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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, 2010 to December 31, 2010. 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, 2010, 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**  
(A Component Unit of the Consolidated  
City of Indianapolis – Marion County)

OMB Circular A-133  
Single Audit Report

For the year ended December 31, 2010

(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, 2010

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**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, 2010

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			Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	\$ —	53,408
	City of Indianapolis, Indiana	2005-VT-BX-1160	Services for Trafficking Victims	16.320	—	59,319
	ICJI***	07-JB-001	Juvenile Accountability Block Grants	16.523	—	93,580
	ICJI***	07-JB-002	Juvenile Accountability Block Grants	16.523	—	2,793
	ICJI***	08-JB-012	Juvenile Accountability Block Grants	16.523	—	28,245
	ICJI***	08-JB-013	Juvenile Accountability Block Grants	16.523	—	22,804
			Total 16.523		—	147,422
	ICJI***	09-JF-015	Juvenile Justice and Delinquency Prevention – Allocation to States – Reception, Assessment, and Intervention	16.540	—	6,084
			Title V – Delinquency Prevention Program – Youth Offender Reentry	16.548	—	33,483
	ICJI***	08-FS-002	National Institute of Justice Research, Evaluation, and Development Project Grants – Paul Coverdell Forensics Science Grant 08	16.560	—	37,502
	ICJI***	09-FS-002	National Institute of Justice Research, Evaluation, and Development Project Grants – Paul Coverdell Forensics Science Grant 09	16.560	—	100,919
	City of Indianapolis, Indiana	2009-DN-BX-K045	National Institute of Justice Research, Evaluation, and Development Project Grants – Cold Case Initiative 09	16.560	—	66,824
	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	—	27,653
			National Institute of Justice Research, Evaluation, and Development Project Grants – Paul Coverdell Forensics Science Grant	16.560	18,228	85,778
			Total 16.560		18,228	318,676
	ICJI***	10=VAPR-148	Crime Victim Assistance – Child Interviewer 10/11	16.575	—	34,746
	ICJI***	10-VAPR-149	Crime Victim Assistance – Victim Advocate10/11	16.575	—	112,353
	ICJI***	08-VA-171	Crime Victim Assistance – Child Interviewer 09/10	16.575	—	48,707
	ICJI***	08-VA-172	Crime Victim Assistance – Victim Advocate 09/10	16.575	—	132,611
			Total 16.575		—	328,417
	Indiana Supreme Court	2010-DC-BX-0123	Drug Court Discretionary Grant Program – Family Drug Treatment Court	16.585	—	141,342
			Drug Court Discretionary Grant Program	16.585	—	4,204
			Total 16.585		—	145,546
	City of Indianapolis, Indiana	2009-WS-QX-0153	Community Capacity Development Office – Weed and Seed	16.595	—	1,438
			State Criminal Alien Assistance Program	16.606	—	44,196
			State Criminal Alien Assistance Program 05/06	16.606	—	1,526
			State Criminal Alien Assistance Program 07/08	16.606	—	36,270
			Total 16.606		—	81,992
	City of Indianapolis, Indiana	09-DJ-021	Edward Byrne Memorial Justice Assistance Grant Program – Metro Drug Task Force 2010	16.738	—	89,242
	City of Indianapolis, Indiana	2009-DJ-BX-0765	Edward Byrne Memorial Justice Assistance Grant Program – Juvenile Prosecutors	16.738	—	147,749
	ICJI ***	08(a)DJ-014	Edward Byrne Memorial Justice Assistance Grant Program – Juvenile/Adult Alternative Placement	16.738	—	1,915
	ICJI ***	09-DJ-032	Edward Byrne Memorial Justice Assistance Grant Program – Juvenile/Adult Placement 2010	16.738	—	65,041
	ICJI ***	09-DJ-035	Edward Byrne Memorial Justice Assistance Grant Program – Burglary Enforcement Team	16.738	—	209,980
	ICJI ***	09-DJ-001	Edward Byrne Memorial Justice Assistance Grant Program – Drug Treatment Diversion 2010	16.738	—	103,000
	ICJI ***	09-DJ-002	Edward Byrne Memorial Justice Assistance Grant Program – Re-entry Court 2010	16.738	—	125,000
	ICJI ***	08(a)DJ-021	Edward Byrne Memorial Justice Assistance Grant Program – Re-entry Court 2009	16.738	—	26,235
	ICJI ***	09-DJ-034	Edward Byrne Memorial Justice Assistance Grant Program – Duvall Residential Addictions Treatment Program 2010	16.738	—	58,783
	ICJI ***	07-DJ-094	Edward Byrne Memorial Justice Assistance Grant Program – Duvall Residential Addictions Treatment Program 2009	16.738	—	11,069
	City of Indianapolis, Indiana	2009-DJ-BX-0765	Edward Byrne Memorial Justice Assistance Grant Program – Sex Offender	16.738	—	97,560
	ICJI***	09-DJ-027	Edward Byrne Memorial Justice Assistance Grant Program – Indianapolis JDAI Project	16.738	—	46,828
	ICJI ***	09-DJ-029	Edward Byrne Memorial Justice Assistance Grant Program – Community Court 2010	16.738	—	51,550
			Total 16.738		—	1,033,952
			Forensic DNA Backlog Reduction Program 10	16.741	—	15,434
			Forensic DNA Backlog Reduction Program 09	16.741	—	142,579
			Forensic DNA Backlog Reduction Program 08	16.741	—	75,085
			Total 16.741		—	233,098
	ICJI ***	2010-CD-BX-0063	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	—	29,500

(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, 2010

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
			Forensic DNA Backlog Reduction Program 07	16.743	\$ —	128,265
	ICJI ***	08-PG-012	Anti-Gang Initiative – Open Air Initiative	16.744	—	24,586
	ICJI ***	09-PG-026	Anti-Gang Initiative – CAGI Transition Court 2010	16.744	—	20,000
	ICJI ***	08-PG-013	Anti-Gang Initiative – CAGI Overtime	16.744	—	2,201
	ICJI ***	08-PG-014	Anti-Gang Initiative – G-RIDE	16.744	—	3,518
	ICJI ***	08-PG-017	Anti-Gang Initiative – CAGI Grant Coordinator #2	16.744	—	77,683
			Total 16.744		—	127,988
	ICJI ***	09-JRA-025	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	—	81,187
	City of Indianapolis, Indiana	2009-SU-B9-0047	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	—	24,124
			Total 16.803		—	105,311
	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	38,380	1,156,838
			Federal Equitable Sharing Program	16.xxx	—	9,579
<b>Total U.S. Department of Justice</b>					<b>56,608</b>	<b>4,000,316</b>
National Highway Traffic Safety Administration						
<i>State and Community Highway Safety program Cluster:</i>						
	ICJI***	PT11-04-04-06	State and Community Highway Safety – Big City County Belts 10/11	20.600	—	27,087
	ICJI***	K8-2011-03-02-05	Alcohol Impaired Driving Countermeasures Incentive Grants – Fatal Alcohol Crash Team 10/11	20.601	—	16,138
	ICJI***	K4-2010-03-02-06	Alcohol Impaired Driving Countermeasures Incentive Grants – Fatal Alcohol Crash Team 09/10	20.601	—	146,393
	ICJI***	K4-2010-08-01-14	Alcohol Impaired Driving Countermeasures Incentive Grants – Aggressive Driving Enforcement 09/10	20.601	—	259,117
	ICJI***	PT-10-04-04-06	Alcohol Impaired Driving Countermeasures Incentive Grants – Big City County Belts 07/08	20.601	—	173,783
	ICJI***	K8-2011-03-03-21	Alcohol Impaired Driving Countermeasures Incentive Grants – DUI Task Force Enforcement 10/11	20.601	—	516
	ICJI***	K8-2010-03-03-20	Alcohol Impaired Driving Countermeasures Incentive Grants – DUI Task Force Enforcement 09/10	20.601	—	221,979
	ICJI***	PT-2010-02-03-02	Alcohol Impaired Driving Countermeasures Incentive Grants – OPO Equipment Award 09	20.601	—	9,825
			Total 20.601		—	827,751
			Total State and Community Highway Safety Program Cluster		—	854,838
<b>Total National Highway Traffic Safety Administration</b>					<b>—</b>	<b>854,838</b>
U.S. Department of Health and Human Services						
			Substance Abuse and Mental Health Services_Projects of Regional and National Significance – Women's Assistance Program	93.243	—	2,626
	Indiana Department of Child Services	NA	Child Support Enforcement	93.563	—	5,272,547
	Indiana Department of Child Services	NA	ARRA – Recovery Act – Child Support Enforcement	93.563	—	232,178
			Total 93.563		—	5,504,725
	Indiana Judicial Center	CIP-10/11B	State Court Improvement Program – Juvenile 10/11	93.586	—	13,564
	Indiana Judicial Center	CIP-08/11B	State Court Improvement Program – Juvenile 09/10	93.586	—	37,656
	Indiana Judicial Center	CIP-08/10T	State Court Improvement Program – Workshop 10/11	93.586	—	17,142
			Total 93.586		—	68,362
	Indiana Department of Child Services	NA	Children's Justice Grants to States – Child Advocates 2010	93.643	—	30,000
	Indiana Supreme Court	NA	Children's Justice Grants to States – Family Court Project 07	93.643	—	5,270
			Total 93.643		—	35,270
<b>Total U.S. Department of Health and Human Services</b>					<b>—</b>	<b>5,610,983</b>
Department of Homeland Security						
	City of Indianapolis, Indiana	NA	Homeland Security Grant Program – Mass Casualty Forensics Lab	97.067	—	240,008
<b>Total Department of Homeland Security</b>					<b>—</b>	<b>240,008</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ 56,608</b>	<b>10,706,145</b>

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

\*\*\* Indiana Criminal Justice Institute (ICJI)

NA 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 – Modified Cash Basis

For the year ended December 31, 2010

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards – modified cash basis (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 LLP  
Suite 1500  
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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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 20, 2011. 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**

Management of the County is responsible for establishing and maintaining effective 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 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 findings 10-01 and 10-02 to be material weaknesses.

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 finding 10-03 to be a significant deficiency in internal control over financial reporting.

### **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, 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 20, 2011



KPMG LLP  
Suite 1500  
111 Monument Circle  
Indianapolis, IN 46204

**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct or material effect on each of the County's major federal programs for the year ended December 31, 2010. 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 second paragraph, 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 finding 10-06 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding subrecipient monitoring that is applicable to its National Institute of Justice Research, Evaluation, and Development Project Grants program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the requirements referred to above that could have a direct or material effect on the National Institute of Justice Research, Evaluation, and Development Project Grants program for the year ended December 31, 2010.



As described in finding 10-04 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 those requirements 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 could have a direct or material effect on the Crime Victim Assistance program for the year ended December 31, 2010.

As described in findings 10-05 and 10-10 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; or procurement and suspension and debarment 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, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the requirements referred to above that could have a direct or material effect on the Edward Byrne Memorial Justice Assistance Grant program for the year ended December 31, 2010.

As described in findings 10-05, 10-06, 10-07, 10-08, and 10-10 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; special tests and provisions – subrecipient monitoring; reporting; or procurement and suspension and debarment 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, 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 could have a direct and material effect on the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program for the year ended December 31, 2010.

As described in findings 10-05, 10-09, 10-10, 10-11, and 10-12 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 and ARRA – Recovery Act – 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 could have a direct and material effect on the Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement program for the year ended December 31, 2010.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on the State and Community Highway Safety Program Cluster program for the year ended December 31, 2010.



## **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 to determine the 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 deficiency 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 findings 10-04, 10-05, 10-06, 10-07, 10-08, 10-10, 10-12, and 10-13 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 findings 10-09 and 10-11 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, 2010, and have issued our report thereon dated October 20, 2011. 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, 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  
November 7, 2011, except as to the paragraph relating  
to the schedule of expenditures of federal awards,  
which is as of October 20, 2011

**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, 2010

**(1) Summary of Auditors' Results**

(a)	The type of report issued on the basic financial statements:	<b>Unqualified opinions</b>
(b)	Significant deficiencies in internal control were disclosed by the audit of the basic financial statements:	<b>Yes</b>
	Material weaknesses:	<b>Yes</b>
(c)	Noncompliance which is material to the basic financial statements:	<b>No</b>
(d)	Significant deficiencies in internal control over major programs:	<b>Yes</b>
	Material weaknesses:	<b>Yes</b>
(e)	The type of report issued on compliance for major programs:	
	National Institute of Justice Research, Evaluation, and Development Project Grants (CFDA No. 16.560)	<b>Qualified</b>
	Crime Victim Assistance (CFDA No. 16.575)	<b>Qualified</b>
	Edward Byrne Memorial Justice Assistance Grant Program (CFDA No. 16.738)	<b>Qualified</b>
	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments (CFDA No. 16.804)	<b>Adverse</b>
	State and Community Highway Safety Program Cluster (CFDA Nos. 20.600 and 20.601)	<b>Unqualified</b>
	Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement (CFDA No. 93.563)	<b>Adverse</b>
(f)	Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:	<b>Yes</b>
(g)	Major programs:	
	National Institute of Justice Research, Evaluation, and Development Project Grants, U.S. Department of Justice direct and passed through Indiana Criminal Justice Institute and City of Indianapolis, Indiana (CFDA 16.560)	
	Crime Victim Assistance, U.S. Department of Justice passed through Indiana Criminal Justice Institute (CFDA No. 16.575)	

**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, 2010

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)

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 and ARRA – Recovery Act – 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: **\$321,184**
- (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***

**10-01 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, continued to experience delays in reconciling cash accounts during fiscal year 2010. Improvements in this area began during 2010 and by mid-2011, the Clerk’s Office appears to be performing the reconciliations on a timely basis. When bank reconciliations for all agencies were audited, an adjustment was 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 is incurred by County personnel in 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 on a regular basis.

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

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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. The County will continue to work toward moving any accounts that are not maintained on the County's general ledger system to the County's system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County's general ledger. The County is in the process of implementing an enterprise resource planning (ERP) system and will consider each of these remaining accounts during the implementation process. The implementation of the ERP system has various stages with the earliest beginning in April 2011 and continuing through the end of 2012. We anticipate substantial improvements with the implementation.

**10-02 Financial Reporting and Year-End Transactions – Material Weakness**

***Comment and Recommendation***

While we have noted significant improvements by County personnel in this area, audit adjustments were required in the current year to accurately state the financial statements. The primary cause of these adjustments is that management does not have a comprehensive and documented 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 additions and deductions in one of the agency funds
- Very limited or no management review of year-end accounting entries was being performed
- Very limited or no management review of financial statement notes to ensure appropriate presentation

We recommend the County establish appropriate procedures to provide for accurate 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

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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 2009 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. Adding to the difficulty in preparing the financial statements, the County moved from the accrual/modified accrual basis in 2005 to the modified cash basis in 2006 and will continue to issue modified cash basis reports through fiscal year 2011 in an effort to expedite the audits. This led to the need to become familiar with the requirements under the modified cash basis. We will continue to enhance the preparation of the financial statements to address the adjustments for the underlying transactions.

**10-03 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.

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

We recommend the County also review policies and procedures relating to Information Security and implement new processes or consistently enforce informal processes to remove users 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***

Due to the enterprise resource planning system that is currently being implemented, controls are being established under the new systems' technological requirements. The prior issues that we had under the Mainframe system will no longer be present or applicable under the new system. Use of the new system will begin January 1, 2012.

**(3) Findings and Questioned Costs Relating to Federal Awards**

**10-01 to**

**10-03** See Section (2) – Findings related to the Financial Statements Reported in accordance with *Government Auditing Standards*.

**10-04 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; Award Numbers 10-VAPR-148, 10-VAPR-149, 08-VA-171, and 08-VA-172

***Criteria***

The 2010 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

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The County's grant agreements under this program requires 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 2010 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.

***Questioned Costs***

There are no questioned costs associated with this finding.

***Possible Asserted Cause and Effect***

The possible asserted cause of this finding is that management does not properly maintain 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 should 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***

The County intends to work directly with the grantor to obtain an exemption on the statistical data included in the performance reports so that this data will no longer be subject to the single audit procedures.

**10-05 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 Award Numbers and Award Years

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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 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 and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***Criteria***

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Paragraphs 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 a singular grant program. While we were able to obtain semiannual certification statements from employees indicating that 100% of their time was spent on that grant, many of the time certifications were not executed on a timely basis. For the exceptions that we found, the time certifications were executed in August and October 2011.

- Edward Byrne Memorial Justice Assistance Grant Program (CFDA No. 16.738) – A total of fifty-four (54) payroll or payroll-related expenditures were selected for testing, which were incurred by the Courts, Prosecutor’s Office, and various other County agencies. We determined that time certifications were not performed timely for thirty-two (32) of these sample items.
- ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (CFDA No. 16.804) – A total of sixty-seven (67) payroll or payroll-related expenditures were selected for testing, which

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were incurred by the Courts, Community Corrections, and various other County agencies. We determined that time certifications were not performed timely for eighteen (18) of these sample items.

- Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement (CFDA No. 95.563) – A total of eighty-one (81) payroll or payroll-related expenditures were selected for testing, which were incurred by the Clerk’s Office, Prosecutor’s Office, and Courts. We determined that time certifications were not performed timely for fifty (50) of these sample items.

***Questioned Costs***

There are no questioned costs associated with this finding.

***Possible Asserted Cause and Effect***

Management indicated that improvements to this process were implemented during the current fiscal year. While some of the certification statements were obtained on a timely basis, the process is not functioning properly to ensure that all of the certifications are performed on a timely basis. 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 ensure that payroll charges are supported by after-the-fact personnel activity reports or certification statements as required by OMB Circular A-87 and these documents are executed on a timely basis.

***Views of Responsible Officials***

The County began requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on their individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor’s Office and the grant managers within the individual agencies. There was major improvement during 2010; however, while agencies completed the semiannual certifications they were not completed in a timely manner. We will continue to work with the agencies so they understand the importance of not only completing the forms but doing so in a timely manner.

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**10-06 Subrecipient Monitoring**

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

CFDA No. 16.560, *National Institute of Justice Research, Evaluation, and Development Project Grants*, U.S. Department of Justice direct and passed through Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Award Numbers 08-FS-002, 09-FS-002, 2009-DN-BX-K045, 2007-DN-BX-K022, and 2009-CD-BX-0066

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 City of Indianapolis; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

***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 2010, the County had \$18,228 and \$38,380 of expenditures passed through to subrecipients for the National Institute of Justice Research, Evaluation, and Development Project Grants and the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government programs, respectively. 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 National Institute of Justice Research, Evaluation, and Development Project Grants program, out of a total of one

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(1) subrecipient, the County did not communicate the appropriate award information such as program name, CFDA number, and program requirements to the subrecipient through a formal grant agreement. Also, for the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program, out of a total of one (1) subrecipient, the County did not communicate the appropriate award information such as program name, CFDA number, and program requirements to the subrecipient through a formal grant agreement.

The County, through the Grants Division of the Office of Finance and Management, has indicated 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 either of the subrecipient audit reports related to the above programs. Due to this overall lack of internal controls and compliance activities, the above-referenced programs were not fully or adequately monitored.

***Questioned Costs***

The questioned costs associated with this finding are the entire amount of funds passed through by the County to its subrecipients or \$18,228 for the National Institute of Justice Research, Evaluation, and Development Project Grants program and \$38,380 for the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program.

***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.

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***Views of Responsible Officials***

The Grants Division of the Office of Finance and Management is developing specific procedures for subrecipient monitoring. Along with the development of procedures, we plan to provide training to the agencies so they may have the proper tools and knowledge available to maintain compliance surrounding subrecipient monitoring requirements.

**10-07 Special Tests and Provisions – ARRA – Subrecipient Monitoring**

***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 City of Indianapolis; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

***Criteria***

Under 2 CFR Section 176.210, for American Recovery and Reinvestment Act (ARRA) funding, federal agencies must require recipients to agree to: (1) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the federal award number, CFDA number, and the amount of ARRA funds and (2) require their subrecipients to provide similar identification in their SEFA and data collection form.

***Condition Found***

The County did not communicate the required information to the subrecipient, including the fact that ARRA funding was involved, through the formal grant agreement or any other method.

***Questioned Costs***

There are no questioned costs associated with this finding.

***Possible Asserted Cause and Effect***

The possible asserted cause is that the County did not have adequate procedures in place to ensure that agreements with the appropriate award information were executed. The effect of this condition is that the subrecipients are not aware of the requirements associated with the funding that they have received from the County.

***Recommendation***

We recommend the County implement policies and procedures to ensure that appropriate agreements with all of the required information are executed with all of their subrecipients.

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***Views of Responsible Officials***

The County did execute a subgrant agreement; however, did not specify the CFDA number within this agreement. We will work with the agencies involved so they are aware of the appropriate information that is required to be communicated to a subrecipient under this grant program.

**10-08 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 City of Indianapolis; Award Number 2009-SB-B9-1482; Award Year March 1, 2009 to February 28, 2013

***Criteria***

Section 1512 of ARRA includes reporting requirements applicable to awards under ARRA Division A.

***Condition Found***

The County does not have adequate internal controls that were designed and implemented to assure accurate reporting under Section 1512 of ARRA. We were not able to test the operating effectiveness of any internal controls for Section 1512 reporting.

The City of Indianapolis, Indiana (City) is the prime recipient of this award and is responsible for the actual Section 1512 report submissions. To facilitate this process, the City requires the County to provide certain information to enable them to prepare the Section 1512 reports. We determined that in a sample of eight (8) reports submitted to the City, the amounts reported by the County to the City for the data element of “Total Sub-Award Funds Received” was incorrect for six (6) of the reports.

***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 actual Section 1512 reports.

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***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 ARRA, 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. There was miscommunication by the City of Indianapolis on how to report the information on Sub-Award funds received. The County has since corrected this data element of the report and resubmitted the information to the City of Indianapolis for 2010 in October 2011.

**10-09 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 and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***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.

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***Condition Found***

In 2010, the Circuit Court submitted \$645,769 of payroll-related expenditures for which reimbursement of \$426,208 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 10-05 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 2010 were \$426,208.

***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***

The Court is planning on conducting a case study in the second half of 2011. When completed, the Court will use this percentage for their payroll chargeable to the program.

**10-10 Procurement and Suspension and Debarment**

***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 Award Numbers and Award Years

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CFDA No. 93.563, *Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***Criteria***

According to the 2010 Compliance Supplement and § \_\_.36(b)(9), § \_\_.36(c)(1), § \_\_.36(b)(1), and § \_\_.36(d)(4), procurements should conform to the following criteria:

- The contract file should document the significant history of the procurement, including the rationale for the method of procurement, selection of contract type, contractor selection, or rejection, and the basis of contract price.
- The procurement should provide full and open competition.
- The procurement should document the rationale to limit competition in those cases where competition was limited.

***Condition Found***

For the Edward Byrne Memorial Justice Assistance Grant Program, we selected five (5) vendors with total expenditures of \$207,613 and which represented 66% of the total federal expenditures under this program subject to this compliance requirement. Of these vendors, one (1) of the five (5) vendors did not have sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. There was also no formal documentation that indicated a rationale to limit competition.

For the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program, we selected six (6) vendors with total expenditures of \$452,683 and which represented 90% of the total federal expenditures under this program subject to this compliance requirement. Of these vendors, four (4) of the six (6) vendors did not have sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. There was also no formal documentation that indicated a rationale to limit competition.

For the Child Support Enforcement program, we selected four (4) vendors with total expenditures of \$398,247 and which represented 76% of the total federal expenditures under this program

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subject to this compliance requirement for the Prosecuting Attorney. Of these vendors, none of the four (4) 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***

For the Edward Byrne Memorial Justice Assistance Grant Program, the known questioned costs are \$73,890 and were computed as the 2010 expenditures related to the one (1) vendor in our sample, which is described in the section above. The most likely questioned costs are \$112,292 and were computed by extrapolating the error rate percentage of 36% found in our sample to the relevant population of \$315,514.

For the ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government program, the known questioned costs are \$297,983 and were computed as the 2010 expenditures related to the four (4) vendors in our sample, which is described in the section above. The most likely questioned costs are \$330,253 and were computed by extrapolating the error rate percentage of 66% found in our sample to the relevant population of \$501,706.

For the Child Support Enforcement program, the known questioned costs are \$398,247 and were computed as the entire 2010 expenditures for the four (4) vendors in our sample. The most likely questioned costs are \$520,897 and were computed by extrapolating the error rate percentage of 100% found in our sample to the relevant population of \$520,897.

***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.

***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

**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, 2010

purchasing laws that govern purchase of goods. The agencies were following the rules required under Indiana law. The agencies have 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 or document the rationale for limited competition, or be able to provide documentation indicating the rationale for limiting competition.

**10-11 Allowable Costs/Cost Principles**

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

CFDA No. 93.563, *Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***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 \$293,224 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 2010 related to these expenditures was \$193,528. In prior years, the County determined its allocation of IT costs to each agency based upon a pro rata share of the entire budgeted costs of the central IT agency. Additionally, the County does not perform an after-the-fact determination as to the comparison of actual IT costs charged to the budgeted amount. In the current year, two (2) of our one hundred (100) total sample items was determined to be related to the data processing charges. In 2010, the County revised their methodology for allocating costs to each of the agencies and was not able to provide us any documentation to support such costs.

***Questioned Costs***

The questioned costs associated with this finding are \$193,528 and were calculated as the entire amount of data processing costs charged to the program during 2010.

***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.

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***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***

The Information Service Agency is responsible for the internal billing for data processing charges. It has been very difficult for them to provide sufficient support for the data processing charges by individual employee/agency. We will work with the Information Service Agency so they understand the importance of being able to provide us with the appropriate documentation to support their charges by agency.

**10-12 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 and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***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.

**MARION COUNTY, INDIANA**  
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***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 2010, which were utilized in spending the incentive funds received and deposited to the General Fund. Total incentive funds deposited in the General Fund in 2010 and reported on the schedule of expenditures of federal awards as 2010 expenditures were \$418,940.

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 \$418,940 and represent the amount of incentive funds received by the County in 2010.

The known and most likely questioned costs for the finding related to the supplementing versus supplanting program funds were \$866,809 and represent 100% of the incentive fund expenditures in 2010 from all three of the County's funds as noted in the condition section above. These expenditures include \$418,940 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 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

**MARION COUNTY, INDIANA**  
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supplement and not supplant program funding and that such compliance can be adequately demonstrated.

***Views of Responsible Officials***

Effective in 2011, the Indiana legislature enacted new legislative code regarding the handling of the incentive funds. As described in the “condition found,” the funds, in 2010, were split in three different ways with one-third going into the general fund. With the new legislation in 2011, the funds that were previously going into the general fund are now required to be deposited in a separate special revenue fund. There are now three separate incentive funds, one that is identified as the Prosecutor’s share, one that is identified as the Clerk’s share (as mentioned in the finding), and now one that is simply identified as “Title IV-D Incentive-General”. Previously under the code, the County was only required to maintain the receipt of the funds in the general fund in a separate account, which was managed through a revenue account. With the creation of the new fund, this will allow for separate and specific identification of the general portion as they are spent. As was mentioned in finding 10-01, the County is in the process of designing and implementing an enterprise resource planning system (ERP). The funds that now exist in our system will be converted and maintained in the new system, which will allow for better tracking and reporting of the various expenditures as they are made.

**10-13 Procurement and Suspension and Debarment**

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

CFDA No. 16.560, *National Institute of Justice Research, Evaluation, and Development Project Grants*, U.S. Department of Justice direct and passed through Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Award Numbers 08-FS-002, 09-FS-002, 2009-DN-BX-K045, 2007-DN-BX-K022, and 2009-CD-BX-0066

CFDA No. 93.563, *Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2010 to December 31, 2010

***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.

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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. We found the following exceptions:

- For the National Institute of Justice Research, Evaluation, and Development Project Grants program, in a sample of five (5) vendor contracts tested, we found exceptions in two (2) of the items whereby the County had not ascertained the suspended or debarred status of the vendor. We tested the compliance of all the five (5) vendor contracts selected in our initial sample plus three (3) additional vendors and found that none of the vendors were suspended or debarred.
- For the Child Support Enforcement program, in a sample of four (4) 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 the vendor contracts selected in our testwork and found that none of the vendors were suspended or debarred.

***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 some of the County's Purchasing Department policy is to check for suspension and debarment for vendor contracts of \$50,000 or greater rather than the federal requirement of \$25,000 or greater. Therefore, vendor contracts falling between these amounts are not always being properly checked. 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 ensure that all vendors who meet the federal requirements 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.

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***Views of Responsible Officials***

The County does require a suspension and debarment check as this is performed by the Purchasing Division once the purchase order reaches their office for approval. Unfortunately, the Purchasing Division was making the review based on the misunderstanding that the required dollar amount was \$50,000 versus the \$25,000 that is set under the guidelines. The Purchasing Division has been notified of this misunderstanding and has adjusted their procedures accordingly.



# ***MARION COUNTY, INDIANA***

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

## **ANNUAL FINANCIAL REPORT**

For the Year  
Ended December 31, 2010



# **MARION COUNTY, INDIANA**

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

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## **ANNUAL FINANCIAL REPORT**

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For the Year  
Ended December 31, 2010



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## 2010 County Elected Officials

### TERM

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

## 2010 Department Heads

Voters Registration .....	Cindy Mowery
	Terry Burns
Marion County Cooperative Extension .....	Ronald Hoyt
Criminal Probation.....	Robert Bingham
Court Administrator.....	Glenn Lawrence
Community Corrections.....	Thomas Marendt
Forensic Services.....	Michael Medler
Chief Public Defender .....	Robert Hill
Metropolitan Emergency Communication Agency .....	Ray Raney
Chief Information Officer.....	Glen Baker

## 2010 City-County Council Members

President, Ryan Vaughn  
 Vice President, Marilyn Pfisterer  
 Paul Bateman  
 Vernon Brown  
 Virginia J. Cain  
 Jeffrey Cardwell  
 Bob Cockrum  
 Ed Coleman  
 N. Susie Day  
 Jose Evans  
 Aaron Freeman  
 Monroe Gray, Jr.

Benjamin 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  
 Angel Rivera  
 Joanne Sanders  
 Jack Sandlin  
 Christine Scales

### 2010 Judiciary

CIRCUIT COURT ..... Louis Rosenberg  
 Circuit – Paternity ..... Sheryl Lynch, 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.....	Commissioner Valerie Horvath	
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 .....	Barbara Crawford	
Court 22 Major Felony .....	Carol J. Orbison	
Court 24 D-Felony .....	Annie Christ-Garcia	

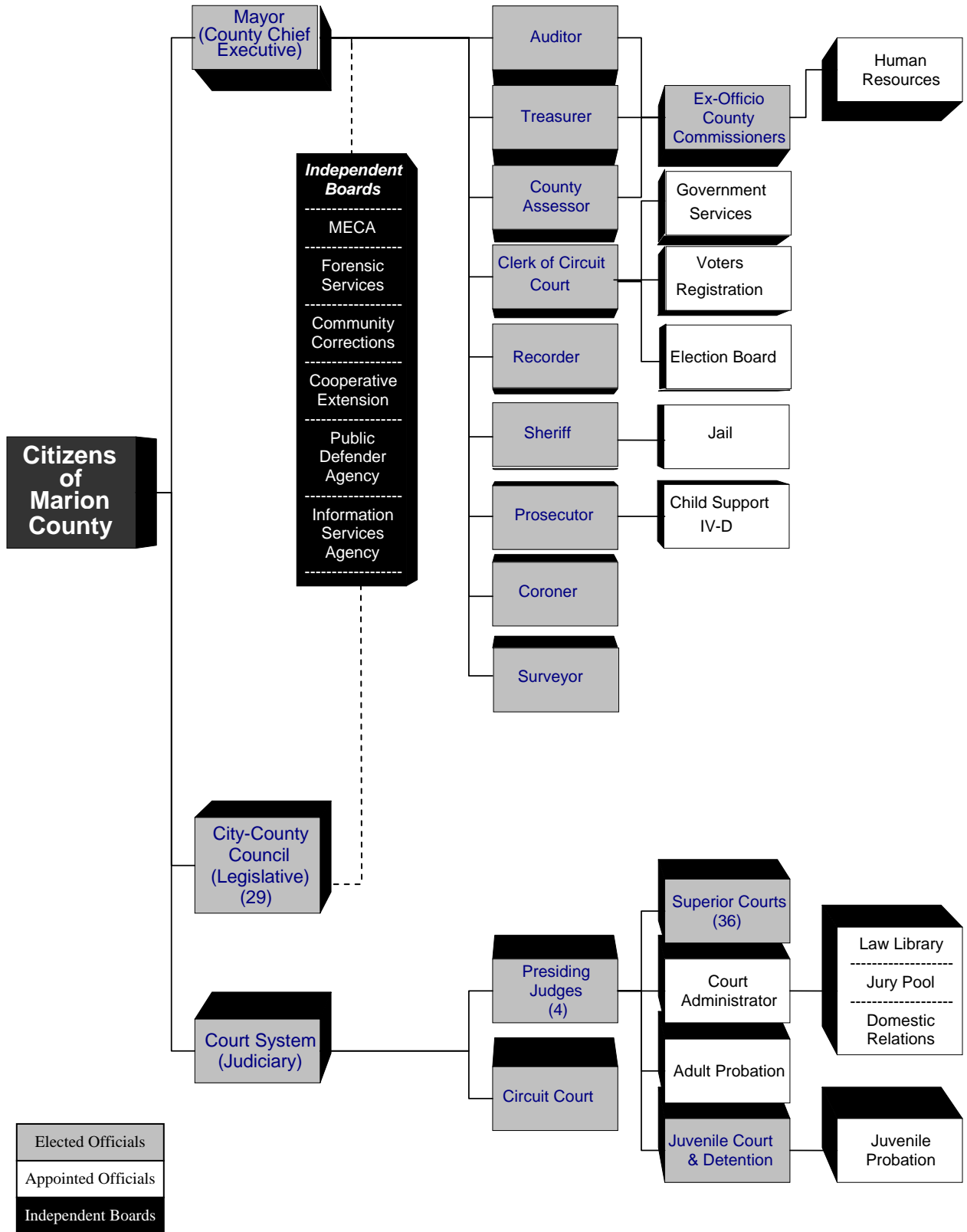
##### Civil Division:

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.....	Michael Keele	
Court 8 Probate Division .....	Gerold Zore**	
Court 9 Juvenile Division .....	Gary Chavers	
Court 10.....	David Dreyer	
Court 11.....	John Hanley	**
Court 12.....	Heather Welch	
Court 13.....	Timothy Oakes	
Court 14.....	S. K. Reid	
Environmental Court .....	David Certo	
Title IV-D Court.....	Carol Terzo, Commissioner	

\* Presiding Judge  
 \*\* Associate Presiding Judge

# Marion County, Indiana

## Government Organization Chart







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, 2010, 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, 2010, 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 20, 2011 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 page 28; the schedules of funding progress and employer contributions on pages 29 and 30; and the notes to required supplementary information on pages 31 and 32 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 36 through 49, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information, except the schedules of receipts and disbursements – budget and actual, on pages 38 through 42 and 45, 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 20, 2011



**BASIC  
FINANCIAL STATEMENTS**

**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, 2010**

Functions/Programs	Program Cash Receipts			Net Cash Receipts (Disbursements) and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities						
Administration and finance program	\$ 39,840,070	\$ 30,787,090	\$ 893,266	\$ (8,159,714)	\$ —	\$ (8,159,714)
Protection of people and property program	83,541,532	19,776,401	9,150,265	(54,614,866)	—	(54,614,866)
Corrections program	72,330,055	666,350	6,916,745	(64,746,960)	—	(64,746,960)
Judicial program	77,276,690	6,390,426	8,301,204	(62,585,060)	—	(62,585,060)
Culture and recreation program	931,275	—	—	(931,275)	—	(931,275)
Real estate and assessments program	14,403,476	2,978,130	—	(11,425,346)	—	(11,425,346)
Health and welfare program	2,913,117	569,625	260	(2,343,232)	—	(2,343,232)
Principal and interest on tax anticipation warrants	98,487,528	—	—	(98,487,528)	—	(98,487,528)
Total governmental activities	389,723,742	61,168,022	25,261,740	(303,293,980)	—	(303,293,980)
Business-type activities:						
Drug testing laboratory	—	64,621	—	—	64,621	64,621
Total business-type activities	—	64,621	—	—	64,621	64,621
Total	\$ 389,723,742	\$ 61,232,643	\$ 25,261,740	(303,293,980)	64,621	(303,229,359)
General receipts:						
Property taxes				170,677,025	—	170,677,025
Financial institution tax				1,328,500	—	1,328,500
Excise tax				10,274,715	—	10,274,715
County option income tax				96,710,940	—	96,710,940
Other state and local taxes				3,019,278	—	3,019,278
State wagering taxes				2,446,466	—	2,446,466
Unrestricted investment earnings:				2,514,653	—	2,514,653
Other				4,904,958	—	4,904,958
Total general cash receipts				291,876,535	—	291,876,535
Change in net assets				(11,417,445)	64,621	(11,352,824)
Cash and investment net assets – beginning of year				89,427,594	(63,518)	89,364,076
Cash and investment net assets – end of year				\$ 78,010,149	\$ 1,103	\$ 78,011,252
<u>Cash and Investment Assets - December 31, 2010</u>						
Cash and cash equivalents				\$ 78,010,149	\$ 1,103	\$ 78,011,252
Total cash and investment assets - December 31, 2010				\$ 78,010,149	\$ 1,103	\$ 78,011,252
<u>Cash and Investment Net Assets - December 31, 2010</u>						
Restricted for:						
Capital projects				\$ 3,717,922	\$ —	\$ 3,717,922
Grantor purposes				3,600,224	—	3,600,224
Statutory purposes				27,260,650	—	27,260,650
Unrestricted				43,431,353	1,103	43,432,456
Total cash and investment net assets - December 31, 2010				\$ 78,010,149	\$ 1,103	\$ 78,011,252

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, 2010

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Taxes	\$ 242,425,974	\$ 42,030,950	\$ 284,456,924
Intergovernmental	13,466,211	11,795,530	25,261,741
Interest	2,513,844	809	2,514,653
Charges for services	16,487,391	18,043,323	34,530,714
Miscellaneous	4,672,366	167,391	4,839,757
Total receipts	279,565,786	72,038,003	351,603,789
<b>Disbursements</b>			
Current:			
General government	79,973,469	25,738,864	105,712,333
Public safety	120,268,407	37,917,636	158,186,043
Welfare	5,213,795	—	5,213,795
Culture and recreation	900,484	—	900,484
Capital outlay	528,033	818,069	1,346,102
Debt service:			
Principal and interest on tax anticipation warrants	98,487,528	—	98,487,528
Total disbursements	305,371,716	64,474,569	369,846,285
Excess (deficiency) of receipts over disbursements	(25,805,930)	7,563,434	(18,242,496)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	7,348,629	(7,348,629)	—
Sales of capital assets	65,202	—	65,202
Total other financing sources (uses)	7,413,831	(7,348,629)	65,202
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing sources (uses)	(18,392,099)	214,805	(18,177,294)
Cash and investment fund balances - beginning of year	58,429,602	21,870,017	80,299,619
Cash and investment fund balances - end of year	\$ 40,037,503	\$ 22,084,822	62,122,325

Amounts reported for governmental activities in the statements of activities and  
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.	15,887,824
Cash and investment net assets of governmental activities	\$ 78,010,149

Cash and Investment Assets - December 31, 2010

Cash and cash equivalents	\$ 40,037,503	\$ 22,084,822	\$ 62,122,325
Total cash and investment assets - December 31, 2010	\$ 40,037,503	\$ 22,084,822	\$ 62,122,325

Cash and Investment Fund Balances - December 31, 2010

Unreserved, reported in:			
General fund	\$ 40,037,503	\$ —	\$ 40,037,503
Special revenue funds	—	18,186,813	18,186,813
Debt service funds	—	10,781	10,781
Capital project funds	—	3,887,228	3,887,228
Total cash and investment fund balances - December 31, 2010	\$ 40,037,503	\$ 22,084,822	\$ 62,122,325

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, 2010**

	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Drug Testing Laboratory</b>	<b>Internal Service Funds</b>
Operating receipts:		
Charges for services	\$ 64,621	\$ 29,505,233
Other reimbursements	—	10,098,708
Miscellaneous	—	696,734
Total operating receipts	64,621	40,300,675
Operating disbursements:		
Services and charges	—	30,175,515
Administration including salaries and wages	—	3,105,077
Other	—	260,234
Total operating disbursements	—	33,540,826
Excess of operating receipts over operating disbursements	64,621	6,759,849
Cash and investment net assets – beginning of year	(63,518)	9,127,975
Cash and investment net assets – end of year	\$ 1,103	\$ 15,887,824

Cash and Investment Assets - December 31, 2010

Cash and cash equivalents		
- December 31, 2010	\$ 1,103	\$ 15,887,824

Cash and Investment Net Assets - December 31, 2010

Cash and investment net assets (unrestricted)		
- December 31, 2010	\$ 1,103	\$ 15,887,824

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 NET ASSETS – MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 7,509,737	
Employee	845,187	
Total contributions	8,354,924	
Investment income:		
Interest and dividends	1,908,014	
Realized gain on sales, net	3,882,166	
Net investment income	5,790,180	
Miscellaneous	446,745	
Total additions	14,591,849	
<b>Deductions</b>		
Investment management fees	452,577	
Benefits paid	10,904,599	
Total deductions	11,357,176	
Excess of total additions over total deductions	3,234,673	
Cash and investment fund balance – beginning of year	130,615,622	
Cash and investment fund balance – end of year	\$ 133,850,295	
<u>Cash and Investment Assets - December 31, 2010</u>		
Cash and cash equivalents	\$ 5,482,242	\$ 104,649,227
Investments (cost basis):		
Common stocks	17,109,336	—
Mutual funds	111,258,717	—
Total cash and investment assets - December 31, 2010	\$ 133,850,295	\$ 104,649,227
<u>Cash and Investment Net Assets - December 31, 2010</u>		
Cash and investment net assets - December 31, 2010	\$ 133,850,295	\$ 104,649,227

See accompanying notes to the basic financial statements.

**MARION COUNTY, INDIANA**  
**(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**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 Fund is a major governmental fund. 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.

**MARION COUNTY, INDIANA**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**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 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 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.

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

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, Cash Equivalents, and Investments**

Investments are stated at cost. Any changes in the fair value of investments are reported as realized gains or losses in the year of the sale of the 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. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The County’s 2010 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2009 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2010 property taxes was March 1, 2009 (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. In 2010, first half of the year 2010 taxes were due and payable to the Treasurer in May 2010. Second half of the year 2010 taxes were due and payable to the Treasurer in November 2010.

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**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**

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. No such tax anticipation warrants were issued in 2010.

<u>Fund</u>	<u>Balance, January 1, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, December 31, 2010</u>
General fund	\$ 97,387,263	—	97,387,263	\$ —

Tax anticipation warrant interest paid in 2010 was \$1,100,265.

**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.

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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, debt service, and statutory purposes on the government-wide financial 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 financial statement.

**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.

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**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 1. 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 State of Indiana Department of Local Government Finance.

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 State of Indiana Department of Local Government Finance.

**NOTE 3—CASH AND INVESTMENTS**

A summary of all cash and investments on the financial statements at December 31, 2010 is as follows:

Cash and cash equivalents	\$ 78,011,252
Cash and cash equivalents and investments	
– Pension Trust Funds	
Cash and cash equivalents	5,482,242
Investments (cost basis)	128,368,053
Cash and cash equivalents – Agency Funds	<u>104,649,227</u>
	<u>\$ 316,510,774</u>

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 as follows:

**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

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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 Department Retirement and Disability Benefit Plans' investment activities shall be the following:

**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.

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As of December 31, 2010, the County’s Pension Trust Fund investments consisted of the following:

<u>Investment type</u>	<u>Cost</u>	<u>Investment maturities (in years)</u>		<u>Fair value</u>
		<u>Less than 1</u>		
Common stocks	\$ 17,109,336	\$ 17,109,336	\$	22,043,350
Mutual funds	111,258,717	111,258,717		126,584,213
	<u>\$ 128,368,053</u>	<u>\$ 128,368,053</u>	<u>\$</u>	<u>148,627,563</u>

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, 2010 amounted to \$78,011,252 for the County, \$482,242 for the Pension Trust Funds, and \$104,649,227 for the Agency Funds.

**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 Investors Service, Inc. 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 Investors Service, Inc., Standard & Poor’s Financial Services, LLC, or Fitch Ratings Service Ltd. Investments were rated as follows by Moody’s Investors Service, Inc., Standard & Poor’s Financial Services, LLC, or Fitch Rating Service Ltd. at December 31, 2010:

<u>Investments</u>	<u>Cost</u>	<u>Rating</u>	<u>Fair value</u>
Common stocks	\$ 17,109,336	Not rated	\$ 22,043,350
Mutual funds	111,258,717	Not rated	126,584,213
	<u>\$ 128,368,053</u>		<u>\$ 148,627,563</u>

**Concentration of Credit Risk**

The County policy provides that the County may invest up to 30% 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. As of December 31, 2010, the County had no investments of certificates of deposits.

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**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, 2010 consisted of the following:

			<u>Transfer from</u> <u>Nonmajor</u> <u>governmental funds</u>
Transfer to	General Fund	\$	7,348,629

**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 require the County to make minimum contributions necessary to keep the plan sound on an actuarial basis according to state law. The Retirement Plan provides that each employee contributes 4.25% of their earnings to the plan, which is maintained in a reserve for member contributions and accumulates at a rate of 3.00% 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, 2010, there are 85 fully vested employees (over 20 years of service), 129 partially vested (between 10 and 20 years of services), and 102 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, 2010, there are 333 retirees and beneficiaries receiving benefits, 5 terminated members entitled to benefits but not yet receiving benefits, and 316 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.

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*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, 2010, there are 85 benefit recipients and no vested employees.

During 1997, the County conducted a cost-of-living actuarial study. As a result of this study, the City-County 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 6.25% 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 PERF, 1 North Capitol, Suite 001, Indianapolis, Indiana 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 6.25% as of July 1, 2010.

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The annual required contribution and actual contribution made for each plan is as follows for the year ended December 31, 2010:

<u>Plan</u>	<u>Annual required contribution (ARC)</u>	<u>Actual contribution</u>
Retirement	\$ 6,244,452	\$ 6,622,597
Disability	1,209,136	1,209,136
PERF	7,773,624	6,719,304

**C. Concentration of Investments**

As of December 31, 2010, investments that represent 5% or more of the Retirement and Disability Plans' assets included the following:

<u>Investment</u>	<u>Retirement</u>	<u>Disability</u>
Mutual funds:		
Passive Bond Market Fund	\$ 6,776,137	\$ 11,534,146
Hartford Retirement Fund	12,812,296	—
Vanguard Institutional Index Fund 94	35,347,874	—
Fidelity Diversified International Fund 325	13,580,775	—
Blackrock	15,207,423	—
Barrow Hanley	9,037,554	—
	<u>\$ 92,762,059</u>	<u>\$ 11,534,146</u>

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**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, 2010 are as follows:

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 6,068,805	\$ 1,440,932	\$ 7,509,737
Employee	845,187	—	845,187
Total contributions	<u>6,913,992</u>	<u>1,440,932</u>	<u>8,354,924</u>
Investment income:			
Interest and dividends	1,907,946	68	1,908,014
Realized gain on sales, net	3,783,316	98,850	3,882,166
Net investment income	<u>5,691,262</u>	<u>98,918</u>	<u>5,790,180</u>
Miscellaneous	419,361	27,384	446,745
Total additions	<u>13,024,615</u>	<u>1,567,234</u>	<u>14,591,849</u>
<b>Deductions</b>			
Investment management fees	436,146	16,431	452,577
Benefits paid	9,668,765	1,235,834	10,904,599
Total deductions	<u>10,104,911</u>	<u>1,252,265</u>	<u>11,357,176</u>
Excess of total additions over total deductions	2,919,704	314,969	3,234,673
Cash and investment net assets – beginning of year	<u>119,072,365</u>	<u>11,543,257</u>	<u>130,615,622</u>
Cash and investment net assets – end of year	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>
<b><u>Cash and Investment Assets - December 31, 2010</u></b>			
Cash and cash equivalents	\$ 5,158,162	\$ 324,080	\$ 5,482,242
Investments (cost basis):			
Common stocks	17,109,336	—	17,109,336
Mutual funds	99,724,571	11,534,146	111,258,717
Total cash and investment assets – December 31, 2010	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>
<b><u>Cash and Investment Net Assets - December 31, 2010</u></b>			
Cash and investment net assets – December 31, 2010	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>

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**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:

	<u>Retirement Plan</u>	<u>Disability Plan</u>	<u>County Employees</u>
Valuation date	1/1/11	1/1/11	7/1/10
Actuarial cost method	Frozen initial liability	Aggregate	Entry age normal level percent of payroll
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4-year smoothing of gains/losses on market value
Investment return	7.5%	7.5%	7.0%
Inflation rate	4.0%	4.0%	1.0%
Projected salary increases	5.0%*	5.0%*	4.0%
Postretirement increases	**	**	1.5% compounded annually after retirement
Amortization method	Fixed period level annual installments	N/A****	Level dollar
Amortization period	Open 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 is used to determine the annual required contribution. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

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Marion County Law Enforcement Personnel Retirement Plan

For the plan year 2010, the County's annual pension cost of \$6,539,997 for the Retirement Plan was more than the required annual contribution of \$6,244,452 and less than the actual County contribution of \$6,622,597. The required contribution was determined as part of the January 1, 2010 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)	\$	6,244,452
Interest on net pension asset		(202,425)
Adjustment to ARC		497,970
Annual pension cost		6,539,997
Actual contribution made		(6,622,597)
Increase in net pension asset		82,600
Net pension asset at beginning of year		2,699,000
Net pension asset at end of year	\$	2,781,600

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 modified cash basis of accounting.

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the plan year 2010, the County's annual pension cost of \$1,210,344 for the Disability Plan was more than the required annual contribution and actual County contribution of \$1,209,136. The required contribution was determined as part of the January 1, 2010 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)	\$	1,209,136
Interest on net pension asset		(827)
Adjustment to ARC		2,035
Annual pension cost		1,210,344
Actual contribution made		(1,209,136)
Decrease in net pension asset		(1,208)
Net pension asset at beginning of year		11,027
Net pension asset at end of year	\$	9,819

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 modified cash basis of accounting.

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PERF

For the plan year 2010, the County's annual pension cost of \$7,796,478 for PERF was more than the required annual contribution of \$7,773,624 and more than the actual County contribution of \$6,719,304. The required contribution was determined as part of the July 1, 2010 valuation using entry age normal cost liability method.

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)	\$	7,773,624
Interest on net pension asset		(163,739)
Adjustment to ARC		186,593
Annual pension cost		7,796,478
Actual contribution made		(6,719,304)
Decrease in net pension asset		(1,077,174)
Net pension asset at beginning of year		2,258,466
Net pension asset at end of year	\$	1,181,292

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 modified cash basis of accounting.

**B. Trend Information**

Selected trend information for the years ended December 31, 2008, 2009, and 2010 is as follows:

Valuation date	Annual pension cost	Percentage contributed	Net pension asset
Marion County Law Enforcement Personnel:			
Retirement plan			
1/01/08	\$ 3,887,227	97 %	\$ 2,687,564
1/01/09	6,298,629	96	2,699,000
1/01/10	6,539,997	101	2,781,600
Disability plan			
1/01/08	1,153,846	100	12,058
1/01/09	1,441,963	100	11,027
1/01/10	1,210,344	100	9,819
County employees (PERF)			
6/30/08	5,084,158	107	2,083,742
6/30/09	6,039,034	103	2,258,466
6/30/10	7,796,478	86	1,181,292

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**C. Funded Status**

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

<u>Valuation date</u>	<u>(1) Actuarial value of assets</u>	<u>(2) Actuarial accrued liability</u>	<u>(3) Assets in excess of actuarial accrued liability (AEAAL) (1)-(2)</u>	<u>(4) Funded ratio (1)/(2)</u>	<u>(5) Annual covered payroll</u>	<u>AEAAL as percentage of covered payroll (3)/(5)</u>
<b>Marion County Law Enforcement Personnel:</b>						
<b>Retirement Plan</b>						
1/1/2011	\$ 147,681,169	\$ 199,967,007	\$ (52,285,838)	73.9%	\$ 21,877,586	239.0%
<b>Disability Plan*</b>						
1/1/2011	\$ 17,645,744	\$ 20,518,542	\$ (2,872,798)	86.0%	\$ 21,877,586	13.1%
<b>County Employees (PERF)</b>						
7/1/2010	\$ 84,033,093	\$ 122,802,445	\$ (38,769,352)	68.4%	\$ 114,756,252	34.0%

\*Funded status for the Disability Plan was calculated using the entry age 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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, general liability, and high-deductible health insurance. Additionally, the County purchases commercial insurance for claims for all other risks of loss. Settled claims have not exceeded the insurance coverage in any of the past three years. Additionally, the County participates in the City's self-insurance fund for high-deductible health insurance plan that is offered to current and eligible retired employees. Due to the modified cash basis of accounting, unpaid claims are not recorded within the accompanying financial statements. In 2010, the County paid \$2,980,884 relating to these self-insured risks.

**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

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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 2010, the County paid \$3,873,880 and \$6,170,260 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 by contacting the Office of Finance and Management at 200 East Washington Street, Suite 2222, Indianapolis, IN 46204.

**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 \$14,534,146 in 2010. The County also received \$11,413,000 from the City to support the cost and implementation of an Enterprise Resource Planning system, which will be used to support the operations of both the City and County. In 2010, the County received \$437,851 of 911 dispatch fees from the City.

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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 2010.

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. In 2010, the County made \$1,662,821 in mental health distributions to HHC as allowed by law.

**NOTE 11—COMMITMENTS AND CONTINGENCIES**

In 2010, 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, 2010, the following nonmajor governmental and enterprise funds had a deficit fund balance/net assets:

<b><u>Nonmajor Capital Projects Funds</u></b>	
Public Safety Capital Projects	\$ <u>(12,244)</u>
<b><u>Nonmajor Special Revenue Funds</u></b>	
Supplemental Public Defender Fee	\$ <u>(85,159)</u>
Federal Stimulus	\$ <u>(872,576)</u>

The County intends to reduce the deficit in the Public Safety Capital Projects and Supplemental Public Defender Fee by a transfer from the General Fund. The deficit for the Federal Stimulus fund will be covered by future grant reimbursements.





**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**MARION COUNTY, INDIANA**  
**(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**  
**(UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Taxes	\$ 174,799,874	\$ 185,779,162	\$ 196,870,437	\$ 11,091,275
Intergovernmental	12,444,178	17,444,178	5,845,787	(11,598,391)
Charges for services	15,442,876	17,142,876	13,980,812	(3,162,064)
Interest	4,038,037	4,038,037	2,206,121	(1,831,916)
Miscellaneous	253,285	253,285	5,401,287	5,148,002
Total receipts	<u>206,978,250</u>	<u>224,657,538</u>	<u>224,304,444</u>	<u>(353,094)</u>
<b>Disbursements</b>				
Current:				
General government	90,488,597	82,654,701	80,478,360	2,176,341
Public safety	132,362,365	122,171,550	121,475,727	695,823
Welfare	5,178,446	5,178,446	5,178,446	—
Culture and recreation	901,801	901,801	900,484	1,317
Debt Service:				
Principal and interest on tax anticipation warrants	98,487,528	98,487,528	98,487,528	—
Total disbursement	<u>327,418,737</u>	<u>309,394,026</u>	<u>306,520,545</u>	<u>2,873,481</u>
Deficiency of receipts over disbursements	<u>(120,440,487)</u>	<u>(84,736,488)</u>	<u>(82,216,101)</u>	<u>2,520,387</u>
Other financing sources:				
Sales of capital assets	77,500	77,500	64,702	(12,798)
Transfers in	17,247,594	17,247,594	7,348,629	(9,898,965)
Total other financing sources	<u>17,325,094</u>	<u>17,325,094</u>	<u>7,413,331</u>	<u>(9,911,763)</u>
Deficiency of receipts disbursements and other financing sources	<u>\$ (103,115,393)</u>	<u>\$ (67,411,394)</u>	<u>\$ (74,802,770)</u>	<u>\$ (7,391,376)</u>

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

**MARION COUNTY, INDIANA**  
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**REQUIRED PENSION SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF FUNDING PROGRESS**  
**(UNAUDITED)**  
**DECEMBER 31, 2010**

<u>Valuation date</u>	<u>(1) Net assets available for benefits</u>	<u>(2) Actuarial accrued liability</u>	<u>(3) Assets in excess of actuarial accrued liability (AEAAL) (1)-(2)</u>	<u>(4) Funded ratio (1)/(2)</u>	<u>(5) Annual covered payroll</u>	<u>AEAAL as a percentage of covered payroll (3)/(5)</u>
<b>Marion County Law Enforcement Personnel:</b>						
<b>Retirement Plan</b>						
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
1/1/11	147,681,169	199,967,007	(52,285,838)	73.9	21,877,586	239.0
<b>Disability Plan**</b>						
1/1/09	\$ 15,767,856	\$ 15,767,856	\$ —	100.0 %	\$ 20,966,053	0.0%
1/1/10	16,795,458	19,386,340	(2,590,882)	86.6	21,173,883	12.2
1/1/11	17,645,744	20,518,542	(2,872,798)	86.0	21,877,586	13.1
<b>County Employees*</b>						
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
7/1/2010	84,033,093	122,802,445	(38,769,352)	68.4	114,756,252	34.0

\* 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 for the 1/1/09 valuation and the entry age actuarial cost method for the 1/1/10 and 1/1/11 valuations.

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

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

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**REQUIRED PENSION SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS**  
**(UNAUDITED)**  
**DECEMBER 31, 2010**

<u>Valuation date</u>		<u>Annual required contributions</u>	<u>Percentage contributed</u>
<b>Marion County Law Enforcement Personnel:</b>			
<b>Retirement Plan</b>			
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	96.5
1/1/09		6,298,629	96.0
1/1/10		6,539,997	101.0
<b>Disability Plan</b>			
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
1/1/10		1,210,344	100.0
<b>County Employees</b>			
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	92.9
7/1/09		6,017,948	96.8
7/1/10		7,796,478	86.0

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)  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 (UNAUDITED)  
 DECEMBER 31, 2010**

**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), Clerk’s Title IV D ARRA (Special Revenue Fund), Sheriff Commissary (Special Revenue Fund), Prosecutor’s Title IV D Incentive (Special Revenue Fund), Prosecutor’s Title IV D ARRA (Special Revenue Fund), Campaign Finance Fines (Special Revenue Fund), and Court Violations Bureau (Special Revenue Fund), which are not legally required to do so. Marion County Sheriff Medical Care for Inmates (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), Marion Superior Court Equipment (Special Revenue Fund), and Public Safety Capital Projects (Capital Projects Fund) were not budgeted during 2010 due to no expenditure activity.

A separate budgetary report has been prepared, which is detailed to the agency and character level and is available upon request. The budgetary basis of accounting is essentially the cash basis with the exception 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:

<b>June 1</b>	Office of Finance and Management provides guidelines to County agencies
<b>July 1</b>	County officials submit budgets
<b>August</b>	Office of Finance and Management recommends budget to City-County Council
<b>August</b>	Council committees review/amend budgets based on public testimony
<b>September</b>	Council approves budget by last meeting of September
<b>December</b>	State of Indiana, Department of Local Government Finance reviews/adjusts and gives final approval to budget
<b>January 1</b>	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 State of Indiana Department of Local Government Finance also must approve the increase.

During the year, the following supplementary appropriations were properly approved for the General Fund:

	<u><b>General Fund</b></u>
Original appropriation	\$ 327,418,737
Revisions	<u>(18,024,711)</u>
Revised appropriation	<u><u>\$ 309,394,026</u></u>

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.

**MARION COUNTY, INDIANA**  
**(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED) (CONTINUED)**  
**DECEMBER 31, 2010**

**NOTE 2—BUDGET / CASH AND INVESTMENT BASIS REPORTING DIFFERENCES**

Adjustments required to convert the results of the 2010 operations from a budgetary basis (actual) to a modified cash basis (actual) are as follows:

	<b>General Fund</b>
Deficiency of receipts over disbursements and other financing sources (budgetary basis)	\$ (74,802,770)
Adjustments:	
Prior year receipts	55,271,122
Prior year disbursements	(5,769,533)
Disbursements from prior year encumbrances	6,951,131
Vouchers payable outstanding	(42,049)
Deficiency of receipts and other financing sources over disbursements and other financing sources (uses)	\$ (18,392,099)



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES—OTHER SUPPLEMENTARY INFORMATION**



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

**IDENTIFICATION 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.

**PUBLIC SAFETY INCOME TAX**—Established to account for public safety income tax receipts and to be appropriated to and used by public safety related agencies.

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

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

**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.

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

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

**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.

DEFERRAL PROGRAM FEE—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 GRANTS—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 federal grant programs 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.

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

PROSECUTOR'S TITLE IV D INCENTIVE—Created by IC 12-17-2-26, the receipts 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.

MC SHERIFF'S CIVIL DIVISION FEES—Created by the City-County Council, Ordinance No. 86 (2004), the fund shall consist of fees collected in the processing of real estate foreclosures and orders of eviction. 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 on documents for endorsing a document affecting an interest in real property. This fund is to be used for the improvement and maintenance of the real property records systems and equipment.

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

PROSECUTOR'S TITLE IV D ARRA—Established to account for child support incentive receipts related to the American Recovery and Reinvestment Act.

CLERK'S TITLE IV D ARRA—Established to account for child support incentive receipts related to the American Recovery and Reinvestment Act.

OTHER—Used to account for activities of 15 other less significant revenue sources and related expenditures.

## **DEBT SERVICE FUNDS**

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

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

**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.

## **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**—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**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2010**

	Identification Security Protection	Adult Probation	Public Safety Income Tax	Section 102 HAVA Reimburse- ment	Surveyor Corner Perpetu- ation	County Records Perpetuation	Property Reassessment
Receipts:							
Taxes	\$ —	\$ —	\$ 24,591,536	\$ —	\$ —	\$ —	\$ 2,429,980
Intergovernmental	—	—	—	25,000	—	—	—
Interest	—	2	—	—	—	—	—
Charges for services	262,482	2,294,394	—	—	157,975	604,287	—
Miscellaneous	—	4,989	—	—	—	—	69
Total receipts	<u>262,482</u>	<u>2,299,385</u>	<u>24,591,536</u>	<u>25,000</u>	<u>157,975</u>	<u>604,287</u>	<u>2,430,049</u>
Disbursements:							
Current:							
General government	—	2,324,273	9,169,565	12,500	268,246	838,082	1,200,849
Public safety	—	—	15,185,237	—	—	—	—
Capital outlay	—	—	—	—	11,308	28,961	—
Total disbursements	<u>—</u>	<u>2,324,273</u>	<u>24,354,802</u>	<u>12,500</u>	<u>279,554</u>	<u>867,043</u>	<u>1,200,849</u>
Excess (deficiency) of receipts over disbursements	<u>262,482</u>	<u>(24,888)</u>	<u>236,734</u>	<u>12,500</u>	<u>(121,579)</u>	<u>(262,756)</u>	<u>1,229,200</u>
Other financing sources (uses):							
Transfers in (out)	—	—	—	—	—	120,000	—
Total other financing sources (uses) over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>120,000</u>	<u>—</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>262,482</u>	<u>(24,888)</u>	<u>236,734</u>	<u>12,500</u>	<u>(121,579)</u>	<u>(142,756)</u>	<u>1,229,200</u>
Cash and investment fund balance - beginning of year	1,218,037	185,728	—	—	1,365,476	1,465,976	1,196,768
Cash and investment fund balance - end of year	<u>\$ 1,480,519</u>	<u>\$ 160,840</u>	<u>\$ 236,734</u>	<u>\$ 12,500</u>	<u>\$ 1,243,897</u>	<u>\$ 1,323,220</u>	<u>\$ 2,425,968</u>

Cash and Investment Assets - December 31, 2010

Cash and cash equivalents	\$ 1,480,519	\$ 160,840	\$ 236,734	\$ 12,500	\$ 1,243,897	\$ 1,323,220	\$ 2,425,968
Total cash and investment assets - December 31, 2010	<u>\$ 1,480,519</u>	<u>\$ 160,840</u>	<u>\$ 236,734</u>	<u>\$ 12,500</u>	<u>\$ 1,243,897</u>	<u>\$ 1,323,220</u>	<u>\$ 2,425,968</u>

Cash and Investment Fund Balance - December 31, 2010

Unreserved	\$ 1,480,519	\$ 160,840	\$ 236,734	\$ 12,500	\$ 1,243,897	\$ 1,323,220	\$ 2,425,968
Total cash and investment fund balances - December 31, 2010	<u>\$ 1,480,519</u>	<u>\$ 160,840</u>	<u>\$ 236,734</u>	<u>\$ 12,500</u>	<u>\$ 1,243,897</u>	<u>\$ 1,323,220</u>	<u>\$ 2,425,968</u>

	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	State and Federal Grants	Federal Stimulus	Enhanced Access
Receipts:							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	491	—	—	9,036,672	601,224	—
Interest	—	—	—	—	(40)	—	—
Charges for services	338,815	4,596,022	449,525	18,488	—	—	270,391
Miscellaneous	—	763	—	—	114	—	—
Total receipts	<u>338,815</u>	<u>4,597,276</u>	<u>449,525</u>	<u>18,488</u>	<u>9,036,746</u>	<u>601,224</u>	<u>270,391</u>
Disbursements:							
Current:							
General government	349,448	—	361,975	430,973	1,020,892	594,332	213,059
Public safety	—	5,399,708	108,385	—	6,841,849	617,379	—
Capital outlay	—	362	1,500	—	718,887	50,439	—
Total disbursements	<u>349,448</u>	<u>5,400,070</u>	<u>471,860</u>	<u>430,973</u>	<u>8,581,628</u>	<u>1,262,150</u>	<u>213,059</u>
Excess (deficiency) of receipts over disbursements	<u>(10,633)</u>	<u>(802,794)</u>	<u>(22,335)</u>	<u>(412,485)</u>	<u>455,118</u>	<u>(660,926)</u>	<u>57,332</u>
Other financing sources (uses):							
Transfers in (out)	—	—	—	—	—	—	(120,000)
Total other financing sources (uses) over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(120,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,633)</u>	<u>(802,794)</u>	<u>(22,335)</u>	<u>(412,485)</u>	<u>455,118</u>	<u>(660,926)</u>	<u>(62,668)</u>
Cash and investment fund balance - beginning of year	(74,526)	2,022,622	239,957	640,126	710,910	(211,650)	1,182,103
Cash and investment fund balance - end of year	<u>\$ (85,159)</u>	<u>\$ 1,219,828</u>	<u>\$ 217,622</u>	<u>\$ 227,641</u>	<u>\$ 1,166,028</u>	<u>\$ (872,576)</u>	<u>\$ 1,119,435</u>

Cash and Investment Assets - December 31, 2010

Cash and cash equivalents	\$ (85,159)	\$ 1,219,828	\$ 217,622	\$ 227,641	\$ 1,166,028	\$ (872,576)	\$ 1,119,435
Total cash and investment assets - December 31, 2010	<u>\$ (85,159)</u>	<u>\$ 1,219,828</u>	<u>\$ 217,622</u>	<u>\$ 227,641</u>	<u>\$ 1,166,028</u>	<u>\$ (872,576)</u>	<u>\$ 1,119,435</u>

Cash and Investment Fund Balance - December 31, 2010

Unreserved	\$ (85,159)	\$ 1,219,828	\$ 217,622	\$ 227,641	\$ 1,166,028	\$ (872,576)	\$ 1,119,435
Total cash and investment fund balances - December 31, 2010	<u>\$ (85,159)</u>	<u>\$ 1,219,828</u>	<u>\$ 217,622</u>	<u>\$ 227,641</u>	<u>\$ 1,166,028</u>	<u>\$ (872,576)</u>	<u>\$ 1,119,435</u>

See accompanying independent auditors' report.

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  
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2010

Prosecutor's Diversion	Prosecutor's Law Enforce- ment	Clerk's Title IV D Incentive	Sheriff Commissary	County Extradition	County Misdem- eantant	Alcohol and Drug Services	Community Corrections Home Detention
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	596,160	—	—	600,601	—	—
493,225	7,737	—	3,399,714	65,500	—	687,871	654,968
—	15	—	—	2,000	932	664	78,282
<u>493,225</u>	<u>7,752</u>	<u>596,160</u>	<u>3,399,714</u>	<u>67,500</u>	<u>601,533</u>	<u>688,535</u>	<u>733,250</u>
—	—	392,098	—	—	—	788,077	—
752,215	239,215	—	3,322,783	79,947	657,064	—	854,332
—	—	—	—	—	—	—	6,044
<u>752,215</u>	<u>239,215</u>	<u>392,098</u>	<u>3,322,783</u>	<u>79,947</u>	<u>657,064</u>	<u>788,077</u>	<u>860,376</u>
(258,990)	(231,463)	204,062	76,931	(12,447)	(55,531)	(99,542)	(127,126)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(258,990)	(231,463)	204,062	76,931	(12,447)	(55,531)	(99,542)	(127,126)
396,812	702,029	834,564	429,082	82,521	372,568	594,026	207,509
<u>137,822</u>	<u>470,566</u>	<u>1,038,626</u>	<u>506,013</u>	<u>70,074</u>	<u>317,037</u>	<u>494,484</u>	<u>80,383</u>

\$ 137,822 \$ 470,566 \$ 1,038,626 \$ 506,013 \$ 70,074 \$ 317,037 \$ 494,484 \$ 80,383

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\$ 137,822 \$ 470,566 \$ 1,038,626 \$ 506,013 \$ 70,074 \$ 317,037 \$ 494,484 \$ 80,383

Law Enforcement Equitable Share	Prosecutor's Title IV D Incentive	MC Sheriff's Civil Division Fees	Auditor's Endorsement Fee	County Sales Disclosure	Prosecutor's Title IV D ARRA	Clerk's Title IV D ARRA	Other	Total Special Revenue
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27,021,516
—	630,299	—	—	—	174,735	57,443	72,905	11,795,530
847	—	—	—	—	—	—	—	809
80	—	1,938,500	172,690	84,875	—	—	1,545,784	18,043,323
—	46,171	—	—	—	—	—	33,392	167,391
<u>927</u>	<u>676,470</u>	<u>1,938,500</u>	<u>172,690</u>	<u>84,875</u>	<u>174,735</u>	<u>57,443</u>	<u>1,652,081</u>	<u>57,028,569</u>
—	—	—	—	175,946	—	—	1,601,701	19,742,016
9,579	125,765	1,819,459	—	—	—	—	48,719	36,061,636
—	—	—	—	—	—	—	568	818,069
<u>9,579</u>	<u>125,765</u>	<u>1,819,459</u>	<u>—</u>	<u>175,946</u>	<u>—</u>	<u>—</u>	<u>1,650,988</u>	<u>56,621,721</u>
(8,652)	550,705	119,041	172,690	(91,071)	174,735	57,443	1,093	406,848
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
(8,652)	550,705	119,041	172,690	(91,071)	174,735	57,443	1,093	406,848
339,350	205,272	552,603	908,843	313,600	—	—	1,899,659	17,779,965
<u>330,698</u>	<u>755,977</u>	<u>671,644</u>	<u>1,081,533</u>	<u>222,529</u>	<u>174,735</u>	<u>57,443</u>	<u>1,900,752</u>	<u>18,186,813</u>

\$ 330,698 \$ 755,977 \$ 671,644 \$ 1,081,533 \$ 222,529 \$ 174,735 \$ 57,443 \$ 1,900,752 \$ 18,186,813

\$ 330,698 \$ 755,977 \$ 671,644 \$ 1,081,533 \$ 222,529 \$ 174,735 \$ 57,443 \$ 1,900,752 \$ 18,186,813

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\$ 330,698 \$ 755,977 \$ 671,644 \$ 1,081,533 \$ 222,529 \$ 174,735 \$ 57,443 \$ 1,900,752 \$ 18,186,813

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
<b>Identification Security Protection</b>				
Receipts:				
Charges for services	\$ 344,688	\$ 344,688	\$ 234,476	\$ (110,212)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 344,688</u>	<u>\$ 344,688</u>	<u>\$ 234,476</u>	<u>\$ (110,212)</u>
<b>Adult Probation</b>				
Receipts:				
Charges for services	\$ 2,956,775	\$ 2,956,775	\$ 2,102,520	\$ (854,255)
Interest	—	—	2	2
Miscellaneous	—	—	4,788	4,788
Total receipts	<u>2,956,775</u>	<u>2,956,775</u>	<u>2,107,310</u>	<u>(849,465)</u>
Disbursements:				
General government	<u>2,956,775</u>	<u>2,956,775</u>	<u>2,324,273</u>	<u>632,502</u>
Deficiency of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (216,963)</u>	<u>\$ (216,963)</u>
<b>Public Safety Income Tax</b>				
Receipts:				
Taxes	\$ —	\$ 24,591,536	\$ 24,591,536	\$ —
Disbursements:				
General government	—	9,325,921	9,169,565	156,356
Public safety	—	15,265,615	15,185,840	79,775
Total disbursements	<u>—</u>	<u>24,591,536</u>	<u>24,355,405</u>	<u>236,131</u>
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 236,131</u>	<u>\$ 236,131</u>
<b>Section 102 HAVA Reimbursement</b>				
Receipts:				
Intergovernmental	\$ —	\$ 25,000	\$ 25,000	\$ —
Disbursements:				
General government	—	25,000	25,000	—
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Surveyor's Corner Perpetuation</b>				
Receipts:				
Charges for services	\$ 155,000	\$ 155,000	\$ 142,635	\$ (12,365)
Disbursements:				
General government	<u>284,387</u>	<u>284,387</u>	<u>272,830</u>	<u>11,557</u>
Deficiency of receipts over disbursements	<u>\$ (129,387)</u>	<u>\$ (129,387)</u>	<u>\$ (130,195)</u>	<u>\$ (808)</u>
<b>County Records Perpetuation</b>				
Receipts:				
Charges for services	\$ 747,394	\$ 747,394	\$ 536,697	\$ (210,697)
Disbursements:				
General government	<u>1,410,615</u>	<u>1,410,615</u>	<u>935,951</u>	<u>474,664</u>
Deficiency of receipts over disbursements	<u>(663,221)</u>	<u>(663,221)</u>	<u>(399,254)</u>	<u>263,967</u>
Other financing sources (uses):				
Transfers in (out)	—	—	120,000	(120,000)
Deficiency of receipts over disbursements and other financing sources	<u>\$ (663,221)</u>	<u>\$ (663,221)</u>	<u>\$ (279,254)</u>	<u>\$ 143,967</u>
<b>Property Reassessment</b>				
Receipts:				
Taxes	\$ 1,111,835	\$ 1,111,835	\$ 1,798,137	\$ 686,302
Interest	<u>12,500</u>	<u>12,500</u>	<u>—</u>	<u>(12,500)</u>
Total receipts	<u>1,124,335</u>	<u>1,124,335</u>	<u>1,798,137</u>	<u>673,802</u>
Disbursements:				
General government	<u>1,123,318</u>	<u>1,422,739</u>	<u>1,259,243</u>	<u>163,496</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 1,017</u>	<u>\$ (298,404)</u>	<u>\$ 538,894</u>	<u>\$ 837,298</u>
<b>Prosecutor's Diversion</b>				
Receipts:				
Charges for services	\$ 790,000	\$ 790,000	\$ 460,916	\$ (329,084)
Disbursements:				
Public safety	<u>767,814</u>	<u>767,814</u>	<u>752,215</u>	<u>15,599</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 22,186</u>	<u>\$ 22,186</u>	<u>\$ (291,299)</u>	<u>\$ (313,485)</u>

(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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
<b>Prosecutor's Law Enforcement</b>				
Receipts:				
Charges for services	\$ 239,215	\$ 239,215	\$ 7,737	\$ (231,478)
Disbursements:				
Public safety	239,215	239,215	239,215	—
Deficiency of receipts over disbursements	\$ —	\$ —	\$ (231,478)	\$ (231,478)
<b>County Extradition</b>				
Receipts:				
Charges for services	\$ 50,000	\$ 50,000	\$ 65,500	\$ 15,500
Miscellaneous	—	—	2,000	2,000
Total receipts	50,000	50,000	67,500	17,500
Disbursements:				
Public safety	79,694	79,694	79,489	205
Deficiency of receipts over disbursements	\$ (29,694)	\$ (29,694)	\$ (11,989)	\$ 17,705
<b>County Misdemeanant</b>				
Receipts:				
Intergovernmental	\$ 600,600	\$ 600,600	\$ 600,601	\$ 1
Disbursements:				
Public safety	616,933	616,933	615,995	938
Deficiency of receipts over disbursements	\$ (16,333)	\$ (16,333)	\$ (15,394)	\$ 939
<b>Alcohol and Drug Services</b>				
Receipts:				
Charges for services	\$ 900,000	\$ 900,000	\$ 638,293	\$ (261,707)
Disbursements:				
General government	763,730	788,077	788,077	—
Excess (deficiency) of receipts over disbursements	136,270	111,923	(149,784)	(261,707)
<b>Community Corrections Home Detention</b>				
Receipts:				
Charges for services	\$ 1,179,972	\$ 1,179,972	\$ 654,968	\$ (525,004)
Miscellaneous	36,000	36,000	63,496	27,496
Total receipts	1,215,972	1,215,972	718,464	(497,508)
Disbursements:				
Public safety	1,214,523	1,214,523	847,843	366,680
Excess (deficiency) of receipts over disbursements	\$ 1,449	\$ 1,449	\$ (129,379)	\$ (130,828)
<b>Supplemental Public Defender Fee</b>				
Receipts:				
Charges for services	\$ 400,000	\$ 400,000	\$ 316,704	\$ (83,296)
Disbursements:				
General government	400,000	400,000	349,448	50,552
Deficiency of receipts over disbursements	\$ —	\$ —	\$ (32,744)	\$ (32,744)
<b>Deferral Program Fees</b>				
Receipts:				
Intergovernmental	\$ —	\$ —	\$ 491	\$ 491
Charges for services	3,800,000	3,800,000	4,272,433	472,433
Miscellaneous	15,000	15,000	—	(15,000)
Total receipts	3,815,000	3,815,000	4,272,924	457,924
Disbursements:				
Public safety	5,579,603	5,579,603	5,386,734	192,869
Deficiency of receipts over disbursements	\$ (1,764,603)	\$ (1,764,603)	\$ (1,113,810)	\$ 650,793

(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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
<b>County Drug Free Community</b>				
Receipts:				
Charges for services	\$ 450,000	\$ 450,000	\$ 414,248	\$ (35,752)
Disbursements:				
General government	520,200	503,682	479,735	23,947
Public safety	—	18,000	17,406	594
Total disbursements	<u>520,200</u>	<u>521,682</u>	<u>497,141</u>	<u>24,541</u>
Deficiency of receipts over disbursements	(70,200)	(71,682)	(82,893)	(11,211)
Other financing uses:				
Transfers out	—	(86,069)	—	(86,069)
Deficiency of receipts over disbursements and other financing uses	<u>\$ (70,200)</u>	<u>\$ (157,751)</u>	<u>\$ (82,893)</u>	<u>\$ (97,280)</u>
<b>Conditional Release</b>				
Receipts:				
Charges for services	\$ 75,000	\$ 75,000	\$ 16,423	\$ (58,577)
Disbursements:				
General government	430,973	430,973	430,973	—
Deficiency of receipts over disbursements	<u>\$ (355,973)</u>	<u>\$ (355,973)</u>	<u>\$ (414,550)</u>	<u>\$ (58,577)</u>
<b>State and Federal Grants</b>				
Receipts:				
Intergovernmental	\$ 13,179,797	\$ 13,312,810	\$ 6,607,302	\$ (6,705,508)
Interest	—	—	(40)	(40)
Total receipts	<u>13,179,797</u>	<u>13,312,810</u>	<u>6,619,505</u>	<u>(6,693,305)</u>
Disbursements:				
General government	8,945,077	4,248,819	1,104,659	3,144,160
Public safety	4,140,910	9,147,646	8,033,937	1,113,709
Total disbursements	<u>13,085,987</u>	<u>13,396,465</u>	<u>9,138,596</u>	<u>4,257,869</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 93,810</u>	<u>\$ (83,655)</u>	<u>\$ (2,519,091)</u>	<u>\$ (2,435,436)</u>
<b>Federal Stimulus</b>				
Receipts:				
Intergovernmental	\$ 6,442,629	\$ 6,442,629	\$ 393,643	\$ (6,048,986)
Disbursements:				
General government	6,275,036	6,057,585	555,951	5,501,634
Public safety	167,593	688,068	390,872	297,196
Total disbursements	<u>6,442,629</u>	<u>6,745,653</u>	<u>946,823</u>	<u>5,798,830</u>
Deficiency of receipts over disbursements	<u>\$ —</u>	<u>\$ (303,024)</u>	<u>\$ (553,180)</u>	<u>\$ (250,156)</u>
<b>Enhanced Access</b>				
Receipts:				
Charges for services	\$ 295,880	\$ 295,880	\$ 266,812	\$ (29,068)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	295,880	295,880	266,812	(29,068)
Other financing uses:				
Transfers out	(500,000)	(500,000)	(120,000)	(380,000)
Excess (deficiency) of receipts over disbursements and other financing uses	<u>\$ (204,120)</u>	<u>\$ (204,120)</u>	<u>\$ 146,812</u>	<u>\$ (409,068)</u>
<b>Prosecutor's Law Enforcement Equitable Share</b>				
Receipts:				
Charges for services	\$ —	\$ —	\$ 80	\$ 80
Interest	—	—	847	847
Miscellaneous	—	—	(93)	(93)
Total receipts	—	—	834	834
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 834</u>	<u>\$ 834</u>

(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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
<b>MC Sheriff's Civil Division Fees</b>				
Receipts:				
Charges for services	\$ 1,836,200	\$ 1,836,200	\$ 1,802,000	\$ (34,200)
Disbursements:				
Public safety	1,876,216	1,876,216	1,819,459	56,757
Deficiency of receipts over disbursements	<u>\$ (40,016)</u>	<u>\$ (40,016)</u>	<u>\$ (17,459)</u>	<u>\$ 22,557</u>
<b>Auditor's Endorsement Fee</b>				
Receipts:				
Charges for services	\$ 170,000	\$ 170,000	\$ 172,695	\$ 2,695
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 172,695</u>	<u>\$ 2,695</u>
<b>County Sales Disclosure</b>				
Receipts:				
Charges for services	\$ 60,000	\$ 60,000	\$ 84,880	\$ 24,880
Disbursements:				
General government	275,995	275,995	175,945	100,050
Deficiency of receipts over disbursements	<u>\$ (215,995)</u>	<u>\$ (215,995)</u>	<u>\$ (91,065)</u>	<u>\$ 124,930</u>
<b>Other – Guardian Ad Litem</b>				
Receipts:				
Charges for services	\$ 600,000	\$ 600,000	\$ 586,808	\$ (13,192)
Disbursements:				
General government	600,000	600,000	586,808	13,192
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Other – County Grants</b>				
Receipts:				
Intergovernmental	\$ 178,326	\$ 178,326	\$ 58,894	\$ (119,432)
Disbursements:				
General government	228,326	191,082	74,367	116,715
Deficiency of receipts over disbursements	<u>\$ (50,000)</u>	<u>\$ (12,756)</u>	<u>\$ (15,473)</u>	<u>\$ (2,717)</u>
<b>Other – Child Advocacy</b>				
Receipts:				
Charges for services	\$ 4,000	\$ 4,000	\$ 4,285	\$ 285
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,285</u>	<u>\$ 285</u>
<b>Other – Clerk's Perpetuation Fund</b>				
Receipts:				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 5,257	\$ 1,257
Charges for services	459,900	459,900	433,356	(26,544)
Total receipts	463,900	463,900	438,613	(25,287)
Disbursements:				
General government	493,412	493,412	417,890	75,522
Excess (deficiency) of receipts over disbursements	<u>\$ (29,512)</u>	<u>\$ (29,512)</u>	<u>\$ 20,723</u>	<u>\$ 50,235</u>
<b>Other – Juvenile Probation</b>				
Receipts:				
Charges for services	\$ 150,000	\$ 150,000	\$ 101,008	\$ (48,992)
Disbursements:				
General government	150,000	150,000	30,785	119,215
Excess of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 70,223</u>	<u>\$ 70,223</u>
<b>Other – Sheriff's Continuing Education</b>				
Receipts:				
Charges for services	\$ 12,994	\$ 12,994	\$ 3,020	\$ (9,974)
Disbursements:				
Public safety	23,000	23,000	21,187	1,813
Deficiency of receipts over disbursements	<u>\$ (10,006)</u>	<u>\$ (10,006)</u>	<u>\$ (18,167)</u>	<u>\$ (8,161)</u>

(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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other – Jury Pay</b>				
Receipts:				
Charges for services	\$ 125,000	\$ 125,000	\$ 231,043	\$ 106,043
Disbursements:				
General government	400,000	400,000	399,894	106
Deficiency of receipts over disbursements	<u>\$ (275,000)</u>	<u>\$ (275,000)</u>	<u>\$ (168,851)</u>	<u>\$ 106,149</u>
<b>Other – Alternate Dispute Resolution</b>				
Receipts:				
Charges for services	\$ 75,000	\$ 75,000	\$ 86,727	\$ 11,727
Miscellaneous	—	—	1,551	1,551
Total receipts	<u>75,000</u>	<u>75,000</u>	<u>88,278</u>	<u>13,278</u>
Disbursements:				
General government	80,672	100,672	80,921	19,751
Excess (deficiency) of receipts over disbursements	<u>\$ (5,672)</u>	<u>\$ (25,672)</u>	<u>\$ 7,357</u>	<u>\$ 33,029</u>
<b>Other – Local Emergency Planning</b>				
Receipts:				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 21,911	\$ (28,089)
Disbursements:				
Public safety	110,000	110,000	27,318	82,682
Deficiency of receipts over disbursements	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (5,407)</u>	<u>\$ 54,593</u>

See accompanying independent auditors' report.

**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**  
**NONMAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2010**

	Debt Service Funds		
	County Sinking	Juvenile Incarceration Sinking	Total Debt Service
Receipts:			
Taxes	\$ —	\$ 7,348,629	\$ 7,348,629
Total receipts	—	7,348,629	7,348,629
Disbursements:			
Current:			
General government	—	—	—
Total disbursements	—	—	—
Excess of receipts over disbursements	—	7,348,629	7,348,629
Other financing sources (uses):			
Transfers out	—	(7,348,629)	(7,348,629)
Total other financing sources (uses)	—	(7,348,629)	(7,348,629)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	—	—	—
Cash and investment fund balance - beginning of year	10,781	—	10,781
Cash and investment fund balance - end of year	\$ 10,781	\$ —	\$ 10,781
 <u>Cash and Investment Assets - December 31, 2010</u>			
Cash and cash equivalents	\$ 10,781	\$ —	\$ 10,781
Total cash and Investment assets - December 31, 2010	\$ 10,781	\$ —	\$ 10,781
 <u>Cash and Investment Fund Balance - December 31, 2010</u>			
Unreserved	\$ 10,781	\$ —	\$ 10,781
Total cash and investment fund balances - December 31, 2010	\$ 10,781	\$ —	\$ 10,781

See accompanying independent auditors' report.

**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**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED DECEMBER 31, 2010**

	<b>Capital Projects Funds</b>				
	<b>Public Safety Capital Projects</b>	<b>Cumulative Capital Development</b>	<b>Public Safety Interest Escrow</b>	<b>Capital Improvement Lease Fund</b>	<b>Total Capital Projects</b>
Receipts:					
Taxes	\$ —	\$ 6,553,203	\$ —	\$ 1,107,602	\$ 7,660,805
Total receipts	<u>—</u>	<u>6,553,203</u>	<u>—</u>	<u>1,107,602</u>	<u>7,660,805</u>
Disbursements:					
Current:					
General government	—	5,996,848	—	—	5,996,848
Public safety	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,856,000</u>	<u>1,856,000</u>
Total disbursements	<u>—</u>	<u>5,996,848</u>	<u>—</u>	<u>1,856,000</u>	<u>7,852,848</u>
Excess (deficiency) of receipts over disbursements	<u>—</u>	<u>556,355</u>	<u>—</u>	<u>(748,398)</u>	<u>(192,043)</u>
Other financing sources (uses):					
Transfers in (out)	<u>—</u>	<u>(850,000)</u>	<u>—</u>	<u>850,000</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>(850,000)</u>	<u>—</u>	<u>850,000</u>	<u>—</u>
Excess (deficiency) of receipts over disbursements and other financing sources (uses)	<u>—</u>	<u>(293,645)</u>	<u>—</u>	<u>101,602</u>	<u>(192,043)</u>
Cash and investment fund balance - beginning of year	<u>(12,244)</u>	<u>4,009,883</u>	<u>1,684</u>	<u>79,948</u>	<u>4,079,271</u>
Cash and investment fund balance - end of year	<u>\$ (12,244)</u>	<u>\$ 3,716,238</u>	<u>\$ 1,684</u>	<u>\$ 181,550</u>	<u>\$ 3,887,228</u>
 <u>Cash and Investment Assets - December 31, 2010</u>					
Cash and cash equivalents	<u>\$ (12,244)</u>	<u>\$ 3,716,238</u>	<u>\$ 1,684</u>	<u>\$ 181,550</u>	<u>\$ 3,887,228</u>
Total cash and investment assets - December 31, 2010	<u>\$ (12,244)</u>	<u>\$ 3,716,238</u>	<u>\$ 1,684</u>	<u>\$ 181,550</u>	<u>\$ 3,887,228</u>
 <u>Cash and Investment Fund Balance - December 31, 2010</u>					
Unreserved	<u>\$ (12,244)</u>	<u>\$ 3,716,238</u>	<u>\$ 1,684</u>	<u>\$ 181,550</u>	<u>\$ 3,887,228</u>
Total cash and investment fund balances - December 31, 2010	<u>\$ (12,244)</u>	<u>\$ 3,716,238</u>	<u>\$ 1,684</u>	<u>\$ 181,550</u>	<u>\$ 3,887,228</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Cumulative Capital Development - Capital Projects Fund</u></b>				
Receipts:				
Taxes	\$ 4,759,168	\$ 4,759,168	\$ 4,795,032	\$ 35,864
Disbursements:				
General government	<u>1,806,000</u>	<u>6,106,000</u>	<u>5,968,550</u>	<u>137,450</u>
Excess of receipts over disbursements	2,953,168	(1,346,832)	(1,173,518)	173,314
Other financing uses:				
Transfers out	<u>(3,650,000)</u>	<u>(3,650,000)</u>	<u>(850,000)</u>	<u>(2,800,000)</u>
Deficiency of receipts over disbursements and other financing uses	<u>\$ (696,832)</u>	<u>\$ (4,996,832)</u>	<u>\$ (2,023,518)</u>	<u>\$ (2,626,686)</u>
<b><u>Capital Improvement Lease - Capital Projects Fund</u></b>				
Receipts:				
Taxes	\$ 988,575	\$ 988,575	\$ 1,011,452	\$ 22,877
Disbursements:				
Public safety	<u>2,007,000</u>	<u>2,007,000</u>	<u>1,856,000</u>	<u>151,000</u>
Deficiency of receipts over disbursements	(1,018,425)	(1,018,425)	(844,548)	(128,123)
Other financing sources:				
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>—</u>
Deficiency of receipts over disbursements and other financing sources	<u>\$ (168,425)</u>	<u>\$ (168,425)</u>	<u>\$ 5,452</u>	<u>\$ (128,123)</u>
<b><u>Juvenile Incarceration Debt Service - Debt Service Fund</u></b>				
Receipts:				
Taxes	\$ 32,966	\$ 32,966	\$ 5,356,950	\$ 5,323,984
Disbursements:				
Total disbursements	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of receipts over disbursements	32,966	32,966	5,356,950	5,323,984
Other financing uses:				
Transfers out	<u>—</u>	<u>—</u>	<u>(7,348,628)</u>	<u>7,348,628</u>
Excess (deficiency) of receipts over disbursements and other financing sources (uses)	<u>\$ 32,966</u>	<u>\$ 32,966</u>	<u>\$ (1,991,678)</u>	<u>\$ 12,672,612</u>
<b><u>Welfare Sinking - Debt Service Fund</u></b>				
Receipts:				
Taxes	\$ 6,530,360	\$ 6,530,360	\$ —	\$ (6,530,360)
Debt service:				
Principal and interest on tax anticipation warrants	<u>6,443,750</u>	<u>6,443,750</u>	<u>—</u>	<u>6,443,750</u>
Excess of receipts over disbursements	<u>\$ 86,610</u>	<u>\$ 86,610</u>	<u>\$ —</u>	<u>\$ (12,974,110)</u>

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.

**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 taxes.

**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, 2010**

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 6,068,805	\$ 1,440,932	\$ 7,509,737
Employee	845,187	—	845,187
Total contributions	<u>6,913,992</u>	<u>1,440,932</u>	<u>8,354,924</u>
Investment income:			
Interest and dividends	1,907,946	68	1,908,014
Realized gain on sales, net	<u>3,783,316</u>	<u>98,850</u>	<u>3,882,166</u>
Net investment income	5,691,262	98,918	5,790,180
Miscellaneous	419,361	27,384	446,745
Total additions	<u>13,024,615</u>	<u>1,567,234</u>	<u>14,591,849</u>
<b>Deductions</b>			
Investment management fees	436,146	16,431	452,577
Benefits paid	<u>9,668,765</u>	<u>1,235,834</u>	<u>10,904,599</u>
Total deductions	<u>10,104,911</u>	<u>1,252,265</u>	<u>11,357,176</u>
Excess of total additions over total deductions	2,919,704	314,969	3,234,673
Cash and investment net assets – beginning of year	<u>119,072,365</u>	<u>11,543,257</u>	<u>130,615,622</u>
Cash and investment net assets – end of year	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>
<b><u>Cash and Investment Assets - December 31, 2010</u></b>			
Cash and cash equivalents	\$ 5,158,162	\$ 324,080	\$ 5,482,242
Investments (cost basis):			
Common stocks	17,109,336	—	17,109,336
Mutual funds	<u>99,724,571</u>	<u>11,534,146</u>	<u>111,258,717</u>
Total cash and investment assets - December 31, 2010	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>
<b><u>Cash and Investment Net Assets - December 31, 2010</u></b>			
Cash and investment net assets - December 31, 2010	<u>\$ 121,992,069</u>	<u>\$ 11,858,226</u>	<u>\$ 133,850,295</u>

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, 2010

	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	Court Costs to Municipalities	Homestead Credit Rebate	Local Option Income Tax	Treasurer's Tax Collection
<b>Additions:</b>												
Agency fund additions	\$ —	\$ 59,409,862	\$ 19,714,654	\$ 5,670,580	\$ 38,941,042	\$ 3,070,077	\$ 102,829	\$ 3,382,738	\$ 359,547	\$ 3,792	\$ 112,059,664	\$ 4,138,456,088
<b>Deductions:</b>												
Agency fund deductions	460	56,136,012	19,714,654	4,709,694	13,505,417	3,146,569	297,437	3,645,008	—	20,219	127,479,865	4,149,858,776
Excess (deficiency) of total additions over total deductions	(460)	3,273,850	—	960,886	25,435,625	(76,492)	(194,608)	(262,270)	359,547	(16,427)	(15,420,201)	(11,402,688)
Cash net assets - beginning 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	61,947,092
Cash net assets - end of year	\$ (9,845)	\$ (10,713,119)	\$ (3,222)	\$ 700,206	\$ 29,338,965	\$ 194,104	\$ 812,482	\$ 1,994,763	\$ 1,123,225	\$ 4,640,269	\$ 9,549,367	\$ 50,544,404
	<b>Family and Children Services</b>	<b>Delinquent Business Personal Property</b>	<b>Law Enforcement Continuing Education</b>	<b>Payroll</b>	<b>Clerk of Circuit Court</b>	<b>Sheriff</b>	<b>Other</b>	<b>Total</b>				
<b>Additions:</b>												
Agency fund additions	\$ 913,100	\$ 15,450,647	\$ 365,904	\$ 163,081,972	\$ 185,079,982	\$ 39,452,717	\$ 24,248,014	\$ 4,809,763,209				
<b>Deductions:</b>												
Agency fund deductions	1,590,626	16,237,647	233,834	162,684,900	185,791,034	40,241,196	23,951,815	4,809,245,163				
Excess (deficiency) of total additions over total deductions	(677,526)	(787,000)	132,070	397,072	(711,052)	(788,479)	296,199	518,046				
Cash net assets - beginning of year	(4,785,293)	851,658	536,190	4,215,886	13,280,503	3,674,837	842,563	104,131,181				
Cash net assets - end of year	\$ (5,462,819)	\$ 64,658	\$ 668,260	\$ 4,612,958	\$ 12,569,451	\$ 2,886,358	\$ 1,138,762	\$ 104,649,227				

See accompanying independent auditors' report.

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

Corrective Action Plan

Year Ended December 31, 2010

Reference	Corrective Action	Contact Person(s)
10-01	<p><b>Bank Reconciliations – Material Weakness</b>  It is, and will continue to be, the County’s policy to reconcile cash on a monthly basis. The County will continue to work towards moving any accounts that are not maintained on the County’s general ledger system to the County’s system, with the exception of one that by Indiana law does not require the elected official to maintain the account on the County’s general ledger. The County is in the process of implementing an enterprise resource planning system (ERP) and will consider each of these remaining accounts during the implementation process. The implementation of the ERP has various stages with the earliest beginning in April 2011 and continuing through the end of 2012. We anticipate substantial improvements with the implementation.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-02	<p><b>Financial Reporting and Year-End Transactions – Material Weakness</b>  As noted in the financial reporting finding in the 2009 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 Marion 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 reporting purposes. Adding to the difficulty in preparing the financial statements, the County moved from the accrual/modified accrual basis in 2005 to the modified cash basis in 2006 and will continue to issue modified cash basis reports through fiscal year 2011 in an effort to expedite the audits. This led to the need to become familiar with the requirements under the modified cash basis. We will continue to enhance the preparation of the financial statements to address the adjustments for the underlying transactions.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-03	<p><b>IT System Program Change Management and User Access – Significant Deficiency</b>  Due to the enterprise resource planning system that is currently being implemented, controls are being established under the new systems’ technological requirements. The prior issues that we had under the Mainframe system will no longer be present or applicable under the new system. Use of the new system will begin January 1, 2012.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
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Corrective Action Plan

Year Ended December 31, 2010

10-04	<p><b>Reporting – Crime Victim Assistance</b>  The County intends to work directly with the grantor to obtain an exemption on the statistical data included in the performance reports so that this data will no longer be subject to audit.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-05	<p><b>Activities Allowed and Unallowed, Allowable Costs/Cost Principle, and Period of Availability – Edward Byrne Memorial Justice Assistance Grant Program, ARRA – Recovery Act-Edward Byrne Memorial Justice Assistance Grant, and Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</b>  The County began requiring semiannual certification statements for all employees that work solely on a single federal grant stating that 100% of their time is spent on a particular grant. An employee whose work is on multiple grants or programs will be documented on their individual time sheet. Forms have been designed to help implement this requirement. This will be coordinated through the Auditor’s Office and the grant managers within the individual agencies. There was major improvement during 2010, however, while agencies completed the semiannual certifications they were not completed in a timely manner. We will continue to work with the agencies so they understand the importance of not only completing the forms but doing so in a timely manner.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
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Corrective Action Plan

Year Ended December 31, 2010

Reference	Corrective Action	Contact Person(s)
10-06	<p><b>Subrecipient Monitoring</b> – <i>National Institute of Justice Research, Evaluation, and Development Project Grants and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program</i></p> <p>The Grants Division of the Office of Finance and Management is working on developing specific procedures for subrecipient monitoring. Along with the development of procedures, we plan to provide training to agencies so they may have the proper tools and knowledge available to maintain compliance surrounding subrecipient monitoring requirements.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p> <p>Rebecca Swope  (317) 327-4208  <a href="mailto:Rebecca.swope@indy.gov">Rebecca.swope@indy.gov</a></p>
10-07	<p><b>Special Tests and Provisions</b> – <i>ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program</i></p> <p>The County did execute a subgrant agreement; however, did not specify the CFDA number within this agreement. We will work with the agency involved so they are aware of the appropriate information that is required to be communicated to a subrecipient under this grant program.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-08	<p><b>Reporting</b> – <i>Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program</i></p> <p>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. There was miscommunication by the City of Indianapolis on how to report the information on Sub-Award funds received. The County has since corrected this data element of the report and resubmitted the information to the City of Indianapolis for 2010 in October 2011.</p> <p>Corrective Action: Corrected in 2011</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-09	<p><b>Activities Allowed and Unallowed and Allowable Costs/Cost Principles</b> – <i>Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</i></p> <p>The Court is planning on conducting a case study in the second half of 2011. When completed, the Court will use this percentage for their payroll chargeable to the program.</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
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Corrective Action Plan

Year Ended December 31, 2010

	Corrective Action: In progress	
10-10	<p><b>Procurement and Suspension and Debarment</b> – <i>Edward Byrne Memorial Justice Assistance Program, ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program, Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</i></p> <p>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 agencies were following the rules required under Indiana law. The agencies have 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, or be able to provide documentation indicating the rationale for limiting competition.</p> <p>Corrective Action: Implemented late 2010</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-11	<p><b>Allowable Costs/Cost Principles</b> – <i>Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</i></p> <p>The Information Service Agency is responsible for the internal billing for data processing charges. It has been very difficult for them to provide sufficient support for the data processing charges by individual employee/agency. We will work with the Information Service Agency so they understand the importance of being able to provide us with the appropriate documentation to support their charges by agency.</p> <p>Corrective Action: In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>
10-12	<p><b>Activities Allowed and Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, Earmarking</b> – <i>Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</i></p> <p>Effective in 2011, the Indiana legislature enacted new legislative code regarding the handling of the incentive funds. As described in the “condition found,” the funds, in 2010, were split in three different ways with a one-third going into the general fund. With the new legislation in 2011, the funds previously deposited in the general fund are now required to be in a separate special revenue fund. There are now three separate incentive funds, one that is identified as the Prosecutor’s share, one that is identified as the Clerk’s share (both as mentioned in the finding), and now one that is simply identified as “Title IV-D Incentive-General.” Previously under the code, the</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
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Corrective Action Plan

Year Ended December 31, 2010

	<p>County was only required to maintain the receipt of the funds in a separate account in the general fund, which was managed through a revenue account. With the creation of the new fund, this will allow for separate and specific identification of the general portion as they are spent. As was mentioned in finding 10-01, the County is in the process of designing and implementing an enterprise resource planning system (ERP). The funds that now exist in our system will be converted and maintained in the new system which will allow for better tracking and reporting of the various expenditures as they are made.</p> <p>Corrective Action: In progress</p>	
10-13	<p><b>Procurement and Suspension and Debarment</b> – <i>Child Support Enforcement and ARRA – Recovery Act – Child Support Enforcement</i></p> <p>The County does require a suspension and debarment check as this is performed by the Purchasing Division once the purchase order reaches their office for approval. Unfortunately, the Purchasing Division was making the review based on the misunderstanding that the required dollar amount was \$50,000 versus the \$25,000 that is set under the guidelines. The Purchasing Division has been notified of this misunderstanding and has adjusted their procedures accordingly.</p> <p><b>Corrective Action:</b> In progress</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:shirley.mizen@indy.gov">shirley.mizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
**(A Component Unit Of The Consolidated**  
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Status of Prior Year Findings

Year ended December 31, 2010

Reference	Finding	Status	Contact Person(s)
09-01 08-01 07-01 06-01 05-02	<b>Bank Reconciliations</b> The County had delays in reconciling cash and lack of independent review of bank reconciliations.	<b>In Process:</b> The County is in the process of implementing an Enterprise Resource Planning System. We anticipate the overall controls and reporting of cash to improve with the new system. See current year finding 10-01.  For finding 05-02, the Department of Justice has issued a management decision and officially closed this finding.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-02 08-02 07-02 06-02 05-01	<b>Financial Reporting and Year-End Transactions</b> Management does not have a comprehensive year-end financial reporting process in place to accurately produce financial statements.	<b>In Process:</b> The County will issue modified cash basis financial statements for years 2006 through 2010 to ensure issuance of outstanding Single Audits by the end of October 2011. See current year finding 10-02.  For finding 05-01, the Department of Justice has issued a management decision and officially closed this finding.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-03 08-03 07-04 06-03 05-06	<b>IT System Program Change Management and User Access</b> Program changes to the Mainframe are not properly reviewed and approved prior to migration into production. Effective controls are lacking in the provisioning and monitoring of end-user access.	<b>In Process:</b> The County is in the process of implementing an Enterprise Resource Planning System with completion commencing in early 2012. This finding will be mitigated by the new system. See current year finding 10-03.  For finding 05-06, the Department of Justice has issued a management decision	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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

Status of Prior Year Findings

Year ended December 31, 2010

Reference	Finding	Status	Contact Person(s)
		and officially closed this finding.	
09-04 09-05 08-04 07-05 06-06 05-09	<p><b>Procurement and Suspension and Debarment – Recovery Act-Edward Byrne Memorial Justice Assistance Grant, Edward Byrne Memorial Justice Assistance Grant Program, Child Support Enforcement, Juvenile Accountability Incentive Block Grants, Crime Victim Assistance, Edward Byrne Memorial Formula Grant Program, Community Prosecution and Project Safe Neighborhoods, Federal Equitable Sharing Program, Child Nutrition Cluster, and Violence Against Women Formula Grants</b></p> <p>The County does not have policies and procedures within the procurement process to assure that appropriate contractors are not suspended and/or debarred.</p>	<p><b>In Process:</b> Beginning in 2007, Central Purchasing was required to check all vendors and contractors against the Excluded Parties List System (EPLS). Additionally, language has been written for inclusion in all grant contracts, which the contractor must sign, attesting to their standing, as well as notifying the County, should their status change. A contract summary sheet is also included that identifies the contract as federally funded and includes a reference to the EPLS web site. See current year finding 10-13. See also corrective action plan.</p>	<p>Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>
09-06 08-05 07-06 06-07 05-10	<p><b>Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Recovery Act-Edward Byrne Memorial Justice Assistance Grant, Edward Byrne Memorial Justice Assistance Grant Program, State and Community Highway Safety Program Cluster, Child Support Enforcement, Juvenile Accountability Incentive Block Grants, Edward Byrne Memorial Formula Grant Program, Community Prosecution and Project Safe Neighborhoods, and Local Law Enforcement Block Grant Program</b></p> <p>Employee salary costs (100%) are being submitted for reimbursement when no certification statement was</p>	<p><b>In Process:</b> The County began requiring that semiannual certification statements be completed for employees that work solely on a single federal grant. Forms were designed in 2010 to assist the agencies in documenting and tracking this information. Major improvements were made during the 2010 audit, however, most agencies completed the semiannual certifications, but they were not completed in a timely manner. We will continue to work with the agencies so they understand the importance of not only completing the forms</p>	<p>Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>

**MARION COUNTY, INDIANA**  
**(A Component Unit Of The Consolidated**  
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Status of Prior Year Findings

Year ended December 31, 2010

Reference	Finding	Status	Contact Person(s)
	available indicating 100% of their time was spent on that grant.	but doing so in a timely manner. See current year findings 10-05. See also corrective action plan.	
09-07 08-06 07-07 06-08 05-11	<b>Subrecipient Monitoring – Crime Victim Assistance, Edward Byrne Memorial Justice Assistance Grant Program, Juvenile Accountability Incentive Block Grants, Edward Byrne Memorial Formula Grant Program, Community Prosecution and Project Safe Neighborhoods, and Violence Against Women Formula Grants</b> The County does not have a formal program in place to monitor subrecipients, including formal written agreements between the County and each subrecipient, and procedures to verify that subrecipients are complying with A-133 audit requirements.	<b>In Process:</b> The Grants Division of the Office of Finance and Management is working on developing specific procedures for subrecipient monitoring. Along with the development of procedures we plan to provide training to agencies so they will have the proper tools and knowledge available to maintain compliance surrounding subrecipient monitoring requirements. See current year finding 10-06. See also related corrective action plan.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-08 08-07 07-09 06-11 05-15 05-16	<b>Reporting – Crime Victim Assistance and State and Community Highway Safety Program Cluster</b> The County was not able to provide any information to support the statistical amounts reported on the performance reports for these programs.	<b>In Process:</b> The State and Community Highway Safety Program Cluster was corrected on a going forward basis and there was no such finding for the program in 2010. For the Crime Victim Assistance Program the County is going to work directly with the grantor to obtain a letter that will exempt us from having the performance reporting statistics audited by our external auditors. See current year finding 10-04. See also corrective action plan.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-09 08-08 07-13 06-13	<b>Allowable Costs/Cost Principles – Child Support Enforcement</b> Employee salary costs (100%) are being submitted for	<b>In Process:</b> The County continues to encourage the Court to complete a case study to determine the percentage of	Sue Patterson (317) 327-3699 <a href="mailto:spatters@indy.gov">spatters@indy.gov</a>

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05-19	reimbursement when 100% of their time is not spent on Title IV-D cases.	cases that are Title IV-D. We believe a case study will be performed for the second half of 2011. When completed, the Court will use this percentage for their payroll chargeable to the program. See current year finding 10-09. See also corrective action plan.	
09-10 08-09 07-14 06-14 05-20	<b>Procurement and Suspension and Debarment – Edward Byrne Memorial Justice Assistance Grant Program and Child Support Enforcement</b> Insufficient information in the contract file was maintained to detail the bids or quotes obtained to evidence full and open competition. No formal documentation indicating rationale to limit competition.	<b>In Process:</b> The agencies have been instructed that they must be in compliance with federal law that requires that they obtain quotes or bids documenting full and open competition or document the rationale to limit competition. See current year finding and questioned costs 10-10. See also corrective action plan.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-11 08-10 07-16 06-12 05-18	<b>Allowable Costs/Cost Principles – Child Support Enforcement</b> Central service activities should be claimed through an indirect cost plan or if charged directly to the grant, these expenditures should be supported by adequate documentation.	<b>In Process:</b> The County has a contract with a company to seek indirect cost reimbursements on behalf of the County. All costs will be supported by the indirect cost plan or by adequate documentation if claimed as a direct cost. See current year finding 10-11. See also corrective action plan.	Sue Patterson (317) 327-3699 <a href="mailto:spatters@indy.gov">spatters@indy.gov</a>  Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-12 08-11	<b>Activities Allowed and Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, Earmarking – Child Support Enforcement</b> There were no internal controls in place and no evidence that the	<b>In Process:</b> The County is in the process of designing and implementing an ERP system, including a comprehensive financial module. The structure is being designed to allow for better tracking of the	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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	County complied with the requirement to supplement and not supplant funding for incentive funds received.	expenditures made against the incentive fund revenues allocated to the general fund. See current year finding 10-12. See also corrective action plan.	
09-13 08-12	<b>Matching, Level of Effort, Earmarking – Child Support Enforcement</b> 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 related matching amounts were therefore not supportable.	<b>In Process:</b> In 2010, forms were designed to implement the certification requirement. 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. All certifications were obtained for 2010.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-14 08-15	<b>Activities Allowed/Unallowed and Allowable Costs/Cost Principles – Child Support Enforcement</b> For 2008 the County was not able to provide documentation to support 4 of the 11 amounts charged to the cost pool in the County’s central service Cost Allocation Plan, totaling \$2,508,023, in order to determine whether they were allowable costs. In 2009 it was determined that the direct billed amount was \$31,653 too high.	The 2008 Cost Allocation Plan is based on expenditures incurred in 2006. This combined with the overall delinquency of the County’s single audit reports, caused the support for the information services agency to no longer be available, or could not be located in storage. The 2009 finding has been corrected and adjusted in the 2011 cost plan; no subsequent such findings have been found.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-15	<b>Matching, Level of Effort, Earmarking – Edward Byrne Memorial Justice Assistance Grant Program</b> Nine (9) out of 25 sample items for individual matching expenditures which all related to payroll expenditures did not have a completed personnel activity	<b>In Process:</b> In 2010, forms were designed to implement the certification requirement. The County will also work with the agencies and provide training regarding match requirements to assure that the agencies fully understand	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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	sheet or semiannual certification indicating that 100% of the employees time was spent on the related program.	allowable match under the federal guidelines.	
09-16	<b>Reporting— ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant</b> It was determined that the amounts reported by the County to the City for the data element of the 1512 report “Sub-Award Funds Received” was incorrect for the fourth quarter reporting .	<b>Corrected:</b> The County misinterpreted how to report the information for Sub-Award Funds Received data element. The County has corrected this data element for the report and resubmitted the information to the City of Indianapolis for the fourth quarter of 2009 in February of 2011. However, see also current year finding 10-08. See also corrective action plan.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
09-17	<b>Matching, Level of Effort, Earmarking— ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant</b> 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. The County was in compliance with this requirement.	<b>In Process:</b> The County is in the process of developing internal control procedures that will ensure compliance with supplement versus supplanting requirements.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
08-13	<b>Matching, Level of Effort, Earmarking – Crime Victim Assistance</b> Out of a sample of 30 matching expenditures, four of these expenditures, which represented \$10,662 were erroneously reported as in-kind contributions in the quarterly financial report.	<b>In Process:</b> The County is working with the agencies to provide training regarding match requirements to assure that the agencies fully understand allowable match under the federal guidelines.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
08-14	<b>Matching, Level of Effort, Earmarking – Edward Byrne</b>	<b>In Process:</b> Forms have been designed to implement the	Shirley Mizen (317) 327-3007

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	<b><i>Memorial Formula Grant Program</i></b> 10 out of 25 sample items, which related to County payroll did not have personnel activity reports nor did the employees execute semiannual certification statements indicating that 100% of their time was spent on that program. The related matching amounts of \$27,141 were therefore not supportable.	certification requirement. The procedure was implemented in 2010. Additionally, County agencies will be reminded of the need to maintain sufficient documentation to support any related match.	<a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
07-08 06-10 05-12	<b>Cash Management – Edward Byrne Memorial Justice Assistance Grant Program, Crime Victim Assistance, and Edward Byrne Memorial Formula Grant Program</b> Expenditures had payment dates that were after the County’s request for reimbursement.	<b>Corrected:</b> This was corrected on a going forward basis effective with fiscal year 2008.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
07-10	<b>Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Availability of Federal Funds – Crime Victim Assistance</b> Grant actual payment dates were in years prior to 2007 and were not initially appropriately charged to the applicable grant in the accounting system and were not previously reported as grant expenditures on the SEFA in the proper year.	<b>Corrected:</b> Steps have been taken to insure that expenditures reported on the SEFA are captured in the proper year. This was corrected on a going forward basis effective with fiscal year 2008.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
07-11	<b>Period of Availability of Federal Funds – Edward Byrne Memorial Justice Assistance Grant Program</b> 1 out of 30 sample items had a related expenditure that was not incurred within the related grant award period for the Courts. Additionally, for 1 of the 18 grants with expenditures under	The County has worked with the agencies involved, and all agencies receiving federal funds, to assure that appropriate documentation and approvals are maintained for individuals assigned to grants. No subsequent such findings have been reported.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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	this program, the County did not have a properly executed grant amendment which extended the grant end period by two months.		
07-12	<b>Allowable Costs/Cost Principles and Period of Availability of Federal Funds – <i>Edward Byrne Memorial Justice Assistance Grant Program</i></b> The County incurred expenditures under 18 different grants of which 1 where the County could not provide a fully executed copy of the grant agreement and could not provide a final grant budget which agreed with the amount awarded by the grantor.	The County has worked with the agencies involved, and all agencies receiving federal funds, to assure that appropriate documentation is maintained for individuals assigned to grants. No subsequent such findings have been reported.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
07-15	<b>Activities Allowed or Unallowed and Allowable Costs/Cost Principles – <i>Child Support Enforcement</i></b> The County was not able to provide documentation to support 2 of the 5 sample items that were selected for non-payroll expenditures which were incurred by the Clerk’s Office which together totaled \$5,574.	The County has worked with the agencies involved, and all agencies receiving federal funds, to assure that appropriate documentation is maintained for items claimed for federal reimbursement.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
07-17	<b>Matching, Level of Effort, Earmarking – <i>Crime Victim Assistance</i></b> Internally allocated computer charges could not be fully supported but were reported as matching amounts for the grant. Additionally, copier charge appeared to be in excess of the amount that should be allocated.	<b>In Process:</b> County agencies will be reminded of the need to maintain sufficient documentation to support any related match.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
06-09	<b>Cash Management – <i>Community Prosecution and Project Safe Neighborhoods</i></b> Expenditures incurred had a payment date that was after the	<b>In Process:</b> The County will review and monitor reimbursements claimed to ensure reimbursement is not	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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	date of the County's request for reimbursement. Auditors were unable to test 92.8% of sampled items for the Justice Agency due to inability to locate records.	requested before payment of the expenditure. With the closing of the Justice Agency, records were lost or destroyed. Remaining records were secured in early 2010.	
06-15	<b>Activities Allowed or Unallowed and Allowable Costs / Cost Principles – Community Prosecution and Project Safe Neighborhoods</b> The County was unable to provide full grant agreements, including related budgets, for all of the grants selected for testing.	The agency responsible for these grants was dissolved in 2008. The records were not secured, and documents were lost or sent to storage. The remaining records were secured in early 2010.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
06-16	<b>Allowable Costs / Costs Principles – Edward Byrne Memorial Formula Grant Program</b> Individuals who charged time under the grant were not approved under the related grant agreement and there was no documentation that these individuals replaced an approved individual.	The County has worked with the agencies involved to assure that appropriate documentation is maintained for items claimed for federal reimbursement.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
06-17	<b>Matching, Level of Effort, Earmarking – Edward Byrne Memorial Formula Grant Program</b> Payroll expenditures claimed as match in the amount of \$3,692 were charged to another federal award. Computer support costs (\$5,097), allocated rent expenditures (\$496), and third-party vendor payments (\$29,359) could not be fully supported but were reported as matching amounts for the grant. Additionally, \$519,329 of the total match reported for 2006 was for payroll-related expenditures for which there were no time certifications being performed.	<b>In Process:</b> Forms have been designed to implement the certification requirement. The procedure was implemented in 2010. Additionally, County agencies will be reminded of the need to maintain sufficient documentation to support any related match.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>

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06-18	<p><b>Period of Availability of Federal Funds – <i>Edward Byrne Memorial Formula Grant Program</i></b>  The County did not have adequate controls in place to assure that its obligations were incurred during the award period for payroll costs. Twenty-one out of 72 sample items lacked supervisor approval.</p>	<p><b>In Process:</b> The County will correspond with each agency to remind them of the policy necessitating supervisory approval of time. A new Enterprise Resource Planning (ERP) system will include a new time and attendance system.</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>
06-19	<p><b>Reporting – <i>Federal Equitable Share Program</i></b>  The County did not maintain a log(s) of the DAG-71 forms, submitted to the Department of Justice, as required under the program regulations. Additionally, DAG-71 forms were identified without signatures or which were submitted subsequent to the 60 day filing deadline. All exceptions were for DAG-71 forms submitted in 2004 and 2005. No such exceptions were noted for 2006 submitted DAG-71 forms.</p>	<p><b>In Process:</b> The County has worked with the agencies to assure that an adequate log of DAG-71 forms is maintained as they are submitted so that receipt of funds can be documented and deposited into the appropriate fund.</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>
06-21	<p><b>Cash Management – <i>Federal Equitable Sharing Program</i></b>  Two County agencies did not expend all of their Federal Equitable Share monies within the required two years of receipt.</p>	<p><b>In Process:</b> The County has worked with the agencies involved to implement procedures to assure that federal equitable sharing revenues are expended timely.</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>
05-03	<p><b>Grant Accounting Including Related Deferred Revenue</b>  The County does not have adequate procedures to ensure all grants are captured and that grants are reconciled on a timely basis to ensure all grant expenditures are identified to each grant award.</p>	<p><b>In Process:</b> During the implementation of a new financial system, management hopes to install a module that will assist with the grant accounting. The County will issue modified cash basis financial statements for 2006-2011 and thus this finding will not affect those financial</p>	<p>Shirley Mizen  (317) 327-3007  <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a></p>

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		statements.	
05-04	<b>Self-Insurance Liabilities</b> Management does not have a process to adequately estimate the amount of self-insured liability risk.	The Department of Justice has issued a management decision and officially closed this finding.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
05-07	<b>Reporting – Child Nutrition Cluster</b> Test work over meal counts resulted in missing or inaccurate counts submitted resulting in reimbursements that could not be fully supported.	<b>In Process:</b> Management has worked with agencies to ensure they have been educated on the correct procedures to track and maintain records relating to the school lunch program.	Sue Patterson (317) 327-3699 <a href="mailto:spatters@indy.gov">spatters@indy.gov</a>  Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
05-08	<b>Reporting – Child Nutrition Cluster</b> Amounts could not be reconciled from the Annual Financial Report to the County's financial accounting system or payroll records.	<b>In Process:</b> Management has worked with agencies to ensure they have been educated on the correct procedures to track and maintain records relating to the school lunch program.	Sue Patterson (317) 327-3699 <a href="mailto:spatters@indy.gov">spatters@indy.gov</a>  Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
05-13	<b>Cash Management – Violence Against Women Formula Grants Program</b> Two expenditures had a payment date that was after the County's request for reimbursement.	<b>In Process:</b> The County will review and monitor reimbursement claims to ensure reimbursement is not requested before payment of the expenditure.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>
05-14	<b>Reporting – Edward Byrne Memorial Formula Grant Program</b> The County was unable to reconcile amounts reported on the quarterly claim reimbursement forms. No documentation was maintained to support the amounts on the forms.	<b>In Process:</b> The County will work with agencies to ensure that sufficient documentation is maintained to support future reimbursement requests.	Shirley Mizen (317) 327-3007 <a href="mailto:sjmizen@indy.gov">sjmizen@indy.gov</a>