	1,484,086,997	1,485,392,931	63,489,379
	$ 82,302,195	$ 1,489,420,706	$ 1,504,707,248	$ 67,015,653
Family and Children Services				
Assets:				
Cash and investments	$ 4,089,553	$ 84,026,751	$ 83,014,343	$ 5,101,961
Other receivables	—	17,003	—	17,003
Due from other funds	1,617,486	1,951,349	1,617,486	1,951,349
	$ 5,707,039	$ 85,995,103	$ 84,631,829	$ 7,070,313
Liabilities:				
Due to other funds	$ —	$ 187,795	$ —	$ 187,795
Amounts held in custody for others	5,707,039	119,335,852	118,160,373	6,882,518
	$ 5,707,039	$ 119,523,647	$ 118,160,373	$ 7,070,313
Law Enforcement Continuing Education			(33,528,544)	
Assets:				
Cash and investments	$ 492,634	$ 182,863	$ 182,938	$ 492,559
Liabilities:				
Amounts held in custody for others	$ 492,634	$ 182,863	$ 182,938	$ 492,559
Payroll				
Assets:				
Cash and investments	$ 3,827,079	$ 144,352,610	$ 143,034,502	$ 5,145,187
Liabilities:				
Due to other funds	$ 229,537	$ 252,282	$ 229,537	$ 252,282
Amounts held in custody for others	3,597,542	144,100,328	142,804,965	4,892,905
	$ 3,827,079	$ 144,352,610	$ 143,034,502	$ 5,145,187

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Juvenile Court				
Assets:				
Cash and investments	$ 93,786	$ —	$ 93,786	$ —
Liabilities:				
Amounts held in custody for others	$ 93,786	$ —	$ 93,786	$ —
Clerk of Circuit Court				
Assets:				
Cash and investments	$ 4,960,643	$ 95,501,116	$ 90,898,385	$ 9,563,374
Liabilities:				
Amounts held in custody for others	$ 4,960,643	$ 95,501,116	$ 90,898,385	$ 9,563,374
Sheriff				
Assets:				
Cash and investments	$ 3,771,400	$ 39,653,074	$ 40,426,784	$ 2,997,690
Liabilities:				
Amounts held in custody for others	$ 3,771,400	$ 39,653,074	$ 40,426,784	$ 2,997,690
IMAGIS				
Assets:				
Cash and investments	$ 193,215	$ 275,000	$ 316,500	$ 151,715
Due from other funds	—	74,000	—	74,000
	$ 193,215	$ 349,000	$ 316,500	$ 225,715
Liabilities:				
Amounts held in custody for others	$ 193,215	$ 349,000	$ 316,500	$ 225,715
Other				
Assets:				
Cash and investments	$ 107,501	$ 610,260	$ 411,989	$ 305,772
Liabilities:				
Amounts held in custody for others	$ 107,501	$ 610,260	$ 411,989	$ 305,772
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and investments	$ 54,726,544	$ 1,830,024,825	$ 1,815,896,247	$ 68,855,122
Property taxes receivable	67,944,435	48,349,051	67,944,435	48,349,051
Other receivables	4,924,853	37,839,505	41,426,803	1,263,555
Due from other funds	5,228,736	33,200,394	34,715,060	3,788,070
	$ 132,824,568	$ 1,949,413,775	$ 1,959,982,545	$ 122,255,798
Liabilities:				
Due to other funds	$ 17,739,642	$ 5,773,786	$ 19,547,077	$ 3,966,351
Amounts held in custody for others	115,084,926	1,977,168,533	1,973,964,012	118,289,447
	$ 132,824,568	$ 1,982,942,319	$ 1,993,511,089	$ 122,255,798

See accompanying independent auditors' report.

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COMMISSIONERS • MARION COUNTY, INDIANA

STATISTICAL SECTION

(UNAUDITED)

TABLE I

MARION COUNTY, INDIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION[1]
LAST TEN FISCAL YEARS

Year	General government[2]	Public safety[2]	Welfare	Culture and recreation	Debt service	Capital outlay	Total
2005	$ 81,337,992	$ 138,994,755	$70,355,925	$ 1,034,835	$ 3,218,931	$ 3,159,311	$ 298,101,749
2004	84,292,561	145,336,448	5,531,550	—	1,920,267	9,050,133	246,130,959
2003	107,475,532	126,145,748	6,563,018	—	10,366,305	10,422,318	260,972,921
2002	99,637,429	117,685,042	1,816,011	—	10,994,392	23,011,607	253,144,481
2001	109,903,041	93,297,040	21,691,223	—	12,501,757	9,477,669	246,870,730
2000	99,305,956	89,393,717	3,889,337	—	—	9,897,346	202,486,356
1999	90,050,197	86,373,203	1,717,304	—	—	10,797,058	188,937,762
1998	83,502,699	79,271,471	1,588,455	—	—	13,040,894	177,403,519
1997	75,738,776	90,752,303	1,733,216	—	—	9,727,874	177,952,169
1996	79,116,165	70,983,616	1,655,712	—	—	7,685,075	159,440,568

[1] Includes General, Special Revenue, Debt Service, and Capital Projects Funds on modified accrual basis.

[2] In 1996, a number of reclassifications were recorded to reflect proper functions of expenditures. These reclassifications were not performed for years prior to 1996.

TABLE II

MARION COUNTY, INDIANA
GENERAL GOVERNMENTAL REVENUES BY SOURCE[1,2]
LAST TEN FISCAL YEARS

Year	Taxes	Intergovern-mental	Interest	Charges for services	Miscellaneous	Total
2005	$ 206,333,753	$ 33,241,670	$ 8,248,891	$ 27,245,146	$ 2,002,411	$ 277,071,871
2004	164,448,388	33,655,161	4,158,493	22,667,038	1,169,078	226,098,158
2003	180,824,964	25,711,573	3,321,377	22,955,026	1,667,903	234,480,843
2002	154,141,016	22,387,152	4,495,763	21,692,116	5,370,291	208,086,338
2001	153,794,423	23,674,456	9,990,743	19,610,416	3,953,910	211,023,948
2000	135,553,880	23,664,676	15,778,386	18,953,793	4,130,314	198,081,049
1999	132,840,256	21,914,983	12,293,551	18,721,388	3,720,348	189,490,526
1998	131,490,774	18,256,982	12,099,237	16,679,612	4,928,986	183,455,591
1997	121,260,328	18,966,282	11,307,257	14,974,901	6,681,408	173,190,176
1996	120,685,139	16,420,129	8,468,052	13,177,645	2,313,389	161,064,354

[1] Includes General, Special Revenue, Debt Service, and Capital Projects Funds on modified accrual basis.
[2] Beginning in 2001, revenues in accordance with GASB Statement No. 33 and Statement No. 36. Prior year revenues amounts have not been adjusted.

TABLE III

MARION COUNTY, INDIANA
TAX REVENUES BY SOURCE[1,2]
LAST TEN FISCAL YEARS

Year	Total taxes	Property taxes	Financial institution tax	Excise tax[3]	Local option income tax	Other state and local taxes
2005	$ 206,333,753	$ 154,362,820	$ 1,876,827	$ 13,986,098	$ 32,336,984	$ 3,771,024
2004	164,448,388	115,554,772	1,363,847	10,365,079	34,215,403	2,949,287
2003	180,814,964	131,318,317	1,322,125	11,263,301	34,129,754	2,781,467
2002	154,141,016	109,397,878	1,256,158	10,848,204	32,217,382	421,394
2001	153,794,423	109,357,795	1,472,175	11,285,177	30,840,465	838,811
2000	135,554,690	95,239,849	1,323,901	9,329,303	28,845,506	816,131
1999	132,840,256	91,899,871	1,591,283	9,200,524	28,428,530	1,720,048
1998	131,490,774	91,760,999	1,397,091	9,830,273	26,682,748	1,819,663
1997	121,260,328	85,012,419	1,425,295	8,579,390	25,323,496	919,728
1996	120,685,139	86,360,317	1,229,650	8,622,374	23,977,200	495,598

[1] Includes General, Special Revenue, Debt Service, and Capital Projects Funds on modified accrual basis.

[2] Beginning in 2001, revenues in accordance with GASB Statement No. 33 and Statement No. 36. Prior year revenue amounts have not been adjusted.

[3] Beginning in 2001, the County began to receive Commercial Vehicle Excise Tax.

TABLE IV

MARION COUNTY, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS[1, 3]
LAST TEN FISCAL YEARS

Year	Total tax levy[2]	Current tax collections	Percent of levy collected	Delinquent tax collections
2005	$ 173,583,000	$ 161,346,000	93.0%	$ 5,995,000
2004	163,091,290	159,522,953	97.8	7,501,984
2003	173,505,578	172,067,938	99.2	6,475,740
2002	151,594,331	148,821,953	98.2	5,525,354
2001	127,033,594	122,269,099	96.2	4,337,332
2000	125,607,444	119,434,756	95.1	4,494,510
1999	124,727,836	118,494,958	95.0	4,556,331
1998	122,425,483	115,897,043	94.7	4,565,582
1997	118,109,208	116,512,591	98.6	5,158,613
1996	127,885,492	131,046,663	102.5	4,341,295

[1] Includes General, Special Revenue, Debt Service, and Capital Projects Funds on modified accrual basis.

[2] Source: Certification prepared by Department of Local Government Finance.

[3] Data has been adjusted to reflect credits issued by the County Auditor’s Office as a result of appeals or other adjustments.

(Continued)

TABLE IV

MARION COUNTY, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS[1, 3]
LAST TEN FISCAL YEARS

Year	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of delinquent taxes to tax levy
2005	$ 167,341,000	96.4%	$ 10,042,000	5.8%
2004	167,024,937	102.4	9,962,747	6.1
2003	178,543,678	102.9	11,764,265	6.6
2002	154,347,307	101.8	6,999,135	4.6
2001	126,606,431	99.7	7,560,707	6.0
2000	123,929,266	98.7	7,363,626	5.9
1999	123,051,289	98.7	9,518,845	7.6
1998	120,462,625	98.4	10,737,132	8.8
1997	121,671,204	103.0	9,605,401	8.1
1996	135,387,958	105.9	10,105,419	7.9

TABLE V

MARION COUNTY, INDIANA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS[5]

	Real property[1, 4]		Personal property[2]
Year	Assessed value[3]	Estimated actual value	Assessed value[3]
2005	$ 32,400,972,050	$ 32,400,972,050	$ 7,229,661,063
2004	32,459,859,950	32,459,859,950	7,039,120,615
2003	30,206,379,075	30,206,379,075	8,845,067,370
2002	20,568,719,859	20,568,719,859	7,745,399,528
2001	6,705,722,193	20,117,166,579	2,479,642,504
2000	6,594,467,920	19,783,403,760	2,487,776,757
1999	6,479,504,341	19,438,513,023	2,402,979,370
1998	6,362,743,493	19,088,230,479	2,368,836,585
1997	6,146,749,746	18,440,249,238	2,183,118,841
1996	5,911,427,765	17,734,283,290	2,096,430,165

1 Assessed values for real property for years 1996 to 2001 represents 1991 values.
2 Assessed values for personal property updated annually.
3 Represents the assessed values certified by the State of Indiana, Department of Local Government Finance as of January 1.
4 Estimated actual value is three times the assessed value for years 1996 through 2001. It is assessed at 100% beginning in 2002.
5 In accordance with Indiana State Law, a property reassessment was conducted in 1996 and 2002.

TABLE VI

MARION COUNTY, INDIANA
PROPERTY TAX RATES—DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS[4, 5]

Year	Marion County Operations	Marion County Debt[1]	Marion County Total	City of Indianapolis
Tax Rates[3]				
2005	$ 0.4116	$ 0.0047	$ 0.4163	$ 0.9532
2004	0.4082	0.0047	0.4129	0.9485
2003	0.4211	0.0232	0.4443	0.9724
2002	0.5005	0.0349	0.5354	1.2254
2001	1.2760	0.1283	1.4043	3.7670
2000	1.4038	—	1.4038	3.7825
1999	1.4022	—	1.4022	3.7948
1998	1.4021	—	1.4021	3.7956
1997	1.4179	—	1.4179	3.8033
1996	1.5970	—	1.5970	3.8054

[1] Includes Welfare debt, County debt, and levy for Center Township Poor Relief Bond Fund.
[2] Schools, Municipal Corporations, and Other rates represent County-wide average.
[3] The above tax rates are based upon $100 assessed valuation.
[4] In accordance with Indiana State Law, a property reassessment was conducted in 1996 and 2002.
[5] Rates decreased because the assessed valuation increased by 3 times true value beginning in 2002.

Personal property[2] Estimated actual value	Total[4] Assessed value[3]	Total[4] Estimated actual value
$ 7,229,661,063	$ 39,630,633,113	$ 39,630,633,113
7,039,120,615	39,498,980,565	39,498,980,565
8,845,067,370	39,051,446,445	39,051,446,445
7,745,399,528	28,314,119,387	28,314,119,387
7,438,927,512	9,185,364,697	27,556,094,091
7,463,330,271	9,082,244,677	27,246,734,031
7,208,938,110	8,882,483,711	26,647,451,133
7,106,509,755	8,731,580,078	26,194,740,234
6,549,356,523	8,329,868,587	24,989,605,761
6,289,290,500	8,007,857,930	24,023,573,790

Municipal corporations[2]	Schools[2]	State of Indiana	Other[2]	Total
$ 0.3650	$ 1.6744	$ 0.0024	$ 0.0637	$ 3.4750
0.3537	1.5633	0.0024	0.2323	3.5131
0.3555	1.4910	0.0033	0.1403	3.4068
0.4152	1.9594	0.0033	0.0799	4.2186
1.2843	5.3913	0.0100	0.7469	12.6038
1.2837	5.2446	0.0100	0.6427	12.3673
1.2835	5.2415	0.0100	0.6120	12.3440
1.2325	4.9884	0.0100	0.6909	12.1195
1.2013	4.9175	0.0100	0.7509	12.1009
1.2064	4.8825	0.0100	0.7477	12.2490

TABLE VII

MARION COUNTY, INDIANA
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS[4]

Year	Assessed value[1,5]	Gross bonded debt[3]	Less debt service monies available[3]
2005	$ 39,630,633,113	$ 23,050,000	$ —
2004	39,498,980,565	9,400,000	—
2003	39,051,446,445	11,100,000	501,464
2002	28,314,219,387	10,000,000	515,267
2001	9,185,364,697	20,000,000	635,095
2000	9,082,244,677	12,000,000	—
1999	8,882,483,711	—	—
1998	8,731,580,078	—	—
1997	8,329,868,587	—	—
1996	8,007,857,930	—	—

(2000 Population: 860,454)
(1990 Population: 797,159)

[1] Represents the assessed values certified by the State of Indiana, Department of Local Government Finance as of January 1.

[2] Bonding limit is 2% of assessed value for years 1996 to 2001. It is 0.67% for 2002 to 2005.

[3] Only includes debt payable from property tax revenue and related debt service monies including prepaid items.

[4] In accordance with Indiana State Law, a property reassessment was conducted in 1996 and 2002.

[5] Assessed value represents 33 1/3% of estimated actual value for the years 1996 through 2001. Assessed value is 100% of estimated actual value beginning in 2002.

TABLE VIII

MARION COUNTY, INDIANA
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2005

Net Assessed Value, as certified by the State of Indiana, Department of Local Government Finance......	$ 39,630,633,113
Debt Limit—0.67% of Net Assessed Value	$ 265,525,241
Net Bonded Debt	23,050,000
Legal Debt Margin..	$ 242,475,241

Net bonded debt	Ratio of net bonded debt to assessed value	Ratio of net bonded debt to limit[2]	Net bonded debt per capita
$ 23,050,000	0.06%	9%	$14.05
9,400,000	0.02	4	10.89
10,498,536	0.03	4	12.20
9,484,733	0.03	5	11.02
19,364,905	0.20	11	22.51
12,000,000	0.10	7	13.95
—	0.00	0	0.00
—	0.00	0	0.00
—	0.00	0	0.00
—	0.00	0	0.00

TABLE IX

MARION COUNTY, INDIANA
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT AND BONDING LIMIT
December 31, 2005 (1)

	Net assessed Valuation (7)	Bonding limit Percent	Bonding limit Amount	Bonds outstanding
DIRECT DEBT:				
Marion County	$ 39,630,633,113	0.67%	$ 265,525,241	$ 23,050,000
OVERLAPPING DEBT:				
City of Indianapolis:				
Civil City	$ 36,913,243,643	0.67%	$ 247,318,732	$ 101,111,000
Consolidated County	39,630,633,113	(3)	—	—
Park District	39,930,633,113	(8)	—	28,334,000
Redevelopment District	36,913,243,643	(8)	—	34,389,188
Flood Control District	39,630,633,113	0.67%	265,525,241	22,979,000
Metropolitan Thoroughfare District	39,630,633,113	1.33%	527,087,420	65,867,000
Sanitary District	36,244,321,253	4%	1,449,772,850	75,947,000
Police Special Service District	11,900,825,663	(2)	—	—
Fire Special Service District	10,972,756,943	(2)	—	—
Solid Waste Disposal Special Service District	36,970,505,193	2.00%	739,410,103	—
Public Safety Communication and Computer Facilities District	39,630,633,113	0.67%	324,192,867	10,015,000
Total City of Indianapolis (9)			$ 3,553,307,213	$ 338,642,188
Municipal Corporations:				
Indianapolis Airport Authority	$ 39,630,633,113	0.67%	$ 265,525,241	$ —
Health and Hospital Corporation of Marion County	39,630,633,113	0.67%	265,525,241	47,570,000
Capital Improvement Board of Managers of Marion County	39,630,633,113	0.67%	265,525,241	—
Indianapolis-Marion County Library	38,444,859,333	0.67%	257,580,557	90,217,000
Indianapolis-Marion County Building Authority	39,630,633,113	(5)	—	38,305,000
Indianapolis Public Transportation Corporation	37,421,365,743	0.67%	250,723,150	15,085,000
Total Municipal Corporations			$ 1,304,879,430	$ 191,177,000
School Districts:				
Beech Grove	$ 474,892,110	(4)	$ 85,073,985	$ 39,493,515
Decatur	1,029,914,160	(4)	156,244,792	141,944,460
Franklin	1,798,203,460	(4)	198,054,069	171,485,095
Indianapolis Public Schools	10,515,867,133	(4)	479,897,342	311,627,135
Lawrence	4,937,398,180	(4)	221,838,700	142,673,394
Perry	3,501,832,940	(4)	203,425,816	157,764,158
Pike	5,015,524,170	(4)	180,460,483	80,150,000
Speedway	710,881,670	(4)	14,217,633	—
Warren	3,056,383,230	(4)	207,502,664	146,375,000
Washington	5,332,301,510	(4)	114,377,668	22,366,638
Wayne	3,257,434,550	(4)	314,509,529	280,599,171
Total School Districts	$ 39,630,633,113		$ 2,175,602,681	$ 1,494,478,566

TABLE IX

MARION COUNTY, INDIANA
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT AND BONDING LIMIT
December 31, 2005 (1)

	Net assessed Valuation (7)	Bonding limit Percent	Bonding limit Amount	Bonds outstanding
Other Cities and Towns:				
Beech Grove	$ 508,122,100	0.67%	$ 3,404,418	$ 936,950
Lawrence	1,441,124,150	0.67%	9,655,531	4,880,000
Southport	57,261,550	0.67%	383,652	—
Speedway	710,881,670	0.67%	4,762,907	3,675,000
Included Towns – 12	—	(3)	—	—
Total Other Cities and Towns	$ 2,717,389,470		$ 18,206,508	$ 9,491,950
Townships:				
Center	$ 5,547,958,993	0.67%	$ 37,171,325	$ —
Decatur	1,034,144,970	0.67%	6,928,771	2,850,194
Franklin	1,957,513,150	0.67%	13,115,338	2,179,668
Lawrence	5,381,292,030	0.67%	36,054,656	—
Perry	3,853,446,980	0.67%	25,818,094	1,507,015
Pike	5,109,143,340	0.67%	34,231,260	1,648,700
Warren	4,158,055,730	0.67%	27,858,973	3,109,708
Washington	7,428,476,960	0.67%	49,770,795	—
Wayne	5,160,600,960	0.67%	34,576,026	—
Total Townships	$ 39,630,633,113		$ 265,525,238	$ 11,295,285
Excluded Cities Library Districts:				
Beech Grove	$ 474,892,110	0.67%	$ 3,181,777	$ 3,848,000
Speedway	710,881,670	0.67%	4,762,907	—
Total Excluded Cities Library Districts	$ 1,185,773,780		$ 7,944,684	3,848,000
Ben Davis Conservancy District	$ 370,504,600	(6)	$ —	$ —
Total Overlapping Debt			$ 7,325,465,754	$ 2,048,932,989
Total Direct and Overlapping Debt			$ 7,590,990,995	$ 2,071,982,989

(1) Excludes Revenue Bonds not payable from ad valorem taxes.
(2) No bonding authority.
(3) No bonding authority payable from ad valorem taxes.
(4) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to a school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.
(5) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by Marion County and the City of Indianapolis from ad valorem taxes mandated by the Building Authority's enabling legislation.
(6) Ben Davis Conservancy District has no bonding limit; bonds are payable from either collection of special benefits taxes or revenues produced from the project per Indiana Code 13-3-3-81.
(7) Represents the assessed values certified by the State of Indiana, Department of Local Government Finance as of January 1, 2005.
(8) There is no statutory or constitutional debt limitation applicable to the Park and Redevelopment Districts.
(9) Including $610,000 of matured bonds not presented for payment.

MARION COUNTY, INDIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

	Debt service requirements				
Year	**Principal**	**Interest**	**Total**	**Total general governmental expenditures**[1]	**Ratio of debt service to general governmental expenditures**
2005	$ 2,250,000	$ 914,880	$ 3,164,800	$ 298,354,031	1.1%
2004	1,700,000	175,293	1,875,293	246,130,959	0.8
2003	10,000,000	366,305	10,366,305	260,972,921	4.0
2002	10,000,000	994,392	10,994,392	253,144,481	4.3
2001	12,000,000	501,757	12,501,757	246,870,730	5.1
2000	—	—	—	202,486,356	N/A
1999	—	—	—	188,937,762	N/A
1998	—	—	—	177,403,519	N/A
1997	—	—	—	177,952,169	N/A
1996	—	—	—	159,440,568	N/A

[1]Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

TABLE XI

MARION COUNTY, INDIANA
DEMOGRAPHIC STATISTICS

Population by Age[1]	2000	1990	1980	1970	1960	Percent of total 2000	1990	1980	1970	1960
0-19	244,709	225,016	244,042	291,574	173,781	29%	28%	32%	39%	36%
20-44	346,027	338,728	290,450	238,506	155,365	40	42	38	32	33
45-64	174,184	140,594	151,443	149,467	99,861	20	18	20	20	21
65 and over	95,534	92,821	79,298	65,077	47,251	11	12	10	9	10
Totals	860,454	797,159	765,233	744,624	476,258	100%	100%	100%	100%	100%

Income Level of Marion County Households

Population[2]	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
\$10,000-\$19,999	83,620	79,254	78,153	86,000	82,490	82,847	79,970	84,502	85,863	88,537
\$20,000-\$34,999	69,462	92,048	90,342	80,000	79,990	79,990	75,954	78,490	79,516	81,855
\$35,000-\$49,999	57,406	69,658	72,417	64,000	64,635	64,278	62,570	63,460	63,479	63,813
Over \$50,000	150,917	114,438	117,588	105,000	129,985	129,985	116,106	107,548	105,242	99,896
Total Households	361,045	355,398	358,500	335,000	357,100	357,100	334,600	334,000	334,100	334,101

Population	Total population[1,2]	Percentage change
2005	864,500	(0.1)%
2004	865,700	0.3
2003	863,251	—
2002	863,429	0.8
2001	856,938	(0.4)
2000	860,454	6.1
1999	810,946	(0.3)
1998	813,405	—
1997	813,670	(0.1)
1996	814,854	—
1995	815,011	—
1994	815,293	0.3
1993	813,122	—
1992	812,324	—
1991	Unavailable[4]	—
1990	797,159	0.1
1989	796,300	0.6
1988	791,900	0.2
1987	790,100	0.6
1986	785,000	0.6
1985	780,000	0.7
1984	774,800	0.4
1983	772,000	0.1
1982	771,000	0.3
1981	768,700	0.5
1980	765,233	(0.4)
1979	768,302	—
1978	768,300	(0.6)
1977	772,802	(0.3)
1976	775,001	(0.8)
1975	781,102	(1.2)
1974	790,901	—
1973	790,502	(0.4)
1970	793,769	13.8
1960	697,567	26.4
1950	551,777	19.7

[1] Data presented is per the U.S. Department of Commerce, Bureau of Census. Data prior to 1970 represents the Consolidated City of Indianapolis before Unigov reorganization.

[2] Data presented is per “2001-2005 Survey of Buying Power and Media Markets” a supplement of Sales and Marketing Management Magazine. Data prior to 1995 is per the U.S. Department of Commerce, Bureau of Census.

[3] Data presented after 1994 is included with income levels up to \$19,999.

[4] Population information pertaining to 1991 was not available.

TABLE XII

MARION COUNTY, INDIANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

	Building permits[1]				
	No. issued	Value of buildings	Bank deposits[2]	Savings and loan deposits[3]	Property value[4]
2005	30,486	$2,190,514,630	$14,726,000,000	$2,491,000,000	$39,630,633,113
2004	27,709	1,684,256,649	13,863,000,000	2,532,000,000	39,498,980,565
2003	31,413	1,480,607,149	13,962,000,000	2,389,000,000	39,051,446,445
2002	36,000	1,760,318,000	12,659,000,000	1,273,000,000	28,314,219,387
2001	41,000	1,932,731,000	11,520,000,000	2,392,000,000	27,556,094,091
2000	37,175	2,364,376,370	10,443,000,000	2,075,000,000	27,246,734,031
1999	40,013	1,948,286,690	11,301,000,000	1,903,000,000	26,647,451,133
1998	38,114	1,845,017,605	11,277,000,000	1,780,000,000	26,194,740,234
1997	38,567	1,199,898,147	9,771,643,000	1,472,507,000	24,989,605,761
1996	38,290	1,070,886,493	9,804,723,000	1,498,840,000	24,023,573,790

[1] Source: City of Indianapolis, Department of Metropolitan Development.

[2] Source for 1996: FHLB Presentation Analysis Report, FDIC Home Page for 1997 to 2005.

[3] Source for 1996: Sheshunoff Information Services, FDIC Home Page for 1997 to 2005.

[4] For 1996 to 2001, property value is estimated actual value, i.e. three times assessed value. For 2002 and after, property value equals estimated actual value.

TABLE XIII

MARION COUNTY, INDIANA
SCHEDULE OF INSURANCE IN FORCE
December 31, 2005

(A) Name of company (B) Type of coverage	Policy number	Policy period from to	Details of coverage	Liability limits	Annual premium	Deductible
(1) (A) Chubb Insurance	35363751	4/1/05-4/1/06	Blanket insurance on real and personal property of City/County on fire, EDP, boiler machinery, and flood excess of $50 million.	$658,693,502	$718,672	$50,000 $500,000/Flood Zone A $100,000/Flood Zone B $100,000/Flood Zone C
(A) Great America Ins. Co. (B) Flood and Earth-quake Insurance	IMP871113803	1/1/05 – 1/1/06	Excess flood and earthquake. (DIC) $50 million excess.	$558,898,209	$45,000	$50,000,000
(2) (A) Ohio Casualty (B) Bond	3663951	1/1/05 – 1/1/06	Public Officials coverage for County Treasurer, Mike Rodman	$300,000	$1,175	None
(3) (A) Ohio Casualty (B) Elected Official Bond	3767182	1/1/05 – 1/1/06	Bond covering Washington Township Assessor, Joline Ohmart	$8,500	$100	None
(4) (A) Fidelity & Deposit of Maryland (B) Public Officials	3767169	1/1/05 – 1/1/06	Public Officials coverage for County Clerk, Doris Anne Sadler	$300,000	$1,050	None
(5) (A) Indiana Peerless (B) Public Officials	3767171	1/1/05 – 1/1/06	Public Officials coverage for County Surveyor, Mary Catherine Barton	$8,500	$100	None
(6) (A) Fidelity & Deposit of Maryland (B) Public Officials	POB0003482	1/1/05 – 1/1/06	Public Officials coverage for Decatur Assessor, Charles Coleman	$8,500	$100	None
(7) (A) Fidelity & Deposit of Maryland (B) Public Officials	3767170	1/1/05 – 1/1/06	Public Officials coverage for County Prosecutor, Carl Brizzi	$8,500	$100	None
(8) (A) Fidelity & Deposit of Maryland (B) Public Officials	3665000043	1/1/05 – 1/1/06	Public Officials coverage for County Coroner, Dr. Kenneth Ackles	$8,500	$100	None
(9) (A) Fidelity & Deposit of Maryland (B) Public Officials	3767168	1/1/05 – 1/1/06	Public Officials coverage for County Sheriff, Frank Anderson	$90,000	$450	None
(10)(A) Arlington/ Roe & Co. (B) Public Officials	3664999	1/1/05 – 1/1/06	Public Officials coverage for County Recorder, Wanda Martin	$60,000	$350	None
(11)(A) Fidelity & Deposit of Maryland (B) Public Officials	POB4008539	1/1/05 – 1/1/06	Public Officials coverage for County Assessor, Joan Romeril	$8,500	$100	None
(12)(A) Peerless Insurance (B) Public Officials	POB8152168	1/1/05 – 1/1/06	Public Official Coverage for County Auditor, Martha Womacks	$300,000	$1,050	None
(A) Fidelity & Deposit of Maryland (B) Public Officials	POB0003483	1/1/05 – 1/1/06	Public Officials coverage for Wayne Twp Assessor, Charles Spears	$8,500	$100	None
(A) American States Insurance (B) Public Officials	01-EX-590695	1/1/05 – 1/1/06	Public Officials coverage for Center Twp Assessor, James Maley	$8,500	$100	None
(A) Ohio Casualty (B) Public Officials	3767192	1/1/05 – 1/1/06	Public Officials coverage for Franklin Twp Assessor Becky Williams	$8,500	$100	None
(A) CNA Surety (B) Public Officials	0601-14461487	1/1/05 – 1/1/06	Public Officials coverage for Warren Twp Assessor, William Birkle	$8,500	$100	None
(A) Ohio Farmers (B) Public Officials	5818601	1/1/05 – 1/1/06	Public Officials coverage for Perry Twp Assessor, Katherine Price	$8,500	$100	None
(A) Fidelity & Deposit (B) Public Officials	08604819	1/1/05 – 1/1/06	Public Officials coverage for Lawrence Twp Assess Raul Ricketts	$8,500	$100	None
(A) Sentry Insurance (B) Public Officials	67-63145-01	1/1/05 – 1/1/06	Public Officials coverage for Pike Twp Assessor, Barbara Hurst	$8,500	$100	None

TABLE XIV

MARION COUNTY, INDIANA
SALARIES OF PRINCIPAL OFFICE HOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2005

Name	Title	Annual salary excluding meeting per diem	Fidelity bond
Bart Peterson	County Executive	$ 95,000	$ —
Doris Anne Sadler	Clerk of the Circuit Court	76,500	300,000
Martha A. Womacks	Auditor	76,000	300,000
Michael W. Rodman	Treasurer	76,500	300,000
Wanda Martin	Recorder	70,500	60,000
Frank Anderson	Sheriff	102,338	90,000
Mary Catherine Barton	Surveyor	57,767	8,500
Kenneth Ackles, Sr., D.C.	Coroner	38,501	8,500
Joan N. Romeril	Assessor	70,500	8,500
Carl Brizzi	Prosecutor	5,000	8,500
Steve Talley	City-County Council President	13,382	—
Joanne Sanders	City-County Council Vice-President	12,720	—
Monroe Gray, Jr.	City-County Council Majority Leader	12,720	—
Dr. Philip Borst	City-County Council Minority Leader	12,720	—
Patrice Abduallah	City-County Councillor	11,400	—
Gregory Bowes	City-County Councillor	11,400	—
James Bradford	City-County Councillor	11,400	—
Vernon Brown	City-County Councillor	11,400	—
Virginia Cain	City-County Councillor	11,400	—
Bob Cockrum	City-County Councillor	11,400	—
Lonnell Conley	City-County Councillor	12,197	—
N. Susie Day	City-County Councillor	11,400	—
Sherron Franklin	City-County Councillor	11,400	—
Ron Gibson	City-County Councillor	12,197	—
Scott Keller	City-County Councillor	11,400	—
Becky Langsford	City-County Councillor	11,400	—
Dane Mahern	City-County Councillor	11,400	—
Angela Mansfield	City-County Councillor	11,400	—
Lynn McWhirter	City-County Councillor	11,400	—
Mary Bridget Moriarty Adams	City-County Councillor	12,197	—
Jackie Nytes	City-County Councillor	12,197	—
William Oliver	City-County Councillor	11,400	—
Marilyn Pfisterer	City-County Councillor	11,400	—
Lincoln Plowman	City-County Councillor	11,400	—
Issac Randolph, Jr.	City-County Councillor	11,400	—
Earl Salisbury	City-County Councillor	11,400	—
Scott G. Schneider	City-County Councillor	11,400	—
Mike Speedy	City-County Councillor	11,400	—

All County employees except elected officials are covered by a $100,000 blanket bond.

CITY OF INDIANAPOLIS
PRINCIPAL TAXPAYERS
December 31, 2005

Principal taxpayers	Type of business	2005 net assessed valuation (A)	
Eli Lilly & Company	Pharmaceuticals/Manufacturing	$ 962,470	(B)
South Western Bell	Utility	395,354	(B)
General Motors	Manufacturing - Automotive	383,445	(B)
Indianapolis Power & Light	Utility	355,511	
Simon Property Group	Real Estate	244,214	
Citizens Gas & Coke Utility	Utility	183,662	
International Truck and Engine	Manufacturing - Automotive	185,425	(B)
Federal Express Corporation	Shipping	153,801	(B)
Visteon Corporation	Manufacturing - Automotive	141,448	
American United Life Insurance	Insurance	120,204	
Dugan Realty	Real Estate	112,277	(B)
Kroger	Retail - Grocery	105,218	
Rolls Royce	Manufacturing	101,861	(B)
Roche Diagnostics	Manufacturing - Pharmaceuticals	93,107	
Marsh Supermarkets	Retail - Grocery	91,517	

(A) Represents the March 1, 2004 valuations for taxes due and payable in 2005 as represented by the taxpayer. The principal taxpayers are located in different taxing districts; therefore, percentage of total assessed valuation is not applicable. Amounts in thousands.

(B) Net assessed valuation was determined using public records from the Marion County Treasurer's Office.

MARION COUNTY, INDIANA
MISCELLANEOUS STATISTICS
December 31, 2005

County Seat—Indianapolis	
U.S. Congressional District Nos. 6 and 10	
Indiana House District Nos. 86 through 100	
Indiana Senate District Nos. 29 through 36	
Date of present charter adopted (UNIGOV)	1969
Form of Government	City-County Council and County Executive
Area—Square Miles	402
Estimated Miles of Streets	3,148
Estimated Miles of Sewers	3,002
Fire Protection (D)	
Number of Stations	63
Number of Employees	1,644
Police Protection	
City of Indianapolis (A)	1,492
Marion County (A)	1,220
Total Number of Employees	2,712

Recreation	
Parks–Number (C)	188
Parks–Acreage (C)	10,770
Playgrounds	133
Golf Courses	13
Family Centers	25
Pools/Aquatic Centers	22
Education (Public Schools)	
Number of Students (Grades K-12) (B)	135,705
Number of Street Lights	29,763
Number of Employees (Marion County)	3,203

(A) Includes civilians.
(B) Data presented is per the Indiana Department of Public Instruction for Marion County, all districts.
(C) Includes City of Indianapolis parks only.
(D) Includes data for the Indianapolis Fire Department and all township fire departments.

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

OMB Circular A-133
Single Audit Report

For the year ended December 31, 2005

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

OMB Circular A-133
Single Audit Report

For the year ended December 31, 2005

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MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2005

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
U.S. Department of Agriculture						
Child Nutrition Cluster:						
	Indiana Department of Education	C2-4-49-K160 and C2-4-49-K162	School Breakfast Program	10.553	$ —	125,019
	Indiana Department of Education	C2-4-49-K160 and C2-4-49-K162	National School Lunch Program	10.555	—	225,224
			Total Child Nutrition Cluster		—	350,243
Total U.S. Department of Agriculture					—	350,243
U.S. Department of Justice	Indiana Department of Corrections	2002-RE-CX-002	Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	—	35,475
	ICJI***	02-JB-043	Juvenile Accountability Incentive Block Grants	16.523	26,267	26,807
	ICJI***	04-JB-008	Juvenile Accountability Incentive Block Grants	16.523	—	20,067
	ICJI***	03-JB-039	Juvenile Accountability Incentive Block Grants	16.523	265,889	632,169
			Total 16.523		292,156	679,043
	ICJI***	04JF004	Juvenile Justice and Delinquency Prevention – Child Advocates	16.540	25,000	25,000
	ICJI***	04JF024	Juvenile Justice and Delinquency Prevention – TAS	16.540	42,337	42,337
			Total 16.540		67,337	67,337
	ICJI***	2004-DN-K052	National Institute of Justice Research, Evaluation, and Development Project Grants – Coverdell Improvement Grant	16.560	—	55,614
	ICJI***	04FS002	DNA Forensic Casework Backlog	16.564	—	97,751
	ICJI***	05VA091	Crime Victim Assistance – Kid's Voice 05/06	16.575	12,076	12,076
	ICJI***	05VA085	Crime Victim Assistance – Kid's Voice 05/06	16.575	15,140	15,140
	ICJI***	04VA108	Crime Victim Assistance – Victim Advocate 04/05	16.575	—	142,782
	ICJI***	04VA107	Crime Victim Assistance – Salvation Army 04/05	16.575	38,454	38,454
	ICJI***	05VA090	Crime Victim Assistance – Sheriff 05/06	16.575	—	50,139
	ICJI***	05VA160	Crime Victim Assistance – Centers of Hope 05/06	16.575	78,855	78,855
	ICJI***	04VA109	Crime Victim Assistance – Child Interviewer 04/05	16.575	—	55,946
	ICJI***	05VA089	Crime Victim Assistance – Victim Advocate 05/06	16.575	—	136,331
	ICJI***	04VA104	Crime Victim Assistance – New Path for Victims 04/05	16.575	15,033	15,033
	ICJI***	05VA087	Crime Victim Assistance – Child Advocates	16.575	25,596	25,596
	ICJI***	05VA084	Crime Victim Assistance – Child Interviewer 05/06	16.575	—	47,319
	ICJI***	04VA111	Crime Victim Assistance – Victim Assistance 04/05	16.575	—	57,594
	ICJI***	02VA180	Crime Victim Assistance – Salvation Army Special	16.575	3,920	3,920
	ICJI***	04VA103	Crime Victim Assistance – Julian Center’s Family Growth Project 04/05	16.575	3,822	3,822
	ICJI***	04VA009	Crime Victim Assistance – Protective Order Pro Bono Project 04/05	16.575	12,330	12,330
	ICJI***	04VA112	Crime Victim Assistance – Parent Child Visitation Program 04/05	16.575	12,076	12,076
	ICJI***	04VA110	Crime Victim Assistance – Centers of Hope 04/05	16.575	80,823	80,823
	ICJI***	04VA105	Crime Victim Assistance – Child Advocates Expansion Project	16.575	20,389	20,389
	ICJI***	04VA106	Crime Victim Assistance – Breaking Free Adult 04/05	16.575	15,845	15,845
	ICJI***	05VA082	Crime Victim Assistance – Salvation Army 05/06	16.575	39,622	39,622
	ICJI***	05VA088	Crime Victim Assistance – Breaking Free 05/06	16.575	16,104	16,104
	ICJI***	04VA004	Crime Victim Assistance – CASA for Kids Program 04/05	16.575	15,139	15,139
			Total 16.575		$ 405,224	895,335

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2005

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
	ICJI***	99DB024	Edward Byrne Memorial Formula Grant Program – Case Management	16.579	$ —	7,477
	ICJI***	03DB026	Edward Byrne Memorial Formula Grant Program – Johnson County 04/05	16.579	—	10,985
	ICJI***	04-DB-020	Edward Byrne Memorial Formula Grant Program – Johnson County 05/06	16.579	—	43,748
	ICJI***	DB1033	Edward Byrne Memorial Formula Grant Program – Sentencing Resources	16.579	—	23,800
	ICJI***	03-DB-054	Edward Byrne Memorial Formula Grant Program – Juvenile Deposition Project	16.579	—	20,843
	ICJI***	02-DB-054	Edward Byrne Memorial Formula Grant Program – Juvenile Dispositional 05/06	16.579	—	12,683
	ICJI***	04-DB-028	Edward Byrne Memorial Formula Grant Program – Forensic Diversion 05/06	16.579	—	40,899
	ICJI***	02-DB-057	Edward Byrne Memorial Formula Grant Program – Community Prosecution 05/06	16.579	—	87,817
	ICJI***	04-DB-025	Edward Byrne Memorial Formula Grant Program – Life Effectiveness Training 05/06	16.579	—	65,669
	ICJI***	03DB033	Edward Byrne Memorial Formula Grant Program – Life Effectiveness Training Court	16.579	—	23,098
	ICJI***	02-DB-061	Edward Byrne Memorial Formula Grant Program – Juvenile Drug Treatment Court	16.579	—	18,084
	ICJI***	03-DB-052	Edward Byrne Memorial Formula Grant Program – Young Offenders Diversion Project 04/05	16.579	—	218,394
	ICJI***	03DB032	Edward Byrne Memorial Formula Grant Program – Drug Treatment Diversion	16.579	—	158,157
	ICJI***	03DB-031	Edward Byrne Memorial Formula Grant Program – Violence Reduction Partnership 04/05	16.579	—	15,166
	ICJI***	03DB034	Edward Byrne Memorial Formula Grant Program – Community Court	16.579	—	27,187
	ICJI***	02-DB-044	Edward Byrne Memorial Formula Grant Program – Community Prosecution	16.579	—	277,561
	ICJI***	04-DB-031	Edward Byrne Memorial Formula Grant Program – Community Court	16.579	—	66,900
	ICJI***	03DB030	Edward Byrne Memorial Formula Grant Program – Metro Drug Task Force 04/05	16.579	—	133,480
	ICJI***	04-DB-027	Edward Byrne Memorial Formula Grant Program – Violence Reduction Partnership 05/06	16.579	—	33,577
	ICJI***	04-DB-029	Edward Byrne Memorial Formula Grant Program – Adult Drug Treatment Court	16.579	—	105,089
	ICJI***	04-DB-026	Edward Byrne Memorial Formula Grant Program – Metro Drug Task Force 05/06	16.579	—	373,747
	ICJI***	04-DB-030	Edward Byrne Memorial Formula Grant Program – Young Offenders	16.579	—	406,308
			Total 16.579		—	2,170,669
	ICJI***	05ST034	Violence Against Women Formula Grants – Protective Order Pro Bono Project	16.588	40,060	40,060
	ICJI***	04ST040	Violence Against Women Formula Grants – A Child's Haven	16.588	18,910	18,910
	ICJI***	04ST062	Violence Against Women Formula Grants – Pro Bono Project	16.588	48,625	48,625
	ICJI***	04ST041	Violence Against Women Formula Grants – Julian Center 04/05	16.588	10,026	10,026
	ICJI***	04ST039	Violence Against Women Formula Grants – Hispanic Outreach 04/05	16.588	13,563	13,563
	ICJI***	05ST037	Violence Against Women Formula Grants – Child's Haven 05/06	16.588	15,458	15,458
	ICJI***	05ST035	Violence Against Women Formula Grants – Breaking Free 05/06	16.588	15,337	15,337
			Total 16.588		161,979	161,979
	City of Indianapolis, Indiana	2003-WE-BX-K001	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	—	51,492
	City of Indianapolis, Indiana	2004-LB-BX-1302	Local Law Enforcement Block Grant Program – Block Grant 9	16.592	—	64,432
	ICJI***	04-LB-044	Local Law Enforcement Block Grant Program – Equipment Purchase	16.592	—	2,295
	City of Indianapolis, Indiana	2003-LB-BX-1439	Local Law Enforcement Block Grant Program – Block Grant 8	16.592	—	488,641
			Total 16.592		—	555,368
	City of Indianapolis, Indiana	2005-WS-Q4-0021	Executive Office for Weed and Seed – Community Court W/S Coordinator	16.595	—	26,943
	City of Indianapolis, Indiana	2004-WS-Q4-0063	Executive Office for Weed and Seed – Conflict Resolution	16.595	—	25,180
			Total 16.595		$ —	52,123

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2005

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
			Community Prosecution and Project Safe Neighborhoods – Project Sentry	16.609	$ —	119,539
			Community Prosecution and Project Safe Neighborhoods – Community Prosecution Leadership Grant	16.609	—	26,693
			Community Prosecution and Project Safe Neighborhoods – PSN Warrant Initiative/Safe Neighborhood	16.609	—	112,895
			Community Prosecution and Project Safe Neighborhoods – Safe Neighborhoods Research Partnership	16.609	—	43,121
			Community Prosecution and Project Safe Neighborhoods – Community Gun Violence Prosecution Program	16.609	—	9,927
	ICJI***	2003GPCX0523	Community Prosecution and Project Safe Neighborhoods – Project Safe Neighborhoods	16.609	146,138	353,942
			Total 16.609		146,138	666,117
			Public Safety Partnership and Community Policing Grants	16.710	—	120,373
	Indiana State Police	2004-DN-BX-K123	Forensic DNA Backlog Reduction Program	16.741	—	7,582
			Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748	—	2,228
			Law Enforcement Assistance – Indianapolis Violent Crimes Major Offenders – Safe Streets Task Force	16.xxx	—	14,049
			Department of Justice – Drug Enforcement Task Force	16.xxx	—	6,307
			Indianapolis Metropolitan Safe Streets Gang Task Force	16.xxx	—	131,042
			Weed and Seed – ATF	16.xxx	—	485
			Federal Equitable Share	16.xxx	—	61,315
			Total 16.xxx		—	213,198
Total U.S. Department of Justice					1,072,834	5,831,684
National Highway Traffic Safety Administration						
State and Community Highway Safety Program Cluster:						
	ICJI***	NA	State and Community Highway Safety – Fuel Award	20.600	9,644	9,644
	ICJI***	154AL 05-03, T-03, P-01	State and Community Highway Safety – Operation Pull Over Grant	20.600	—	141,667
	ICJI***	154AL 05-03-02-03	State and Community Highway Safety – Fatal Alcohol Crash Team	20.600	—	119,406
	ICJI***	154AL-05-03-02-03	State and Community Highway Safety – FACT Equipment Award	20.600	—	21,864
	ICJI***	J8-05-03-03-02	State and Community Highway Safety – OPO Equipment Award	20.600	—	4,000
	ICJI***	154315	State and Community Highway Safety – DUI Task Force 02/03	20.600	—	(569)
	ICJI***	154AL-06-03-02-02	State and Community Highway Safety – Fatal Alcohol Crash Team	20.600	—	30,434
			Total 20.600		9,644	326,446
	ICJI***	154AL-05-03,T03,P88	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants – DUI Taskforce Indiana	20.601	—	180,136
	ICJI***	J8 04-03-03-01	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants – Operation Pull Over	20.601	—	569
			Total 20.601		—	180,705
	ICJI***	PT-06-04-07-42	Occupant Protection – Big City County Seat Belts	20.602	—	52,371
	ICJI***	154AL-06-03-03-15	Safety Incentive Grants for Use of Seatbelts – DUI Indiana	20.604	—	64,559
	ICJI***	IN-05-02, T-03, P-39	Safety Incentive Grants for Use of Seatbelts – Big City County Seat Belts	20.604	—	32,489
			Total 20.604		—	97,048
			Total State and Community Highway Safety Program Cluster		9,644	656,570
Total National Highway Traffic Safety Administration					$ 9,644	656,570

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2005

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
U.S. Election Assistance Commission						
	Indiana Secretary of State	N/A	Help America Vote Act	90.xxx	$ —	2,595,212
Total U.S. Election Assistance Commission					—	2,595,212
U.S. Department of Health and Human Services						
	FSSA**	N/A	Child Support Enforcement	93.563	—	3,529,592
	Indiana Judicial Center	N/A	State Court Improvement Program	93.586	—	9,206
	Indiana Judicial Center	N/A	State Court Improvement Program	93.586	—	31,890
			Total 93.586		—	41,096
	FSSA**	49-05-IV-2177	Grants to States for Access and Visitation Programs 04/05	93.597	—	29,098
	FSSA**	49-04-IV-2177	Grants to States for Access and Visitation Programs 05/06	93.597	—	5,940
			Total 93.597		—	35,038
Total U.S. Department of Health and Human Services					—	3,605,726
Department of Homeland Security						
	State Emergency Management Agency	N/A	State Domestic Preparedness Equipment Support Program	97.004	—	18,648
Total Department of Homeland Security					—	18,648
Total Expenditures of Federal Awards					$ 1,082,478	13,058,083

See accompanying notes to schedule of expenditures of federal awards and independent auditors' reports.

** Indiana Family and Social Services Administration (FSSA)

*** Indiana Criminal Justice Institute (ICJI)

N/A Pass-through grantor number not available

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Notes to Schedule of Expenditures of Federal Awards

For the year ended December 31, 2005

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) presents the activity of federal awards programs received by Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County. The County's reporting entity is defined in note 1 to the County's financial statements. For the purposes of the schedule, federal awards include grants, contracts, loans, and loan guarantee agreements entered into directly between the County and agencies and departments of the federal government or passed through other government agencies or other organizations. The County's federal awards are defined as being those administered directly by the County.

(2) Basis of Accounting

The accompanying schedule has been prepared on an accrual basis of accounting as permitted by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Gregory A. Ballard,
Mayor, City of Indianapolis,
and the City-County Audit Committee
Marion County, Indiana:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 28, 2009. Our report was modified to include reference to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*, in 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 05-01 through 05-06 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 05-01, 05-02, and 05-03 to be material weaknesses.

Compliance and Other Matters

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

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the audit committee, others within the entity, and 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.

KPMG LLP

Indianapolis, Indiana
October 28, 2009

KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Gregory A. Ballard,
Mayor, City of Indianapolis,
and the City-County Audit Committee
Marion County, Indiana:

Compliance

We have audited the compliance of Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County, 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 December 31, 2005. The County's major federal programs are identified in the summary of auditors' 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 County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in items 05-07 and 05-08 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirement regarding reporting that is applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program. In our opinion, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to the Child Nutrition Cluster program for the year ended December 31, 2005.

As described in items 05-10 and 05-11 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs/cost principles or subrecipient monitoring that are applicable to its Juvenile Accountability Incentive Block Grants program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Juvenile Accountability Incentive Block Grant program for the year ended December 31, 2005.

As described in items 05-11 and 05-15 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting or subrecipient monitoring that are applicable to its Crime Victim Assistance program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Crime Victim Assistance program for the year ended December 31, 2005.

As described in items 05-10, 05-12, and 05-14 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs/cost principles, cash management, or reporting that are applicable to its Edward Byrne Memorial Formula Grant program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Edward Byrne Memorial Formula Grant program for the year ended December 31, 2005.

As described in items 05-11 and 05-13 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding subrecipient monitoring or cash management that are applicable to its Violence Against Women Formula Grants program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Violence Against Women Formula Grants program for the year ended December 31, 2005.

As described in item 05-10 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirement regarding allowable costs/cost principles that is applicable to its Local Law Enforcement Block Grants program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Local Law Enforcement Block Grants program for the year ended December 31, 2005.

As described in items 05-10, 05-18, 05-19, and 05-20 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs/cost principles, cash management, or procurement and suspension and debarment, that are applicable to its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, because of the effects of the noncompliance described in this paragraph, the County did not comply, in all material respects, with the requirements referred to above that are applicable to the Child Support Enforcement program for the year ended December 31, 2005.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its State and Community Highway Safety Program Cluster for the year ended December 31, 2005. However, the results of our auditing procedures disclosed 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 items 05-16 and 05-17.

Internal Control over Compliance

The management of the County 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 County'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 County'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 and others that we consider to be material weaknesses.

A control deficiency in an entity'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 the accompanying schedule of findings and questioned costs as items 05-07 through 05-20 to be significant deficiencies.

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 items 05-07, 05-08, 05-09, 05-10, 05-11, 05-13, 05-14, 05-15, and 05-20 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2005, and have issued our report thereon dated October 28, 2009. Our report on the basic financial statements was modified to reference the adoption of GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the audit committee, others within the entity, and 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.

KPMG LLP

Indianapolis, Indiana
January 12, 2010 except as to paragraph fifteen,
which is as of October 28, 2009

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)

Schedule of Findings and Questioned Costs

For the year ended December 31, 2005

(1) Summary of Auditors Results

(a)	The type of report issued on the basic financial statements:	**Unqualified Opinions**
(b)	Significant deficiencies in internal control were disclosed by the audit of the basic financial statements:	**Yes**
	Material weaknesses:	**Yes**
(c)	Noncompliance which is material to the basic financial statements:	**No**
(d)	Significant deficiencies in internal control over major programs:	**Yes**
	Material weaknesses:	**Yes**
(e)	The type of report issued on compliance for major programs:	
	Child Nutrition Cluster (CFDA Nos. 10.553 and 10.555)	**Qualified**
	Juvenile Accountability Incentive Block Grants (CFDA No. 16.523)	**Adverse**
	Crime Victim Assistance (CFDA No. 16.575)	**Adverse**
	Edward Byrne Memorial Formula Grant Program (CFDA No. 16.579)	**Adverse**
	Violence Against Women Formula Grants (CFDA No. 16.588)	**Adverse**
	Local Law Enforcement Block Grants Program (CFDA No. 16.592)	**Adverse**
	State and Community Highway Safety Program Cluster (CFDA Nos. 20.600/20.601/20.602/20.604)	**Unqualified**
	Child Support Enforcement (CFDA No. 93.563)	**Adverse**
(f)	Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:	**Yes**

(g) Major programs:

Child Nutrition Cluster, U.S. Department of Agriculture
passed through Indiana Department of Education
(CFDA Nos. 10.553 and 10.555)

Juvenile Accountability Incentive Block Grants, U.S. Department
of Justice passed through Indiana Criminal Justice Institute
(CFDA No. 16.523)

Crime Victim Assistance, U.S. Department of Justice passed through Indiana Criminal Justice Institute (CFDA No. 16.575)

Edward Byrne Memorial Formula Grant Program, U.S. Department of Justice passed through Indiana Criminal Justice Institute (CFDA No. 16.579)

Violence Against Women Formula Grants, U.S. Department of Justice passed through Indiana Criminal Justice Institute (CFDA No. 16.588)

Local Law Enforcement Block Grants Program, U.S. Department of Justice passed through City of Indianapolis, Indiana and Indiana Criminal Justice Institute (CFDA No. 16.592)

State and Community Highway Safety Program Cluster, National Highway Traffic Safety Administration passed through Indiana Criminal Justice Institute (CFDA Nos. 20.600/20.601/20.602/20.604)

Child Support Enforcement, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration (CFDA No. 93.563)

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$391,742**

(i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

05-01 Financial Reporting and Year-End Transactions – Material Weakness

Comment and Recommendation

Throughout the year, the accounting entries for Marion County (County) are typically recorded on a cash basis. At fiscal year-end, the County commences its financial reporting process whereby the cash basis financial amounts are converted to the modified accrual basis of accounting for the fund financial statements by recording amounts for accounts receivable and payable, appropriately classifying expenditure amounts, and making other various accounting entries. A manual conversion process that occurs outside of the financial accounting system is then utilized to convert the fund financial statements to the government-wide financial statements. During the current year audit, a significant number of material audit adjustments were required to accurately and materially state the financial statements. The primary cause of these adjustments is that management has historically relied upon the auditors to identify modified and full accrual basis adjustments required to the financial statements. Management does not have a comprehensive year-end financial reporting process in place that they can follow to accurately produce financial statements. Specifically, internal control deficiencies were noted as follows:

- Cash accounts were not being reconciled to the general ledger on a timely or accurate basis and many cash accounts are not maintained on the County's general ledger system.
- Inaccurate coding of receipts and disbursements so that management was not able to accurately identify all necessary accounts receivable and payable accruals at year-end.
- Inability to accurately calculate and record receivable amounts related to property and other taxes.
- Errors in recording transactions related to current year debt issuances.
- No or very limited management review of year-end accounting entries is being performed.
- Inappropriate review of identification of major funds required to be reported in the financial statements. This lack of review led to a major fund not being appropriately identified as a major fund.

We recommend the County establish appropriate procedures to provide for accurate and timely financial statements. Management should critically review their year-end financial reporting process and implement procedures to ensure that year-end accounting entries are appropriate, complete, and accurate. All accounts should be reconciled on a monthly and timely basis. Monthly reconciliations should include posting adjustments identified each month. Appropriate and timely management review should occur for all reconciliations and financial reporting entries. All cash accounts should be recorded on the same general ledger system. All financial reporting processes should be formally documented in an accounting procedures manual to allow for consistent implementation.

Views of Responsible Officials

In 2005, the County experienced the loss of a file containing the cash reconciliations for several months. These reconciliations had to be recreated causing a delay in the final reconciliation of the cash accounts. This problem has been corrected to assure that these files are appropriately backed up to prevent future loss. In recent years (2007 and forward), many of the cash accounts that were previously not maintained on the County's general ledger system have been transitioned. The County is still working towards moving any remaining accounts onto the County's system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County's records.

We concur that improvements need to be made in the reporting of financial information and steps have already been taken to enhance this process. Additional training and transaction codes have been provided and created to assist in more accurate accumulation of payables and receivables. The creation of the statements themselves have been transitioned to the general ledger system through use of months 13 and 14 for accruals and audit adjustments. We will continue to enhance these processes as we move forward in future years.

05-02 Bank Reconciliations – Material Weakness

Comment and Recommendation

Sound internal control over cash assets includes regular reconciliation of accounting records and cash activity to bank account statements and independent review of bank reconciliations. The County had significant delays in reconciling cash accounts for 2005. When bank reconciliations were ultimately prepared, a significant number of material reconciling items were identified. Additionally, the County maintains a significant number of cash accounts that are not maintained on the financial accounting system. Significant time and effort were incurred reconciling, summarizing, and recording amounts on the year-end financial statements.

We recommend the County reconcile all accounts to the general ledger on a monthly basis and all accounting adjustments that are identified through the monthly reconciliation process be made prior to the close of each month's accounting activity. Additionally, all cash accounts maintained by the County should be recorded and accounted for on the County's general ledger system. We also recommend that an independent review of the bank reconciliations occur by a management level individual.

Views of Responsible Officials

We concur. It is, and will continue to be, the County's policy, to reconcile cash on a monthly basis. In 2005, the County experienced the loss of a file containing the cash reconciliations for several months. These reconciliations had to be recreated causing a delay in the final reconciliation of the cash accounts. This problem has been corrected to assure that these files are appropriately backed up to prevent future loss. In recent years (2007 and forward), many of the cash accounts that were previously not maintained on the County's general ledger system have been transitioned. The County is still working towards moving any remaining accounts onto the County's system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County's records.

05-03 Grant Accounting Including Related Deferred Revenue – Material Weakness

Comment and Recommendation

The County utilizes a manual process to calculate the amount of accounts receivable related to grants that should be recorded in the financial statements at year-end. A spreadsheet is created, which summarizes the amount of expenditures and receipts by each individual grant award. From this spreadsheet, the County calculates the amount of the receivable based on the amount of cash receipts to date as compared to the related accrual basis expenditures. As part of this process, the County also calculates the amount of related deferred revenue to record for the fund financial statements by evaluating the subsequent year cash receipts that are received within the County's availability period (i.e., 120 days). We identified significant errors in the County's calculations both in the amount of accounts receivable that should be recorded as well as the amount of deferred revenue recorded. Additionally, the County does not have adequate procedures to ensure that all grants are captured in this manual process and that grants are reconciled on a timely basis to ensure that all grant expenditures have been appropriately identified related to each grant award. Lastly, the County often reposts amounts between funds due to items originally posted to the General Fund, which should be charged against a particular grant or to correct errors in postings. These are often not performed on a timely basis, which leads to expenditures not being posted in correct periods.

We recommend the County comprehensively review their process and internal controls for recording grant related amounts. This review should include ensuring that procedures in place, which record accrual basis expenditures are accurate and complete since those amounts are the basis for recording the related grants receivable amounts. Each grant award should be reconciled on a regular and timely basis to ensure that all expenditures have been appropriately identified and recorded as relating to the grant award. Additionally, the year-end grant process should include procedures for ensuring the amounts of accounts receivable and deferred revenue have been accurately calculated. The County's process should also include implementing a management review process whereby all calculations and recorded adjustments are reviewed by an individual other than the individual calculating the amounts. All procedures should also be formally documented so that procedures can be easily followed and consistently applied from year to year.

Views of Responsible Officials

We concur with this recommendation and will review our current procedures for improvement.

05-04 Self-Insurance Liabilities – Significant Deficiency

Comment and Recommendation

The County records a liability for its estimate of the incurred but not paid and/or reported amount for workers' compensation claims as the County is self-insured for this risk. Management does not have a process in place to adequately estimate the amount of this liability. Additionally, no independent assessment is made as to the adequacy of the reserve recorded in prior years to assess the reasonableness of the County's historically recorded amount.

The County is also self-insured for legal liability risks. As part of the year-end financial reporting process, management, in conjunction with the Office of Corporation Counsel, assesses all outstanding legal cases to determine whether an accrual or disclosure is necessary. We determined that the County did not have adequate procedures and internal controls in place to estimate this liability as evidenced by audit adjustments necessary to accurately state such amounts. No process is in place for the Office of Corporation Counsel to update the County as the estimates and status of each case changes so that these updates can be incorporated into the County's liability estimates.

We recommend the County evaluate their processes for estimating year-end liability amounts for workers' compensation and legal liability self-insured risks. Procedures should be designed and implemented, which will allow management to reasonably estimate the liability amounts required for year-end financial reporting purposes. These procedures should also allow the County to regularly assess their methodology by performing a look-back analysis of the adequacy of prior years' liability amounts. Adjustments to the County's methodology can then be made to derive more accurate estimates. The County should also implement procedures to ensure that if the liability is estimated early in the financial reporting process, it should be updated to reflect events and changes in circumstances occurring up to the issuance of the financial statements.

Views of Responsible Officials

We will evaluate our processes and implement the recommendations or an alternative methodology.

05-05 Depreciable Lives Related to Capital Assets – Significant Deficiency

Comment and Recommendation

The County has established estimated useful lives for capital assets over which the cost of those assets are depreciated. For vehicles, the estimated useful lives were 8 to 15 years. Based on a historical analysis of those assets, the County determined that the true estimated useful life of passenger vehicles was 5 years. Therefore, during 2005, the County's estimated lives of these vehicles were revised, which resulted in additional depreciation expense in the current year.

We recommend the County implement procedures to periodically compare the estimated useful lives of its capital assets to its actual experience of useful lives. Historical experience for similar capital assets should be taken into account during these procedures and any resultant changes made to the County's estimates as necessary.

Views of Responsible Officials

The County underwent a complete physical inventory at the end of 2002 for conversion to a new fixed asset system that was functional in 2003. The lives assigned to the County assets were those recommended by the expert appraisal company that was used for the inventory. No additional review was done of the lives that were assigned at that time as the County was relying on the knowledge of the appraisal company.

We agree that review should be made periodically of the lives used for depreciating assets. Due to this finding, a review was made (in 2008) of the useful lives for police vehicles and the useful life for that category of assets has been adjusted down to five years rather than the eight previously used.

05-06 IT System Program Change Management and User Access – Significant Deficiency

Comment and Recommendation

The County contracts with two third-party contractors for their information technology (IT) needs, which include managing and updating the County's IT systems. For each IT system program change that is made, a Siebel ticket is created and a Production Implementation Plan is created and updated by the developer. Key components of the Production Implementation Plan are who requested, prepared, reviewed, approved, and implemented the requested program change.

However, typically the components of who reviewed, approved, and implemented the plan are not completed. Additionally, developers have access to migrate changes to source code into production using batch processing by e-mailing a change request directly to Production Analysts. The Production Analysts place the code in a staging library and a job is run automatically to move to production. No formal authorization is obtained for this process and evidence of approvals is not obtained and reviewed by the Production Analysts prior to making the change.

We recommend the County review policies and procedures with the IT system third-party contractors to ensure that all program changes made to the Mainframe are properly reviewed and approved prior to migration into production. These approvals should be formally documented on the Production Implementation Plan. All change management policies should also be formally documented to provide guidance to both of the third-party contractors regarding the County's approval, testing, and implementation procedures. Furthermore, restrictions should be implemented to prevent developer's ability to directly move program changes into production.

Additionally, the County does not have effective controls around the provisioning and monitoring of end-user access. This includes activities such as removing terminated employees from Mainframe systems, conducting a formal review of user access on a periodic basis, and identifying and eliminating segregation of duties conflicts.

We recommend the County also review policies and procedures relating to Information Security and implement new processes or consistently enforce informal processes to remove users from the Mainframe in a timely manner, retain sufficient evidence supporting periodic review of user access rights, and identify and eliminate segregation of duties conflicts.

Views of Responsible Officials

After a discussion with the IT system third party, we understand that part of this recommendation has been implemented in 2009 and the balance of the comment will be implemented by year-end 2009.

The County will determine and implement a process for the deletion of security for terminated employees and implement a process for the review of other employees' access.

(3) Findings and Questioned Costs Relating to Federal Awards

05-01
to 05-06 See Section (2) – Findings related to the Financial Statements Reported in Accordance with *Government Auditing Standards*.

05-07 Reporting

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA Nos. 10.553 and 10.555, *Child Nutrition Cluster*, U.S. Department of Agriculture passed through Indiana Department of Education; Grant Numbers C2-4-49-K160 and C2-4-49-K162

Criteria

Per 7 CFR Sections 210.8(b), 225.9(d), and 225.15(c)(2), a school food authority (SFA) must submit claims for reimbursement to its administering agency to receive reimbursement payments for meals. Furthermore, per 7 CFR Sections 210.7(c), 210.8(c), and 225.9(d), at a minimum, a claim must include the number of reimbursable meals/milk served by category and type during the period covered by the claim. All meals claimed for reimbursement must (a) be of types authorized by the SFAs, institution's, or sponsor's administering agency; (b) be served to eligible children; and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type.

Condition Found

During our test work over the meal counts and the claiming process, we tested 100% of the meal counts and claims submitted by the County. The following exceptions were noted:

- Meal counts were missing or not accurately counted/submitted and thus accounted for $26,569 of reimbursements for both the County's Guardian Home ($155) and Juvenile Detention Center ($26,414) that could not be supported by our audit procedures.
- Meal counts were incorrectly double counted for the Youth Center and New Directions related to the Juvenile Detention Center for a total of 1,145 units and thus accounted for an overstatement in meal reimbursements of $1,683.
- For the Juvenile Detention Center, an incorrect reimbursement rate was utilized for lunch, which amounted to a questioned cost of $82.

Questioned Costs

Questioned costs associated with the missing or not accurately counted/submitted meal counts were $28,334.

Possible Asserted Cause and Effect

Handwritten records are used to support meal counts and thus a more permanent means of documentation of such do not exist. We noted some days had meal counts that were entirely missing.

Recommendation

We recommend the County implement a method for taking meal counts that can be maintained more safely than the current method. Additionally, an individual other than the individual submitting the claim for reimbursement should review the total monthly meal count to ensure the claim is submitted accurately and can be properly supported by the County's records.

Views of Responsible Officials

These findings were first brought to the County's attention through the 2004 Single Audit. The agencies involved have since been educated on the correct procedures to track and maintain records relating to the school lunch program. The County's 2004 Single Audit was not finalized until April, 2008, therefore, due to the delinquency of the County's reporting, improvement in this area will not be evident until future years.

05-08 Reporting

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA Nos. 10.553 and 10.555, *Child Nutrition Cluster*, U.S. Department of Agriculture passed through Indiana Department of Education; Grant Numbers C2-4-49-K160 and C2-4-49-K162

Criteria

The March 2005 Compliance Supplement indicates that the SF-269, *Financial Status Report,* is applicable to the Child Nutrition Cluster program. In order for the pass-through entity to prepare this report, the County is required to submit an Annual Financial Report through the Indiana Department of Education web site. The Annual Financial Report summarizes federal reimbursement amounts and expenses by program. Expenses are further categorized by food expense, labor direct preparation, equipment, miscellaneous, indirect costs, and loan repaid/overpayment.

Condition Found

Two facilities of the County participate in the Child Nutrition Cluster program – the Juvenile Detention Center and the Guardian Home. During our testwork over the Annual Financial Report, we requested a reconciliation between the amounts recorded in the County's financial accounting system or payroll records to the expense amounts reported on the Annual Financial Reports. The amounts could not be reconciled. We noted that the total amount of food expenses recorded by the County exceeded the total amount of reimbursements received under the federal award program.

Individual amounts for the Juvenile Detention Center where differences were found are as follows:

Reporting Year	Revenue or Expense Category	Amount Reported on Annual Financial Report	Amount per County Financial Records
2004/2005	Other Income	$225,000	$0
2004/2005	Labor Expense	$187,873	$193,093
2004/2005	Food Expense	$315,731	$289,955
2005/2006	Federal Reimbursement	$270,624	$240,973
2005/2006	Labor Expense	$34,743	$0
2005/2006	Food Expense	$218,719	$300,154

Individual amounts for the Guardian Home where differences were found are as follows:

Reporting Year	Revenue or Expense Category	Amount Reported on Annual Financial Report	Amount per County Financial Records
2004/2005	Labor Expense	$100,861	$0
2004/2005	Food Expense	$128,775	$131,429
2004/2005	Miscellaneous Expense	$7,589	$0
2005/2006	Labor Expense	$87,247	$0
2005/2006	Food Expense	$62,753	$120,898

Questioned Costs

There were no questioned costs associated with this finding as the total of the food expenses exceeded the amount of federal reimbursement received by the County for both the Juvenile Detention Center and the Guardian Home.

Possible Asserted Cause and Effect

The individual preparing the Annual Financial Report does not maintain adequate documentation of the supporting used to prepare the report. The effect of this finding is that the Annual Financial Report may not accurately represent the expenses of the County for this program.

Recommendation

We recommend the County implement a reporting process that can be supported by the accounting records. Documentation of the source of all amounts reported on the Annual Financial Report should be maintained and filed with the copy of the report. Additionally, a review and approval by an individual senior to the preparer of the Annual Financial Report should be implemented.

Views of Responsible Officials

These findings were first brought to the County's attention through the 2004 Single Audit which was issued in April 2008. The agencies involved have since been educated on the correct procedures to track and maintain records relating to the school lunch program. The County's 2004 Single Audit was not finalized until April, 2008, therefore, due to the delinquency of the County's reporting, improvement in this area will not be evident until future years.

05-09 Procurement and Suspension and Debarment

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA Nos. 10.553 and 10.555, *Child Nutrition Cluster*, U.S. Department of Agriculture passed through Indiana Department of Education; Grant Numbers C2-4-49-K160 and C2-4-49-K162

CFDA No. 16.523, *Juvenile Accountability Incentive Block Grants*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute; Grant Numbers 02-JB-043, 03-JB-039, and 04-JB-008

CFDA No. 16.575, *Crime Victim Assistance*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

CFDA No. 16.579, *Edward Byrne Memorial Formula Grant Program,* U.S. Department of Justice passed through the Indiana Criminal Justice Institute Various Grant Numbers

CFDA No. 16.588, *Violence Against Women Formula Grants,* U.S. Department of Justice passed through Indiana Criminal Justice Institute; Grant Numbers 04ST039, 04ST040, 04ST041, 04ST062, 05ST034, 05ST035, and 05ST037

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration; Cooperative Agreements For Federal Financial Participation for Prosecuting Attorneys Performing IV-D Enforcement Services

Criteria

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services awarded that are expected to equal or exceed $25,000 or which meet certain other specified criteria and all nonprocurement transactions (e.g., subawards to subrecipients).

When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Condition Found

During our Procurement and Suspension and Debarment testwork for the above-referenced programs, it was noted that the County did not have internal controls in place to assure that its contractors (vendors, subawards, and subrecipients), which met the requirements, were not suspended and/or debarred.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The effect of this condition is that the County could enter into subgrant awards with subrecipients or procurement transactions with vendors that are suspended or debarred. During our testing, we found that none of the subrecipients or vendors were suspended or debarred.

Recommendation

We recommend that the County implement policies and procedures to make sure that all vendors and subrecipients are reviewed for debarred and/or suspended status or that certification is received to that extent or that documentation is maintained of the County’s check of the EPLS. The EPLS check should be performed prior to the County contracting with the vendor or subrecipient.

Views of Responsible Officials

In 2005, a local ordinance was passed by the City-County Council requiring most County agencies to use Central Purchasing, which is the appointed purchasing agent of the City and County. In 2007, these procedures were re-enforced by requiring all County agencies to utilize the purchasing agent when using federal funds. When purchases are made through the purchasing process, one of the standard steps before a contract (purchase order) is awarded is a check of the EPLS. This procedure helps ensure that any vendor with which the County enters into a contract using federal funds are reviewed for debarred and/or suspended status using the procedures implemented by Central Purchasing.

05-10 Allowable Costs/Cost Principles

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 16.523, *Juvenile Accountability Incentive Block Grants*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute; Grant Numbers 02-JB-043, 03-JB-039, and 04-JB-008

CFDA No. 16.579, *Edward Byrne Memorial Formula Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

CFDA No. 16.592 *Local Law Enforcement Block Grants Program*, U.S. Department of Justice passed through the City of Indianapolis, Indiana and Indiana Criminal Justice Institute; Award Nos. 2003-LB-BX-1439, 2004-LB-BX-1302, and 04-LB-044

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration; Cooperative Agreements For Federal Financial Participation for Prosecuting Attorneys Performing IV-D Enforcement Services

Criteria

Per OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Paragraph 8(h)(3) and (4), where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation, which (1) reflects an after-the-fact distribution of the actual activity of each employee; (2) accounts for the total activity for which each employee is compensated; (3) is prepared at least monthly and must coincide with one or more pay periods; and (4) must be signed by the employee.

Condition Found

During our testwork over the below grant programs, we selected a sample of expenditures that included payroll and fringe benefit expenditures. In each of these instances, 100% of the employees' payroll costs were charged to the grant; however, no personnel activity reports were available nor did the employees' execute semiannual certification statement indicating that 100% of their time was spent on that grant.

Below are the specifics of each of the grants:

Federal program	Sample size		Amount of payroll associated with exceptions	Estimated total payroll expenditures with exceptions
Juvenile Accountability Incentive Block Grant	Exceptions in 23 of 23 payroll expenditures selected for testing	$	11,227	169,027
Edward Byrne Memorial Formula Grant Program	Exceptions in 47 of 67 payroll expenditures selected for testing		66,598	1,375,474
Local Law Enforcement Block Grant	Exceptions in 24 of 47 payroll expenditures selected for testing		18,078	125,039
Child Support Enforcement	Exceptions in 25 of 25 payroll expenditures selected for testing for Prosecutor's Office		26,793	1,946,592

In addition to the exceptions in the table above, we noted additional exceptions in the following programs.

For the Juvenile Accountability Incentive Block Grant, in our sample of 23 payroll-related items, the County was also unable to locate 13 of the time sheets for the related employees.

Additionally, for the Edward Byrne Memorial Formula Grant Program, we identified 1 of 67 time cards tested, which did not contain a supervisor approval and one (1) time card, which was approved but which was mathematically inaccurate.

For the Local Law Enforcement Block Grant program, we identified 1 of 45 time cards tested, which did not contain a supervisor approval.

Questioned Costs

The amount of questioned costs is the amount of total payroll expenditures shown by program in the table above.

Possible Asserted Cause and Effect

Management indicated that the majority of these employees are 100% charged to the respective grant and thus grant personnel completed the general time sheet required of all employees and misunderstood the requirements to complete personnel activity sheets or perform time certifications.

Recommendation

We recommend that management strengthen the organization's processes and controls to help ensure that payroll charges are supported by after-the-fact-personnel activity reports or certification statements as required by OMB Circular A-87.

Views of Responsible Officials

The County will begin requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on their individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor's Office and the grant managers within the individual agencies.

05-11 Subrecipient Monitoring

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 16.523, *Juvenile Accountability Incentive Block Grants*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute; Grant Numbers 02-JB-043, 03-JB-039, and 04-JB-008

CFDA No. 16.575, *Crime Victim Assistance*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

CFDA No. 16.588, *Violence Against Women Formula Grants*, U.S. Department of Justice passed through Indiana Criminal Justice Institute; Grant Numbers 04ST039, 04ST040, 04ST041, 04ST062, 05ST034, 05ST035, and 05ST037

Criteria

According to OMB Circular A-133 Subpart D §__.400(d), a pass-through entity is responsible for the following:

- Identifying to the subrecipient the federal award information (CFDA title and number, award name, and name of federal agency) and applicable compliance requirements
- Monitoring the subrecipient's activities as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of grant agreements
- Ensuring required audits are performed by subrecipients
- Issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations

Condition Found

The following programs, which were audited as major programs for 2005, had a portion of the grant funds passed through to subrecipients:

CFDA number	Program title		Total expenditures	Amount passed to subrecipient
16.523	Juvenile Accountability Incentive Block Grants	$	679,043	292,156
16.575	Crime Victim Assistance		895,335	405,223
16.588	Violence Against Women Formula Grants		161,979	161,979

The County does not have a formal and comprehensive subrecipient monitoring program in place. While there are some internal controls in place to monitor subrecipient claims submitted for reimbursement, there is no overall system in place and no during-the-award monitoring takes place. The County began in 2003 to execute subaward agreements with its subrecipients to communicate required grant information. While we noted that all subrecipients had properly executed grant agreements for the Violence Against Women Formula Grants program, one (1) out of seven (7) of the agreements did not contain the CFDA number. The grant agreements for the Juvenile Accountability Incentive Block Grants program were not able to be located and thus we could not determine that they were properly executed or that they contained the appropriate award information. The grant agreements for the Crime Victim Assistance program were properly executed; however, the agreements did not contain the CFDA number or program title.

The County also requests subrecipient audit reports from each of their subrecipients. However, there are no internal controls in place to follow up on nonresponses or to review the audit reports once they are received. Due to this overall lack of internal controls and compliance activities, the above-referenced programs were not fully or adequately monitored.

This finding is considered systemic given the number of grant programs and subrecipients that the County maintains. We also noted that the Juvenile Justice and Delinquency Prevention Grants (CFDA No. 16.540) and the Community Prosecution and Safe Neighborhoods (CFDA No. 16.609) that were not audited as a major federal program have $67,337 and $146,138, respectively, of the related grant award passed through to subrecipients.

Questioned Costs

The questioned costs associated with this finding are the entire amount of funds passed through by the County to its subrecipients as noted in the section above.

Possible Asserted Cause and Effect

The County does not have a uniform process in place and thus monitoring is up to each individual agency that administers a grant. There is no assigned individual to obtain and evaluate auditees' audit reports and thus this procedure is not enforced. The effect of this finding is that subrecipients are not properly monitored and the results of subrecipient findings in their A-133 audit reports are not followed up as required by the County and those findings are also not considered in the County's A-133 audit report, as applicable.

Recommendation

We recommend the County establish a formalized and comprehensive subrecipient monitoring program that would include specific procedures and internal controls to appropriately monitor the activities and compliance of their subrecipients. These procedures should include properly executing subaward grant agreements with subrecipients, which include all of the required information, consideration of during-the-award monitoring of subrecipients, and review and evaluation of subrecipient A-133 audit reports.

Views of Responsible Officials

We concur with this finding. As noted in our 2004 audit report, subrecipient monitoring procedures were documented by the Office of Finance and Management in early 2007 and subsequently distributed to all County agencies. Training was provided and agencies were instructed on how to comply with the OMB Circular A-133 requirements. Improvement in this area can be anticipated in 2007 and years following.

05-12 Cash Management

Federal Program, Federal Agency, Pass-through Entity, Federal Grant(s) Number

CFDA No. 16.579, *Edward Byrne Memorial Formula Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

Criteria

According to the March 2005 Compliance Supplement, when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government.

Condition Found

In our sample of ninety (90) expenditures, we found that one (1) expenditure had a payment date that was after the date of the County's request for reimbursement. The total associated dollar amount of this expenditure was $5,000 or 1.51% of the total sampled population.

Questioned Costs

The most likely questioned costs associated with this finding are $32,808 and were computed by multiplying the 1.51% error rate as calculated in our sample population to the total of the program expenditures of $2,170,669.

Possible Asserted Cause and Effect

The asserted cause of this finding is that there was a delay in the actual payment of the invoice and thus the federal reimbursement was requested by the grant personnel prior to the County's payment. The effect of this finding is that the County may be drawing down funds prior to making payment with their own funds and thus not being on a reimbursement basis.

Recommendation

We recommend that the County review its procedures for requesting reimbursement of federal funds to ensure that reimbursement requests are made after the payment of the expenditure with local funds.

Views of Responsible Officials

It is the County's policy to request reimbursement only after payment has been made. The County will review and monitor the reimbursement claimed to ensure that reimbursement is not requested before payment of the expenditure.

05-13 Cash Management

Federal Program, Federal Agency, Pass-through Entity, Federal Grant(s) Number

CFDA No. 16.588, *Violence Against Women Formula Grants*, U.S. Department of Justice passed through Indiana Criminal Justice Institute; Grant Numbers 04ST039, 04ST040, 04ST041, 04ST062, 05ST034, 05ST035, and 05ST037

Criteria

According to the March 2005 Compliance Supplement, when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government.

Condition Found

In our sample of twenty-nine (29) expenditures, we found that two (2) expenditures had a payment date that was after the date of the County's request for reimbursement. The total associated dollar amount of this expenditure was $21,060 or 20% of the total sampled population.

Questioned Costs

The most likely questioned costs associated with this finding are $32,060 and were computed by multiplying the 20% error rate as calculated in our sample population to the total of the program expenditures of $161,978.

Possible Asserted Cause and Effect

The asserted cause of this finding is that there was a delay in the actual payment of the invoice and thus the federal reimbursement was requested by the grant personnel prior to the County's payment. The effect of this finding is that the County may be drawing down funds prior to making payment with their own funds and thus not being on a reimbursement basis.

Recommendation

We recommend that the County review its procedures for requesting reimbursement of federal funds to ensure that reimbursement requests are made after the payment of the expenditure with local funds.

Views of Responsible Officials

It is the County's policy to request reimbursement only after payment has been made. The County will review and monitor the reimbursement claimed to ensure that reimbursement is not requested before payment of the expenditure.

05-14 Reporting

Federal Program, Federal Agency, Pass-through Entity, Federal Grant(s) Number

CFDA No. 16.579, *Edward Byrne Memorial Formula Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

Criteria

According to the March 2005 Compliance Supplement, grantee reports should be in agreement with their accounting records and be otherwise accurate.

Condition Found

The County submits quarterly claim reimbursement forms for this program. The County was unable to reconcile amounts reported on the quarterly claim reimbursement forms to their general ledger. No documentation was maintained to support the amounts reported in such forms. The amounts reported on the forms that could not be supported were $261,650 and represented 16.12% of the sampled population.

Questioned Costs

The most likely questioned costs associated with this finding are $349,912 and were computed by multiplying the percentage error as found in our sample of 16.12% to the total population of $2,170,669.

Possible Asserted Cause and Effect

The asserted cause of this finding is that no formal reconciliation is maintained during the preparation of the quarterly claim reimbursement forms. The effect of this finding is that the County may be incorrectly reporting amounts on the quarterly claim reimbursement forms.

Recommendation

We recommend that the County review its procedures for preparing the quarterly claim reimbursement form and ensure that proper documentation is maintained to support the amounts reported. The management-level review that occurs of this form prior to its submission should include procedures to ensure that all amounts are properly supported.

Views of Responsible Officials

By the time the audit for 2005 was well underway, many of the County offices had changed both the elected official as well as many of the staff. Many records were sent to storage making locating the documentation needed very difficult, if at all possible. Management will work with the agencies to ensure that sufficient documentation is maintained to support future reimbursement requests. Due to the delay in finalizing our audits, improvement in this area will be move evident in future years.

05-15 Reporting

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 16.575, *Crime Victim Assistance*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute, Various Grant Numbers

Criteria

The March 2005 Compliance Supplement indicates that recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information on each of the following:

- A comparison of actual accomplishments with the goals and objectives established for the period
- Reasons why established goals were not met, if appropriate
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs

The County's grant agreements under this program require them to submit periodic performance reports, which provide a narrative of the County's accomplishments and progress under the grant and which also provide certain statistical information as required by the grantor.

The March 2005 Compliance Supplement indicates that for performance reports, the auditor is to trace the data to records that accumulate and summarize data and perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

Condition Found

The County was not able to provide us with any information to support the statistical amounts reported in their performance reports for this program.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The possible asserted cause of this finding is that management does not properly maintain the information utilized to prepare such reports. The effect may be inaccurate reporting on which the grantor is relying.

Recommendation

We recommend that the County implement procedures to ensure that the statistical information submitted on the performance reports is appropriately accumulated and summarized. This summary should be formally documented and provide a basis to support the amounts reported on the performance report. An individual other than the individual preparing such report should review and approve to ensure its accuracy.

Views of Responsible Officials

Procedures will be implemented to educate the grant managers on accurately documenting and maintaining data supporting the required performance reports.

05-16 Reporting

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 20.600/20.601/20.602/20.604, *State and Community Highway Safety Program Cluster*, National Highway Traffic Safety Administration passed through Indiana Criminal Justice Institute; Grant Numbers PT0742, AL0315, 154AL6, 154203, 154AL3, IN0502, T09P88, T03P01, OPPUOV, 154315, J80302, and IDFUL6

Criteria

The March 2005 Compliance Supplement indicates that recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information on each of the following:

- A comparison of actual accomplishments with the goals and objectives established for the period
- Reasons why established goals were not met, if appropriate
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs

The County's grant agreements under this program require them to submit periodic performance reports, which provide a narrative of the County's accomplishments and progress under the grant and which also provide certain statistical information as required by the grantor.

The 2005 Compliance Supplement indicates that for performance reports, the auditor is to trace the data to records that accumulate and summarize data and perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

Condition Found

The County was not able to provide documentation, which supported or reconciled the statistical amounts reported in either the monthly or grant year-end performance reports. The statistical data that we tested were number of warnings and citations and number of hours worked.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The possible asserted cause of this finding is that management does not properly maintain the information utilized to prepare such reports. Management indicates that the data submitted on the performance reports are often estimates but that no reconciliation or true up is performed as part of the grant year-end reporting. The effect may be inaccurate reporting on which the grantor is relying.

Recommendation

We recommend that the County implement procedures to ensure that the statistical information submitted on the performance reports is appropriately accumulated and summarized. This summary should be formally documented and provide a basis to support the amounts reported on the performance report. An individual other than the individual preparing such report should review and approve to ensure its accuracy.

Views of Responsible Officials

Procedures will be implemented to educate the grant managers on accurately documenting and maintaining data supporting the required performance reports.

05-17 Allowable Costs/Cost Principles

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 20.600/20.601/20.602/20.604, *State and Community Highway Safety Program Cluster*, National Highway Traffic Safety Administration passed through Indiana Criminal Justice Institute; Grant Numbers PT0742, AL0315, 154AL6, 154203, 154AL3, IN0502, T09P88, T03P01, OPPUOV, 154315, J80302, and IDFUL6

Criteria

Per OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Paragraph 8(h)(3) and (4), where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation, which (1) reflects an after-the-fact distribution of the actual activity of each employee; (2) accounts for the total activity for which each employee is compensated; (3) is prepared at least monthly and must coincide with one or more pay periods; and (4) must be signed by the employee.

Condition Found

In our sample of eleven (11) payroll expenditures, two (2) of the expenditures were for an employee who charged 100% of the employees' payroll costs were charged to the grant; however, no personnel activity reports were available nor did the employees' execute a semiannual certification statement indicating that 100% of their time was spent on that grant.

Questioned Costs

The amount of known questioned costs is $17,306 and represents the dollar amount associated with the exceptions related to the expenditures in our sample. There is only one (1) employee that charges 100% of their time to this grant. The most likely questioned costs are $37,938 and were computed by identifying all of the payroll and payroll-related expenditures in 2005 incurred by this employee.

Possible Asserted Cause and Effect

Management indicated that the employee is 100% charged to the respective grant and thus the employee completed the general time sheet required of all employees and misunderstood the requirements to complete personnel activity sheets or perform time certifications.

Recommendation

We recommend that management strengthen the organization's processes and controls to help ensure that payroll charges are supported by after-the-fact-personnel activity reports or certification statements as required by OMB Circular A-87.

Views of Responsible Officials

The County will begin requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on his/her individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor's Office and the grant managers within the individual agencies.

05-18 Allowable Costs/Cost Principles and Cash Management

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration; Cooperative Agreement For Federal Funding Participation for Courts Hearing IV-D Cases

Criteria

According to OMB Circular A-87 (C)(j), costs must meet certain general criteria to be allowable and one of those items is that the cost be adequately documented. Additionally, OMB Circular A-87 (F) defines indirect costs as those that are (a) incurred for a common or joint purpose benefiting more than one costs objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Generally, these types of costs are reimbursed based upon an entity's indirect cost plan.

The requirements for cash management are contained in the OMB Circular 102 and are implemented by the U.S. Department of Health and Human Services for the Title IV-D program at 45 CFR § 304.25 and the State Cooperative Agreement. Expenditures are considered to be made on the date on which the cash disbursements occur or the date to which allocated.

Condition Found

Based on findings and questioned costs reported in past single audit report, we identified expenditures totaling $53,424 that related to internal data processing charges submitted for reimbursement. Consistent with prior year, the County does not have any support for this amount. We noted that the County compiles an indirect cost plan, which is submitted to the pass-through agency for approval and an indirect cost amount is reimbursed each month to the County based on this plan. We were not able to determine whether these types of costs are included within the indirect cost plan as well. Costs are reimbursed at 66% for this program, and therefore, the total federal reimbursement received for 2005 related to these unsupported expenditures was $35,260.

We also noted that since the above costs were not able to be supported, we could not determine that the costs were actually paid prior to the County requesting reimbursement in accordance with the cash management compliance requirement.

Questioned Costs

Questioned costs are $35,260, which is calculated as the total costs submitted for reimbursement of $53,424 multiplied by the federal reimbursement rate of 66%.

Possible Asserted Cause and Effect

Management is aware of these unsupported expenditures as this was a finding in the prior year, however, has continued to submit them for reimbursement.

Recommendation

We recommend that the County determine whether these types of costs are already included in their indirect cost plan. Management should ensure that all costs submitted for reimbursement are adequately documented and can be supported. Communication should also be initiated with the pass-through entity regarding the data processing costs and their allowability.

Views of Responsible Officials

The County has a company on contract to seek indirect cost reimbursement on behalf of the County. The County's practice is to remove any costs already reimbursed directly from the cost allocation. This will ensure that costs can not be included twice. The costs in question are related to the Internal Service Agency charges, which are now allocated to the agencies and are a straight cost with no variance between months. This will allow better support for the charges.

05-19 Allowable Costs/Cost Principles

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration; Cooperative Agreement For Federal Funding Participation for Courts Hearing IV-D Cases

Criteria

Pursuant to 45 CFR Section 304.23, unallowed activities include activities related to administering other titles of the Social Security Act. Additionally, Per OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Paragraph 8(h)(3) and (4), where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which, (1) reflects an after-the-fact distribution of the actual activity of each employee; (2) accounts for the total activity for which each employee is compensated; (3) is prepared at least monthly and must coincide with one or more pay periods; and (4) must be signed by the employee.

Condition Found

We noted that $208,161 of the total $248,930 in federal reimbursement received by the Title IV-D Circuit Court (Court) relates to payroll charges. During our testwork, we selected payroll expenditures and noted that these were supported by personnel activity reports whereby the employees certified that 100% of their time was spent working on the Title IV-D Child Support Enforcement Program. However, based on prior year conversations with management in the Title IV-D Circuit Court and correspondence with the pass-through entity, it appears that employees in this Court actually spend a portion of their time on non-Title IV-D cases; however, they are not allocating any of the employees' time to these non-Title IV-D cases.

Questioned Costs

The amount of questioned costs is undetermined as no accounting has been done of actual time spent by the employees. Total expenditures reimbursed (at 66% reimbursement rate) for the Title IV-D Court in 2005 were $208,161.

Possible Asserted Cause and Effect

County management is aware that the amount charged to the grant represents 100% of employee time although they acknowledge that a portion of employees' time is spent on non-Title IV-D cases. Management asserts that these employees are working a significant amount of overtime without compensation and thus the 100% reimbursement should be allowed.

Recommendation

We recommend that the County obtain written documentation as to the allowability of these costs from the grantor. While the grantor is aware of this issue, no management decision from the grantor was provided to us for audit purposes.

Views of Responsible Officials

We concur with this finding. The County will work with Court management to work with the grantor to obtain written documentation as to the allowability of these costs. The County will encourage the court to do a case load study to determine the percentage of cases that are Title IV-D so as to support their reimbursement requests.

05-20 Procurement and Suspension and Debarment

Federal Program, Federal Agency, Pass-Through Entity, Federal Grant(s) Number

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Family and Social Services Administration; Cooperative Agreements For Federal Financial Participation for Prosecuting Attorneys Performing IV-D Enforcement Services

Criteria

According to the March 2005 Compliance Supplement and §__.36(b)(9), §__.36(c)(1), §__.36(b)(1), and §__.36(d)(4), procurements should conform to the following criteria:

- The contract file should document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of contract price

- The procurement should provide full and open competition

- The procurement should document the rationale to limit competition in those cases where competition was limited

Condition Found

For procurement, we tested three (3) vendors with total expenditures of $637,389 and which encompassed 94% of the total expenditures under this program subject to this compliance requirement. Of these vendors, all 3 did not have sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. There was also no formal documentation that indicated a rationale to limit competition.

Questioned Costs

The known questioned costs associated with the procurement finding are $637,389 and were computed as the entire 2005 expenditures for the vendors in our sample. The most likely questioned costs were $678,586 and were computed by extrapolating the error rate percentage of 100% found in our sample to the relevant population of $678,586.

Possible Asserted Cause and Effect

The County asserts that the three procurements that were tested are for professional services and thus a competitive bid process is not required. However, this was not formally documented as to the rationale for limiting competition. The effect of the lack of documentation is that open competition for procurements under federal grants is not achieved or that documentation supporting the limitation on competition is not adequately maintained to support the justification.

Recommendation

We recommend the County implement internal control procedures to ensure that all procurements under federal grant awards are assured to follow federal and state regulations, as applicable. If procurements are not competitively bid, the rationale for such should be formally documented in the contract files.

Views of Responsible Officials

We concur with this finding. The purchases under question were for contractual services, which under Indiana law are not required to be bid and therefore, do not follow the standard public purchasing laws that govern purchase of goods. The agency was following the rules required under Indiana law. The agency has since been instructed that they must also be in compliance with federal law that requires that they obtain quotes or bids documenting full and open competition. Because this finding was not brought to the County’s attention until now, improvements in this area will not be experienced until after 2009.

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated City of Indianapolis – Marion County)

Corrective Action Plan

Year Ended December 31, 2005

Reference	Corrective Action	Contact Person(s)
05-01	**Financial Reporting and Year End Transactions –Material Weakness** The County will be issuing Modified Cash Basis financial statements for the years 2006 through 2009 to ensure that we are able to issue the outstanding Single audits within the next sixteen months. Because the County will be issuing its financial statements on a modified cash basis, the findings related to the conversion of the statements from cash basis to modified accrual will no longer be applicable. However, the County fully intends to revert back to issuing the financial statements under U.S. GAAP for its reporting for 2010 and will make every effort to assure that the process used will produce accurate financial statements. Corrective Action: In progress; completion in 2010.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-02	**Bank Reconciliations –Material Weakness** It will continue to be, the County's policy, to reconcile cash on a monthly basis. In 2005 the County experienced the loss of a file containing the cash reconciliations for several months. These reconciliations had to be recreated causing a delay in the final reconciliation of the cash accounts. This problem has been corrected to assure that these files are appropriately backed up to prevent future loss. In recent years (2007 and forward) many of the cash accounts that were previously not maintained on the County's general ledger system have been transitioned. The County is still working towards moving any remaining accounts onto the County's system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County's records. Corrective Action: Cash reconciliations – Corrected; Cash accounts on general ledger system – In progress with completion in 2010.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-03	**Grant Accounting Including related Deferred Revenue–Material Weakness** For fiscal years 2006 through 2009 the County will be presenting its financial statements on a Modified Cash Basis in order to become current with its reporting. As such, this finding will not be applicable for the 2006 through 2009 financial statements. The current financial system is under review for replacement. During the implementation of the new financial system, management hopes to install a module that will assist with the grant accounting. Corrective Action: Corrected due to change to modified cash basis financial statements for 2006.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

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Corrective Action Plan

Year Ended December 31, 2005

Reference	Corrective Action	Contact Person(s)
05-04	**Self Insurance Liabilities–Significant Deficiency** For fiscal years 2006 through 2009 the County will be presenting its financial statements on a Modified Cash Basis in order to become current with its reporting. As such, this finding will not be applicable for the 2006 through 2009 financial statements. However, management is evaluating the existing processes and will implement the recommendations or an alternative methodology. Corrective Action: Corrected due to change to modified cash basis financial statements for 2006.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-05	**Depreciable Lives Related to Capital Assets–Significant Deficiency** We agree that a review should be made periodically of the lives used for depreciating assets. Due to this finding, a review was made (in 2009) of the useful lives for police vehicles and the useful life for that category of assets has been adjusted down to five years rather than the eight previously used. The County is in the bid process for a new financial system. As we implement the new financial system, we will give careful consideration to the useful lives for all assets established in the fixed asset portion of the system. Corrective Action: Corrected in 2009.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov Bob Simmons (317) 327-5281 basimmon@indy.gov
05-06	**IT System Program Change Management and User Access–Significant Deficiency** After a discussion with the IT system third party, we understand that part of this recommendation has been implemented in 2009 and the balance of the comment will be implemented by year-end 2010. The County will determine and implement a process for the deletion of security for terminated employees and implement a process for the review of other employees' access. Corrective Action: In progress with final completion in 2010	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

05-07	**Reporting** - *Child Nutrition Cluster* These findings were first brought to the County's attention through the 2004 Single Audit which was issued in April 2008. The agencies involved have since been educated on the correct procedures to track and maintain records relating to the school lunch program. Due to the delinquency of the County's reporting, improvement in this area will not be evident until future years. Corrective Action: Completed in 2008	Sue Patterson (317) 327-3699 Shirley Mizen (317) 327-3007 sjmizen@indy.gov
Reference	Corrective Action	Contact Person(s)
05-08	**Reporting** - *Child Nutrition Cluster* These findings were first brought to the County's attention through the 2004 Single Audit which was issued in April 2008. The agencies involved have since been educated on the correct procedures to track and maintain records relating to the school lunch program. Due to the delinquency of the County's reporting, improvement in this area will not be evident until future years. Corrective Action: Completed in 2008	Sue Patterson (317) 327-3699 spatters@indy.gov Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-09	**Procurement and Suspension and Debarment** - *Child Nutrition Cluster, Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, Edward Byrne Memorial Formula Grant Program, Violence Against Women Formula Grants, and Child Support Enforcement.* In 2005, a local ordinance was passed by the City-County Council requiring most County agencies to use Central Purchasing, which is the appointed purchasing agent of the City and County. In 2007, these procedures were reinforced by requiring all County agencies to utilize the purchasing agent when using federal funds. When purchases are made through the purchasing process, one of the standard steps before a contract is awarded is a check of the EPLS. This procedure helps ensure that any vendor with which the County enters into a contract using federal funds are reviewed for debarred and/or suspended status using the procedures implemented by Central Purchasing. Corrective Action: Completed in 2007	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

MARION COUNTY, INDIANA
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Corrective Action Plan

Year Ended December 31, 2005

05-10	**Allowable Costs/Costs Principles -** *Juvenile Accountability Incentive Block Grants, Edward Byrne Memorial Formula Grant Program, Local Law Enforcement Block Grants Program, and Child Support Enforcement.* The County will begin requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on their individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor's Office and the grant managers within the individual agencies. Due to the delinquency of the County's reporting improvement in this area will not be evident until future years. Corrective Action: Implemented in 2010	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

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Corrective Action Plan

Year Ended December 31, 2005

Reference	Corrective Action	Contact Person(s)
05-11	**Subrecipient Monitoring** - *Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, and Violence Against Women Formula Grants.* The Office of Finance and Management created, "Subrecipient Monitoring Procedures for the City of Indianapolis/Marion County Indiana," dated February 15, 2007. These procedures were distributed to all County agencies and training was provided to each agency receiving federal grant dollars. The procedures instruct the County agencies on how to comply with The United States Office of Management and Budget Circular A-133 and the Single Audit Act of 1984 regarding subrecipients. Improvement in this area can be anticipated the years following 2007. Corrective Action: Implemented in 2007	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-12	**Cash Management** - *Edward Byrne Memorial Formula Grant Program* Past procedure has been to claim reimbursement when the expense has posted, which frequently falls within the same time period as when the expense pays. The Couty has changed this procedure and will only request reimbursement for those expensed items that have actually paid. The County will monitor the new process to ensure that reimbursement is not requested before payment of the expenditure. Corrective Action: Corrected in 2010	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-13	**Cash Management** - *Violence Against Women Formula Grants* Past procedure has been to claim reimbursement when the expense has posted, which frequently falls within the same time period as when the expense pays. The Couty has changed this procedure and will only request reimbursement for those expensed items that have actually paid. The County will monitor the new process to ensure that reimbursement is not requested before payment of the expenditure. Corrective Action: Corrected in 2010	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

MARION COUNTY, INDIANA
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Corrective Action Plan

Year Ended December 31, 2005

Reference	Corrective Action	Contact Person(s)
05-14	**Reporting** - Edward *Byrne Memorial Formula Grant Program* By the time the audit for 2005 was well underway, many of the County offices had changed both the elected officials as well as many of the staff. Many records were sent to storage making locating the documentation needed very difficult, if at all possible. Management will work with the agencies to ensure that sufficient documentation is maintained to support future reimbursement requests. Due to the delay in finalizing our audits, improvement in this area will be move evident in future years. Corrective Action: Immediately (anticipated completion in 2010)	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-15	**Reporting** - *Crime Victim Assistance* Procedures will be implemented to educate the grant managers on accurately documenting and maintaining data which supports required performance reports. This was first brought to the County's attention during the 2005 Single Audit, which was not issued until January 2010; therefore improvement in this area can be anticipated in future years. Corrective Action: Corrected in 2009	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-16	**Reporting** - *State and Community Highway Safety Program Cluster* Procedures will be implemented to educate the grant managers on accurately documenting and maintaining data which supports required performance reports. This was first brought to the County's attention during the 2005 Single Audit, which was not issued until January 2010; therefore improvement in this area can be anticipated in the following years. Corrective Action: Corrected in 2009	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
05-17	**Allowable Costs/Costs Principle** - *State and Community Highway Safety Program Cluster* The County will begin requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on their individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor's Office and the grant managers within the individual agencies. Due to the delinquency of the County's reporting improvement in this area will not be evident until future years.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

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Corrective Action Plan

Year Ended December 31, 2005

	Corrective Action: Implemented in 2010	
Reference	**Corrective Action**	**Contact Person(s)**
05-19	**Allowable Costs / Cost Principles** - *Child Support Enforcement* The County is working with Court management in contacting the grantor to obtain written documentation as to the allowability of these costs. The County will encourage the Court to do a case load study to determine the percentage of cases that are Title IV-D so as to support their reimbursement requests. Corrective Action: In progress with anticipated completion in 2010	Sue Patterson (317) 327-3699 spatters@indy.gov
05-20	**Procurement and Suspension and Debarment**-*Child Support Enforcement* We concur with this finding. The purchases under question were for contractual services, which under Indiana law are not required to be bid and therefore, do not follow the standard public purchasing laws that govern purchases of goods. The agency was following the rules required under Indiana law. The agency has since been instructed that they must also be in compliance with federal law that requires that they obtain quotes or bids documenting full and open competition. This was first brought to the County's attention during the 2005 Single Audit, which was not issued until January 2010; therefore improvement in this area can be anticipated in the following years. Corrective Action: Implemented 2010	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

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Status of Prior Year Findings

Year ended December 31, 2005

Reference	Finding	Status	Contact Person(s)
04-02 04-01 03-01 02-01	**Revenue Analysis** Except for property taxes, a formal accounts receivable system to account for the various revenue amounts owed the County is not maintained.	**Corrected:** The County has implemented policies and procedures to update and comply with these requirements. The County is utilizing fiscal period 13 for cash corrections and fiscal 14 for accrual adjustments. Fast-G is no longer used for financial reporting purposes, and the general ledger (FAMIS) is utilized to support in the financial reporting process.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-03 03-02 02-02	**Direct Pay Purchases** A significant number of direct pay vouchers are utilized, which circumvents important internal controls established for purchasing.	**In Process:** The County has made it mandatory that all agencies utilize Central Purchasing for their federal grant purchases. This process was implemented in 2007.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-06 03-03 02-04 02-05 02-06	**Subrecipient Monitoring –** ***Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, and Violence Against Women Formula Grants*** The County does not have a formal program in place to monitor subrecipients, including formal written agreements between the County and each subrecipient, and procedures to verify that subrecipients are complying with A-133 audit requirements.	**In Process:** In February 2007, the County, in conjunction with the Office of Finance and Management issued a Subrecipient Monitoring policy. This policy was distributed to agency CFOs who are responsible for ensuring the policy is upheld. See current year findings and questioned costs 05-11. See also related corrective action plan.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-07 03-04 02-12	**Procurement, Suspension and Debarment** - ***Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, Violence Against Women Formula Grants, and Public Safety Partnership and Community Policing Grants*** The County does not have	**In Process:** Beginning in 2007, Central Purchasing checks all vendors and contractors against the Excluded Parties List System (EPLS). Additionally, language has been written for inclusion in all grant contracts,	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

Status of Prior Year Findings

Year ended December 31, 2005

Reference	Finding	Status	Contact Person(s)
	policies and procedures within the procurement process to assure that appropriate contractors are not suspended and/or debarred.	which the contractor must sign, attesting to their standing, as well as notifying the County, should their status change. A contract summary sheet is also included that identifies the contract as federally funded and includes a reference to the EPLS web site. See current year findings and questioned costs 05-09. See also corrective action plan.	
04-14 03-05	**Allowable Costs/Cost Principles** – ***Title IV-D Child Support Enforcement*** Central service activities should be claimed through an indirect cost plan or if charged directly to the grant, these expenditures should be supported by adequate documentation.	**In Process:** The County has a contract with a company to seek indirect cost reimbursements on behalf of the County. All costs will be supported by the indirect cost plan or by adequate documentation if claimed as a direct cost. See current year findings and questioned costs 05-18. See also corrective action plan.	Sue Patterson (317) 327-3699 spatters@indy.gov Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-15 03-06	**Allowable Costs/Cost Principles** – ***Title IV-D Child Support Enforcement*** Employee salary costs (100%) are being submitted for reimbursement when 100% of their time is not spent on Title IV-D cases.	**In Process:** The County continues to encourage the Courts to complete a case study to determine the percentage of cases that are Title IV-D for the Court to use in determining the percentage of payroll chargeable to the program. See current year findings and questioned costs 05-19. See also corrective action plan.	Sue Patterson (317) 327-3699 spatters@indy.gov

MARION COUNTY, INDIANA
(A Component Unit Of The Consolidated City Of Indianapolis—Marion County)

Status of Prior Year Findings

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Reference	Finding	Status	Contact Person(s)
04-04	**Reporting** – ***Child Nutrition Cluster*** Inadequate internal control over the preparation of the Schedule of Expenditures of Federal Awards (SEFA), which resulted in the Child Nutrition Cluster not originally being reported on the SEFA.	**Corrected**	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-05	**Allowable Costs/Cost Principles** ***- Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, Byrne Formula Grant Program, and Local Law Enforcement Block Grant Program*** Employee salary costs (100%) are being submitted for reimbursement when no certification statement was available indicating 100% of their time was spent on that grant.	**In Process:** The County began requiring that semiannual certification statements be completed for employees that work solely on a single federal program. Forms were designed in 2010 to assist the agencies in documenting and tracking this information. See current year findings and questioned costs 05-10 and 05-19.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-08	**Procurement, Suspension and Debarment** – ***Public Safety Partnership and Community Policing Grants*** There was no evidential matter that the County competitively bid the contract or document rationale for sole source award. Additionally, the Sole Source Justification (SSJ) was not submitted as required by the MORE 2002 Grant Owner's Manual as contract exceeds $100,000.	**In Process:** All grant purchases for the County are now required to us Central Purchasing in order to be in compliance with public purchasing laws. Attached with each contract is a contract summary sheet that becomes part of the bid packet. The summary sheet includes language to identify if the purchase is funded through a grant and to assure the EPLS check is completed. Additionally, the Grant Analyst in the Auditor's office now reviews all expenses using federal grant dollars prior to authorization for	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

Status of Prior Year Findings

Year ended December 31, 2005

Reference	Finding	Status	Contact Person(s)
		payment to ensure compliance with all grant requirements. The Grant Analyst is charged with the responsibility of familiarizing him/herself with each grant requirement at the time of the grant award.	
04-09	**Equipment and Real Property Management** – ***Public Safety Partnership and Community Policing Grants*** Internal controls that ensured equipment was accounted for completely and on a timely basis could not be determined for the Public Safety Partnership and Community Policing Grants.	**Corrected:** In July 2005, a fiscal oversight agency was created for the City of Indianapolis (City) and Marion (County), Indiana. The County implemented several changes to better comply with OMB Circular A-133.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov Bob Simmons (317) 327-5281 basimmon@indy.gov
04-10	**Equipment and Real Property Management** – ***Public Safety Partnership and Community Policing Grants*** Property records did not contain the title, location, cost and condition information for the Public Safety and Community Policing grants.	**In Process:** The fiscal oversight agency that was formed in 2005 developed a fixed asset inventory procedure. The first fiscal inventory was completed in for 2007.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov Bob Simmons (317) 327-5281 basimmon@indy.gov
04-11	**Reporting** – ***Child Nutrition Cluster*** Test work over meal counts resulted in missing or inaccurate counts submitted resulting is reimbursements that could not be fully supported.	**In Process:** Management has worked with agencies to ensure they have been educated on the correct procedures to track and maintain records relating to the school lunch program. See current year findings and questioned costs 05-07.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-12	**Reporting** – ***Child Nutrition Cluster*** Amounts could not be reconciled from the Annual Financial Report to the County's financial accounting system or payroll	**In Process:** Management has worked with agencies to ensure they have been educated on the correct procedures to track and maintain records relating to	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

Status of Prior Year Findings

Year ended December 31, 2005

Reference	Finding	Status	Contact Person(s)
	records.	the school lunch program. See current year findings and questioned costs 05-08.	
04-13	**Reporting –** ***Child Nutrition Cluster*** Commodities received could not be valued.	**Corrected:** Management has worked with agencies to ensure they have been educated on the correct procedures to track and maintain records relating to the school lunch program. Commodities were appropriately included in the 2005 SEFA.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-16	**Procurement, Suspension and Debarment-Scope Limitation -** ***Juvenile Accountability Incentive Block Grants, Byrne Formula Grant Program, State and Community Highway Safety Program Cluster, and Title IV-D Child Support Enforcement*** Unable to obtain sufficient evidential matter to express an opinion on this requirement due to inadequate accounting records.	**In Process:** Beginning in 2007, Central Purchasing checks all vendors and contractors against the Excluded Parties List System (EPLS). Additionally, language has been written for inclusion in all grant contracts, which the contractor must sign, attesting to their standing, as well as notifying the County, should their status change. A contract summary sheet is also included that identifies the contract as federally funded and includes a reference to the EPLS web site. Accounting records supporting procurement are maintained but were not able to be timely produced during the audit. See current year findings and questioned costs 05-20.	Shirley Mizen (317) 327-3007 sjmizen@indy.gov
04-17	**Matching, Level of Effort, and Earmarking -** ***Local Law Enforcement Block Grants Program*** Unable to obtain sufficient evidential matter to express an	**Corrected:** In 2004, the Prosecutor's office hired an additional nineteen employees, these funds were not used to supplant local funds. These	Shirley Mizen (317) 327-3007 sjmizen@indy.gov

MARION COUNTY, INDIANA
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Reference	Finding	Status	Contact Person(s)
	opinion on this requirement.	funds aided in covering the salaries for some of the employees, but many of the salaries under this program were covered by the general fund.	