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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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October 23, 2012

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

We have reviewed the audit reports prepared by KPMG LLP, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. 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, 2009, 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.

STATE BOARD OF ACCOUNTS

MARION COUNTY, INDIANA

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

ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2009

MARION COUNTY, INDIANA

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

ANNUAL
FINANCIAL REPORT

For the Year

Ended December 31, 2009

1822

COMMISSIONERS • MARION COUNTY, INDIANA

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

2009 County Elected Officials

		TERM
Auditor	Billie J. Breaux	1-01-07 to 12-31-10
Treasurer	Michael Rodman	1-01-09 to 12-31-12
Clerk	Elizabeth White	1-01-07 to 12-31-10
Sheriff	Frank Anderson	1-01-07 to 12-31-10
Recorder	Julie Voorhies	1-01-07 to 12-31-10
Assessor*	Greg Bowes	1-01-07 to 12-31-10
Surveyor	Debra S. Jenkins	1-01-08 to 12-31-11
Coroner	Dr. Frank P. Lloyd, Jr.	1-01-09 to 12-31-12
Prosecutor	Carl Brizzi	1-01-07 to 12-31-10
County Chief Executive	Gregory Ballard	1-01-08 to 12-31-11
Board of County Commissioners (Ex-Officio)	Michael Rodman	1-01-09 to 12-31-12
Board of County Commissioners (Ex-Officio)	Billie J. Breaux	1-01-07 to 12-31-10
Board of County Commissioners (Ex-Officio)	Greg Bowes	1-01-07 to 12-31-10

2009 Department Heads

Voters Registration	Cindy Mowery Terry Burns
Marion County Cooperative Extension	Ronald Hoyt
Criminal Probation	Robert Bingham
Court Administrator	Glenn Lawrence
Guardian Home (Acting Director)	Rosie Butler
Community Corrections	Thomas Marendt
Forensic Services	Michael Medler
Chief Public Defender	Robert Hill
Metropolitan Emergency Communication Agency	Wendell Raney
Chief Information Officer	Glen Baker

*Effective January 1, 2009, the nine township assessor offices were consolidated into the Marion County Assessors' office by vote of the Citizens of Marion County via a referendum on the ballot of the November 2008 general election.

2009 City-County Council Members

President, Bob Cockrum
Vice President, Kent Smith
Paul Bateman
Vernon Brown
Virginia J. Cain
Jeffrey Cardwell
Ed Coleman
N. Susie Day
Jose Evans
Monroe Gray, Jr.
Ben Hunter
Maggie Lewis
Robert Lutz
Brian Mahern
Dane Mahern
Barbara Malone
Angela Mansfield
Janice McHenry
Michael McQuillen
Doris Minton-McNeil
Mary Bridget Moriarty Adams
Jackie Nytes
William C. Oliver
Marilyn Pfisterer
Lincoln Plowman
Joanne Sanders
Christine Scales
Mike Speedy
Ryan Vaughn

2009 Judiciary

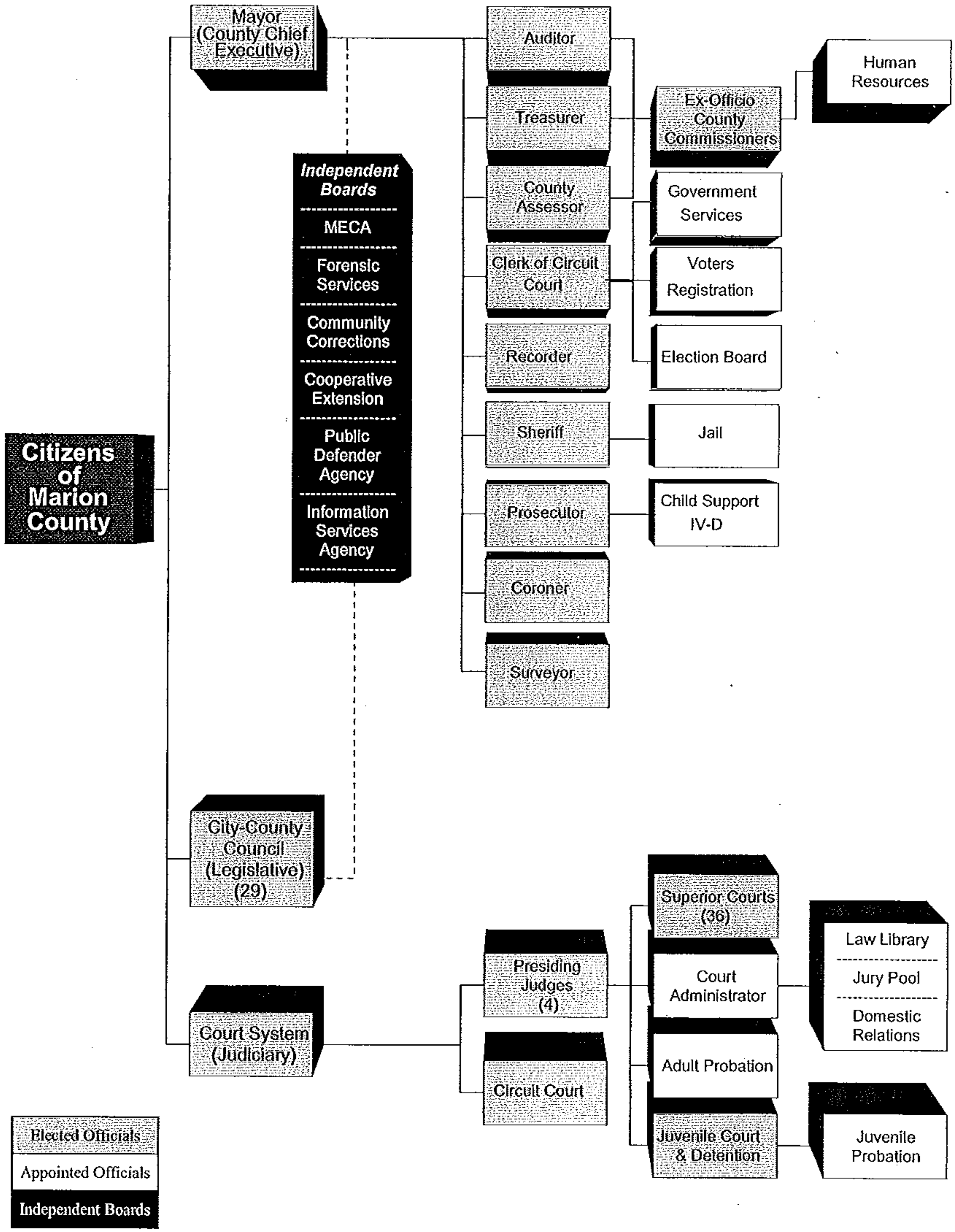
CIRCUIT COURT .... Louis Rosenberg
Circuit – Paternity .... Alicia Gooden, Commissioner

SUPERIOR COURT

Criminal Division:	Court 1		Kurt Eisgruber
	Court 2		Robert Altice Jr.*
	Court 3		Sheila A. Carlisle
	Court 4		Lisa Borges
	Court 5		Grant Hawkins
	Court 6		Mark D. Stoner
	Court 7	Misdemeanor	William J. Nelson
	Court 8	Misdemeanor	Barbara Collins
	Court 9	D-Felony	Marc Rothenberg
	Court 10	Misdemeanor	Linda E. Brown
	Court 11	Initial Hearing/APC	Commissioners
	Court 12	Community Court	Magistrate Jeffrey Marchal
	Court 13	Traffic/Misdemeanor	William Young
	Court 14	D-Felony Drug Court/Re-entry Court	Jose D. Salinas
	Court 15	Felony	James Osborn
	Court 16	Domestic Violence	Kimberly Brown
	Court 17	Domestic Violence	Clark Rogers
	Court 18	D-Felony	Reuben Hill
	Court 19	Misdemeanor	R. F. Pierson-Treacy
	Court 20	Felony Drug	Steve Eichholtz
	Court 21	Domestic Violence	David J. Certo
	Court 22	Major Felony	Carol J. Orbison
	Court 24	D Felony	Annie Christ-Garcia
Civil Division:	Court 1		David Shaheed
	Court 2		Theodore Sosin**
	Court 3		Patrick L. McCarty
	Court 4		Cynthia J. Ayers
	Court 5		Robyn Moberly
	Court 6		Thomas J. Carroll
	Court 7		Gerald S. Zore**
	Court 8	Probate Division	Tanya Walton Pratt**
	Court 9	Juvenile Division	Marilyn A. Moores
	Court 10		David Dreyer
	Court 11		John Hanley
	Court 12		Heather Welch
	Court 13		Timothy Oakes
	Court 14		S.K. Reid
	Environmental Court		Michael D. Keele
	Title IV-D Court		Carol Terzo, Commissioner

* Presiding Judge
**Associate Presiding Judge

Marion County, Indiana
Government Organization Chart



COMMISSIONERS • MARION COUNTY, INDIANA

1822

KPMG

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, 2009, 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.

As more fully described in Note 1 to the basic financial statements, the County prepared its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position–modified cash basis 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, 2009, and the respective changes in financial position–modified cash basis thereof for the year then ended, in conformity with the basis of accounting described in Note 1, except for Note 6 – Additional Pension Disclosures, on which we express no opinion.

The County has not presented Management's Discussion and Analysis as required supplementary information that U.S. generally accepted accounting principles have determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 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 or compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 28 and 29; the schedules of funding progress and employer contributions on pages 30 and 31; and the notes to required supplementary information on pages 32 and 33 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 37 through 47, 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 39 through 43 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 on the basis of accounting described in Note 1.

The information presented in the introductory section on pages 1 through 3, 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 it.

KPMG LLP

Indianapolis, Indiana
October 29, 2010

BASIC
FINANCIAL STATEMENTS

COMMISSIONERS • MARION COUNTY, INDIANA

1822

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS-MARION COUNTY)
STATEMENT OF ACTIVITIES AND NET ASSETS – MODIFIED CASH BASIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

		Program Cash Receipts		Net Cash Receipts (Disbursements) and Changes in Net Assets		
Functions/Programs	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Administration and finance program	$ 26,718,746	$ 19,136,253	$ 1,014,525	$ (6,567,968)	$ —	$ (6,567,968)
Protection of people and property program	89,404,184	13,869,108	4,801,248	(70,733,828)	—	(70,733,828)
Corrections program	76,313,403	782,570	7,476,099	(68,054,734)	—	(68,054,734)
Judicial program	78,084,845	11,454,630	7,115,485	(59,514,730)	—	(59,514,730)
Culture and recreation program	2,428,095	—	118,615	(2,309,480)	—	(2,309,480)
Real estate and assessments program	10,227,274	2,944,298	—	(7,282,976)	—	(7,282,976)
Health and welfare program	15,442,782	142,417	—	(15,300,365)	—	(15,300,365)
Principal and interest on tax anticipation warrants	106,953,659	—	—	(106,953,659)	—	(106,953,659)
Principal and interest on long-term debt	28,920,032	—	—	(28,920,032)	—	(28,920,032)
Total governmental activities	434,493,020	48,329,276	20,525,972	(365,637,772)	—	(365,637,772)
Business-type activities:						
Drug testing laboratory	353,525	402,786	—	—	49,261	49,261
Total business-type activities	353,525	402,786	—	—	49,261	49,261
Total	$ 434,846,545	$ 48,732,062	$ 20,525,972	(365,637,772)	49,261	(365,588,511)
General cash receipts:						
Property taxes				134,348,914	—	134,348,914
Financial institution tax				1,773,162	—	1,773,162
Excise tax				9,946,448	—	9,946,448
County option income tax				53,321,267	—	53,321,267
Other state and local taxes				2,190,059	—	2,190,059
State wagering taxes				2,446,466	—	2,446,466
Unrestricted investment earnings				3,251,075	—	3,251,075
Other				1,613,848	—	1,613,848
Tax anticipation warrant proceeds				150,052,094	—	150,052,094
Total general cash receipts				358,943,333	—	358,943,333
Change in net assets				(6,694,439)	49,261	(6,645,178)
Net assets – beginning of year				96,122,033	(112,779)	96,009,254
Net assets -- end of year				$ 89,427,594	$ (63,518)	$ 89,364,076

Cash and Investment Assets - December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 86,427,594	$ (63,518)	$ 86,364,076
Certificates of deposit	3,000,000	—	3,000,000
Total cash and investment assets - December 31, 2009	$ 89,427,594	$ (63,518)	$ 89,364,076

Cash and Investment Net Assets - December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Restricted for:			
Capital projects	$ 4,011,567	$ —	$ 4,011,567
Grantor purposes	2,169,885	—	2,169,885
Statutory purposes	27,849,421	—	27,849,421
Unrestricted	55,396,721	(63,518)	55,333,203
Total cash and investment net assets - December 31, 2009	$ 89,427,594	$ (63,518)	$ 89,364,076

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Receipts				
Taxes	$ 147,203,531	$ 25,615,150	$ 31,207,635	$ 204,026,316
Intergovernmental	10,871,254	—	9,654,718	20,525,972
Interest	3,250,201	—	874	3,251,075
Charges for services	13,880,524	—	17,146,134	31,026,658
Miscellaneous	1,175,511	—	366,689	1,542,200
Total receipts	176,381,021	25,615,150	58,376,050	260,372,221
Disbursements				
Current:				
General government	76,902,738	9,746,814	10,460,521	97,110,073
Public safety	115,551,741	15,868,336	36,180,926	167,601,003
Welfare	13,858,541	—	—	13,858,541
Culture and recreation	914,874	—	—	914,874
Capital outlay	703,491	—	1,464,634	2,168,125
Debt service:				
Principal on notes	9,739,957	—	16,860,000	26,599,957
Principal and interest on tax anticipation warrants	106,953,659	—	—	106,953,659
Interest on notes	1,977,066	—	343,009	2,320,075
Total disbursements	326,602,067	25,615,150	65,309,090	417,526,307
Deficiency of receipts over disbursements	(150,221,046)	—	(6,933,040)	(157,154,086)
Other Financing Sources (Uses)				
Transfers in (out)	15,144,621	—	(15,144,621)	—
Proceeds from tax anticipation warrants	150,052,094	—	—	150,052,094
Sale of capital assets	71,648	—	—	71,648
Total other financing sources and (uses)	165,268,363	—	(15,144,621)	150,123,742
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,047,317	—	(22,077,661)	(7,030,344)
Cash and investment fund balance - beginning of year	43,382,285	—	43,947,678	87,329,963
Cash and investment fund balance - end of year	$ 58,429,602	$ —	$ 21,870,017	$ 80,299,619

Amounts reported for governmental activities in the statement of activities and net assets - modified cash basis are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. The cash and investment assets of the internal service fund are included in governmental activities in the statement of activities and net assets - modified cash basis.	9,127,975
Cash and investment net assets of governmental activities	$ 89,427,594

Cash and Investment Assets - December 31, 2009

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 55,429,602	$ —	$ 21,870,017	$ 77,299,619
Certificates of deposit	3,000,000	—	—	3,000,000
Total cash and investment assets - December 31, 2009	$ 58,429,602	$ —	$ 21,870,017	$ 80,299,619

Cash and Investment Fund Balances - December 31, 2009

	General	Public Safety Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Unreserved, reported in:				
General fund	$ 58,429,602	$ —	$ —	$ 58,429,602
Special revenue funds	—	—	17,779,965	17,779,965
Debt service funds	—	—	10,781	10,781
Capital project funds	—	—	4,079,271	4,079,271
Total cash and investment fund balances - December 31, 2009	$ 58,429,602	$ —	$ 21,870,017	$ 80,299,619

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF ASSETS AND NET ASSETS AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

	Enterprise Fund	
	Drug Testing Laboratory	Internal Service Funds
Operating receipts:		
Charges for services	$ 402,786	$ 34,030,028
Miscellaneous	—	6,524
Total operating receipts	402,786	34,036,552
Operating disbursements:		
Services and charges	353,525	30,848,140
Administration including salaries and wages	—	2,825,160
Other	—	27,347
Total operating disbursements	353,525	33,700,647
Excess of operating receipts over operating disbursements	49,261	335,905
Cash and investment net assets – beginning of year	(112,779)	8,792,070
Cash and investment net assets – end of year	$ (63,518)	$ 9,127,975
Cash and Investment Assets - December 31, 2009		
Cash and cash equivalents - December 31, 2009	$ (63,518)	$ 9,127,975
Cash and Investment Net Assets - December 31, 2009		
Cash and investment net assets (unrestricted) - December 31, 2009	$ (63,518)	$ 9,127,975

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
STATEMENT OF ASSETS AND NET ASSETS AND ADDITIONS, DEDUCTIONS,
AND CHANGES IN NETS ASSETS – MODIFIED CASH BASIS
FIDUCIARY FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

	Pension Trust Funds	Agency Funds
Additions		
Contributions:		
Employer	$ 4,933,956	
Employee	829,535	
Total contributions	5,763,491	
Investment income (loss):		
Interest and dividends	1,298,976	
Realized loss on sales, net	(6,491,957)	
Net investment loss	(5,192,981)	
Miscellaneous	235,523	
Total additions	806,033	
Deductions		
Investment management fees	412,567	
Benefits paid	11,320,626	
Total deductions	11,733,193	
Deficiency of total additions over total deductions	(10,927,160)	
Cash and investment fund balance – beginning of year	141,542,782	
Cash and investment fund balance – end of year	$ 130,615,622	
Cash and Investment Assets - December 31, 2009		
Cash and cash equivalents	$ 2,958,850	$ 104,131,182
Investments (cost basis):		
Common stocks	15,395,922	—
Mutual funds	112,260,850	—
Total cash and investment assets - December 31, 2009	$ 130,615,622	$ 104,131,182
Cash and Investment Net Assets - December 31, 2009		
Cash and investment net assets - December 31, 2009	$ 130,615,622	$ 104,131,182

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 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, the County and City retain an ongoing financial responsibility, information concerning this joint venture is included in Note 9.

B. Government-wide and Fund Financial Statements

The government-wide financial statement (i.e., statement of activities and net assets - modified cash basis) reports information on all of the nonfiduciary activities of the County. The effect of significant 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 and net assets - modified cash basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts 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 receipts rather than as program receipts. Likewise, general receipts include all taxes and other items not properly included among program receipts.

Following the government-wide financial statement are separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statement. 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 and Public Safety Income Tax funds are major governmental funds. All other governmental funds are reported in one column labeled "Nonmajor Governmental Funds." The County has one enterprise fund (business-type activities), the Drug Testing Laboratory fund. This enterprise fund is not 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. The County also has two fiduciary fund types: pension trust funds and agency funds.

C. Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are presented using a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Receipts are recorded when received and disbursements are recorded when paid. Investments are recorded at historical cost. The modified cash basis is referred to as the cash and investment basis throughout the footnotes.

The cash and investment basis of accounting differs from U.S. generally accepted accounting principles in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when the liability is incurred.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. The government-wide financial statement would be presented on the accrual 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 cash and investment basis assets, fund balances/net assets, receipts, and disbursements. 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 on the cash and investment basis are accounted for through governmental funds.

The following are the County's major governmental funds:

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

The Public Safety Income Tax Fund, a special revenue fund, was established to account for public safety income tax receipts and to be appropriated to and used by public safety related agencies.

The other governmental funds of the County are considered nonmajor. They are special revenue funds, which account for the proceeds of specific receipts that are restricted to disbursements 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.

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 of operations are financed primarily through user charges. An enterprise fund has been established for the Drug Testing Laboratory fund. The Drug Testing Laboratory fund is used to account for fees collected by the Marion Superior Court drug testing laboratory.

(Continued)

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 and to other governmental units on a cost reimbursement basis.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. All disbursements in the enterprise fund are reported as operating disbursements as they reflect the cost of services and administration. Operating disbursements for the internal service fund primarily include the cost of services and charges, and administrative disbursements. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

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 custodial in nature 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.

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 Cash Equivalents

Investments are stated at cost. Any changes in fair value of investments are reported as realized gains or losses in the year of the sale of investment as investment earnings or losses.

Cash and cash equivalents are defined as all highly liquid investments including certificates of deposit with an original maturity of three months or less at the date of purchase.

E. 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 City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance (DLGF). The DLGF typically certifies the levy on or before February 15 of the year following the property tax assessment.

The County's 2009 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2008 assessed valuations, which were adjusted for estimated appeals, tax credits and deductions. The lien date for the 2009 property taxes was March 1, 2008 (assessment date); the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. However, due to continuing issues with assessed valuations, tax bills were delayed in 2008 as well as 2009. In 2009, the first half of the year 2009 taxes were due and payable to the Treasurer in November 2009. Second half of the year 2009 tax bills were sent to taxpayers in November 2009 with a due date of February 2010. The 2010 property taxes will return to the normal collection cycle with first half taxes due May 2010 and second half taxes due November 2010.

(Continued)

F. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental, proprietary fund, or government-wide operations are accounted for as capital outlay disbursements of the fund upon payment.

G. Debt

Long-term debt

Long-term debt arising from cash transactions are not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources or general receipts and payments of principal and interest are reported as disbursements.

County Option Income Tax

The County repaid $9,677,690 of principal and $411,434 of interest for the County Option Income Tax Anticipation Notes during the year. There are no notes outstanding as of the end of the year.

Welfare Notes payable

The County repaid $16,922,267 of principal and $1,900,223 of interest during the year. There are no notes outstanding as of the end of 2009.

Tax anticipation warrants

During 2009, tax anticipation warrants were issued on the taxes levied in 2008 and collected in 2009. 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. This procedure assures the County of sufficient funds for operating disbursements between the property tax distribution dates.

Fund	Balance January 1, 2009	Issued	Redeemed	Balance December 31, 2009
General fund	$ 52,801,811	150,052,094	105,466,642	$ 97,387,263

The General fund includes tax anticipation warrant redemptions of $21,304,111 from the Family and Children Services Agency fund. As of December 31, 2009, there were no outstanding warrants for the Family and Children Services Agency Fund reflected in the General fund.

Tax anticipation warrant interest paid in 2009 was $1,487,017.

As of December 31, 2009, the County has pledged future property tax receipts to repay these outstanding warrants and related interest.

H. Interfund Transactions

In the process of aggregating the financial information for the government-wide statement of activities and net assets – modified cash basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Transfers

Legally authorized transfers are reported 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 receipts (interfund services provided) of the recipient fund and disbursements (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as receipts and disbursements if they involved organizations external to the County.

Certain internal payments are treated as program receipts, such as internal services provided and used.

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

I. Receipts and Disbursements

Program Receipts

In the government-wide financial statement, amounts reported as program receipts include (1) collection of cash from customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general cash receipts rather than program cash receipts. Likewise, general cash receipts include all taxes.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services.

J. Fund Balance / Net Assets

Government-wide Financial Statement

Equity is classified as net assets and displayed in two components:

Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. Restricted net assets are classified as restricted for capital projects, grantor purposes, and statutory purposes on the government-wide statement.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statement.

(Continued)

K. 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.

The Retirement and Disability Plans are accounted for under the cash and investment basis of accounting as pension trust funds of the County. Employee and employer contributions are recognized as receipts in the period received, pursuant to final commitments, as well as statutory or contractual requirements; and disbursements, including benefits paid and refunds, are recorded when the corresponding payments are made. Investments are recorded at cost.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a budgetary basis. All annual appropriations lapse at the end of the calendar year, except for capital project funds, which are budgeted on a project basis.

Prior to the first required publication, the Mayor submits to the City-County Council a proposed operating budget for the year commencing the following January 1st. Prior to adoption, the budget is advertised and public hearings are conducted by the City-County Council to obtain taxpayer comments. In September of each year, the City-County Council, through the passage of a resolution/ordinance, approves the budget for the next year. The budget becomes legally certified after approval from the DLGF.

Revisions to transfer appropriations between agencies or character of expenditure require approval of the City-County Council. Revisions to increase the appropriations for tax supported funds require approval of the City-County Council and the DLGF.

NOTE 3—CASH AND INVESTMENTS

A summary of all cash and investments on the financial statements at December 31, 2009 is as follows:

Cash and cash equivalents and certificates of deposit	$	89,364,076
Cash and cash equivalents and investments		
– Pension Trust Funds		
Cash and cash equivalents		2,958,850
Investment (cost basis)		127,656,772
Cash and cash equivalents – Agency Funds		104,131,182
	$	324,110,880

Investment Policy - Primary Government (excluding Sheriff's Department Personnel Retirement and Disability Benefit Plans)

Investments are recorded at cost. 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 are:

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 statute to have a stated final maturity of no 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 at 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 fair 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, 2009, the County's investments consisted of the following:

Investment type		Cost		Investment maturities (in years) Less than 1		Fair value
Certificate of deposit	$	3,000,000	$	3,000,000	$	3,000,000
Common stocks		15,395,922		15,395,922		17,908,984
Mutual funds		112,260,850		112,260,850		119,699,163
	$	130,656,772	$	130,656,772	$	140,608,147

Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian.

Total cash deposits at December 31, 2009 amounted to $193,454,108.

Credit Risk

Credit risk is the risk that an issuer or other counterparty 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, which are rated, to 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, 2009:

Investments		Cost	Rating		Fair value
Certificates of deposit	$	3,000,000	Not rated	$	3,000,000
Common stocks		15,395,922	Not rated		17,908,984
Mutual funds		112,260,850	Not rated		119,699,163
	$	130,656,772		$	140,608,147

Concentration of Credit Risk

The County policy provides that the County may invest up to 30.0% of their investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on certificates of deposit exceed treasury bills of comparable maturity duration. The County has investments of certificates of deposits at December 31, 2009 in the amount of $3,000,000, which represents approximately 0.9% of total cash and investments and is included in cash and cash equivalents at December 31, 2009.

NOTE 4—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.

Interfund transfers for the year ended December 31, 2009 consisted of the following:

			Transfer from Nonmajor governmental funds
Transfer to	General Fund	$	15,144,621

NOTE 5—PENSIONS

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 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 instructs 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 3.00% 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, 2009, there are 90 fully vested employees (over 20 years of service), 105 partially vested (between 10 and 20 years of services), and 132 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 2.50% of the highest monthly average of consecutive five-year salary per year of service up to a maximum of 20 years; plus 2.00% 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, 2009, there are 320 retirees and beneficiaries receiving benefits, 5 terminated members entitled to benefits but not yet receiving benefits, and 327 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 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 18 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, 2009, there are 83 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 attaining of age 55. The amount of the annual increase, if any, will depend on the change in the Consumer Price Index and will never exceed 2.00%.

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, 3.00% of annual salary, which is mandated by state statute, in addition to the employer contribution amount, which is actuarially determined and is currently 5.75% 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 15 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 to 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, 3.00% of annual salary, which is mandated by state statute, in addition to the employer contribution amount, which is actuarially determined and is 5.75% as of January 1, 2009.

The annual required contribution and actual contribution made for each plan is as follows for the year ended December 31, 2009:

Plan	Annual required contribution (ARC)	Actual contribution
Retirement	$ 6,068,805	$ 6,068,805
Disability	1,440,932	1,440,932
PERF	6,017,948	6,213,758

C. Concentration of Investments

As of December 31, 2009, investments that represent 5% or more of the Retirement and Disability Plans' assets included the following:

Investment	Retirement	Disability
Mutual funds:		
Passive Bond Market Fund	$ 8,167,046	$ 11,085,297
Hartford Retirement Fund	25,098,205	—
Vanguard Institutional Index Fund 94	37,561,727	—
Fidelity Diversified International Fund 325	13,294,745	—
Barrow Hanley	9,107,976	—

(Continued)

D. Financial Statements

Combining schedule for the statement of assets and net assets and additions, deductions and changes in net assets – modified cash basis – pension trust funds, as of and for the year ended December 31, 2009, are as follows:

	Retirement	Disability	Total
Additions			
Contributions:			
Employer	$ 3,781,238	$ 1,152,718	$ 4,933,956
Employee	829,535	—	829,535
Total contributions	4,610,773	1,152,718	5,763,491
Investment income (loss):			
Interest and dividends	1,297,549	1,427	1,298,976
Realized gain (loss) on sales, net	(6,491,957)	—	(6,491,957)
Net investment income (loss)	(5,194,408)	1,427	(5,192,981)
Miscellaneous	235,523	—	235,523
Total additions	(348,112)	1,154,145	806,033
Deductions			
Investment management fees	400,640	11,927	412,567
Benefits paid	10,133,992	1,186,634	11,320,626
Total deductions	10,534,632	1,198,561	11,733,193
Deficiency of total additions over total deductions	(10,882,744)	(44,416)	(10,927,160)
Cash and investment net assets – beginning of year	129,955,109	11,587,673	141,542,782
Cash and investment net assets – end of year	$ 119,072,365	$ 11,543,257	$ 130,615,622
Cash and Investment Assets - December 31, 2009			
Cash and cash equivalents	$ 2,500,890	$ 457,960	$ 2,958,850
Investment (cost basis):			
Common stocks	15,395,922	—	15,395,922
Mutual funds	101,175,553	11,085,297	112,260,850
Total cash and investment assets – December 31, 2009	$ 119,072,365	$ 11,543,257	$ 130,615,622
Cash and Investment Net Assets - December 31, 2009			
Cash and investment net assets – December 31, 2009	$ 119,072,365	$ 11,543,257	$ 130,615,622

(Continued)

NOTE 6—ADDITIONAL PENSION DISCLOSURES (UNAUDITED)

The County obtains an actuarial valuation of the Retirement, Disability, and PERF plans each year. Although information related to the actuarial valuation is not required to be presented under the cash and investment basis of accounting, the following disclosures are presented for additional information.

A. 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
Valuation date	1/01/10	1/01/10	7/01/09
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	**	**	1.5% compounded annually after retirement
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 retirement, 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 2000-2005.

Marion County Law Enforcement Personnel Retirement Plan

For the plan year 2009, the County's annual pension cost of $6,298,629 for the Retirement Plan was more than the required annual contribution and actual County contribution of $6,068,805. The required contribution was determined as part of the January 1, 2009 valuation using frozen entry age actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the net pension asset (NPA) is as follows for the Retirement Plan:

Annual required contribution (ARC)	$	6,068,805
Interest on net pension asset		(201,567)
Adjustment to ARC		431,391
Annual pension cost		6,298,629
Actual contribution made		(6,068,805)
Decrease in net pension asset		(229,824)
Net pension asset at beginning of year		2,687,564
Net pension asset at end of year	$	2,457,740

The above calculation is determined under the accrual basis of accounting and is not reflected within the accompanying financial statements due to the financial statements being prepared under the cash and investment basis of accounting.

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the plan year 2009, the County's annual pension cost of $1,441,963 for the Disability Plan was more than the required annual contribution and actual County contribution of $1,440,932. The required contribution was determined as part of the January 1, 2009 valuation using aggregate actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the NPA is as follows for the Disability Plan:

Annual required contribution (ARC)	$	1,440,932
Interest on net pension asset		(904)
Adjustment to ARC		1,935
Annual pension cost		1,441,963
Actual contribution made		(1,440,932)
Decrease in net pension asset		(1,031)
Net pension asset at beginning of year		12,058
Net pension asset at end of year	$	11,027

The above calculation is determined under the accrual basis of accounting and is not reflected within the accompanying financial statements due to the financial statements being prepared under the cash and investment basis of accounting.

PERF

For the plan year 2009, the County's annual pension cost of $6,039,034 for PERF was more than the required annual contribution of $6,017,948 and less than the actual County contribution of $6,213,758. The required contribution was determined as part of the July 1, 2009 valuation using entry age normal cost liability method.

(Continued)

Under the accrual basis of accounting, the calculation of the annual pension cost and the NPA is as follows for PERF:

Annual required contribution (ARC)	$	6,017,948
Interest on net pension asset		(151,071)
Adjustment to ARC		172,157
Annual pension cost		6,039,034
Actual contribution made		(6,213,758)
Increase in net pension asset		174,724
Net pension asset at beginning of year		2,083,742
Net pension asset at end of year	$	2,258,466

The above calculation is determined under the accrual basis of accounting and is not reflected within the accompanying financial statements due to the financial statements being prepared under the cash and investment basis of accounting.

B. Trend Information

Selected trend information for the years ended December 31, 2007, 2008, and 2009 is as follows:

Valuation date	Annual pension cost	Percentage contributed	Net pension asset
Marion County law enforcement personnel:			
Retirement Plan			
1/01/07	$ 4,011,294	109 %	$ 2,793,553
1/01/08	3,887,227	97	2,687,564
1/01/09	6,298,629	96	2,457,740
Disability Plan			
1/01/07	1,047,140	100	13,186
1/01/08	1,153,846	100	12,058
1/01/09	1,441,963	100	11,027
County employees (PERF)			
6/30/07	4,947,083	91	1,715,413
6/30/08	5,084,158	107	2,083,742
6/30/09	6,039,034	103	2,258,466

(Continued)

C. Funded Status

The funded status of the plans as the most recent actuarial valuation date is as follows:

Valuation Date	(1) Net assets available for benefits	(2) Actuarial accrued liability	(3) Assets in excess of actuarial accrued liability (AEAAL) (1)-(2)	(4) Funded Ratio (1)/(2)	(5) Annual covered payroll	AEAAL as percentage of covered payroll (3)/(5)
Marion County Law Enforcement Personnel:						
Retirement Plan						
01/01/2010	$ 140,682,426	$ 182,046,693	$ (41,364,267)	77.3%	$ 21,173,883	195.4%
Disability Plan*						
01/01/2010	$ 16,795,458	$ 16,795,458	$ —	100.0%	$ 21,173,883	0.0%
County Employees (PERF)						
07/01/2009	$ 90,792,910	$ 107,545,800	$ (16,752,890)	84.4%	$ 110,809,679	15.1%

*Funded status for the Disability Plan was calculated using the aggregate actuarial cost method.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information.

NOTE 7—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, workers' compensation, and general liability. 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 four years. Due to the cash and investment basis of accounting, unpaid claims are not recorded within the accompanying financial statements.

NOTE 8—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 9—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. 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 chief 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 2009, the County paid $3,581,000 and $6,748,483 in rent and maintenance, respectively. 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 10—RELATED-PARTY TRANSACTIONS

The legislative body of the County is the same in several respects as that of the City, and the position of chief executive is held by the Mayor of the City. The County provides certain information technology and telephone services to the City. Receipts from these services were $16,548,889 in 2009. In 2009, the County received $326,551 of 911 dispatch fees from the City.

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 countywide tax levy. The County does not compensate the City for these services, except for legal 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 2009.

In 2006, 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 2009, the cost of medical care provided to inmates for Marion County was $2,319,237. Additionally, in 2009, the County made $1,550,364 in mental health distributions to HHC as allowed by law.

NOTE 11—COMMITMENTS AND CONTINGENCIES

In 2009, Indiana law limits the liability of municipalities to $700,000 per person and $5,000,000 per occurrence.

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 disbursements 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 12—DEFICIT FUND BALANCES

At December 31, 2009, the following nonmajor governmental and enterprise funds had a deficit fund balance/net assets:

Nonmajor Capital Projects Funds		
Public Safety Capital Projects	$	(12,244)
Nonmajor Special Revenue Fund		
Supplemental Public Defender Fee	$	(74,526)
Federal Stimulus		(211,650)
Enterprise		
Drug Testing Laboratory	$	(63,518)

The County intends to reduce the deficit in the Drug Testing Laboratory fund by increasing charges for services accounted for in the fund. The deficit in the Public Safety Capital Projects and Supplemental Public Defender Fee will be covered by the fees collected from the General Fund. The deficit for the Federal Stimulus fund will be covered by future grant reimbursements.

NOTE 13—SUBSEQUENT EVENTS

A. Property Tax Assessment

In 2007, the Governor ordered a state-wide reassessment. Due to this reassessment the 2008 billing was delayed which then delayed the 2009 billing. The first half 2009 taxes were due and payable to the Treasurer in November 2009. Second half 2009 tax bills were sent to taxpayers in November 2009 with a due date of February 2010. These property tax delays caused the County to collect less receipts than budgeted and the County utilized short-term borrowing using tax anticipation warrants to supplement the lower than expected receipts. These tax warrants were fully repaid by the financial statement issuance date (see Note 13.B below).

(Continued)

B. Issuance of Tax Anticipation Warrants

The County issued tax anticipation warrants in advance of property tax collections in each of the years 2008 through 2010. Amounts borrowed and repaid by year by fund as well as the outstanding balance at the financial statement issuance date are as follows:

2010	Beginning Balance	Issued	Redeemed	Balance at Financial Statement Issuance Date
General Fund	$ 97,387,263	$ —	97,387,263	$ —

C. 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.

D. Children's Guardian Home

In May 2010, Irvington Preparatory Academy signed a fifteen year lease with Marion County to utilize the former Guardian Home starting for their 2010-2011 school year, which began on August 9, 2010.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

COMMISSIONERS • MARION COUNTY • INDIANA

1822

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS–MARION COUNTY)
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SUPPLEMENTARY INFORMATION
GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget –
	Original	Final	Actual Amounts	Positive (Negative)
Receipts				
Taxes	$ 197,917,063	$ 226,415,464	$ 150,940,121	$ (75,475,343)
Intergovernmental	11,528,781	11,528,781	7,300,168	(4,228,613)
Charges for services	15,750,134	7,928,459	4,017,364	(3,911,095)
Interest	7,179,884	7,179,884	3,250,201	(3,929,683)
Miscellaneous	694,277	694,277	78,288	(615,989)
Total receipts	233,070,139	253,746,865	165,586,142	(88,160,723)
Disbursements				
Current:				
General government	92,821,249	77,183,528	78,814,033	(1,630,505)
Public safety	125,612,854	103,619,145	101,971,714	1,647,431
Welfare	6,293,737	12,441,586	12,394,903	46,683
Culture and recreation	906,136	906,136	892,693	13,443
Debt Service:				
Principal on notes	9,600,000	9,677,690	9,677,690	—
Principal and interest on tax anticipation warrants	—	106,953,659	106,953,659	—
Interest on notes	—	1,565,632	1,565,632	—
Total disbursements	235,233,976	312,347,376	312,270,324	77,052
Deficiency of receipts over disbursements	(2,163,837)	(58,600,511)	(146,684,182)	(88,083,671)
Other financing sources:				
Proceeds on tax anticipation warrants	—	150,052,094	150,052,094	—
Sale of capital assets	30,300	30,300	70,304	40,004
Transfers in (out)	(897,855)	(897,855)	15,144,621	16,042,476
Total other financing sources	(867,555)	149,184,539	165,267,019	16,082,480
Excess (deficiency) of receipts over disbursements and other financing sources	$ (3,031,392)	$ 90,584,028	$ 18,582,837	$ (72,001,191)

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 RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SUPPLEMENTARY INFORMATION
PUBLIC SAFETY INCOME TAX
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget –
	Original	Final	Actual Amounts	Positive (Negative)
Receipts				
Taxes	$ —	$ —	$ 25,615,150	$ 25,615,150
Disbursements				
Current:				
General government	—	9,746,814	9,746,814	—
Public safety	—	15,868,336	15,868,336	—
Total disbursements	—	25,615,150	25,615,150	—
Excess of receipts over disbursements	$ —	$ (25,615,150)	$ —	$ 25,615,150

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 FUNDING PROGRESS
(UNAUDITED)
DECEMBER 31, 2009

Valuation date	(1) Net assets available for benefits	(2) Actuarial accrued liability	(3) Assets in excess 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						
1/1/05	$ 136,580,198	$ 146,179,457	$ (9,599,259)	93.4%	$ 22,106,306	43.4%
1/1/06	144,128,766	156,011,793	(11,883,027)	92.4	23,202,469	51.2
1/1/07	153,072,407	164,402,575	(11,330,168)	93.1	21,774,201	52.0
1/1/08	160,461,469	170,363,749	(9,902,280)	94.2	21,337,954	46.4
1/1/09	136,565,438	176,464,368	(39,898,930)	77.4	20,966,053	190.3
1/1/10	140,682,426	182,046,693	(41,364,267)	77.3	21,173,883	195.4
Disability Plan**						
1/1/09	$ 15,767,856	$ 15,767,856	$ —	100.0%	$ 20,966,053	0.0%
1/1/10	16,795,458	16,795,458	—	100.0	21,173,883	0.0
County Employees*						
7/1/2007	$ 85,898,382	$ 85,370,625	$ 527,757	101.0%	$ 86,572,232	0.6%
7/1/2008	94,535,150	102,578,511	(8,043,361)	92.0	96,287,170	8.4
7/1/2009	90,792,910	107,545,800	(16,752,890)	84.0	110,809,679	15.1

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

**Funded status for the Disability Plan was calculated using the aggregate actuarial cost method.

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.

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, 2009

Valuation date		Annual required contributions	Percentage contributed
Marion County Law Enforcement Personnel:			
Retirement Plan			
1/1/04	$	4,061,769	110.3%
1/1/05		4,270,397	108.5
1/1/06		4,672,018	109.3
1/1/07		3,804,775	115.4
1/1/08		3,648,340	104.0
1/1/09		6,068,805	100.0
Disability Plan			
1/1/04	$	928,311	100.0%
1/1/05		961,883	105.0
1/1/06		963,908	100.0
1/1/07		1,045,907	100.0
1/1/08		1,152,718	100.0
1/1/09		1,440,932	100.0
County Employees			
7/1/04	$	2,559,233	116.9%
7/1/05		3,479,739	98.8
7/1/06		4,258,411	92.8
7/1/07		4,925,141	91.3
7/1/08		5,066,799	107.0
7/1/09		6,017,948	103.0

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 (Special Revenue Fund), Sheriff Commissary (Special Revenue Fund), Prosecutor's Title IV-D Incentive (Special Revenue Fund), which are not legally required to do so. Campaign Finance Fines (Special Revenue Fund), Section 102 HAVA Reimbursement (Special Revenue Fund), County Sinking (Debt Service Fund), Capital Improvement Sinking (Debt Service Fund), Public Safety Interest Escrow (Capital Projects Fund), Drug Treatment Diversion (Special Revenue Fund), and Public Safety Capital Projects (Capital Projects Fund) were not budgeted during 2009 due to no expenditure activity. These budgets require City-County Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges).

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 of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

The timetable for the budgetary process is as follows:

June 1	Office of Finance and Management provides guidelines to County agencies
July 1	County officials submit budgets
August	County Chief Executive 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 if the increased appropriation occurs in a fund that has a tax rate, then the DLGF also must approve the increase.

During the year, the following supplementary appropriations were properly approved for the General Fund and Public Safety Income Tax:

	General Fund	Public Safety Income Tax
Original appropriation	$ 235,233,976	$ —
Revisions	77,113,400	25,615,150
Revised appropriation	$ 312,347,376	$ 25,615,150

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.

(Continued)

NOTE 2—BUDGET / CASH AND INVESTMENT BASIS REPORTING DIFFERENCES

Adjustments required to convert the results of 2009 operations from a budgetary basis to a cash and investment basis are as follows:

	General Fund	Public Safety Income Tax
Excess of receipts over disbursements and other financing sources (budgetary basis)	$ 18,582,837	$ —
Adjustments:		
Prior year receipts	27,973,086	—
Prior year disbursements	(8,450,964)	—
Disbursements from prior year encumbrances	5,991,936	—
Vouchers payable outstanding	(29,049,578)	—
Excess of receipts and other financing sources over disbursements and other financing uses	$ 15,047,317	$ —

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

1822

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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.

INDENTIFICATION SECURITY PROTECTION—This fund was created by IC 36-2-7.5-11 for the purpose of purchasing, upgrading, implementing, or maintaining redacting technology used in the office of the County Recorder.

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.

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.

COUNTY RECORDS PERPETUATION—Established 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.

PROPERTY REASSESSMENT—Used for the purpose of receiving and holding in escrow tax distribution for the funding for the next property reassessment. Funds held in escrow until distributions are authorized by the State Legislature; whereby, the distribution is made to the Marion County Assessor.

PROSECUTOR'S DIVERSION—Established to account for collection of user fees related to the operation of pretrial diversion programs. All money 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.

LAW ENFORCEMENT—Established to account for the receipt of restitution and forfeitures by certain offenders.

CLERK'S TITLE IV D INCENTIVE—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 (IC 31-25-4-23).

SHERIFF COMMISSARY—Established to account for money collected in the jail commissary, which is required to be spent according to IC 36-8-10-21.

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 alcohol and drug services program.

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.

(Continued)

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

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.

STATE AND FEDERAL GRANT FUNDS—Established to account for state and federal grant programs 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.

FEDERAL STIMULUS—Established to account for the federal grant program received under the American Recovery and Reinvestment Act, which was signed into law by President Obama on February 17, 2009.

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.

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—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 (IC 31-25-4-23).

MC SHERIFF'S CIVIL DIVISION FEES—The fund consists of fees collected in the processing of real estate foreclosures and orders of eviction. Receipts 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 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 14 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.

WELFARE SINKING—Established to account for the resources devoted to the payment of interest and principal on long-term debt issued by the County.

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 2009.

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.

(Continued)

CAPITAL PROJECTS FUNDS

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

CUMULATIVE CAPITAL DEVELOPMENT—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.

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 receipts 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 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2009

	Special Revenue Funds										
	Identification Security Protection	Adult Probation	Surveyor's Corner Perpetuation	County Records Perpetuation	Property Reassessment	Prosecutor's Diversion	Prosecutor's Law Enforcement	Clerk's Title IV D Incentive	Sheriff Commissary	County Extradition	County Misdemeanant
Receipts:											
Taxes	$ —	$ —	$ —	$ —	$ 2,685,836	$ —	$ —	$ —	$ —	$ —	$ —
Intergovernmental	—	—	—	—	—	—	—	337,457	—	—	600,601
Interest	—	—	—	—	—	—	—	—	—	—	—
Charges for services	258,570	2,247,118	133,840	576,732	—	617,404	76,923	—	3,417,309	45,400	—
Miscellaneous	—	15,324	—	—	39	—	—	44	—	—	1,256
Total receipts	258,570	2,262,442	133,840	576,732	2,685,875	617,404	76,923	337,511	3,417,309	45,400	601,857
Disbursements:											
Current:											
General government	—	2,576,791	273,723	972,980	879,398	—	—	422,892	—	—	—
Public safety	—	—	—	—	—	705,024	309,947	—	3,731,734	72,739	514,356
Capital outlay	—	—	—	301,879	—	—	98,444	—	—	—	14,000
Total disbursements	—	2,576,791	273,723	1,274,859	879,398	705,024	408,391	422,892	3,731,734	72,739	528,356
Excess (deficiency) of receipts over disbursements	258,570	(314,349)	(139,883)	(698,127)	1,806,477	(87,620)	(331,468)	(85,381)	(314,425)	(27,339)	73,501
Other financing sources (uses):											
Transfers in (out)	—	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—	—	—	—
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	258,570	(314,349)	(139,883)	(698,127)	1,806,477	(87,620)	(331,468)	(85,381)	(314,425)	(27,339)	73,501
Cash and investment fund balance-beginning	959,467	500,077	1,505,359	2,164,103	(609,709)	434,432	1,033,497	919,945	743,507	109,860	299,067
Cash and investment fund balance-ending	$ 1,218,037	$ 185,728	$ 1,365,476	$ 1,465,976	$ 1,196,768	$ 396,812	$ 702,029	$ 834,564	$ 429,082	$ 82,521	$ 372,568
Cash and Investment Assets - December 31, 2009											
Cash and cash equivalents	$ 1,218,037	$ 185,728	$ 1,365,476	$ 1,465,976	$ 1,196,768	$ 396,812	$ 702,029	$ 834,564	$ 429,082	$ 82,521	$ 372,568
Total cash and investment assets - December 31, 2009	$ 1,218,037	$ 185,728	$ 1,365,476	$ 1,465,976	$ 1,196,768	$ 396,812	$ 702,029	$ 834,564	$ 429,082	$ 82,521	$ 372,568
Cash and Investment Fund Balance - December 31, 2009											
Unreserved	$ 1,218,037	$ 185,728	$ 1,365,476	$ 1,465,976	$ 1,196,768	$ 396,812	$ 702,029	$ 834,564	$ 429,082	$ 82,521	$ 372,568
Total cash and investment fund balances - December 31, 2009	$ 1,218,037	$ 185,728	$ 1,365,476	$ 1,465,976	$ 1,196,768	$ 396,812	$ 702,029	$ 834,564	$ 429,082	$ 82,521	$ 372,568

	Debt Service Funds				Capital Projects Funds					
	Welfare Sinking	County Sinking	Juvenile Incarceration Sinking	Total Debt Service	Public Safety Capital Projects	Cumulative Capital Development	Public Safety Interest Escrow	Capital Improvement Lease Fund	Total Capital Projects	Total Nonmajor Funds
Receipts:										
Taxes	$ (1,925,614)	$ —	$ 21,499,160	$ 19,573,545	$ —	$ 8,524,150	$ —	$ 424,103	$ 8,948,253	$ 31,207,635
Intergovernmental	—	—	—	—	—	—	—	—	—	9,654,718
Interest	—	—	—	—	—	—	—	—	—	874
Charges for services	—	—	—	—	—	—	—	—	—	17,145,134
Miscellaneous	—	—	—	—	—	—	—	—	—	356,689
Total receipts	(1,925,614)	—	21,499,160	19,573,545	—	8,524,150	—	424,103	8,948,253	58,376,050
Disbursements:										
Current:										
General government	—	—	—	—	—	1,856,366	—	—	1,856,366	10,469,521
Public safety	—	—	11,981,741	11,981,741	—	—	—	1,993,000	1,993,000	35,180,926
Capital outlay	—	—	—	—	—	170,039	—	—	170,039	1,464,634
Debt service:										
Principal on notes	16,860,000	—	—	16,860,000	—	—	—	—	—	16,860,000
Interest on notes	343,009	—	—	343,009	—	—	—	—	—	343,009
Total disbursements	17,203,009	—	11,981,741	29,184,750	—	2,026,405	—	1,993,000	4,019,405	65,309,090
Excess (deficiency) of receipts over disbursements	(19,128,623)	—	9,517,419	(9,611,204)	—	6,497,745	—	(1,568,897)	4,928,848	(6,933,040)
Other financing sources (uses):										
Transfers in (out)	(1,495,065)	—	(14,769,556)	(16,264,621)	—	(3,000,000)	—	3,000,000	—	(15,144,621)
Total other financing sources (uses)	(1,495,065)	—	(14,769,556)	(16,264,621)	—	(3,000,000)	—	3,000,000	—	(15,144,621)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,623,688)	—	(5,252,137)	(25,875,825)	—	3,497,745	—	1,431,103	4,928,848	(22,077,661)
Cash and investment fund balance-beginning	20,623,688	10,781	5,252,137	25,886,606	(12,244)	512,138	1,684	(1,351,155)	(849,577)	43,947,678
Cash and investment fund balance-ending	$ —	$ 10,781	$ —	$ 10,781	$ (12,244)	$ 4,009,883	$ 1,684	$ 79,948	$ 4,079,271	$ 21,870,017
Cash and Investment Assets - December 31, 2009										
Cash and cash equivalents	$ —	$ 10,781	$ —	$ 10,781	$ (12,244)	$ 4,009,883	$ 1,684	$ 79,948	$ 4,079,271	$ 21,870,017
Total Cash and Investment assets - December 31, 2009	$ —	$ 10,781	$ —	$ 10,781	$ (12,244)	$ 4,009,883	$ 1,684	$ 79,948	$ 4,079,271	$ 21,870,017
Cash and Investment Fund Balance - December 31, 2009										
Unreserved	$ —	$ 10,781	$ —	$ 10,781	$ (12,244)	$ 4,009,883	$ 1,684	$ 79,948	$ 4,079,271	$ 21,870,017
Total cash and investment fund balances - December 31, 2009	$ —	$ 10,781	$ —	$ 10,781	$ (12,244)	$ 4,009,883	$ 1,684	$ 79,948	$ 4,079,271	$ 21,870,017

See accompanying independent auditor's report

Special Revenue Funds															
Alcohol and Drug Services	Community Corrections Home Detention	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	State and Federal Grants	Federal Stimulus	Enhanced Access	Prosecutor's Law Enforcement Equitable Share	Prosecutor's Title IV D Incentive	MC Sheriff's Civil Division Fees	Auditor's Endorsement Fee	County Sales Disclosure	Other	Total Special Revenue
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,685,836
—	—	—	—	—	—	7,600,753	455,163	—	—	507,721	—	—	—	153,013	9,654,718
—	—	—	—	—	—	40	—	—	834	—	—	—	—	—	874
628,059	749,686	269,107	3,778,716	401,073	39,567	—	—	229,645	139,823	—	1,831,400	182,830	88,215	1,434,717	17,146,134
—	73,220	—	7,505	13,307	—	—	—	—	—	47,693	—	—	—	208,301	366,689
628,059	822,906	269,107	3,786,221	414,380	39,567	7,600,793	455,163	229,645	140,657	555,414	1,831,400	182,830	88,215	1,796,031	29,854,251
747,094	—	363,375	—	80,492	109,765	674,655	45,709	28,000	—	—	—	—	—	1,429,281	8,604,155
—	1,621,652	—	5,074,134	345,042	39,972	7,079,435	132,000	—	20,638	370,371	1,962,371	—	—	226,770	22,206,185
—	8,034	—	17,315	—	—	259,051	489,104	—	99,595	—	—	—	—	7,173	1,294,595
747,094	1,629,686	363,375	5,091,449	425,534	149,737	8,013,141	666,813	28,000	120,233	370,371	1,962,371	—	—	1,663,224	32,104,935
(119,035)	(806,780)	(94,268)	(1,305,228)	(11,154)	(110,170)	(412,348)	(211,650)	201,645	20,424	185,043	(130,971)	182,830	88,215	132,807	(2,250,684)
—	1,120,000	—	—	—	—	—	—	—	—	—	—	—	—	—	1,120,000
—	1,120,000	—	—	—	—	—	—	—	—	—	—	—	—	—	1,120,000
(119,035)	313,220	(94,268)	(1,305,228)	(11,154)	(110,170)	(412,348)	(211,650)	201,645	20,424	185,043	(130,971)	182,830	88,215	132,807	(1,130,684)
713,061	(105,711)	19,742	3,327,850	251,111	750,296	1,123,258	—	980,458	318,926	20,229	683,574	726,013	225,385	1,766,852	18,910,649
$ 594,026	$ 207,509	$ (74,526)	$ 2,022,622	$ 239,957	$ 640,126	$ 710,910	$ (211,650)	$ 1,182,103	$ 339,350	$ 205,272	$ 552,603	$ 908,843	$ 313,600	$ 1,899,659	$ 17,779,965
$ 594,026	$ 207,509	$ (74,526)	$ 2,022,622	$ 239,957	$ 640,126	$ 710,910	$ (211,650)	$ 1,182,103	$ 339,350	$ 205,272	$ 552,603	$ 908,843	$ 313,600	$ 1,899,659	$ 17,779,965
$ 594,026	$ 207,509	$ (74,526)	$ 2,022,622	$ 239,957	$ 640,126	$ 710,910	$ (211,650)	$ 1,182,103	$ 339,350	$ 205,272	$ 552,603	$ 908,843	$ 313,600	$ 1,899,659	$ 17,779,965
$ 594,026	$ 207,509	$ (74,526)	$ 2,022,622	$ 239,957	$ 640,126	$ 710,910	$ (211,650)	$ 1,182,103	$ 339,350	$ 205,272	$ 552,603	$ 908,843	$ 313,600	$ 1,899,659	$ 17,779,965
$ 594,026	$ 207,509	$ (74,526)	$ 2,022,622	$ 239,957	$ 640,126	$ 710,910	$ (211,650)	$ 1,182,103	$ 339,350	$ 205,272	$ 552,603	$ 908,843	$ 313,600	$ 1,899,659	$ 17,779,965

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Identification Security Protection				
Receipts:				
Charges for services	$ 344,688	$ 344,688	$ 258,570	$ (86,118)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	$ 344,688	$ 344,688	$ 258,570	$ (86,118)
Adult Probation				
Receipts:				
Charges for services	$ 2,405,000	$ 2,405,000	$ 2,060,119	$ (344,881)
Miscellaneous	—	—	4,504	4,504
Total receipts	2,405,000	2,405,000	2,064,623	(340,377)
Disbursements:				
General government	2,951,946	2,951,946	2,576,791	375,155
Deficiency of receipts over disbursements	$ (546,946)	$ (546,946)	$ (512,168)	$ 34,778
Surveyor's Corner Perpetuation				
Receipts:				
Charges for services	$ 178,824	$ 178,824	$ 133,840	$ (44,984)
Disbursements:				
General government	285,913	285,913	282,779	3,134
Deficiency of receipts over disbursements	$ (107,089)	$ (107,089)	$ (148,939)	$ (41,850)
County Records Perpetuation				
Receipts:				
Charges for services	$ 618,604	$ 618,604	$ 576,732	$ (41,872)
Disbursements:				
General government	1,295,240	1,210,452	1,007,207	203,245
Deficiency of receipts over disbursements	$ (676,636)	$ (591,848)	$ (430,475)	$ 161,373
Property Reassessment				
Receipts:				
Taxes	$ 1,872,905	$ 1,872,905	$ 1,062,571	$ (810,334)
Interest	50,000	50,000	—	(50,000)
Total receipts	1,922,905	1,922,905	1,062,571	(860,334)
Disbursements:				
General government	1,128,489	1,128,489	888,467	240,022
Excess of receipts over disbursements	$ 794,416	$ 794,416	$ 174,104	$ (620,312)
Prosecutor's Diversion				
Receipts:				
Charges for services	$ 830,000	$ 830,000	$ 536,428	$ (293,572)
Disbursements:				
Public safety	767,672	767,672	705,024	62,648
Deficiency of receipts over disbursements	$ 62,328	$ 62,328	$ (168,596)	$ (230,924)
Prosecutor's Law Enforcement				
Receipts:				
Charges for services	$ —	$ —	$ 76,923	$ 76,923
Disbursements:				
Public safety	217,782	217,782	217,782	—
Deficiency of receipts over disbursements	$ (217,782)	$ (217,782)	$ (140,859)	$ 76,923
County Extradition				
Receipts:				
Charges for services	$ 50,000	$ 50,000	$ 45,400	$ (4,600)
Disbursements:				
Public safety	79,694	79,694	79,694	—
Deficiency of receipts over disbursements	$ (29,694)	$ (29,694)	$ (34,294)	$ (4,600)
County Misdemeanant				
Receipts:				
Intergovernmental	$ —	$ 600,551	$ 600,601	$ 50
Miscellaneous	600,551	—	—	—
Total receipts	600,551	600,551	600,601	50
Disbursements:				
Public safety	616,933	616,933	416,368	200,565
Excess of receipts over disbursements	$ (16,382)	$ (16,382)	$ 184,233	$ 200,615

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Alcohol and Drug Services				
Receipts:				
Charges for services	$ 825,000	$ 825,000	$ 577,619	$ (247,381)
Disbursements:				
General government	761,742	761,742	747,094	14,648
Deficiency of receipts over disbursements	$ 63,258	$ 63,258	$ (169,475)	$ (232,733)
Community Corrections Home Detention				
Receipts:				
Charges for services	$ 2,640,000	$ 2,640,000	$ 749,686	$ (1,890,314)
Miscellaneous	50,000	50,000	73,211	23,211
Total receipts	2,690,000	2,690,000	822,897	(1,867,103)
Disbursements:				
Public safety	2,320,304	2,118,357	1,640,185	478,172
Deficiency of receipts over disbursements	369,696	571,643	(817,288)	(1,388,931)
Other financing sources (uses):				
Transfers in (out)	—	—	1,120,000	1,120,000
Excess of receipts over disbursements and other financing sources	$ 369,696	$ 571,643	$ 302,712	$ (268,931)
Supplemental Public Defender Fee				
Receipts:				
Charges for services	$ 925,000	$ 925,000	$ 252,291	$ (672,709)
Disbursements:				
General government	825,000	402,088	363,375	38,713
Deficiency of receipts over disbursements	$ 100,000	$ 522,912	$ (111,084)	$ (633,996)
Deferral Program Fees				
Receipts:				
Charges for services	$ 4,840,037	$ 4,840,037	$ 3,445,342	$ (1,394,695)
Miscellaneous	15,000	15,000	110	(14,890)
Total receipts	4,855,037	4,855,037	3,445,452	(1,409,585)
Disbursements:				
Public safety	5,679,319	5,579,319	5,035,489	543,830
Deficiency of receipts over disbursements	$ (824,282)	$ (724,282)	$ (1,590,037)	$ (865,755)
County Drug Free Community				
Receipts:				
Charges for services	$ 450,000	$ 450,000	$ 368,450	$ (81,550)
Disbursements:				
General government	124,000	107,282	85,600	21,682
Public safety	356,000	377,718	377,718	—
Total disbursements	480,000	485,000	463,318	21,682
Deficiency of receipts over disbursements	$ (30,000)	$ (35,000)	$ (94,868)	$ (59,868)
Conditional Release				
Receipts:				
Charges for services	$ 200,000	$ 200,000	$ 34,565	$ (165,435)
Disbursements:				
General government	109,765	109,765	109,765	—
Public safety	39,972	39,972	39,972	—
Total disbursements	149,737	149,737	149,737	—
Deficiency of receipts over disbursements	$ 50,263	$ 50,263	$ (115,172)	$ (165,435)
State and Federal Grants				
Receipts:				
Intergovernmental	$ 10,583,932	$ 11,772,890	$ 5,886,994	$ (5,885,896)
Interest	—	—	40	40
Total receipts	10,583,932	11,772,890	5,887,034	(5,885,856)
Disbursements:				
General government	2,558,610	1,045,321	760,960	284,361
Public safety	4,446,269	9,507,437	4,594,133	4,913,304
Total disbursements	7,004,879	10,552,758	5,355,093	5,197,665
Excess of receipts over disbursements	$ 3,579,053	$ 1,220,132	$ 531,941	$ (688,191)

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Federal Stimulus				
Receipts:				
Intergovernmental	$ —	$ 2,892,865	$ 455,163	$ (2,437,702)
Disbursements:				
General government	—	964,800	123,709	841,091
Public safety	—	1,928,065	1,461,460	466,605
Total disbursements	—	2,892,865	1,585,169	1,307,696
Deficiency of receipts over disbursements	$ —	$ —	$ (1,130,006)	$ (1,130,006)
Enhanced Access				
Receipts:				
Charges for services	$ 150,000	$ 150,000	$ 229,645	$ 79,645
Disbursements:				
General government	—	21,600	21,600	—
Excess of receipts over disbursements	$ 150,000	$ 128,400	$ 208,045	$ 79,645
Prosecutor's Law Enforcement Equitable Share				
Receipts:				
Charges for services	$ —	$ —	$ 139,822	$ 139,822
Interest	—	—	834	834
Total receipts	—	—	140,656	140,656
Disbursements:				
Public safety	33,753	33,753	24,572	9,181
Excess of receipts over disbursements	$ (33,753)	$ (33,753)	$ 116,084	$ 149,837
MC Sheriff's Civil Division Fees				
Receipts:				
Charges for services	$ 2,052,000	$ 2,052,000	$ 1,824,100	$ (227,900)
Disbursements:				
Public safety	2,052,877	2,052,877	1,948,354	104,523
Deficiency of receipts over disbursements	$ (877)	$ (877)	$ (124,254)	$ (123,377)
Auditor's Endorsement Fee				
Receipts:				
Charges for services	$ 230,000	$ 230,000	$ 178,555	$ (51,445)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	$ 230,000	$ 230,000	$ 178,555	$ (51,445)
County Sales Disclosure				
Receipts:				
Charges for services	$ 105,000	$ 105,000	$ 85,695	$ (19,305)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	$ 105,000	$ 105,000	$ 85,695	$ (19,305)
Other – MC Sheriff Medical Care for Inmates				
Receipts:				
Charges for services	$ —	$ —	$ 22,471	$ 22,471
Disbursements:				
Public safety	—	92,485	82,868	9,617
Deficiency of receipts over disbursements	$ —	$ (92,485)	$ (60,397)	$ 32,088
Other – Guardian Ad Litem				
Receipts:				
Charges for services	$ 600,000	$ 600,000	$ 517,121	$ (82,879)
Disbursements:				
General government	600,000	600,000	569,621	30,379
Deficiency of receipts over disbursements	$ —	$ —	$ (52,500)	$ (52,500)

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget—
	Original	Final	Actual Amounts	Positive (Negative)
Other – County Grants				
Receipts:				
Intergovernmental	$ 59,145	$ 219,250	$ 126,370	$ (92,880)
Disbursements:				
General government	—	173,380	84,583	88,797
Public safety	—	5,120	5,120	—
Total disbursements	—	178,500	89,703	88,797
Excess of receipts over disbursements	$ 59,145	$ 40,750	$ 36,667	$ (4,083)
Other – Child Advocacy				
Receipts:				
Charges for services	$ 4,000	$ 4,000	$ 3,807	$ (193)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	$ 4,000	$ 4,000	$ 3,807	$ (193)
Other – Clerk's Perpetuation Fund				
Receipts:				
Intergovernmental	$ —	$ —	$ 4,482	$ 4,482
Charges for services	345,400	345,400	398,634	53,234
Total receipts	345,400	345,400	403,116	57,716
Disbursements:				
General government	471,936	408,992	402,693	6,299
Excess of receipts over disbursements	$ (126,536)	$ (63,592)	$ 423	$ 64,015
Other – Juvenile Probation				
Receipts:				
Charges for services	$ 150,000	$ 150,000	$ 109,828	$ (40,172)
Disbursements:				
General government	319,646	319,646	319,646	—
Deficiency of receipts over disbursements	$ (169,646)	$ (169,646)	$ (209,818)	$ (40,172)
Other – Sheriff's Continuing Education				
Receipts:				
Charges for services	$ —	$ —	$ 7,580	$ 7,580
Disbursements:				
Public safety	32,650	32,650	32,149	501
Deficiency of receipts over disbursements	$ (32,650)	$ (32,650)	$ (24,569)	$ 8,081
Other – Jury Pay				
Receipts:				
Charges for services	$ 125,000	$ 125,000	$ 223,602	$ 98,602
Disbursements:				
General government	100,000	—	—	—
Excess of receipts over disbursements	$ 25,000	$ 125,000	$ 223,602	$ 98,602
Other – Alternate Dispute Resolution				
Receipts:				
Charges for services	$ 75,000	$ 75,000	$ 81,902	$ 6,902
Miscellaneous	—	—	1,188	1,188
Total receipts	75,000	75,000	83,090	8,090
Disbursements:				
General government	80,530	112,030	97,407	14,623
Deficiency of receipts over disbursements	$ (5,530)	$ (37,030)	$ (14,317)	$ 22,713
Other – Local Emergency Planning				
Receipts:				
Miscellaneous	$ 50,000	$ 50,000	$ 206,873	$ 156,873
Total receipts	50,000	50,000	206,873	156,873
Disbursements:				
Public safety	100,000	107,000	106,633	367
Excess of receipts over disbursements	$ (50,000)	$ (57,000)	$ 100,240	$ 157,240

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
DEBT SERVICE AND CAPITAL PROJECTS FUNDS
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget – Positive
	Original	Final	Actual Amounts	(Negative)
Cumulative Capital Development - Capital Projects Fund				
Receipts:				
Taxes	$ 5,467,107	$ 5,467,107	$ 2,956,720	$ (2,510,387)
Disbursements:				
General government	1,938,000	1,938,000	1,926,973	11,027
Excess of receipts over disbursements	$ 3,529,107	$ 3,529,107	$ 1,029,747	$ (2,499,360)
Capital Improvement Lease - Capital Projects Fund				
Receipts:				
Taxes	$ 307,424	$ 307,424	$ 159,900	$ (147,524)
Disbursements:				
Public safety	2,007,000	2,007,000	1,993,000	14,000
Deficiency of receipts over disbursements	$ (1,699,576)	$ (1,699,576)	$ (1,833,100)	$ (161,524)
Juvenile Incarceration Debt Service - Debt Service Fund				
Receipts:				
Taxes	$ 5,348,442	$ 5,348,442	$ 3,349,409	$ (1,999,033)
Disbursements:				
Public safety	5,348,442	11,981,741	11,981,741	—
Deficiency of receipts over disbursements	$ —	$ (6,633,299)	$ (8,632,332)	$ (1,999,033)
Welfare Sinking - Debt Service Fund				
Receipts:				
Taxes	$ 5,700,000	$ 5,700,000	$ —	$ (5,700,000)
Disbursements:				
Debt Service:				
Principal on notes	—	16,860,000	16,860,000	—
Interest on notes	—	343,009	343,009	—
Total disbursements	—	17,203,009	17,203,009	—
Excess of receipts over disbursements	5,700,000	(11,503,009)	(17,203,009)	(5,700,000)
Other financing sources (uses):				
Transfers out	—	—	(1,495,065)	1,495,065
Deficiency of receipts over disbursements and other financing sources	$ 5,700,000	$ (11,503,009)	$ (18,698,074)	$ (4,204,935)

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 on their behalf by the County.

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

PROPERTY TAX REFUNDS—Established to refund money to taxpayers where an error has occurred in the 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 that 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.

HOMESTEAD CREDIT REBATE—Established to account for monies related to the property tax relief approved by the Indiana General Assembly in 2007. The rebates were distributed to homeowners who had a valid homestead deduction and were not delinquent on their property taxes.

LOCAL OPTION INCOME TAX—Established to account for monies received from local option income tax.

(Continued)

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.

DELINQUENT BUSINESS PERSONAL PROPERTY—Established to account for monies collected on delinquent business personal property tax returns. The monies collected shall be to pay the contract for the audit of the business personal property returns, with any remaining balance distributed to the appropriate taxing units.

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 AND SHERIFF—Represent various custodial and fiduciary bank accounts maintained by the designated department in the course of normal operations.

OTHER—Represents 20 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 ASSETS AND NET ASSETS AND ADDITIONS, DEDUCTIONS, AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
PENSION TRUST FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

	Retirement	Disability	Total
Additions			
Contributions:			
Employer	$ 3,781,238	$ 1,152,718	$ 4,933,956
Employee	829,535	—	829,535
Total contributions	4,610,773	1,152,718	5,763,491
Investment income (loss):			
Interest and dividends	1,297,549	1,427	1,298,976
Realized gain (loss) on sales, net	(6,491,957)	—	(6,491,957)
Net investment income (loss)	(5,194,408)	1,427	(5,192,981)
Miscellaneous	235,523	—	235,523
Total additions	(348,112)	1,154,145	806,033
Deductions			
Investment management fees	400,640	11,927	412,567
Benefits paid	10,133,992	1,186,634	11,320,626
Total deductions	10,534,632	1,198,561	11,733,193
Deficiency of total additions over total deductions	(10,882,744)	(44,416)	(10,927,160)
Cash and investment fund balance – beginning of year	129,955,109	11,587,673	141,542,782
Cash and investment fund balance – end of year	$ 119,072,365	$ 11,543,257	$ 130,615,622
Cash and Investment Assets - December 31, 2009			
Cash and cash equivalents	$ 2,500,890	$ 457,960	$ 2,958,850
Investments (cost basis):			
Common stocks	15,395,922	—	15,395,922
Mutual funds	101,175,553	11,085,297	112,260,850
Total cash and investment assets-December 31, 2009	$ 119,072,365	$ 11,543,257	$ 130,615,622
Cash and Investment Net Assets - December 31, 2009			
Cash and investment net assets-December 31, 2009	$ 119,072,365	$ 11,543,257	$ 130,615,622

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	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	Homestead Credit Rebate	Local Option Income Tax	Treasurer's Tax Collection
Additions:													
Agency fund additions	$ —	$ 15,556,543	$ 28,023,875	$ 4,818,802	$ 15,203,929	$ 2,936,841	$ 23,090	$ 6,630,466	$ 45,192	$ 368,432	$ 13,472	$ 116,153,201	$ 3,757,272,223
Deductions:													
Agency fund deductions	10,621	32,839,047	28,023,875	4,894,918	13,435,397	2,862,005	1,725	7,016,835	174,439	744,028	66,526	107,593,896	3,873,843,215
Excess (deficiency) of total addtions over total deductions	(10,621)	(17,282,504)	—	(76,116)	1,768,532	74,836	21,365	(386,369)	(129,247)	(375,596)	(53,054)	8,559,305	(116,570,992)
Cash net assets-beginning of year	1,236	3,295,535	(3,222)	(184,564)	2,134,808	195,760	985,725	2,643,402	129,247	1,139,274	4,709,750	16,410,263	178,518,085
Cash net assets-end of year	$ (9,385)	$ (13,986,969)	$ (3,222)	$ (260,680)	$ 3,903,340	$ 270,596	$ 1,007,090	$ 2,257,033	$ —	$ 763,678	$ 4,656,696	$ 24,969,568	$ 61,947,093

	Family and Children Services	Delinquent Business Personal Property	Law Enforcement Continuing Education	Payroll	Clerk of Circuit Court	Sheriff	Other	Total
Additions:								
Agency fund additions	$ 5,957,567	$ 12,314,369	$ 358,984	$ 154,207,745	$ 210,898,829	$ 35,184,032	$ 7,932,872	$ 4,373,900,464
Deductions:								
Agency fund deductions	8,352,085	12,314,369	72,166	153,804,846	208,249,158	34,504,438	7,407,887	4,496,211,476
Excess (deficiency) of total addtions over total deductions	(2,394,518)	—	286,818	402,899	2,649,671	679,594	524,985	(122,311,012)
Cash net assets-beginning of year	(2,390,775)	851,658	249,372	3,812,987	10,630,832	2,995,243	317,578	226,442,194
Cash net assets-end of year	$ (4,785,293)	$ 851,658	$ 536,190	$ 4,215,886	$ 13,280,503	$ 3,674,837	$ 842,563	$ 104,131,182

See accompanying independent auditors' report.

KPMG

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, 2009

(With Independent Auditors' Reports Thereon)

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, 2009

Table of Contents

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Expenditures of Federal Awards – Modified Cash Basis
For the Year Ended December 31, 2009

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 Justice						
	City of Indianapolis, Indiana	2005-VT-BX-1160	Services for Trafficking Victims	16.320	$ —	34,368
	ICJI***	06-JB-101	Juvenile Accountability Block Grants	16.523	43,605	85,347
	ICJI***	07-JB-001	Juvenile Accountability Block Grants	16.523	—	46,124
	ICJI***	07-JB-002	Juvenile Accountability Block Grants	16.523	—	29,443
			Total 16.523		43,605	160,914
	ICJI***	08JF039	Juvenile Justice and Delinquency Prevention – Allocation to States – Reception, Assessment, and Intervention	16.540	54,000	54,000
	ICJI***	2007-JL-FX-0065	Title V – Delinquency Prevention Program – Youth Offender Reentry	16.548	—	63,277
	ICJI***	08FS002	National Institute of Justice Research, Evaluation, and Development Project Grants – Paul Coverdell Forensics Science Grant 08	16.560	—	51,278
	City of Indianapolis, Indiana	2007-DN-BX-K022	National Institute of Justice Research, Evaluation, and Development Project Grants – Solving Cold Cases with DNA	16.560	—	154,930
	ICJI***	2009-CD-BX-0066	National Institute of Justice Research, Evaluation, and Development Project Grants – Paul Coverdell Forensics Science Grant	16.560	—	12,429
			Total 16.560		—	218,637
	Indiana State Police	2006-DN-BX-K190	National Institute of Justice Research, Evaluation, and Development Project – DNA Capacity Enhancement Program	16.564	—	4,489
	ICJI***	06VATR006	Crime Victim Assistance – VOCA Training	16.575	—	4,298
	ICJI***	08VA171	Crime Victim Assistance – Child Interviewer 09/10	16.575	—	55,475
	ICJI***	08VA172	Crime Victim Assistance – Victim Advocate 09/10	16.575	—	146,539
	ICJI***	07VA304	Crime Victim Assistance – Child Interviewer 08/09	16.575	—	43,507
	ICJI***	07VA305	Crime Victim Assistance – Victim Advocate 08/09	16.575	—	115,232
			Total 16.575		—	365,051
	ICJI***	2007-DD-BX-0641	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program – Operation Clean Sweep	16.580	—	41,030
	Indianapolis Housing Agency	N/A	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	—	108,375
			Total 16.580		—	149,405
	City of Indianapolis, Indiana	2005-WE-AX-0010	The Community – Defined Solutions to Violence Against Women Grant Program – Partnership to Combat Domestic Violence	16.590	—	64,461
	City of Indianapolis, Indiana	2007-WS-Q7-0244	Community Capacity Development Office – Weed and Seed	16.595	—	1,087
			State Criminal Alien Assistance Program 05/06	16.606	—	18,589
			State Criminal Alien Assistance Program 06/07	16.606	—	57,166
			Total 16.606		—	75,755
			Bulletproof Vest Partnership Program – 2005	16.607	—	174
			Bulletproof Vest Partnership Program – 2006	16.607	—	955
			Bulletproof Vest Partnership Program – 2007	16.607	—	9,109
			Bulletproof Vest Partnership Program – 2008	16.607	—	5,840
			Total 16.607		—	16,078
	ICJI***	07-GPS-013	Project Safe Neighborhoods – Firearms Improvement	16.609	—	11,240

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Expenditures of Federal Awards – Modified Cash Basis
For the Year Ended December 31, 2009

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
	ICJI ***	07-DJ-095	Edward Byrne Memorial Justice Assistance Grant Program – Community Prosecution 09	16.738	$ —	200,000
	ICJI ***	07-DJ-098	Edward Byrne Memorial Justice Assistance Grant Program – Metro Drug Task Force 09	16.738	—	54,369
	City of Indianapolis, Indiana	2008-DJ-BX-0218	Edward Byrne Memorial Justice Assistance Grant Program – JAG Grant	16.738	—	112,375
	City of Indianapolis, Indiana	2005-DJ-BX-0215	Edward Byrne Memorial Justice Assistance Grant Program – JAG Grant #1	16.738	—	13,739
	ICJI ***	06-DJ-060	Edward Byrne Memorial Justice Assistance Grant Program – Drug Treatment Diversion 08	16.738	—	11,940
	ICJI ***	08(a)-DJ-014	Edward Byrne Memorial Justice Assistance Grant Program – Juvenile/Adult Alternative Placement	16.738	—	68,776
	ICJI ***	08(a)-DJ-005	Edward Byrne Memorial Justice Assistance Grant Program – Community Court 2009	16.738	—	57,176
	ICJI ***	08(a)-DJ-030	Edward Byrne Memorial Justice Assistance Grant Program – Drug Treatment Diversion 09	16.738	—	65,250
	ICJI ***	08(a)-DJ-021	Edward Byrne Memorial Justice Assistance Grant Program – Re-entry Court 2009	16.738	—	55,033
	ICJI ***	07-DJ-094	Edward Byrne Memorial Justice Assistance Grant Program – Duvall Residential Addictions Treatment Program 09	16.738	86,710	86,710
	ICJI ***	07-DJ-032	Edward Byrne Memorial Justice Assistance Grant Program – Duvall Residential Addictions Treatment Program 08	16.738	27,314	27,314
	ICJI ***	07-DJ-033	Edward Byrne Memorial Justice Assistance Grant Program – Forensic Diversion 08	16.738	—	9,557
	ICJI ***	07-DJ-037	Edward Byrne Memorial Justice Assistance Grant Program – Community Court 2008	16.738	—	150
			Total 16.738		114,024	762,389
			Forensic DNA Backlog Reduction Program 08	16.741	—	33,831
			Forensic DNA Backlog Reduction Program 09	16.741	—	15,359
			Total 16.741		—	49,190
	ICJI ***	2008-CD-BX-0070	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	—	47,331
			Forensic DNA Backlog Reduction Program 07	16.743	—	21,221
			Forensic DNA Backlog Reduction Program 06	16.743	—	59,065
			Total 16.743		—	80,286
	ICJI ***	08-PG-010	Anti-Gang Initiative	16.744	—	47,826
	ICJI ***	08-PG-012	Anti-Gang Initiative – Open Air Initiative	16.744	—	47,191
	ICJI ***	08-PG-013	Anti-Gang Initiative – CAGI Overtime	16.744	—	5,062
	ICJI ***	08-PG-014	Anti-Gang Initiative – G-RIDE	16.744	—	48,763
	ICJI ***	08-PG-017	Anti-Gang Initiative – CAGI Grant Coordinator #2	16.744	—	32,109
	ICJI ***	06-AG-S14	Anti-Gang Initiative – Project Safe – Grand Jury Equipment 06	16.744	—	10,460
	ICJI ***	07-AG-S14	Anti-Gang Initiative – Project Safe – Grand Jury Equipment 07	16.744	—	8,003
			Total 16.744		—	199,414
	ICJI ***	09-JRA-025	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	—	4,069
	City of Indianapolis, Indiana	2009-SB-B9-1482	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	—	662,744
			Federal Equitable Sharing Program	16.xxx	—	120,232
Total U.S. Department of Justice					211,629	3,144,417
National Highway Traffic Safety Administration						
	Indiana State Police	USDOT-FMC-MC SAP-HP-08-001	National Motor Carrier Safety – Commercial Vehicle Inspection	20.218	—	8,790
State and Community Highway Safety Program Cluster:						
	ICJI***	PT09-04-01-07	State and Community Highway Safety – Big City County Seat Belt 08/09	20.600	—	234,372
	ICJI***	K4-2010-03-02-06	Alcohol Impaired Driving Countermeasures Incentive Grants – Fatal Alcohol Crash Team 09/10	20.601	—	34,801
	ICJI***	K4-2009-03-02-05	Alcohol Impaired Driving Countermeasures Incentive Grants – Fatal Alcohol Crash Team 08/09	20.601	—	160,644
	ICJI***	K4-2010-08-01-14	Alcohol Impaired Driving Countermeasures Incentive Grants – Aggressive Driving Enforcement 09/10	20.601	—	12,090
	ICJI***	K4-2009-08-01-13	Alcohol Impaired Driving Countermeasures Incentive Grants – Aggressive Driving Enforcement 08/09	20.601	—	214,940
	ICJI***	PT-10-04-04-06	Alcohol Impaired Driving Countermeasures Incentive Grants – Big City County Belts 07/08	20.601	—	12,274
	ICJI***	K8-2010-03-03-20	Alcohol Impaired Driving Countermeasures Incentive Grants – DUI Task Force Enforcement 09/10	20.601	—	3,806
	ICJI***	K9-2009-03-03-23	Alcohol Impaired Driving Countermeasures Incentive Grants – OPO Equipment Award 09	20.601		2,000
	ICJI***	K4-2009-03-03-20	Alcohol Impaired Driving Countermeasures Incentive Grants – DUI Task Force Enforcement 08/09	20.601	—	282,155
			Total 20.601		—	722,710
			Total State and Community Highway Safety Program Cluster		—	957,082
Total National Highway Traffic Safety Administration					—	965,872

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Expenditures of Federal Awards – Modified Cash Basis
For the Year Ended December 31, 2009

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 Health and Human Services						
	Indiana Department of Child Services	N/A	Child Support Enforcement	93.563	$ —	5,578,966
	Indiana Judicial Center	N/A	State Court Improvement Program – Juvenile 08/09	93.586	—	56,128
	Indiana Judicial Center	N/A	State Court Improvement Program – Juvenile 09/10	93.586	—	15,342
			Total 93.586		—	71,470
	Indiana Department of Child Services	A93-9-49-09-DM2177	Children's Justice Grants to States – Children's Justice Act Taskforce	93.643	—	8,657
Total U.S. Department of Health and Human Services					—	5,659,093
Department of Homeland Security						
	City of Indianapolis, Indiana	4P9234	Homeland Security Grant Program	97.067	—	39,162
Total Department of Homeland Security					—	39,162
Total Expenditures of Federal Awards					$ 211,629	9,808,544

See accompanying notes to schedule of expenditures of federal awards and independent auditors' reports.
*** 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, 2009

(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 a modified cash 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 is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under the modified cash basis of accounting, expenditures are reported when paid by the County.

KPMG

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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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 29, 2010. Our report on the basic financial statements was modified to include references to the County's preparation of the basic financial statements on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, modified to include reference to a note in the basic financial statements for which we expressed no opinion, and modified to include reference to the exclusion of Management's Discussion and Analysis, which is required supplementary information. 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, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-03 to be a significant deficiency in internal control over financial reporting.

A deficiency in internal control over financial reporting 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in the County's internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 09-01 and 09-02 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 29, 2010

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, 2009. 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.

Except as discussed in the following first and fourth paragraphs, 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 item 09-08 in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient documentation supporting the compliance of the County with the Crime Victim Assistance program regarding reporting, nor were we able to satisfy ourselves as to the County's compliance with that requirement by other auditing procedures. In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the County's compliance with the requirements of the Crime Victim Assistance program regarding reporting, the County complied, in all material respects, with the requirements referred to above that are applicable to its Crime Victim Assistance program for the year ended December 31, 2009.

As described in items 09-06, 09-07, and 09-15 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding activities allowed or unallowed; allowable costs/cost principles; subrecipient monitoring; or matching, level of effort, earmarking that are applicable to its Edward Byrne Memorial Justice Assistance 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 Justice Assistance Grant program for the year ended December 31, 2009.

As described in item 09-06 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding activities allowed or unallowed and allowable costs/cost principles that are applicable to its ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program. Compliance with such requirements is necessary, in our opinion, for the County to comply with 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 its ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program for the year ended December 31, 2009. The results of our auditing procedures also disclosed an other instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-16.

As described in item 09-08 in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient documentation supporting the compliance of the County with the State and Community Highway Safety Program Cluster regarding reporting, nor were we able to satisfy ourselves as to the County's compliance with that requirement by other auditing procedures. In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the County's compliance with the requirements of the State and Community Highway Safety Program Cluster regarding reporting, 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 program for the year ended December 31, 2009.

As described in items 09-06, 09-09, 09-10, 09-11, 09-12, 09-13, and 09-14 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding activities allowed or unallowed; allowable costs/cost principles; procurement and suspension and debarment; or matching, level of effort, earmarking 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, 2009.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a defieicny or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-05, 09-06, 09-07, 09-08, 09-10, 09-12, 09-13, 09-15, 09-16, and 09-17 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-04, 09-09, 09-11, and 09-14 to be significant deficiencies.

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, 2009, and have issued our report thereon dated October 29, 2010. Our report on the basic financial statements was modified to include references to the County's preparation of the basic financial statements on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, modified to include reference to a note in the basic financial statements for which we expressed no opinion, and modified to include reference to the exclusion of Management's Discussion and Analysis, which is required supplementary information. 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
March 3, 2011, except as to the paragraph relating to the schedule of expenditures of federal awards, which is as of October 29, 2010

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, 2009

(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:	
	Crime Victim Assistance (CFDA No. 16.575)	**Qualified**
	Edward Byrne Memorial Justice Assistance Grant Program (CFDA No. 16.738)	**Adverse**
	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments (CFDA No. 16.804)	**Qualified**
	State and Community Highway Safety Program Cluster (CFDA Nos. 20.600 and 20.601)	**Qualified**
	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:

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

Edward Byrne Memorial Justice Assistance Grant Program, U.S. Department of Justice passed through Indiana Criminal Justice Institute and City of Indianapolis, Indiana (CFDA No. 16.738)

ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments, U.S. Department of Justice passed through City of Indianapolis, Indiana (CFDA No. 16.804)

(Continued)

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

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

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$300,000**

(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*

09-01 Bank Reconciliations – Material Weakness

Comment and Recommendation

Sound internal control over cash assets includes regular reconciliation of accounting records and interfund cash activity to bank account statements and independent review of bank reconciliations. Marion County (County), specifically the Clerk's office, had significant delays in reconciling cash accounts during fiscal year 2009. Additionally, when bank reconciliations for all agencies were audited by us, a significant number of material adjustments were necessary to correct the financial statements. 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. Moreover, there is no control in place to consolidate the reconciliations from the various County agencies and record amounts in the 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 with reconciling items being recorded on the reconciliation and in the general ledger, if necessary. Further, we recommend a control be designed to consolidate all reconciliations and record all cash in the financial statements.

Views of Responsible Officials

It is, and will continue to be, the County's policy to reconcile cash on a monthly basis. As was noted in our 2008 report, many of the cash accounts that were previously not maintained on the County's general ledger system have been transitioned. The County will continue to work towards moving the remaining accounts onto the County's general ledger system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County's general ledger. The County is in the beginning stages of implementing a new enterprise resource planning system and will consider each of these remaining accounts during the implementation process. The implementation of the enterprise resource planning system has various stages with the earliest beginning in April 2011 and continuing through the end of 2012.

Because of the delay in the financial reporting for the County, many improvements will not be evident until future years.

09-02 Financial Reporting and Year-End Transactions – Material Weakness

Comment and Recommendation

During the current year audit, material audit adjustments were required to accurately and materially state the financial statements. The primary cause of these adjustments is that management does not have a comprehensive year-end financial reporting process in place that they can follow to accurately produce financial statements. Additionally, a formal review process is not in place that allows the County to self-identify errors or admissions in financial reporting entries and amounts. Specifically, internal control deficiencies were noted as follows:

- Inaccurate recording of interest expenditures related to notes payable
- Inaccurate recording of additions and deductions in the agency and pension trust funds
- Cash accounts were not being reconciled to the general ledger on a timely or accurate basis
- Very limited or no management review of year-end accounting entries was being performed
- Very limited or no management review of financial statement footnotes to ensure appropriate presentation

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

As noted in the financial reporting finding in the 2008 report, enhancements are already in place to facilitate the reporting process. Training has been provided, additional coding has been created, and the compilation of the financial statements has been transitioned to the general ledger system through the use of months 13 and 14. Because the County operates on the cash basis for its day-to-day operations, transactions that may be posted in a particular manner due to budgetary requirements, must be adjusted, as well as other similar entries that require a different presentation for financial reporting purposes.

We will continue to enhance the preparation of the financial statements to address the adjustments for the underlying transactions as we become more comfortable with the process. Again, improvements in this area will be more evident in future years.

09-03 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 includes 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, many times, 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 system are properly reviewed and approved prior to migration into production. This is especially critical given the system developers ability to move program changes 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.

(Continued)

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 who have left the County 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

The County concurs with this finding, and as noted in our response in the 2008 single audit report, part of this recommendation was implemented in 2009. The County will continue to work with its IT agency to review all policies and procedures surrounding data access and security to develop appropriate change and enhanced controls. In addition, these data access and security issues are anticipated to be resolved through the roll out of the enterprise resource planning system. Additionally, data access and security issues are currently being reviewed as part of the rollout of the enterprise resource planning system. Roles are being developed with appropriate segregation of duties. All departments are providing updated security access for employees which will eliminate the existence of terminated employees.

(3) Findings and Questioned Costs Relating to Federal Awards

09-01 to
09-03 See Section (2) – Findings related to the Financial Statements Reported in accordance with *Government Auditing Standards.*

09-04 Procurement and Suspension and Debarment

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

CFDA No. 16.804, *ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government,* U.S. Department of Justice passed through the City of Indianapolis, Indiana; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

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, we determined that the County did not have adequate internal controls in place to assure that its contractors (vendors, subawards, and subrecipients), with whom the County engaged in covered transactions, were not suspended and/or debarred. In a sample of seven (7) vendor contracts tested, we found exceptions in one (1) of the items whereby the County had not ascertained the suspended or debarred status of the vendor. We tested the compliance of all vendor contracts which had current year payments of $25,000 or greater and found that none of the vendors was suspended or disbarred.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause of this finding is that the County's policy is to check the suspended or disbarred status for contracts of $50,000 or greater rather than the $25,000 per the federal regulations. The effect of this condition is that the County could enter into procurement transactions with vendors that are suspended or debarred. During our testing, we found that none of the vendors were suspended or debarred.

Recommendation

We recommend that the County implement policies and procedures to make sure that all vendors 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.

Views of Responsible Officials

A local ordinance, passed by the City-County Council requires most County agencies to use the Central Purchasing Department, which is the appointed purchasing agent of the City and County. These procedures were subsequently 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 (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 is reviewed for debarred and/or suspended status using the procedures implemented by Central Purchasing.

The County is currently working with Central Purchasing to update procurement guidelines for grant-funded contracts requiring the EPLS check for any contract for goods or services equal to or

(Continued)

greater than $25,000. Currently, state law has defined the dollar level at $50,000, which contradicts what is required under federal law.

09-05 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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

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, we determined that the County did not have adequate internal controls in place to assure that its contractors (vendors, subawards, and subrecipients), with whom the County engaged in covered transactions, were not suspended and/or debarred. In a sample of seven (7) vendor contracts tested, we found exceptions in seven (7) of the items whereby the County had not ascertained the suspended or debarred status of the vendor. Our sample represented 74% of the relevant expenditures of $1,240,866.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The possible asserted cause is that the vendor contracts entered into for the program are considered professional service contracts and therefore do not go through the procedures in the County's Purchasing Department. The effect of this condition is that the County could enter into procurement transactions with vendors that are suspended or debarred. During our testing, we found that none of the vendors were suspended or debarred.

Recommendation

We recommend that the County implement policies and procedures to make sure that all vendors 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.

Views of Responsible Officials

A local ordinance, passed by the City-County Council requires most County agencies to use the Central Purchasing Department, which is the appointed purchasing agent of the City and County. These procedures were subsequently 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 (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 is reviewed for debarred and/or suspended status using the procedures implemented by Central Purchasing.

The County is currently working with Central Purchasing to update procurement guidelines for grant-funded contracts requiring the EPLS check for any contract for goods or services equal to or greater than $25,000. Currently, state law has defined the dollar level at $50,000, which contradicts what is required under federal law.

09-06 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

CFDA No. 16.738, *Edward Byrne Memorial Justice Assistance Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Grant Numbers and Award Years

CFDA No. 16.804, *ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government*, U.S. Department of Justice passed through the City of Indianapolis; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

Criteria

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Paragraph 8(h)(3) and (4), states that 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 firsthand 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 grant programs listed below we selected a sample of expenditures that included payroll and fringe benefit expenditures. In general, most of the County employees work on one grant program; however, no personnel activity reports were available nor did the employees' execute semiannual certification statements indicating that 100% of their time was spent on that grant.

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, 2009

Below are the specifics of each of the grants:

Federal program	Sample size		Amount of payroll tested associated with exceptions	Estimated total payroll expenditures with exceptions
Edward Byrne Memorial Justice Assistance Grant Program (CFDA No. 16.738)	Exceptions in 46 of 70 payroll expenditures selected for testing; all exceptions found in Courts and Public Defenders Office	$	26,591	254,440
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (CFDA No. 16.804)	Exceptions in 8 of 28 payroll expenditures selected for testing; all exceptions found in Public Defenders Office and Community Corrections		11,289	37,959
Child Support Enforcement (CFDA No. 93.563)	Exceptions in 19 of 19 payroll expenditures selected for testing for Prosecuting Attorney, 21 of 21 payroll expenditures selected for testing for the Superior Court, 20 of 20 payroll expenditures selected for testing for the Circuit Court and 3 of 19 payroll expenditures selected for expenditures selected for testing the Clerk's Office (all exceptions in incentive fund expenditures).		67,575	3,171,835

(Continued)

Of the exceptions noted for the Child Support Enforcement program (CFDA No. 93.563), all were for payroll expenditures charged to the incentive fund. This represented 100% of the sample items selected from the Clerk's incentive fund expenditures. It was also noted, that none of these employees' payroll costs were reduced by the allocation percentage that the Clerk's Office calculates each month to estimate the percentage of time that employees spend on Title IV-D activities.

In addition to the exceptions in the table above, we noted for the Child Support Enforcement program (CFDA No. 93.563), that three (3) of nineteen (19) time cards tested related to payroll expenditures for the Prosecuting Attorney and three (3) of nineteen (19) time cards tested related to payroll expenditures for the Clerk's Office did not contain a supervisor approval as evidence of the operating effectiveness of the County's internal controls.

Questioned Costs

The amount of most likely questioned costs by program is equal to the amounts reported in the last column of the table above for the Activities Allowed and Unallowed and Allowable Costs/Cost Principles compliance requirements. The amount of most likely questioned costs was computed by multiplying the error rate percentage found in our sample population segregated by each of the relevant County agencies by the amount of total payroll-related expenditures for that particular County agency.

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. The effect of this finding is that expenditures related to employee's payroll may not be charged to a particular grant based on the employee's actual time and effort.

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. Improvements in this area were implemented in 2010.

(Continued)

09-07 Subrecipient Monitoring

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

CFDA No. 16.738, *Edward Byrne Memorial Justice Assistance Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Grant Numbers and Award Years

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

In 2009, this program had $114,024 of expenditures related to grant funds passed through to subrecipients. 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. For the program, out of a total of two (2) subrecipients, the County did not communicate the appropriate award information such as program name and CFDA number to either of the subrecipients.

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

(Continued)

This finding is considered systemic given the number of grant programs and subrecipients that the County maintains. We also noted that the Juvenile Accountability Block Grants (CFDA No. 16.523) and the Juvenile Justice and Delinquency Prevention (CFDA No. 16.540) programs that were not audited as major federal programs in 2009 have $43,605 and $54,000, 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 or $114,024.

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 its 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 2008 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 years following.

(Continued)

09-08 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 and Award Years

CFDA Nos. 20.600 and 20.601, *State and Community Highway Safety Program Cluster,* National Highway Traffic Safety Administration passed through the Indiana Criminal Justice Institute; Various Grant Numbers and Award Years

Criteria

The 2009 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 these programs 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 2009 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 its performance reports for the Crime Victim Assistance program. For the State and Community Highway Safety Program Cluster, we selected a total of eight (8) performance reports to test. The County was not able to reconcile the underlying data to any of the performance reports and thus we were not able to ascertain compliance.

Questioned Costs

There are no questioned costs associated with this finding.

(Continued)

Possible Asserted Cause and Effect

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

Recommendation

We recommend 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 reports. An individual other than the individual preparing each 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. The County will work with the Grants Department within the Office of Finance and Management to help to train the agencies on appropriate supporting documentation.

09-09 Activities Allowed or Unallowed and 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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

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, Paragraphs 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.

(Continued)

Condition Found

In 2009, the Circuit Court submitted $617,879 of payroll-related expenditures for which reimbursement of $407,800 was received (i.e., reduced for 34% County-matching requirement). During our testwork, we selected payroll expenditures from the Circuit Court and noted that the employees charged 100% of their time to the Child Support Enforcement program (see finding 09-06 above). However, based upon conversations with management in the Circuit Court in previous years and correspondence with the pass-through entity in prior years, it appears that employees in the Circuit 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 Circuit Court in 2007 were $407,800.

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. No approval from the pass-through entity has been obtained.

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 Circuit Court management to contact the grantor to obtain written documentation as to the allowability of these costs.

09-10 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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

Criteria

According to the 2009 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

We tested seven (7) vendors with total expenditures of $920,199 and which represented 74% of the total federal expenditures under this program subject to this compliance requirement for the Prosecuting Attorney. Of these vendors, none of the seven (7) had 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 are $920,199 and were computed as the entire 2009 expenditures for the seven (7) vendors in our sample. The most likely questioned costs are $1,240,866 and were computed by extrapolating the error rate percentage of 100% found in our sample to the relevant population of $1,240,866.

Possible Asserted Cause and Effect

The County asserts that the procurements 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 and the basis for selection of the vendor. 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.

(Continued)

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 2010.

09-11 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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

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.

Condition Found

Based on findings and questioned costs reported in past single audit reports, we identified expenditures totaling $503,464 that related to internal data processing charges (i.e., information technology or IT charges) submitted for reimbursement. Costs are reimbursed at 66% for this program, and therefore, the total federal reimbursement received for 2009 related to these expenditures was $332,286. The County provided documentation for these costs consisting of amounts budgeted to be charged to each of these agencies by the central IT agency that services both the County and the City of Indianapolis, Indiana. We selected a sample of costs amounting to $16,245,401 of the total $26,424,777 of budgeted IT costs (62% coverage). The County was not able to provide documentation or the documentation did not adequately support the amounts charged of which $60,718 was allocated to the Child Support Enforcement program. At the 66% reimbursement rate, this amounts to questioned costs of $40,078. Additionally, the County did perform an after-the-fact determination as to the comparison of actual IT costs charged to the budgeted amount.

(Continued)

Questioned Costs

Questioned costs are $40,078, which is calculated as the total costs submitted for reimbursement in our sample that could not be adequately supported at the 66% reimbursement rate. Most likely questioned costs were $65,191 and were determined by applying the error rate in our sample of approximately 0.25% to the total population of $26,424,777.

Possible Asserted Cause and Effect

Management is aware of these unsupported expenditures as this was a finding in the prior year; however, management has continued to submit them for reimbursement without appropriate supporting documentation. The effect is that costs are being charged to the federal programs, which are not adequately supported and, therefore, may not be accurate.

Recommendation

We recommend management ensure that all costs submitted for reimbursement are adequately documented and can be supported. Internal data processing charges should be appropriately documented, and the County should ensure that such costs are being allocated to the department/agency submitting the cost to be reimbursed. Additionally, if budgeted costs are being used to charge the federal program, management should ensure that a true-up to actual costs is performed and any discrepancies are appropriately adjusted in the federal reimbursements.

Views of Responsible Officials

It was the County's understanding that the agencies that participate in the Child Support Enforcement program were working with the funding agency to obtain approval for reimbursement of the data processing charges. The County agrees that unsupported expenditures should not be claimed for reimbursement and will review the current processes with the agencies impacted by this finding.

09-12 Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, Earmarking

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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

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.

There are restrictions imposed by federal and state law on the use of federal incentive funds. Specifically, 42 U.S.C. 658a(f) provides that a state to which a payment is made under this section shall expend the full amount of the payment to supplement, and not supplant, other funds used by the state (1) to carry out the state plan approved under this part; or (2) for any activity (including cost-effectiveness contracts with local agencies) approved by the federal agency Secretary, whether or not the expenditures for the activity are eligible for reimbursement under this part, which may contribute to improving the effectiveness or efficiency of the state program operated under this part. Also, Indiana Code 31-25-4-23(c) specifies that the amounts received as incentive payments must be used to supplement, rather than take the place of, other funds used for Title IV-D program activities.

Condition Found

The County receives incentive funds each year, which are passed through from the state and are based on the County's program performance compared to other counties within the state. These incentive funds must be used to pay for costs of the Child Support Enforcement program and must be used to supplement and not supplant program funds. The County deposits the incentive funds received in three (3) different funds — the General Fund, the Prosecutor's IV-D Incentive Fund, and the Clerk's IV-D Incentive Fund. The County was not able to identify the expenditures in 2009, which were utilized in spending the incentive funds received and deposited to the General Fund. Total incentive funds deposited in the General Fund in 2009 and reported on the schedule of expenditures of federal awards as 2009 expenditures were $337,467.

Additionally, the County did not have internal controls in place and could not provide evidence that they complied with the requirement to supplement and not supplant funding for any of the incentive funds received.

Questioned Costs

Known and most likely questioned costs for the finding related to the lack of identification of the expenditures related to the receipt and expenditure of the incentive funds allocated to the General Fund were $337,467 and represent the amount of incentive funds received by the County in 2009.

The known and most likely questioned costs for the finding related to the supplementing versus supplanting program funds were $1,130,730 and represent 100% of the incentive fund expenditures in 2009 from all three of the County's funds as noted in the condition section above. These expenditures include the $337,467 of expenditures identified in the previous paragraph.

Possible Asserted Cause and Effect

The asserted cause of this finding is that overall program expenditures are in excess of total amounts received by the County in reimbursement of such expenditures (include incentive funds and regular monthly claims submitted by the County to the State); however, as these expenditures

(Continued)

are all accounted for in the County's General Fund, specific identification of the incentive-related expenditures could not be accomplished. Additionally, management was not fully aware of the supplementing versus supplanting requirement for incentive funds and thus appropriate internal controls and procedures were not designed and implemented. The effect is that costs are being charged to the federal programs, which are not adequately identified, and which are not being monitored for the supplementing not supplanting requirement.

Recommendation

We recommend management ensure that all costs charged to the program are adequately identified. Additionally, the County should implement internal controls and procedures to ensure that the County is in compliance with the requirement that incentive funds must be used to supplement and not supplant program funding and that such compliance can be adequately demonstrated.

Views of Responsible Officials

As mentioned in finding 09-01, the County is in the process of designing and implementing an enterprise resource planning system, including a comprehensive financial module. During this process, structure is being designed to allow for better tracking of the expenditures made against the incentive fund revenues allocated to the general fund.

09-13 Matching, Level of Effort, Earmarking

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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

Criteria

The specific requirements for matching are unique to each federal program and are found in the laws, regulation, and the provisions of contract or grant agreements pertaining to the program. However, the A-102 Common Rule (§__.24) and OMB Circular A-110 ((§).23) provide detailed criteria for acceptable costs and contributions. One of the basic criteria for acceptable matching is that the matching contribution is allowed under the applicable cost principles.

Condition Found

As noted in finding 09-06 above, the County's employees working on this program did not complete personnel activity reports nor did the employees' execute semiannual certification statements indicating that 100% of their time was spent on that program. The matching requirements under this program of 34% are accomplished by the County submitting 100% of incurred costs and the grantor reimbursing the County for 66% of the costs submitted. Therefore, the matching amounts shown for this program were not valid for the payroll costs submitted and cited as questioned costs in finding 09-06.

Questioned Costs

There are no questioned costs associated with the matching portion of this finding. Known and most likely questioned costs of $64,575 and $2,837,176, respectively, were noted in finding 09-06 related to the payroll expenditures (including incentive fund expenditures). The matching contributions associated with these questioned costs were $31,966 and $1,393,237, respectively.

Possible Asserted Cause and Effect

The asserted cause of this finding is that employees are not accurately completing semiannual certifications of their time or completing personnel activity reports. The effect is that the County is not appropriately reporting its corresponding matching contributions.

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 concurs with this finding. As noted in finding 09-06, forms have been designed to implement the certification requirement; however, this procedure was not implemented until 2010, therefore, improvement in this area will not be immediately evident. The County will also work with the agencies and provide training regarding match requirements to assure that the agencies fully understand allowable match under the federal guidelines.

09-14 Activities Allowed or Unallowed and 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 Department of Child Services; Grant Numbers Not Available; Award Year January 1, 2009 to December 31, 2009

Criteria

Most governmental entities provide services, such as accounting, purchasing, computer services, and fringe benefits, to operating agencies on a centralized basis. The central service cost allocation plan (CAP) provides a means to identify the central service costs and assign them to benefiting operating agency activities on a reasonable and consistent basis. The documentation requirements for all central service CAPs are contained in A-87, Circular C, paragraph E. The 2009 Compliance Supplement indicates that the auditor should determine whether the governmental unit complied with the provisions of A-87, including determining whether charges to cost pools allocated to federal awards through the central service CAP were for allowable costs.

Condition Found

The County's CAP includes accumulated allocated costs for the Prosecutor's Office to the Title IV-D Child Support function of $4,693,750 which are then reduced by the amount of costs that are direct billed to the State of Indiana in the amount of $4,608,350. We determined that the direct billed amount was incorrect and should have been $4,640,003. The effect of this error on the CAP was to overstate indirect cost recoveries in the amount of $31,653.

Questioned Costs

The questioned costs associated with this finding are $20,891 and were calculated as the difference between the amount that should have been utilized in the CAP of $4,640,003 less the amount actually utilized of $4,608,350 (i.e., difference of $31,653) multiplied by the federal financial participation rate of 66%.

Possible Asserted Cause and Effect

The asserted cause of this finding is that there was an error in the preparation of the CAP due to an amount not being correctly updated from the prior year CAP. The effect of this finding is that indirect costs recovered were in excess of the amount that should have been able to be recovered.

Recommendation

Although the County engages a third party to prepare the CAP, management of the County is ultimately responsible for the completeness and accuracy of the CAP. Therefore, the County's processes and internal controls should ensure that an adequate management review of the CAP is performed prior to its certification by County officials.

Views of Responsible Officials

The County will continue to work closely with the third-party contractor preparing the annual Cost Allocation Plan to ensure the accuracy of the report. The error in the CAP has been brought to the attention of the third-party contractor. Steps will be taken in the next year's CAP for the excess recovery.

(Continued)

09-15 Matching, Level of Effort, Earmarking

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

CFDA No. 16.738, *Edward Byrne Memorial Justice Assistance Grant Program*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Grant Numbers and Award Years

Criteria

The specific requirements for matching are unique to each federal program and are found in the laws, regulation, and the provisions of contract or grant agreements pertaining to the program. However, the A-102 Common Rule (§__.24) and OMB Circular A-110 ((§).23) provide detailed criteria for acceptable costs and contributions. The following is a list of the basic criteria for acceptable matching:

- Verifiable from the nonfederal entity's records
- Not included as contributions for any other federally assisted project or program, unless specifically allowed by federal program laws and regulations
- Necessary and reasonable for proper and efficient accomplishment of project or program objectives
- Allowed under the applicable cost principles
- Not paid by the federal government under another award, except where authorized by federal statute to be allowable for cost sharing or matching
- Provided for in the approved budget when required by the federal awarding agency
- Conform to other applicable provisions of the A-102 Common Rule and OMB Circular A-110 and the laws, regulations, and provisions of contract or grant agreements applicable to the program

Condition Found

We selected a sample of twenty-five (25) individual matching expenditures for testing and determined that for nine (9) of these expenditures, which all related to County payroll expenditures, the respective employees did not complete a personnel activity sheet or a semiannual certification indicating that 100% of their time was spent on the related program and thus we could not determine if the costs were allowable. These exceptions amounted to $36,614 of the $123,000 of individual matching amounts tested. Total matching amounts reported in 2009 were $668,779.

(Continued)

Questioned Costs

The total matching contributions, which were found to be exceptions in our sample amounted to $36,614 and represented 30% of the total tested of $123,000. Total most likely exceptions were $258,096 and were calculated as the total payroll amounts reported as matching contributions in 2009 for the employees of the Courts and Public Defenders Office. No exceptions were noted for the Prosecutor's Office.

Possible Asserted Cause and Effect

The asserted cause of this finding is that the County has not maintained appropriate documentation to support match amounts claimed for this grant program. Additionally, employees of the County are not properly certifying their time spent on grant programs and thus the related amounts used for matching requirements are not verifiable. The effect is that the County may not incur appropriate costs to meet the matching requirements of the program.

Recommendation

We recommend that the County maintain appropriate documentation to adequately support match amounts reported and that verification of such amounts is reviewed by a management level employee prior to submission of the quarterly financial report, which reports the match amounts. Additionally, procedures should be implemented to ensure that employees working on grant programs are appropriately certifying their time according to the A-87 cost principles.

Views of Responsible Officials

The County concurs with this finding. As noted in finding 09-06, forms have been designed to implement the certification requirement; however, this procedure was not implemented until 2010. Therefore, improvement in this area will not be immediately evident. The County will also work with the agencies and provide training regarding match requirements to assure that the agencies fully understand allowable match under the federal guidelines.

09-16 Reporting

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

CFDA No. 16.804, *ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government*, U.S. Department of Justice passed through the City of Indianapolis, Indiana; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

Criteria

The June 2009 Compliance Supplement indicates that Section 1512 of the American Recovery and Reinvestment Act (ARRA) includes reporting requirements applicable to awards under

ARRA Division A. Additionally, on June 22, 2009, OMB issued *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*. The Federal Register Volume 74, No. 61, which defines the standard data elements, indicates that the "Sub-Award Funds Received" should "provide the cumulative amount of cash disbursed to the subawardee or subcontractor as of the reporting period-end date.

Condition Found

The City of Indianapolis, Indiana (City) is the prime recipient of this award and is responsible for the Section 1512 report submission. To facilitate this process, the City requires the County to provide certain information to enable them to prepare the Section 1512 report. We determined that the amounts reported by the County to the City for the data element of "Sub-Award Funds Received" was incorrect for the fourth quarter reporting period for all eight (8) subawards. The total amount reported by the County for the eight (8) subawards was $1,689,108 and the amount that should have been reported was $455,163 for a difference of $1,233,945.

Additionally, we noted differences between certain items reported to the City and the County's supporting records as follows (all items are for fourth quarter reporting):

- For the subaward JUVHISP, the County reported the Number of Hours as 1,218.75 however, only 472.30 were supportable by County records
- For the subaward DUVALJOBS, the County reported the Number of Hours as 487.50 and the County was able to support 485.00 hours
- For the subaward DUVALNURSE, the County reported the Number of Jobs as 1 and we calculated the Number of Jobs as 0.75.

Overall, we determined that the County did not have adequate internal controls in place to assure the accuracy of items reported on the Section 1512 reporting.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause of this finding is that the County did not adequately maintain support for items submitted to the City and may not have adequately understood the definition of the various data reporting elements. The effect of this finding is that the County has submitted incorrect information to the City for the City's use in completing the overall Section 1512 report.

(Continued)

Recommendation

We recommend that the County maintain appropriate documentation to adequately support all items reported to the City for each subaward and for each reporting period. Additionally, the County should implement internal control procedures to provide for a management review of such information prior to submission to the City. This approval should be formally documented so an assessment can be made as to the operating effectiveness of the internal control.

Views of Responsible Officials

This new grant program was created through the American Recovery and Reinvestment Act, which was enacted in 2009. The County is responsible for reporting information to the City of Indianapolis, who is the prime recipient of the award and responsible for submitting the Section 1512 report. The County misinterpreted how to report the information for Sub-Award Funds Received data element. The County has corrected this data element of the report and resubmitted the information to the City of Indianapolis for the fourth quarter of 2009 in February 2011.

In addition, the County will work with the agencies involved to ensure they are adequately documenting and maintaining support for the number of hours and jobs created, which is a required data element for the Section 1512 report.

09-17 Matching, Level of Effort, Earmarking

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

CFDA No. 16.804, *ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government*, U.S. Department of Justice passed through the City of Indianapolis, Indiana; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

Criteria

The special conditions of the grant award for this program indicate that the funds received under this award will not be used to supplant state or local funds, but will be used to increase the amounts of such funds that would, in the absence of federal funds, be made available for law enforcement activities.

Condition Found

The County did not have internal controls that were designed and implemented appropriately to ensure that they were in compliance with the requirement to supplement and not supplant. We tested 100% of the population and determined that the County was in compliance with this requirement.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause of this finding is that the County is aware of the requirement but has not implemented any formal procedures to document their compliance. The effect of this finding is that the County's lack of internal controls may lead to noncompliance with the supplementing not supplanting requirement.

Recommendation

We recommend that the County implement internal controls to assure compliance with the supplement not supplant compliance requirement. Documentation should be maintained to evidence the operation of the internal control(s).

Views of Responsible Officials

The County will work with the Grants Department within the Office of Finance and Management to establish a formal check list that County agencies can utilize when developing their annual budgets to ensure that they are complying with federal requirements for supplanting versus supplementing, which are applicable to many of the grant programs.