

# INDIANA

Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2013

**Michael R. Pence, Governor**



Prepared by the Office of  
**Indiana Auditor of State**

Room 240 State House  
200 West Washington St.  
Indianapolis, IN 46204

**FILED**  
12/30/2013



**STATE OF INDIANA**

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Michael R. Pence, Governor



Prepared by:

The Office of the Auditor of State  
**Auditor of State**  
Room 240  
State House  
Indianapolis, Indiana 46204

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We extend special thanks to Stacey Halvorsen, CPA, and all employees of State agencies throughout Indiana. Your cooperation and assistance in the preparation of this Comprehensive Annual Financial Report has been invaluable.

Please visit our web site at [www.in.gov/auditor/](http://www.in.gov/auditor/)

# MISSION STATEMENT

The mission of the State Auditor's office is to carry out the Constitutional responsibilities of the Auditor of State by:

- maintaining the State's financial records and reports and paying the State's bills and employees efficiently, effectively, and honestly,
- educating and informing the public about Indiana State government's finances,
- taking a leadership role in the development of the State's financial policy, and
- working as a team of professionals in order to provide quality customer service to the citizens of the State, State agencies, local governments and school corporations, State employees, other states and federal agencies, and vendors.



**AUDITORS OF STATE  
Of THE STATE OF INDIANA**

<b>Term</b>	<b>Name</b>	<b>Politics</b>
1816-1828	William H. Lilley	Party Unknown
1828-1829	Benjamin I. Blythe	Party Unknown
1829-1844	Morris Morris	Party Unknown
1844-1847	Horatio J. Harris	Party Unknown
1847-1850	Douglas Maguire	Whig
1850-1853	Erastus W. H. Ellis	Democrat
1853-1855	John P. Dunn	Democrat
1855-1857	Hiram E. Talbot	Fusion-"peoples"
1857-1861	John W. Dodd	Democrat
1861-1863	Albert Lange	Republican
1863-1865	Joseph Ristine	Democratic Union
1865-1869	Thomas P. McCarthy	Republican
1869-1871	John D. Evans	Republican
1871-1873	John C. Shoemaker	Democrat
1873-1875	James A. Wilder	Republican
1875-1879	Ebenezer Henderson	Democrat
1879-1881	Mahlon D. Manson	Democrat
1881-1883	Edward H. Wolfe	Republican
1885-1887	James H. Rice	Democrat
1887-1891	Bruce Carr	Republican
1891-1895	John O. Henderson	Democrat
1895-1899	Americus C. Daily	Republican
1899-1903	William H. Hart	Republican
1903-1905	David E. Sherrick	Republican
1905-1906	Warren Bigler	Republican
1906-1910	John C. Billheimer	Republican
1910-1914	William H. O'Brien	Democrat
1914-1916	Dale J. Crittenberger	Democrat
1916-1920	Otto Clauss	Republican
1920-1922	William G. Oliver	Republican
1922-1924	Robert Bracken	Democrat
1924-1928	Lewis S. Bowman	Republican
1928-1930	Arch N. Bobbit	Republican
1930-1934	Floyd E. Williamson	Democrat
1934-1938	Laurence F. Sullivan	Democrat
1938-1940	Frank G. Thompson	Democrat
1940-1944	Richard T. James	Republican
1944-1948	Alvin V. Burch	Republican
1948-1950	James M. Propst	Democrat
1950-1954	Frank T. Millis	Republican
1954-1956	Curtis E. Rardin	Republican
1956-1958	Roy T. Combs	Republican
1958-1960	Albert A. Steinwedel	Democrat
1960-1964	Dorothy Gardner	Republican
1964-1966	Mark L. France	Democrat
1966-1968	John P. Gallagher	Republican
1968-1970	Trudy Slaby Etherton	Republican
1970-1978	Mary Aikins Currie	Democrat
1978-1982	Charles D. Loos	Republican
1982-1986	Otis E. Cox	Democrat
1986-1994	Ann G. DeVore	Republican
1994-1998	Morris Wooden	Republican
1999-2006	Connie K. Nass	Republican
2007-2013	Tim Berry	Republican
2013-	Dwayne Sawyer	Republican

# STATE OF INDIANA

## Comprehensive Annual Financial Report For the Year Ended June 30, 2013

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# INTRODUCTORY SECTION

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo provided by the Indiana State Library.



HARRISON, Benjamin, 23rd President of the United States; born in North Bend, Hamilton County, Ohio, August 20, 1833; moved to Indianapolis in 1854; admitted to the bar and practiced; reporter of the decisions of the supreme court of the State; elected President of the United States in 1888; inaugurated on March 4, 1889, and served until March 3, 1893; died in Indianapolis, Ind., March 13, 1901; interment in Crown Hill Cemetery. Source: Biographical Directory of the U.S. Congress.





## AUDITOR OF STATE

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December 30, 2013

Governor,  
 Members of the General Assembly,  
 Citizens of the State of Indiana:

We are proud to present the Comprehensive Annual Financial Report (CAFR) for the State of Indiana's fiscal year ended June 30, 2013.

This Comprehensive Annual Financial Report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board. While management remains primarily and ultimately responsible for the contents and presentation of this report, responsibility for both the accuracy of the data presented and completeness and fairness of the presentation rests with the State agencies that provide the data and are obligated to verify postings. We believe the information set forth in this report is accurate in all aspects and is presented in a manner designed to set forth the financial position and results of operations of the State as measured by the financial activity of its various funds.

State statute requires an annual audit by the Indiana State Board of Accounts. The Board is considered by federal and state government to be independent auditors. The Independent Auditor's Report on the financial statements is included in the financial section of this report and in the Statewide Single Audit Report of the State of Indiana.

The State is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments.

This internal control structure is subject to periodic evaluation by management and internal audit staff of the various State agencies. As part of the Single Audit, tests are made to determine the adequacy of the internal control structure related to federal financial assistance programs, as well as to determine that the State of Indiana has complied with applicable laws and regulations.

Generally Accepted Accounting Principles provides for two types of statements, government-wide and fund statements. The government-wide statements are very similar to the private sector's statements, using the full accrual basis of accounting and the economic resources measurement focus. The governmental funds financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. In the government-wide statements, infrastructure (roads, bridges, dams) has been capitalized. Capital assets, except for infrastructure using the modified approach, are depreciated like the private sector.

Management's Discussion and Analysis (MD&A) in the Financial Section introduces the basic financial statements and provides an analytical overview of the government's financial activities. It is presented before the basic financial statements. We encourage you to read it to get an in-depth analysis of the State of Indiana's finances.

## Profile of the Government

Located in America's heartland in the Midwest, Indiana is a leading manufacturing state and a major agricultural producer. The latest U.S. Census Bureau estimate places Indiana's population at 6,516,922 which makes Indiana the nation's 15<sup>th</sup> largest State. The State is 78.4% urban and 21.6% rural. The five largest cities are Indianapolis, the capital, Fort Wayne, Evansville, South Bend and Carmel.

Indiana became the 19<sup>th</sup> State of the Union on December 11, 1816. The State Constitution establishes the government in three separate departments: legislative, executive including administrative, and judicial. The legislative power of the State is vested in the Indiana General Assembly, which consists of a 100 member House of Representatives and a 50 member Senate. The Indiana General Assembly has the power to enact laws which are not prohibited by the State Constitution and not in conflict with Federal laws and powers. The executive power of the State is vested with the Governor. The State Constitution and legislation establish the following Statewide elected administrative officials: Lieutenant Governor, Auditor of State, Secretary of State, Treasurer of State, Attorney General, and the Superintendent of Public Instruction. The judicial power of the State is vested in one Supreme Court consisting of five justices, one Court of Appeals consisting of 15 judges, 313 Trial Courts (including Circuit Courts), and one Tax Court.

The State government provides a wide range of services to the citizens of Indiana, including education, transportation, public health, public safety, welfare, conservation, and economic development.

This report includes the financial activities and balances of the State of Indiana and its component units. The component units are legally separate entities for which the State of Indiana has financial responsibility and include State funded colleges and universities, and other legally separate entities that provide services and benefits to local governments and the citizens of the State of Indiana. More information on the financial reporting entity can be found in Note I(A) in the notes to the financial statements.

The Indiana General Assembly meets every other year to adopt a biennial budget, which is submitted by the Governor. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated funding sources. Budgetary control is exercised in that agencies of the State may only expend appropriations as allotted by the Budget Agency or other statutory authority. The State Board of Finance, which consists of the Governor, Auditor of State, and Treasurer of State, is empowered to transfer appropriations from one agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign and reassign appropriations made for one specific purpose to another use or purpose within the same agency.

## Factors Affecting Economic and Financial Conditions

The information presented in the financial statements is better understood within the context of the specific environment within which the State of Indiana operates. The following describes that environment.

### Local Economy

With a 2012 Gross Domestic Product of \$298.6 billion, Indiana's economy ranked 16<sup>th</sup> largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to GDP growth was the manufacturing sector, which accounted for 15.3% of Indiana's GDP in 2012. The durable goods subset of the manufacturing sector caused more than half of Indiana's GDP growth in 2012.

In 2012, the manufacturing sector accounted for 13.6% of the jobs in Indiana compared to 20.3% in 2002. The share of employment accounted for by the health care and social services sector increased from 10.2% in 2002 to 11.2% in 2012. Per capita personal income was \$38,119 and the State's unemployment rate averaged 8.4% in 2012.

## Cash Management and Investments

Cash temporarily idle during the year was invested in deposit accounts, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds, and repurchase agreements. The pension trust funds' portfolios include other investments as outlined in Note I(E)(1) in the notes to the financial statements. The average yield on the General Fund investments was 0.21% for the fiscal year ended June 30, 2013. The average yield on the total investment of all funds, except for pension trust funds, was 0.54% for the fiscal year ended June 30, 2013. The State's investment policy is to minimize credit and market risks while maintaining sufficient liquidity and earning a competitive yield on its portfolio. Deposits held by the Treasurer of State are insured by federal and state depository insurance.

## Debt Administration

The commissions and authorities, some of which are included as component units in the financial reporting entity of the State of Indiana, issue bonds for some of the State's capital needs. All of the bond issues are revenue bonds associated with specific State component units. The total of long-term revenue bonds and notes outstanding, net of amortized discounts, is \$10.4 billion at June 30, 2013.

## Financial Policies

Indiana's Office of Management and Budget (OMB) serves as an umbrella organization to better coordinate the State's financial policies. The OMB consists of the Department of Government Efficiency and Financial Planning, the Department of Local Government Finance, the Department of Revenue, the State Budget Agency, the Indiana Public Retirement System, and the Indiana Finance Authority.

In June 2013, Indiana closed the books with \$1.943 billion in reserves, and a balanced budget in both FY 2012 and FY 2013. Reducing general fund spending has enabled Indiana to not only maintain a prudent level of reserves, but also repay debts to local government, schools, and universities, which at their peak in FY 2005, totaled over \$750 million. One-time revenues, such as those generated by the Tax Amnesty program several years ago, have been used to repay one-time debt rather than being built into revenue forecasts to support on-going expenditures.

Indiana is one of nine states that has the highest credit rating assigned by all three independent credit rating agencies: Fitch, Moody's, and Standard & Poor's Ratings Service (S&P).

At the time of the upgrade by S&P, their report noted that the administration has made significant financial management changes and strengthened budgeting practices. S&P cited four areas in issuing the AAA credit rating: a stable and diversifying economic base despite continued manufacturing concentration, a conservative biennial budget that will add to the fund balance by the end of the biennium, property tax reform that has clarified the state's financial responsibilities, and low overall debt levels.

## Long-Term Financial Planning

The Indiana Finance Authority is charged with developing, implementing, maintaining and monitoring a debt management plan for all non-conduit debt or debt-related obligations issued by state issuers. This plan is intended to provide guidance in the structuring, sale, monitoring, and post-issuance compliance for all State-related debt.

The State of Indiana launched a new statewide accounting system in September 2009. The transition to the new system included a significant enhancement of internal controls, the implementation of a uniform chart of accounts, and the conversion of all financial data from the prior system into the new system. In addition to a successful go-live in September 2009, the state completed an upgrade in the spring of 2012 and again had a timely closing of the books in July 2013.

The OMB continues to make modifications and improvements to the capital budgeting process to provide a more comprehensive analysis of the State's capital assets and corresponding budgetary needs to maintain

existing infrastructure. Comprehensive, 10-year master plans are being developed and/or updated for all State facilities that consist of detailed information on each facility, including use, square footage, systems information, replacement reserve schedules, preventive maintenance, renovations, new construction, and how all of this aligns with available resources.

In 2008, the Pew Center on the States and *Governing* magazine released a report from the Government Performance Project assessing the quality of management in the 50 states. In this report, Indiana was highlighted as having “moved into fiscal balance by going beyond one-time budget fixes” and for having a four-year horizon to make fiscal decisions.

## Major Initiatives

**K-12 Education** – Funding for elementary and secondary education is the State’s largest operating expense. Prior to January 1, 2003, the State provided approximately 66% of school corporations’ general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State provided approximately 85% of the school corporations’ general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the State assumed responsibility for the local share of tuition support and provides 100% of the tuition support for school corporation general funds beginning in January 2009. During Fiscal Year 2010, the state utilized \$209 million of American Recovery and Reinvestment Act (ARRA) Fiscal Stabilization funds in lieu of state general fund dollars.

Local school aid includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State’s calendar year 1972 funding level as the base for local school aid.

Including the appropriation for full-day kindergarten, the K-12 tuition support for Fiscal Year 2013 totaled \$6,498.9 million.

**Higher Education** – Through the General Fund, the State supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana, and Vincennes University. Higher education expenditures from the General Fund for Fiscal Year 2012 were \$1,691.1 million, a decrease of 0.7% from Fiscal Year 2011. Expenditures for higher education from the General Fund for Fiscal Year 2013 were \$1,699.1 million, an increase of 0.5% from Fiscal Year 2012. These figures exclude ARRA funds. Appropriations for higher education include university operating, university fee-replaced debt service, university line items, other higher education line items, university repair and rehabilitation, university capital projects, and State student aid.

Since Fiscal Year 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding student fee and building facilities fee bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, “Fee Replacement Appropriations”). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the Indiana Constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

**Public Safety** – Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as parole programs. Corrections expenditures were \$638.3 million for Fiscal Year 2012 and \$672.3 million for Fiscal Year 2013. Fiscal Year 2013 expenses include over \$40.6 million that was set aside for bond defeasance.

Offender population is the most significant driver of corrections expenditures. The total offender population, including those in jail and contract beds, increased to 29,655 in Fiscal Year 2013 – up 2.56% from 28,915 in Fiscal Year 2012.



**Transportation** – As a result of the Major Moves program, Indiana has seen record construction, as the Indiana Department of Transportation (INDOT) is executing the \$12 billion construction program made possible in part by the lease of the Indiana Toll Road. INDOT is aggressively working to advance as much work as possible from later construction years to take advantage of favorable price conditions. This also helps deliver the benefits of the new highways much earlier, and spurs job creation.

For a sixth consecutive year, state and federal program expenditures for engineering, right-of-way, construction, and maintenance exceeded one billion dollars. Actual FY 2013 expenditures and obligations were slightly more than \$1.9 billion, more than two and a half times the annual amount spent a decade ago.

**Conservation and Environment** - In FY 2013, the Department of Natural Resources (DNR) continued the largest land conservation initiative in the State's history, the Healthy Rivers Initiative (HRI). The HRI consists of two projects, one within the Wabash River and Sugar Creek floodplain (43,000 acres) and another along the Muscatatuck River known as Muscatatuck Bottoms (25,600 acres). Since the announcement in FY 2010, DNR has acquired nearly 9,200 acres along the Muscatatuck River and Wabash River corridors. Land acquisition efforts will continue for years into the future.

The Bicentennial Nature Trust (BNT) was launched in FY 2012 as a statewide land conservation initiative to celebrate Indiana's upcoming 200th anniversary in much the same way as the first 100 years of statehood were marked in 1916 with establishment of the state park system. The state committed \$20 million to help fund BNT and called on individuals, businesses and communities around the state to join the effort. During FY 2013, 35 BNT projects were added throughout the state and the Lilly Endowment provided a \$10 million grant.

**Health and Human Services** – Medicaid is a state/federal shared fiscal responsibility with the State supporting 32.94% of the total program through a combination of State General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining 67.16%. The federal share increased during Fiscal Years 2009, 2010, and 2011 as a result of ARRA. For Fiscal Year 2010, State General Fund Medicaid expenditures totaled \$1,259.9 million. In Fiscal Years 2011, 2012, and 2013, State General Fund Medicaid expenditures totaled \$1,436.0 million, \$1,856.4 million, and \$2,023.5 million, respectively. Enrollment was estimated to be 1,025,740 at the end of Fiscal Year 2013 (these figures exclude the Children's Health Insurance Program and the Healthy Indiana Program). Indiana's base federal reimbursement rate equaled 66.96% for the first quarter of Fiscal Year 2012 and 67.16% for the remaining three quarters of Fiscal Year 2012 and the first quarter of Fiscal Year 2013. State General Fund Medicaid appropriation for Fiscal Years 2013 was set at \$2,023.8 million. All figures above exclude ARRA funds and only represent the State General Fund expenditures or appropriations.

In its seventh year of operations, the Department of Child Services (DCS) continued the implementation of its practice to place children in the least restrictive, most family-like setting. This trending is important because research among child-advocate experts has shown that placing children in the least restrictive, most family-like setting produces the best outcomes for children and families and, consequently, is more cost effective.

In January 2010, DCS established the Indiana Child Abuse and Neglect Hotline to serve as the centralized reporting channel for all allegations of child abuse or neglect in Indiana. The Hotline is staffed with trained intake specialists and at least one supervisor per shift, 24 hours per day, seven days per week, and 365 days per year. DCS has seen the number of calls reported to the Hotline increase more than 42 percent from 2009 to 2012, up from 109,489 to 155,867 in 2012.

**Economic Development** – The Indiana Economic Development Corporation (IEDC) is the State of Indiana's chief economic development agency. The IEDC seeks to bring new job creation and capital investment opportunities to Indiana through competitive company attractions, expansions and consolidations. In FY 2013, Indiana received several accolades for its business environment. This includes ranking 1st in the Midwest and 5th in the nation in Chief Executive magazine's annual "Best & Worst States" survey (May 2013), 1st in the Midwest and 2nd in the nation in Site Selection magazine's annual Top 10 Competitive States of 2012 ranking (May 2013), 1st in the Midwest and 5th in the nation as the best place to do business in the Pollina Corporate Top 10 Pro-Business States for 2012 study (Aug.

2012), and best in the Midwest and 8th overall in Area Development magazine's "Top States for Doing Business" study (Oct. 2012).

**General Government** – Legislation creating an Automatic Taxpayer Refund (ATR) was enacted in FY 2011, requiring any reserves greater than 10% of FY 2013 appropriations to be divided equally between various pension plans and a refundable tax credit to eligible taxpayers. The total amount of excess reserves at the end of FY 2012 was \$721.28 million, with \$360.64 million going to specified pension plans and an equal amount set aside for taxpayer refunds. The remaining \$360.64 million was issued as refundable tax credits to eligible taxpayers on their 2012 tax returns filed beginning January 1, 2013.

The State continues to administer Retirement Medical Benefits accounts, established as Health Reimbursement Arrangements (HRAs), for most employees and elected officials of the State. The purpose of this defined contribution plan is to allow retirees from State government to have a means to assist with the payment of health insurance premiums in retirement. Funding for the program has historically come from 5.74% of State cigarette tax revenues as well as charges to federal and dedicated funds for employees paid from those funds. However, because of historical overfunding of the plan (the funded status on 6/30/10 was 130%), cigarette tax revenues to the fund were statutorily suspended effective July 1, 2011, and will resume on July 1, 2013. Funding for the program in FY 2013 came from charges to federal and dedicated funds for employees paid from those funds, which were deposited directly into the retiree health trust fund, and from an accumulated balance held in the trust fund due to prior overfunding of the plan. The plan remained more than 100% funded at the end of FY 2013. These funds are then credited to each employee's account annually based upon their age. There is also a catch-up provision allowing for additional contributions based upon the number of years of service completed by the qualified retiree who retires prior to June 30, 2017.

## Awards and Acknowledgements

### Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Indiana for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twentieth consecutive year that the State of Indiana has achieved this prestigious award.

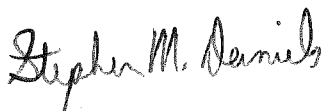
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

We acknowledge the cooperation and assistance of all State agencies in the preparation of this report.

Sincerely,



Stephen M. Daniels  
Deputy Auditor of State  
State of Indiana



Christopher D. Atkins  
Director  
Office of Management and Budget



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

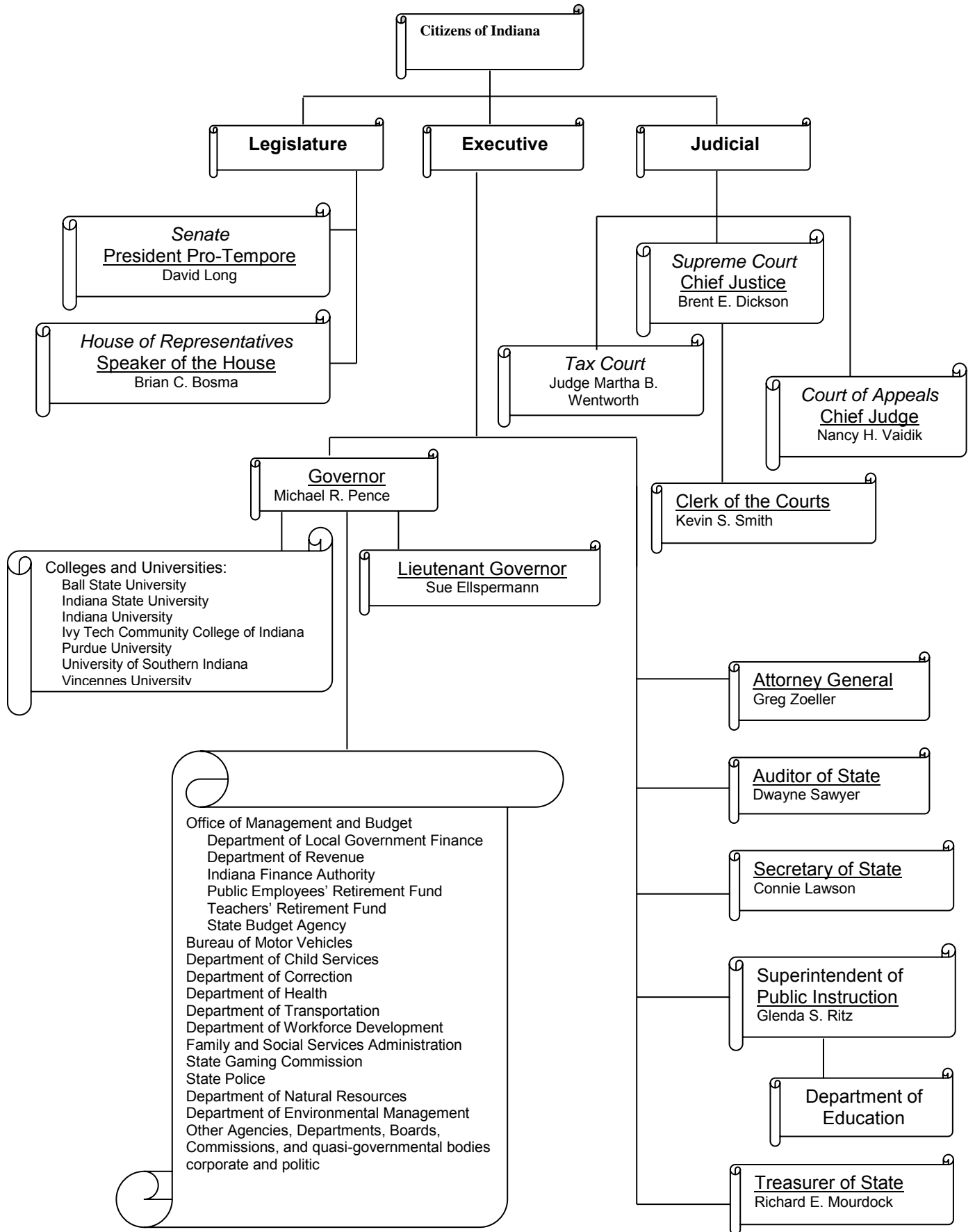
**State of Indiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO



# FINANCIAL SECTION

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photos provided by the Indiana State Library.



From upper left and then clockwise: 1. **COLFAX, Schuyler**, born in New York City March 23, 1823; in 1836 moved with his parents to New Carlisle, Ind.; elected Vice President of the United States on the Republican ticket headed by Gen. Ulysses Grant in 1868, was inaugurated March 4, 1869, and served until March 3, 1873; died in Mankato, Blue Earth County, Minn., January 13, 1885; interment in City Cemetery, South Bend, Ind.;

2. **HENDRICKS, Thomas Andrews**, born near Zanesville, Ohio, September 7, 1819; moved with his parents to Indiana in 1820; elected Vice President of the United States in 1884 on the Democratic ticket with Grover Cleveland and served from March 4, 1885, until his death in Indianapolis, Ind., November 25, 1885; interment in Crown Hill Cemetery.;

3. **FAIRBANKS, Charles Warren**, born near Unionville Center, Union County, Ohio, May 11, 1852; moved to Indianapolis, Ind. In 1874, elected Vice President of the United States in 1904 on the Republican ticket with Theodore Roosevelt and served from March 4, 1905, to March 3, 1909; died June 4, 1918; interment in Crown Hill Cemetery.;

and 4. **MARSHALL, Thomas Riley**, born in North Manchester, Wabash County, Ind., March 14, 1854; elected, as a Democrat, Vice President of the United States on the ticket with Woodrow Wilson in 1912 and inaugurated on March 4, 1913; reelected in 1916 and served until March 3, 1921; died in Washington, D.C., June 1, 1925; interment in Crown Hill Cemetery, Indianapolis, Ind.

Source: Biographical Directory of the U.S. Congress.



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Fax: (317) 232-4711

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**INDEPENDENT AUDITOR'S REPORT**

TO: The Honorable Michael R. Pence  
The Members of the General Assembly, and  
The Citizens of the State of Indiana

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the local government investment pool which represent 100% of the assets and revenues of the investment trust fund. We also did not audit certain component units of the State, as discussed in Note I(A), which represent 24.5% of the assets and 7.7% of the revenues of the colleges and universities, 100% of the assets and revenues of the governmental discretely presented component unit, and 99% of the assets and 98.6% of the revenues of the proprietary discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and, our opinions, insofar as they relate to those units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Indiana Bond Bank, Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, and Indiana Public Retirement System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters****Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedules of Funding Progress for Employee Retirement Systems and Plans and Other Postemployment Benefit Plans, Schedule of Employer Contributions for Other Postemployment Benefits, and Budgetary Information and Comparison Schedule for the General Fund and Major Special Revenue Funds, and the Infrastructure Condition Rating and Needed-to-Actual Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's basic financial statements. The combining and individual non-major and discretely presented component unit fund statements, budgetary comparison schedules for other governmental funds, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor and discretely presented component unit fund statements and budgetary comparison schedules for other governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

**INDEPENDENT AUDITOR'S REPORT**


(Continued)

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and discretely presented component unit fund statements and budgetary comparison schedules for other governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the State of Indiana's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Indiana's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

December 30, 2013





# MANAGEMENT'S DISCUSSION AND ANALYSIS



**STATE OF INDIANA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

The following discussion and analysis of the State of Indiana's financial performance provides an overview of the State's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the State's financial statements, which follow this section. Because of prior period adjustments and reclassifications as described in Note IV(G) in the Notes to the Financial Statements, fiscal year (FY) 2012 numbers have been restated.

**Financial Highlights**

- For FY 2013, on a government-wide basis, the assets of the State of Indiana exceeded its liabilities by \$18.7 billion. This compares with \$17.7 billion for FY 2012, as restated. Of this amount, \$4.4 billion may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1.8 billion, or 14.5% of the total general fund expenditures.
- On a government-wide basis for the primary government, the State incurred expenses net of program revenue of \$14.1 billion, which are offset by general revenues totaling \$15.1 billion, giving an increase in net position of \$1.0 billion.
- General revenue for the primary government increased by \$0.3 billion, or 1.9%, from FY 2012. Sales tax revenues increased by \$324.6 million indicating the Indiana economy continued to recover from the recession.
- Combined budget balances for FY 2013 were maximized at \$1,943.1 million. A transfer to the Pension Stabilization Fund would have been triggered had the combined balances reached \$1,944.1 million. Reaching \$1,944.1 would have reduced balances back to \$1,894.1 million. The balance of \$1,943.1 million consists of \$1,428.0 million in the General Fund, \$145.0 million in the Medicaid Contingency Reserve Fund, and \$370.1 million in the Rainy Day Fund.
- Indiana's debt has decreased by over 50% since FY 2005. In FY 2013, \$163 million of bonds were defeased, and \$91.2 million of loans for charter schools were paid back.
- Indiana is one of only nine states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Standard & Poor's Ratings Service (S&P), the rating "reflects the state's continued strong management that has led to the property tax reform that has realigned state and local spending and is not expected to impact the state's long-term financial performance. As well, the state's commitment to attract diverse jobs through its economic development efforts has translated into a shift away from traditional manufacturing employment." The report said the administration has made significant financial management changes and strengthened budgeting practices.

### Key Economic Indicators

	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>	<u>% Change</u>
Total Employed Labor Force	3,131,947	3,148,639	-0.5%
Total Goods and Service Employment	2,936,600	2,893,000	1.5%
Service-Providing Employment	2,325,700	2,293,700	1.4%
Goods-Producing Employment	610,900	599,300	1.9%
Unemployment Rate	8.5%	8.6%	-1.2%
Median Household Income	46,974	46,438	1.2%

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

Salaries and benefits for State employees represent approximately 8.0% of governmental fund expenditures. The following table shows a ten year history of the count of full time State employees.

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

	<u>Governor's Authority</u>	<u>Judiciary</u>	<u>Other Elected Officials</u>	<u>On Disability Leave - In Pay Status</u>	<u>On Disability Leave - Not in Pay Status</u>	<u>Total</u>
2013	28,398	831	1,049	511	345	31,134
2012	28,485	835	1,049	545	349	31,263
2011	28,472	830	1,067	610	351	31,330
2010	29,911	846	1,056	647	341	32,801
2009	31,254	835	1,093	624	358	34,164
2008	32,606	811	1,139	727	339	35,622
2007	31,524	772	1,123	789	313	34,521
2006	31,822	753	1,102	941	279	34,897
2005	34,673	743	1,058	1,077	269	37,820
2004	35,794	756	1,020	1,012	266	38,848

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

## Overview of the Financial Statements

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

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

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

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

### Government-wide Financial Statements

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

The two government-wide statements report the State's net position and how they have changed. Net position which equals the State's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure

the State's financial health, or position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State of Indiana is improving or deteriorating. To assess the overall health of the State, additional non-financial factors should be considered, such as changes in the State's tax base, the condition of the State's roads and the State's student population. The government-wide financial statements of the State are divided into three categories:

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

### Fund Financial Statements

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

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

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

detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs.

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

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

included as part of the governmental activities in the government-wide statements but not the governmental fund financial statements because they provide services to the governmental funds.

2. **Proprietary funds.** Services for which the State charges customers a fee are generally reported in proprietary funds. These funds use the economic resources measurement focus and the accrual basis of accounting. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the State's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows. The State uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the State's other programs and activities. An example would be the State Employee Health Insurance Fund.
3. **Fiduciary funds.** The State is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

## Financial Analysis of the State as a Whole

### Net Position

The following is condensed from the Statement of Net Position:

State of Indiana Condensed Schedule of Net Position (in millions of dollars)						
Primary Government						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,856.6	\$ 11,289.2	\$ 238.9	\$ 251.3	\$ 11,095.5	\$ 11,540.5
Capital assets	14,526.2	13,385.4	0.7	0.7	14,526.9	13,386.1
<b>Total assets</b>	<u>25,382.8</u>	<u>24,674.6</u>	<u>239.6</u>	<u>252.0</u>	<u>25,622.4</u>	<u>24,926.6</u>
Current liabilities	2,842.2	2,661.2	1,421.7	1,776.3	4,263.9	4,437.5
Long-term liabilities	2,671.1	2,795.1	29.1	26.6	2,700.2	2,821.7
<b>Total liabilities</b>	<u>5,513.3</u>	<u>5,456.3</u>	<u>1,450.8</u>	<u>1,802.9</u>	<u>6,964.1</u>	<u>7,259.2</u>
Net position:						
Net investment in capital assets	13,373.2	12,175.4	0.7	0.7	13,373.9	12,176.1
Restricted	899.2	883.9	-	-	899.2	883.9
Unrestricted	5,597.1	6,158.9	(1,211.9)	(1,551.5)	4,385.2	4,607.4
<b>Total net position</b>	<u>\$ 19,869.5</u>	<u>\$ 19,218.2</u>	<u>\$ (1,211.2)</u>	<u>\$ (1,550.8)</u>	<u>\$ 18,658.3</u>	<u>\$ 17,667.4</u>

At the end of the current fiscal year, net position for the primary government was \$18.7 billion as compared to \$17.7 billion in 2012. There was an increase of \$1.0 billion.

Current and other assets decreased by \$445.0 million with decreases in cash making up the bulk of this. Statutory automatic taxpayer refunds of \$360.6 million and distributions to pension funds of \$360.6 million were made in fiscal year 2013 due to the State's budgetary reserve balance at the end of fiscal year 2012.

Capital assets increased by \$1,140.8 million. The principal reason for the increase in capital assets was the increase in land, infrastructure, and construction in progress at the Indiana Department of Transportation of \$816.2 million primarily due to the State's Major Moves initiative. In addition, assets were acquired through the defeasance of bonds in the amount of \$345.7 million.

Total liabilities decreased by \$295.1 million. This decrease is due to the reduction of the amount due to the federal government for unemployment compensation benefits of \$339.5 million.

## Changes in Net Position

The following is condensed from the Statement of Activities:

State of Indiana Condensed Schedule of Change in Net Position (in millions of dollars)						
	Primary Government					
	Governmental Activities		Business-type		Total Primary	
	Activities	Activities	Activities	Activities	Government	Government
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,299.4	\$ 2,252.6	\$ 857.0	\$ 1,010.7	\$ 3,156.4	\$ 3,263.3
Operating grants and contributions	11,607.7	11,065.6	670.5	1,043.9	12,278.2	12,109.5
Capital grants and contributions	-	-	0.1	-	0.1	-
General revenues:						
Individual and corporate income taxes	5,371.0	5,424.3	-	-	5,371.0	5,424.3
Sales taxes	6,845.3	6,520.7	-	-	6,845.3	6,520.7
Other	2,906.4	2,892.7	-	3.8	2,906.4	2,896.5
<b>Total revenues</b>	<b>29,029.8</b>	<b>28,155.9</b>	<b>1,527.6</b>	<b>2,058.4</b>	<b>30,557.4</b>	<b>30,214.3</b>
<b>Program Expense</b>						
General government	1,476.1	2,642.9	-	-	1,476.1	2,642.9
Public safety	1,526.6	1,330.3	-	-	1,526.6	1,330.3
Health	409.3	305.2	-	-	409.3	305.2
Welfare	12,546.9	11,157.8	-	-	12,546.9	11,157.8
Conservation, culture and development	555.7	589.3	-	-	555.7	589.3
Education	10,136.8	10,277.5	-	-	10,136.8	10,277.5
Transportation	1,729.7	1,533.6	-	-	1,729.7	1,533.6
Interest expense	0.2	0.7	-	-	0.2	0.7
Unemployment compensation fund	-	-	1,160.6	1,893.9	1,160.6	1,893.9
Other	-	-	24.6	22.7	24.6	22.7
<b>Total expenses</b>	<b>28,381.3</b>	<b>27,837.3</b>	<b>1,185.2</b>	<b>1,916.6</b>	<b>29,566.5</b>	<b>29,753.9</b>
Excess (deficiency) before transfers	648.5	318.6	342.4	141.8	990.9	460.4
Transfers	2.8	2.1	(2.8)	(2.1)	-	-
<b>Change in net position</b>	<b>651.3</b>	<b>320.7</b>	<b>339.6</b>	<b>139.7</b>	<b>990.9</b>	<b>460.4</b>
Beginning net position, as restated	19,218.2	18,897.5	(1,550.8)	(1,690.5)	17,667.4	17,207.0
Ending net position	<b>\$ 19,869.5</b>	<b>\$ 19,218.2</b>	<b>\$ (1,211.2)</b>	<b>\$ (1,550.8)</b>	<b>\$ 18,658.3</b>	<b>\$ 17,667.4</b>

### Governmental Activities

Program expenses exceeded program revenues by \$14.5 billion. General revenues and transfers were \$15.1 billion. The increase in net position was \$.7 billion, which is 2.2% of total revenues and 2.3% of total expenses.

The increase to excess (deficiency) before transfers was \$648.5 million.

Revenues increased mainly because of the increase in program revenues from operating grants and contributions (PR-OGC) of \$542.1 million. Medicaid PR-OGC revenues increased \$703.8 million from an increase in federal grant revenues as a result of the leveraging effect on funding from increases in fees

paid by providers. This was partially offset by a decrease in grant revenue of \$164.2 million from the U.S. Department of Education. Also contributing to the increase in revenues was the increase in sales tax revenues of \$324.6 million.

Expenses increased by \$0.5 billion or 2.0%. General Government expenses decreased by \$1.2 billion. Some reasons for this decrease were reductions of \$695.2 million for accruals and distributions to local governments, \$346.1 million due to reclassification of local government distributions from general government to the transportation function, \$288.1 million from capital assets acquired as a result of bond defeasance, and from other



accruals and adjustments such as for intergovernmental payables, \$35.5 million, and accounts payable, \$32.9 million.

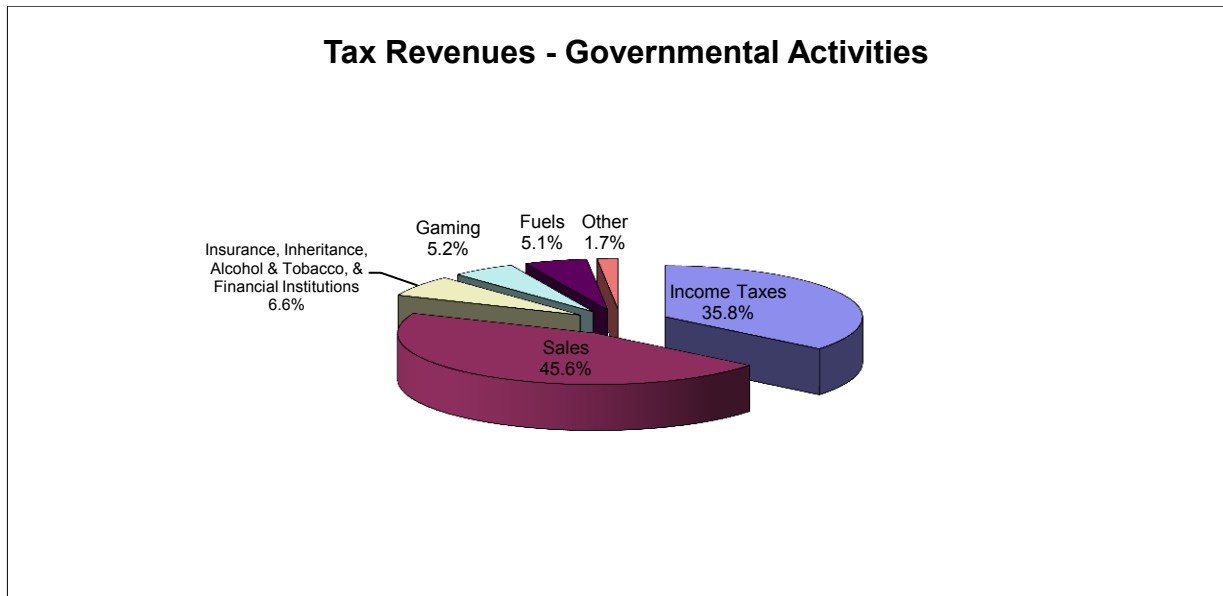
Welfare expenses increased by \$1.4 billion due to increases in hospital payments (including managed care payments for the hospital portion of the capitation payment) and nursing facility payments due to rate increases as part of provider assessment programs and increases in Supplemental payments of the Public Welfare-Medicaid Assistance Fund.

Public safety expenditures increased by \$196.3 million primarily because of increases of \$41.3 million in the Adjutant General's U.S. Department of

Defense programs, \$41.1 million in claims and judgments for the Patients Compensation Fund, and \$20.7 million for payment relating to the usage contract for the New Castle Correctional Facility.

Transportation expenditures increased by \$196.1 million primarily due to a reclassification of local government distributions from general government to the transportation function.

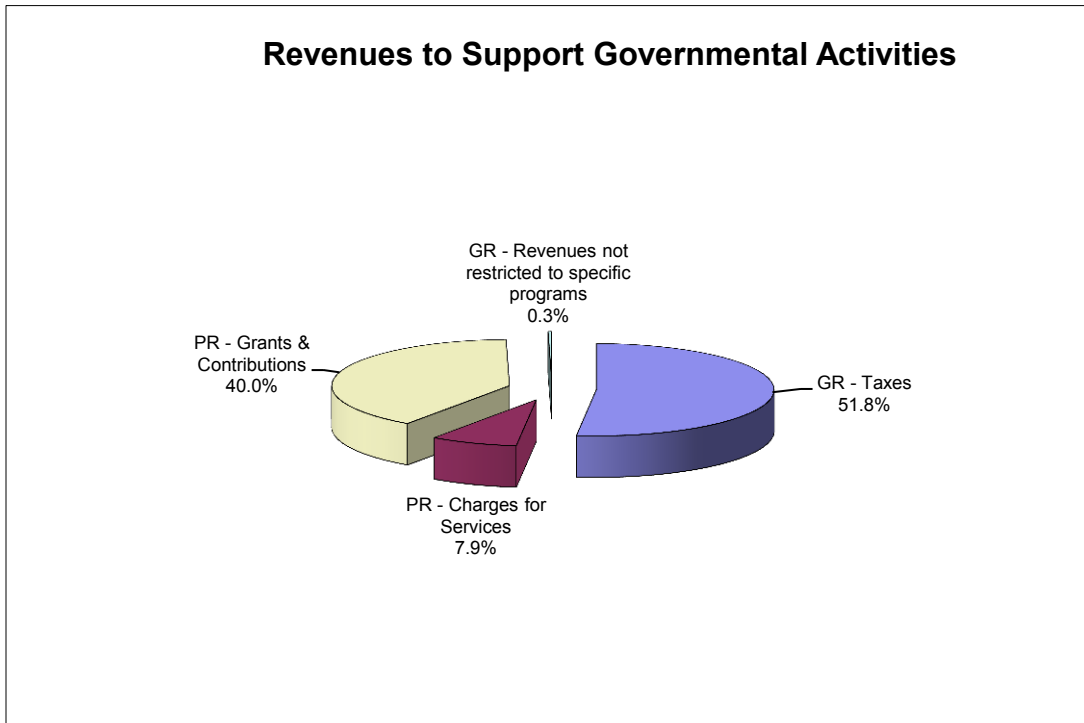
Tax revenues for governmental activities were broken down as follows:



Tax revenues of \$15.0 billion represent 51.8% of total revenues for governmental activities. This compares to \$14.7 billion in FY 2012 or 52.3% of total revenues in FY 2012. Program revenues accounted for \$13.9 billion or 47.9% of total revenues. In FY 2012, program revenues accounted for \$13.3 billion or 47.3% of total revenues. General revenues other than tax revenues were \$86.9 million or 0.3% of total

revenues. Of this \$28.0 million was investment earnings. This compares to 2012, when general revenues other than taxes were \$106.4 million or 0.4% of total revenues and \$16.3 million was investment earnings. Investment earnings increased by \$11.6 million from FY 2012 to FY 2013 or 71.2% due to higher interest rates and increased securities lending activity.

Total revenues for governmental activities were broken down as follows:



PR = program revenues  
GR = general revenues

Total revenues were 102.3% of expenses which was an increase from 101.1% in FY 2012. Total revenues increased 2.8% from \$28.2 billion in FY 2012 to \$29.0 billion in FY 2013. Expenses grew 2.2% from \$27.8 billion in FY 2012 to \$28.4 billion in FY 2012.

The largest portion of the State's expenses is for Welfare, which is \$12.5 billion, or 44.2% of total expenses. This compares with \$11.2 billion, or 40.1% of total expenses in FY 2012. The change in expenses was an increase of \$1.4 billion or 12.4%. \$3.1 billion of Welfare expenses in FY 2013 were funded from general revenues.

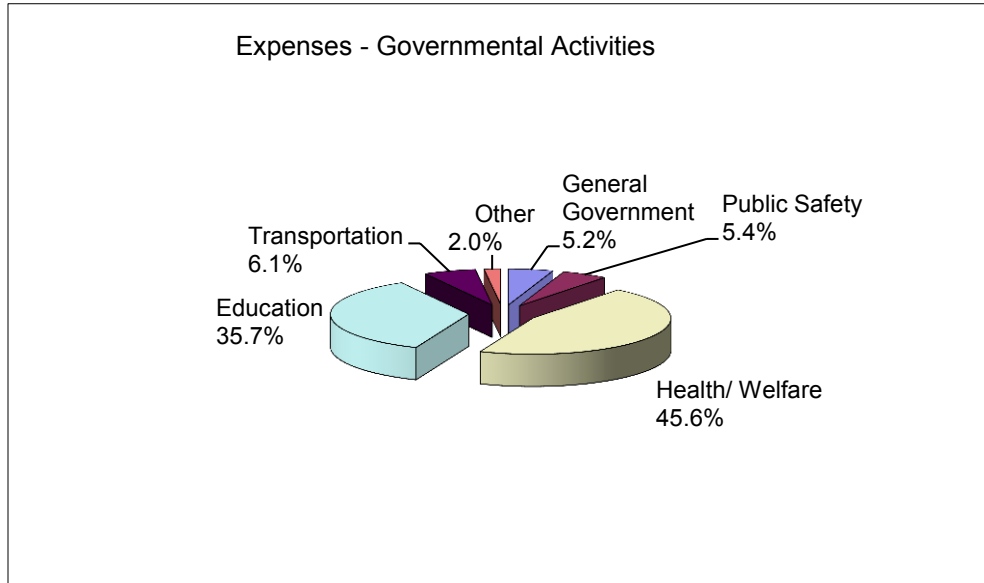
Some of the major expenses were Medicaid assistance, \$8.3 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, \$1.6 billion, and the U.S. Department of Health and Human Services Fund, \$1.3 billion.

Education comprises 35.7%, or \$10.1 billion of the State's expenses. In FY 2012, Education accounted for 36.9%, or \$10.3 billion, of expenses. The change in expenses was a decrease of \$0.1 billion, or 1.4%. Some of the major expenses were tuition support,

\$6.3 billion, General Fund appropriations for State colleges and universities, \$1.4 billion, Teachers' Retirement Pension, \$700.0 million, federal grant programs from the U.S. Department of Education Fund, \$654.2 million, federal grant programs from the U.S. Department of Agriculture Fund, \$359.8 million, full day kindergarten, \$190.2 million, and post-retiree pensions, \$67.2 million.

\$1.5 billion, or 5.2% of expenses, was spent for General Government. General Government comprised \$2.6 billion or 9.5% of expenses in FY 2012. General Government includes local distributions and money for State administration and those functions that serve the State as a whole. Some reasons for the decrease were decreases in expenditures for local government distributions, capital assets, prepaid expenses, intergovernmental payables, accounts payable, and capital leases. In addition, transportation expenditures were reclassified from general government to transportation during FY 2013.

Total expenses for governmental activities were broken down as follows:



### Business-type Activities

Business-type activities represent 5.0% of the Primary Government’s revenues and 4.0% of the expenses. The Unemployment Compensation Fund accounts for 98.3% of business-type activities’ operating revenues and 98.3% of operating expenses. The change in net position for business-type activities was an increase of \$339.5 million.

The Unemployment Compensation Fund collects employer taxes and the federal share of unemployment compensation. Benefits are paid to eligible individuals and the fund covers general and administrative expenses. Revenue in the fund exceeded benefits and administrative expenses paid by \$340.5 million. This compares to FY 2012 when this fund’s revenues exceeded expenses by \$133.4 million. Employer contributions into the fund

decreased by \$0.2 billion, from \$1.0 billion in FY 2012 to \$.8 billion in FY 2013. Federal revenues into the fund decreased by \$0.3 billion, from \$1.0 billion in FY 2012 to \$0.7 billion in FY 2013. The increase in the net position is due to three main factors. FUTA credit reduction revenues increased 61% from FY 2012 as the credit reduction for Indiana employers increased by 0.3%. Additional revenue received by the U.S. Treasury as a result of this credit reduction is deposited into Indiana’s UI trust fund as principal repayment on the title XII loan. Additionally, the surcharge collections from Indiana employers necessary to pay the accrued interest on the title XII loan were decreased by 27% as a result of reduced interest expense. Finally, State UI benefit expenses decreased by 21% in FY 2013.

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

Net Cost of Primary Government (in millions of dollars)			
	June 30, 2013	June 30, 2012	% Change
<b>Governmental Activities:</b>			
General government	\$ 846.2	\$ 1,606.7	-47.3%
Public safety	851.9	698.0	22.0%
Health	87.9	53.5	64.3%
Welfare	3,095.8	2,654.1	16.6%
Conservation, culture, and development	136.1	160.5	-15.2%
Education	9,094.1	9,092.0	0.0%
Transportation	361.9	253.6	42.7%
Unallocated interest expense	0.2	0.7	-71.4%
<b>Business-type Activities:</b>			
Unemployment Compensation Fund	(340.5)	(133.4)	155.2%
Malpractice Insurance Authority	0.7	(0.1)	-800.0%
Inns and Concessions	(3.0)	(4.5)	-33.3%
Wabash Memorial Bridge	0.5	-	100.0%
<b>Total</b>	<b>\$ 14,131.8</b>	<b>\$ 14,381.1</b>	<b>-1.7%</b>

## Financial Analysis of the State's Funds

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

### General Fund

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund. The fund balance of the General Fund at June 30, 2013 was \$3.3 billion, which is 73.3% of assets. This compares to a fund balance at June 30, 2012 of \$3.4 billion, which was 79.9% of assets. This indicates that the State's financial position in the General Fund decreased from the prior year by \$52.9 million. The fund balance of \$3.3 billion is composed of restrictions of \$378.6 million, commitments of \$6.0 million, and assignments of \$1.2 billion, leaving an unassigned balance of \$1.8 billion. The restricted amount consists of the State's Rainy Day Fund. For more information on the components of fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues decreased 1.6%, or \$220.8 million, from FY 2012, because of the decrease in total tax revenue which included a \$381.5 million (5.7%) decrease in income tax offset by a \$167.9 million (2.5%) increase in sales tax. The decrease in tax revenues is explained by a decrease in income tax revenue due to the statutory automatic taxpayer refund.

General Fund expenditures increased \$350.0 million, or 3.0% from FY 2012. Statutory distributions to pension funds was the reason for the increase in expenditures.

General Fund transfers in held steady at \$1.7 billion for both FY 2012 and FY2013. Transfers out were \$3.2 billion in FY 2013 as compared to \$3.4 billion in

FY 2012. More detail on these transfers can be found in the Notes to the Financial Statements IV(B).

Overall, the net position of the General Fund decreased by \$52.9 million.

### Public Welfare-Medicaid Assistance Fund

Medicaid is an insurance program for low-income people. It is jointly funded by the Federal government and the State. The Medicaid Assistance Fund received \$5.7 billion in Federal revenue as compared to \$5.0 billion in FY 2012. State funding comes through the \$2.0 billion of transfers in from the General Fund and was the same in FY 2012. Transfers out were \$565.3 million compared with \$177.7 million in FY 2012. The Fund distributed \$8.3 billion in Medicaid assistance during the year, which is an increase of \$1.0 billion over FY 2012. The change in fund balance decreased by \$39.2 million from FY 2012 to FY 2013.

### Major Moves Construction Fund

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

The Major Moves Construction Fund transferred \$412.7 million to the State Highway Fund. The fund received \$15.8 million in investment income and made a distribution of \$10.0 million to the Northwest Indiana Regional Development Authority. The change in fund balance from FY 2012 to FY 2013 was a decline of \$407.4 million.

## General Fund Budgetary Highlights

Actual State general fund revenue collections increased by \$337.0 million, or 2.4%, in FY 2013. Actual expenditure growth was 3.7% in FY 2013 compared with growth of nearly 5.9% between FY 1996 and FY 2004. At year-end, the State had \$1.9 billion in reserves, with \$1.4 billion residing in the

general fund, \$145 million in the Medicaid Reserve Fund, and \$370.1 million residing in the Rainy Day Fund.

## Capital Asset and Debt Administration

### Capital Assets

Capital assets were \$14.5 billion, which was 57.1% of total assets for the primary government. Related debt was \$1.1 billion. Net investment in capital assets for the primary government was \$13.4 billion. Related debt was 7.6% of capital assets. Total capital assets increased by \$1.1 billion or 8.5% and is attributable to increases in the Indiana Department of Transportation's land, infrastructure, and construction in progress (CIP). The net increase in capital assets is comprised of increases for INDOT's capital assets of \$816.2 million, software in development of \$5.7

million, capital assets of the primary government of \$314.0 million, and with decreases of \$12.3 million in capital lease assets, \$1.9 million in DOA Public Works CIP, and \$1.9 million in internal service funds' capital assets. INDOT's \$816.2 million increase is comprised of CIP consisting of right of way and work in progress, \$388.7 million, infrastructure consisting of interstate roads, non-interstate roads, and bridges, \$343.7 million, and land, \$83.8 million. More detailed information about the State's capital assets is presented in Note IV(D) to the Financial Statements.

The following table shows the percentage change from fiscal year 2012 to fiscal year 2013.

State of Indiana Capital Assets (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2013	2012	2013	2012	2013	2012	
Land	\$ 1,854.9	\$ 1,734.2	\$ -	\$ -	\$ 1,854.9	\$ 1,734.2	7.0%
Infrastructure	9,290.0	8,946.8	-	-	9,290.0	8,946.8	3.8%
Construction in Progress	2,193.0	1,779.5	-	-	2,193.0	1,779.5	23.2%
Property, plant and equipment	2,669.1	2,150.7	1.1	1.3	2,670.2	2,152.0	24.1%
Computer software	45.8	40.1	-	-	45.8	40.1	14.1%
Less accumulated depreciation	(1,526.6)	(1,265.9)	(0.4)	(0.6)	(1,527.0)	(1,266.5)	20.6%
<b>Total</b>	<b>\$ 14,526.2</b>	<b>\$ 13,385.4</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>	<b>\$ 14,526.8</b>	<b>\$ 13,386.1</b>	<b>8.5%</b>

## Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100% of total long-term liabilities and 38.8% of total liabilities.

The following table shows the percentage change from fiscal year 2012 to fiscal year 2013.

State of Indiana Long-term Liabilities (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Accrued liability for compensated absences	\$ 148.6	\$ 138.4	\$ 0.5	\$ 0.5	\$ 149.1	\$ 138.9	7.3%
Intergovernmental payable	20.0	30.0	-	-	20.0	30.0	-33.3%
Capital lease payable	1,156.9	1,210.0	-	-	1,156.9	1,210.0	-4.4%
Claims payable	-	-	28.6	30.2	28.6	30.2	-5.3%
Net pension obligations	1,166.8	1,344.3	-	-	1,166.8	1,344.3	-13.2%
Other postemployment benefits	134.1	119.6	-	-	134.1	119.6	12.1%
Pollution remediation	44.7	46.0	-	-	44.7	46.0	-2.8%
<b>Total</b>	<b><u>\$ 2,671.1</u></b>	<b><u>\$ 2,888.3</u></b>	<b><u>\$ 29.1</u></b>	<b><u>\$ 30.7</u></b>	<b><u>\$ 2,700.2</u></b>	<b><u>\$ 2,919.0</u></b>	<b><u>-7.5%</u></b>

Total long-term liabilities decreased by 7.5% or \$218.8 million. The largest decrease was in net pension obligations of \$177.4 million. Other long-term liabilities to decrease were capital leases by \$53.1 million, and intergovernmental payables by \$10.0 million.

The decrease in net pension obligations is due to the statutory transfer of \$360.6 million from the State's General Fund.

The decrease in capital leases was mainly due to the payments on the direct financing lease between INDOT and IFA and the early buy out of a warehouse maintained by the Department of Administration.

## Infrastructure

As required by GASB Statement No. 34, the State has capitalized its infrastructure. This amounts to \$9.3 billion in roads and bridges using the modified approach, \$1.6 billion in right of way classified as land, and \$22.1 million in property (septic, sewer, and water systems; and streets/sidewalks/curbs) and dams being depreciated. In order to utilize the modified approach, the State is required to:

A significant increase in long-term liabilities was for other postemployment benefits which increased by \$14.5 million. This increase in OPEB liability is based on the OPEB financial report for the fiscal year ending June 30, 2013.

Claims payable for business activities decreased by \$1.6 million. This was the amount of decrease in claims payable for the Indiana Residual Malpractice Insurance Authority.

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

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

Under the modified approach, the State expends certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 11,000 centerline road miles of pavement along 214 routes and approximately 5,500 bridges that the State is responsible to maintain.

The State has consistently maintained the assessed conditions of roads over the past three years. It is the State's policy to maintain a network average International Roughness Index (IRI) of no more than 95 for Interstate Roads, NHS Non-Interstate and Non-NHS Roads (a good rating is in the range of 80–115). The most recent condition assessment, completed for FY 2013, indicated that the average IRI for roads was in an acceptable range.

## Economic Factors

The economic and revenue forecasts upon which the FY 2012 – FY 2013 State budget was based were presented to the State Budget Committee on April 15, 2011. At that time, real Gross Domestic Product (real GDP) was forecast to increase by 3.7% in FY 2013, while nominal GDP was forecast to increase by 4.5%. Corporate profits were forecast to increase by 1.8% and the S&P 500 was forecast to increase by 5.9%. Indiana personal income and Indiana personal income net of transfer payments were forecast to increase by 3.9% and 4.1%, respectively. The Indiana unemployment rate was forecast to average 8.2% for FY 2012.

With a 2012 Gross Domestic Product of \$298.6 billion, Indiana's economy ranked 16<sup>th</sup> largest in the U.S. in terms of the value of goods and services.

The State has maintained the assessed conditions of bridges at levels which are above the established benchmarks. It is the State's policy to maintain Interstate bridges at an average sufficiency rating of 87%, NHS Non-Interstate bridges at an average sufficiency rating of 85%, and Non-NHS bridges at an average sufficiency rating of 83% (a good rating is 80% - 90%). The most recent condition assessment, completed in FY 2013, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

Total actual maintenance and preservation costs for roads were less than planned because some interstate projects were delayed as priorities changed. However, the average IRI condition rating for interstate roads increased into the excellent condition rating range.

Total actual maintenance and preservation costs for bridges were lower than planned including on the interstate and NHS road classes. Some planned projects were delayed until future periods. Total actual maintenance and preservation costs for bridges on the non-NHS road class exceeded plan. Bridge sufficiency ratings were within the State's policy for the maintenance of bridges in all road classes.

Indiana's largest contributor to GDP growth was the manufacturing sector, which accounted for 15.3% of Indiana's GDP in 2012. The durable goods subset of the manufacturing sector caused more than half of Indiana's GDP growth in 2012.

In 2012, the manufacturing sector accounted for 13.6% of the jobs in Indiana compared to 20.3% in 2002. The share of employment accounted for by the health care and social services sector increased from 10.2% in 2002 to 11.2% in 2012. Per capita personal income was \$38,119 for 2012. In 2012, the State's unemployment rate averaged 8.4%.

## Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional

financial information, contact the Auditor of State, Room 240 State House, 200 West Washington Street, Indianapolis, Indiana 46204-2793, telephone (317) 232-3300.





# BASIC FINANCIAL STATEMENTS



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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State of Indiana  
Statement of Net Position  
June 30, 2013  
(amounts expressed in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS</b>				
Cash, cash equivalents and investments - unrestricted	\$ 6,423,621	\$ 129,393	\$ 6,553,014	\$ 4,270,700
Cash, cash equivalents and investments - restricted	370,077	-	370,077	8,287,397
Securities lending collateral	446,414	-	446,414	66,935
Receivables (net)	2,980,628	108,781	3,089,409	2,823,925
Due from primary government	-	-	-	50,000
Due from component unit	3,389	-	3,389	-
Inventory	5,584	605	6,189	16,272
Prepaid expenses	61,877	98	61,975	6,318
Loans	384,684	-	384,684	2,359,592
Investment in direct financing lease	-	-	-	2,246,158
Net pension and OPEB assets	180,302	-	180,302	33,492
Other assets	82	-	82	177,889
Capital assets:				
Capital assets not being depreciated/amortized	13,299,293	-	13,299,293	1,435,782
Capital assets being depreciated/amortized	2,753,446	1,109	2,754,555	11,727,983
less accumulated depreciation/amortization	(1,526,574)	(445)	(1,527,019)	(5,078,977)
Total capital assets, net of depreciation/amortization	14,526,165	664	14,526,829	8,084,788
<b>Total assets</b>	<b>25,382,823</b>	<b>239,541</b>	<b>25,622,364</b>	<b>28,423,466</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	-	-	-	179,944
Deferred refunding costs	-	-	-	7,898
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,842</b>
<b>LIABILITIES</b>				
Accounts payable	2,141,719	5,605	2,147,324	448,736
Interest payable	-	34,107	34,107	126,550
Tax refunds payable	43,588	-	43,588	-
Payables to other governments	160,450	-	160,450	-
Due to component unit	50,000	-	50,000	-
Due to primary government	-	-	-	3,389
Unearned revenue	2	4,093	4,095	451,125
Advances from federal government	-	1,377,295	1,377,295	31,593
Securities lending collateral	446,414	-	446,414	66,935
Derivative instrument liability	-	-	-	179,944
Other liabilities	83	564	647	209,036
Long-term liabilities:				
Due within 1 year	149,080	4,096	153,176	1,005,844
Due in more than 1 year	2,521,984	25,033	2,547,017	10,033,383
<b>Total liabilities</b>	<b>5,513,320</b>	<b>1,450,793</b>	<b>6,964,113</b>	<b>12,556,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Advanced payment for service concession agreement	-	-	-	3,358,897
Deferred service concession arrangement receipts	-	-	-	301,647
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,660,544</b>
<b>NET POSITION</b>				
Net investment in capital assets	13,373,198	664	13,373,862	4,294,616
Restricted - nonexpendable:				
Grants/constitutional restrictions	-	-	-	834
Permanent funds	520,665	-	520,665	64,955
Instruction and research	-	-	-	767,864
Student aid	-	-	-	796,954
Other purposes	-	-	-	341,107
Restricted - expendable:				
Grants/constitutional restrictions	378,559	-	378,559	122,883
Future debt service	-	-	-	402,703
Instruction and research	-	-	-	627,071
Student aid	-	-	-	754,784
Endowments	-	-	-	726,639
Capital projects	-	-	-	1,450,512
Other purposes	-	-	-	289,605
Unrestricted	5,597,081	(1,211,916)	4,385,165	1,753,702
<b>Total net position</b>	<b>\$ 19,869,503</b>	<b>\$ (1,211,252)</b>	<b>\$ 18,658,251</b>	<b>\$ 12,394,229</b>

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

**State of Indiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**  
 (amounts expressed in thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues		Primary Government		Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 1,476,098	\$ 511,917	\$ 118,007	\$ -	\$ (846,174)	\$ -
Public safety	1,526,556	473,665	200,986	-	(851,905)	(851,905)
Health	409,262	140,498	180,883	-	(87,881)	(87,881)
Welfare	12,546,861	919,557	8,531,477	-	(3,095,827)	(3,095,827)
Conservation, culture and development	555,650	153,828	265,713	-	(136,109)	(136,109)
Education	10,136,785	7,950	1,034,695	-	(9,094,140)	(9,094,140)
Transportation	1,729,731	91,990	1,275,894	-	(361,847)	(361,847)
Unallocated interest expense	216	-	-	-	(216)	-
Total governmental activities	28,381,159	2,299,405	11,607,655	-	(14,474,099)	(14,474,099)
<b>Business-type activities:</b>						
Unemployment Compensation Fund	1,160,585	830,527	670,532	-	340,474	340,474
Malpractice Insurance Authority	2,785	2,112	-	-	(673)	(673)
Inns and Concessions	20,755	23,733	-	-	2,978	2,978
Wabash Memorial Bridge	1,154	618	87	87	(449)	(449)
Total business-type activities	1,185,279	856,990	670,532	87	342,330	342,330
<b>Total primary government</b>	<b>\$ 29,566,438</b>	<b>\$ 3,156,395</b>	<b>\$ 12,278,187</b>	<b>\$ 87</b>	<b>(14,131,769)</b>	<b>-</b>
<b>Component units:</b>						
Governmental	31,365	161	1,501	-	-	(29,703)
Proprietary	2,398,258	1,738,521	595,372	7,578	-	(56,787)
Colleges and universities	6,336,061	3,393,068	1,137,912	63,562	-	(1,741,519)
Total component units	\$ 8,765,684	\$ 5,131,750	\$ 1,734,785	\$ 71,140	-	(1,828,009)
<b>General Revenues:</b>						
Income tax					\$ 5,371,040	\$ -
Sales tax					6,845,294	-
Fuels tax					771,434	-
Gaming tax					788,636	1,203
Unemployment tax					80	-
Inheritance tax					160,820	-
Alcohol & Tobacco tax					503,879	-
Insurance tax					211,987	-
Financial Institutions tax					121,369	-
Other tax					261,197	-
Total taxes					15,035,736	1,203
Revenue not restricted to specific programs:						
Investment earnings					27,990	522,739
Payments from State of Indiana					9	1,474,773
Other					58,915	582,215
Transfers within primary government					(2,769)	-
<b>Total general revenues and transfers</b>					<b>15,125,410</b>	<b>2,580,930</b>
Changes in net position					651,311	752,921
<b>Net position - beginning, as restated</b>					<b>19,218,192</b>	<b>11,641,308</b>
<b>Net position - ending</b>					<b>\$ 19,869,503</b>	<b>\$ 12,394,229</b>

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

# **FUND FINANCIAL STATEMENTS**

**State of Indiana**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	General Fund	Public Welfare- Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Governmental Funds	Total
<b>ASSETS</b>					
Cash, cash equivalents and investments-unrestricted	\$ 2,031,653	\$ 420,630	\$ 774,515	\$ 3,113,052	\$ 6,339,850
Cash, cash equivalents and investments-restricted	370,077	-	-	-	370,077
Securities lending collateral	446,414	-	-	-	446,414
Receivables:					
Taxes (net of allowance for uncollectible Accounts)	1,535,164	-	-	167,820	1,702,984
Grants	8,806	105,530	-	54,288	168,624
Interest	-	259,621	-	284,852	544,473
Interfund loans	5,707	-	4	169	5,880
Due from component unit	81,329	-	-	8,000	89,329
Prepaid expenditures	-	-	-	3,389	3,389
Loans	60,955	-	-	922	61,877
Other	16,092	-	-	368,591	384,683
	50	-	21	11	82
Total assets	<u>4,556,247</u>	<u>785,781</u>	<u>774,540</u>	<u>4,001,094</u>	<u>10,117,662</u>
<b>Total assets and deferred outflow of resources</b>	<b><u>\$ 4,556,247</u></b>	<b><u>\$ 785,781</u></b>	<b><u>\$ 774,540</u></b>	<b><u>\$ 4,001,094</u></b>	<b><u>\$ 10,117,662</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 161,530	\$ 369,019	\$ 38	\$ 551,818	\$ 1,082,405
Salaries and benefits payable	49,445	-	-	45,988	95,433
Interfund loans	-	-	-	89,329	89,329
Interfunds services used	3,480	-	-	4,844	8,324
Intergovernmental payable	38,706	-	-	121,744	160,450
Tax refunds payable	38,072	-	-	5,516	43,588
Unearned revenue	477,402	-	-	67,764	545,166
Accrued liability for compensated absences	2,898	-	-	3,756	6,654
Other payables	50	-	21	12	83
Securities lending collateral	446,414	-	-	-	446,414
Total liabilities	<u>1,217,997</u>	<u>369,019</u>	<u>59</u>	<u>890,771</u>	<u>2,477,846</u>
<b>FUND BALANCE</b>					
Nonspendable:	-	-	-	520,665	520,665
Restricted:	378,559	-	-	-	378,559
Committed:	6,030	-	-	1,081,684	1,087,714
Assigned:	1,197,026	416,762	774,481	1,684,623	4,072,892
Unassigned:	1,756,635	-	-	(176,649)	1,579,986
Total fund balance	<u>3,338,250</u>	<u>416,762</u>	<u>774,481</u>	<u>3,110,323</u>	<u>7,639,816</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b><u>\$ 4,556,247</u></b>	<b><u>\$ 785,781</u></b>	<b><u>\$ 774,540</u></b>	<b><u>\$ 4,001,094</u></b>	<b><u>\$ 10,117,662</u></b>

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

**State of Indiana**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2013**  
(amounts expressed in thousands)

**Total fund balances-governmental funds** \$ 7,639,816

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 1,854,891	
Antiques, artwork, other inexhaustible collections	20	
Infrastructure assets	9,290,039	
Construction in progress	2,192,995	
Property, plant, and equipment	2,596,621	
Computer software	45,754	
Accumulated depreciation	<u>(1,471,017)</u>	
Total capital assets, net of depreciation		14,509,303

The State's pension funds have net pension assets not reported as assets in the funds. 149,605

Some of the state's receivables will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Taxes receivable	545,167	
Accounts receivable	<u>66,941</u>	
		612,108

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Accounts payable	(426,688)	
Litigation liabilities	(55,553)	
Pollution remediation	<u>(26,595)</u>	
		(508,836)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 81,386

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued liability for compensated absences	(136,817)	
Other postemployment benefits	(103,377)	
Loan from the Indiana Board for Depositories	(50,000)	
Capital lease payable	(1,156,910)	
Net pension obligations	<u>(1,166,775)</u>	
Total long-term liabilities		<u>(2,613,879)</u>

**Net position of governmental activities** \$ 19,869,503

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



**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	General Fund	Public Welfare- Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Governmental Funds	Total
<b>Revenues:</b>					
Taxes:					
Income	\$ 5,441,430	\$ -	\$ -	\$ 201	\$ 5,441,631
Sales	6,812,520	-	-	10,355	6,822,875
Fuels	-	-	-	765,519	765,519
Gaming	77,624	-	-	710,921	788,545
Unemployment	-	-	-	80	80
Inheritance	160,820	-	-	-	160,820
Alcohol and tobacco	299,149	-	-	178,299	477,448
Insurance	207,490	-	-	4,497	211,987
Financial Institutions	-	-	-	120,571	120,571
Other	236,192	-	-	24,977	261,169
Total taxes	13,235,225	-	-	1,815,420	15,050,645
Current service charges	193,257	924,703	-	1,221,948	2,339,908
Investment income	27,990	-	15,807	12,208	56,005
Sales/rents	1,391	-	-	20,043	21,434
Grants	11,731	5,666,286	-	5,582,391	11,260,408
Other	57,524	33,630	-	57,616	148,770
Total revenues	13,527,118	6,624,619	15,807	8,709,626	28,877,170
<b>Expenditures:</b>					
Current:					
General government	1,479,884	-	-	403,989	1,883,873
Public safety	774,855	-	-	841,120	1,615,975
Health	38,690	-	-	368,664	407,354
Welfare	822,390	8,262,032	-	3,094,565	12,178,987
Conservation, culture and development	54,360	-	-	502,435	556,795
Education	8,907,518	-	-	1,369,046	10,276,564
Transportation	1,040	-	10,457	2,552,870	2,564,367
Capital outlay	-	-	-	14,006	14,006
Total expenditures	12,078,737	8,262,032	10,457	9,146,695	29,497,921
Excess (deficiency) of revenues over (under) expenditures	1,448,381	(1,637,413)	5,350	(437,069)	(620,751)
<b>Other financing sources (uses):</b>					
Transfers in	1,682,779	2,163,546	-	2,479,143	6,325,468
Transfers (out)	(3,199,135)	(565,303)	(412,706)	(2,151,611)	(6,328,755)
Proceeds from capital lease	15,081	-	-	3,430	18,511
Total other financing sources (uses)	(1,501,275)	1,598,243	(412,706)	330,962	15,224
<b>Net change in fund balances</b>	(52,894)	(39,170)	(407,356)	(106,107)	(605,527)
<b>Fund Balance July 1, as restated</b>	3,391,144	455,932	1,181,837	3,216,430	8,245,343
<b>Fund Balance June 30</b>	<b>\$ 3,338,250</b>	<b>\$ 416,762</b>	<b>\$ 774,481</b>	<b>\$ 3,110,323</b>	<b>\$ 7,639,816</b>

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

**State of Indiana**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

Net change in fund balances-total governmental funds	\$ (605,527)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report net capital outlays for infrastructure as expenditures. However in the statement of activities these outlays are capitalized and under the modified approach not depreciated. This is the amount of the net capital outlays for infrastructure under the modified approach in the current period.	816,242
Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays (\$608,214) exceeds depreciation of \$281,817 in the current period.	326,397
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Tax revenue	(13,096)
Non-tax revenue	2,104
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.	
Operating expenses	(228,561)
Statutory expenses	10,000
Investment in direct financing lease	31,646
The change in net pension assets and net pension obligations do not provide or require the use of current financial resources:	
Increase in net pension assets	120,563
Decrease in net pension obligations	177,522
The change in other postemployment benefits do not provide or require the use of current financial resources.	(11,474)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, data processing, telecommunications, fleet management, and printing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	25,496
Change in net position of governmental activities.	<u>\$ 651,311</u>

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



**State of Indiana**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 57,120	\$ 72,273	\$ 129,393	\$ 83,767
Securities lending collateral	-	-	-	-
Receivables:				
Accounts	105,590	806	106,396	24,437
Interest	-	476	476	-
Grants	1,909	-	1,909	-
Interfund services provided	-	-	-	8,324
Inventory	-	605	605	5,584
Prepaid expenses	-	98	98	-
Total current assets	<u>164,619</u>	<u>74,258</u>	<u>238,877</u>	<u>122,112</u>
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated/amortized	-	1,109	1,109	72,420
less accumulated depreciation/amortization	-	(445)	(445)	(55,558)
Total capital assets, net of depreciation/amortization	-	664	664	16,862
Total noncurrent assets	<u>-</u>	<u>664</u>	<u>664</u>	<u>16,862</u>
<b>Total assets</b>	<b><u>164,619</u></b>	<b><u>74,922</u></b>	<b><u>239,541</u></b>	<b><u>138,974</u></b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,378	828	5,206	50,011
Claims payable	-	3,861	3,861	-
Salaries and benefits payable	-	399	399	2,415
Interest payable	34,107	-	34,107	-
Accrued liability for compensated absences	-	235	235	2,754
Due to federal government (net)	1,377,295	-	1,377,295	-
Unearned revenue	-	4,093	4,093	2
Other liabilities	-	564	564	1
Total current liabilities	<u>1,415,780</u>	<u>9,980</u>	<u>1,425,760</u>	<u>55,183</u>
Noncurrent liabilities:				
Accrued liability for compensated absences	-	244	244	2,405
Claims payable	-	24,789	24,789	-
Total noncurrent liabilities	<u>-</u>	<u>25,033</u>	<u>25,033</u>	<u>2,405</u>
<b>Total liabilities</b>	<b><u>1,415,780</u></b>	<b><u>35,013</u></b>	<b><u>1,450,793</u></b>	<b><u>57,588</u></b>
<b>Net position</b>				
Net investment in capital assets	-	664	664	16,863
Unrestricted (deficit)	(1,251,161)	39,245	(1,211,916)	64,523
<b>Total net position</b>	<b><u>\$ (1,251,161)</u></b>	<b><u>\$ 39,909</u></b>	<b><u>\$ (1,211,252)</u></b>	<b><u>\$ 81,386</u></b>

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

**State of Indiana**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>				
Sales/rents/premiums	\$ -	\$ 26,267	\$ 26,267	\$ 537,816
Employer contributions	830,527	-	830,527	-
Charges for services	-	-	-	8,593
Federal revenues	668,183	-	668,183	-
Other	-	196	196	747
<b>Total operating revenues</b>	<b>1,498,710</b>	<b>26,463</b>	<b>1,525,173</b>	<b>547,156</b>
Cost of sales	-	4,328	4,328	24,329
<b>Gross margin</b>	<b>1,498,710</b>	<b>22,135</b>	<b>1,520,845</b>	<b>522,827</b>
<b>Operating expenses:</b>				
General and administrative expense	7,782	17,444	25,226	148,410
Claims expense	-	1,532	1,532	-
Health / disability benefit payments	-	-	-	347,880
Unemployment compensation benefits	1,105,997	-	1,105,997	-
Depreciation and amortization	-	168	168	6,747
Other	-	32	32	-
<b>Total operating expenses</b>	<b>1,113,779</b>	<b>19,176</b>	<b>1,132,955</b>	<b>503,037</b>
<b>Operating income (loss)</b>	<b>384,931</b>	<b>2,959</b>	<b>387,890</b>	<b>19,790</b>
<b>Nonoperating revenues (expenses):</b>				
Interest and other investment income	-	9	9	-
Interest and other investment expense	(46,806)	(638)	(47,444)	(216)
Gain (Loss) on disposition of assets	-	(552)	(552)	(134)
Federal grants	2,349	-	2,349	-
<b>Total nonoperating revenues (expenses)</b>	<b>(44,457)</b>	<b>(1,181)</b>	<b>(45,638)</b>	<b>(350)</b>
<b>Income before contributions and transfers</b>	<b>340,474</b>	<b>1,778</b>	<b>342,252</b>	<b>19,440</b>
Capital contributions	-	87	87	-
Transfers in	-	-	-	6,198
Transfers (out)	-	(2,769)	(2,769)	(142)
<b>Change in net position</b>	<b>340,474</b>	<b>(904)</b>	<b>339,570</b>	<b>25,496</b>
<b>Total net position, July 1, as restated</b>	<b>(1,591,635)</b>	<b>40,813</b>	<b>(1,550,822)</b>	<b>55,890</b>
<b>Total net position, June 30</b>	<b>\$ (1,251,161)</b>	<b>\$ 39,909</b>	<b>\$ (1,211,252)</b>	<b>\$ 81,386</b>

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

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 1,489,480	\$ 26,336	\$ 1,515,816	\$ 546,457
Cash paid for general and administrative	(7,782)	(17,171)	(24,953)	(148,039)
Cash paid for salary/health/disability benefit payments	-	-	-	(354,360)
Cash paid to suppliers	-	(4,690)	(4,690)	(25,024)
Cash paid for claims expense	(1,102,430)	(3,053)	(1,105,483)	-
Net cash provided (used) by operating activities	379,268	1,422	380,690	19,034
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	-	-	6,198
Transfers out	-	(2,769)	(2,769)	(142)
Interest on loan from federal government	(61,043)	-	(61,043)	-
Repayment of loan from federal government	(339,530)	-	(339,530)	-
Federal grants	2,431	-	2,431	-
Net cash provided (used) by noncapital financing activities	(398,142)	(2,769)	(400,911)	6,056
<b>Cash flows from capital and related financing activities:</b>				
Acquisition/construction of capital assets	-	(699)	(699)	(7,441)
Proceeds from sale of assets	-	-	-	181
Principal payments -- capital leases	-	-	-	(5,870)
Capital contributions	-	87	87	-
Interest paid	-	-	-	(216)
Net cash provided (used) by capital and related financing activities	-	(612)	(612)	(13,346)
<b>Cash flows from investing activities:</b>				
Proceeds from sales of investments	-	9,350	9,350	-
Purchase of investments	-	(9,508)	(9,508)	-
Interest income (expense) on investments	-	2,251	2,251	-
Net cash provided (used) by investing activities	-	2,093	2,093	-
<b>Net increase (decrease) in cash and cash equivalents</b>	(18,874)	134	(18,740)	11,744
<b>Cash and cash equivalents, July 1</b>	75,994	8,831	84,825	72,023
<b>Cash and cash equivalents, June 30</b>	<u>\$ 57,120</u>	<u>\$ 8,965</u>	<u>\$ 66,085</u>	<u>\$ 83,767</u>
<b>Reconciliation of cash , cash equivalents and investments:</b>				
Cash and cash equivalents unrestricted at end of year	\$ 57,120	\$ 8,965	\$ 66,085	\$ 83,767
Investments unrestricted	-	63,308	63,308	-
<b>Cash, cash equivalents and investments per balance sheet</b>	<u>\$ 57,120</u>	<u>\$ 72,273</u>	<u>\$ 129,393</u>	<u>\$ 83,767</u>
<b>Noncash investing, capital and financing activities:</b>				
Increase (Decrease) in fair value of investments	\$ -	\$ (2,815)	\$ (2,815)	\$ -

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 384,931	\$ 2,959	\$ 387,890	\$ 19,790
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	168	168	6,747
(Increase) decrease in receivables	(9,231)	177	(9,054)	618
(Increase) decrease in interfund services provided	-	-	-	(1,349)
(Increase) decrease in inventory	-	(30)	(30)	(310)
(Increase) decrease in prepaid expenses	-	6	6	-
Increase (decrease) in claims payable	-	(1,521)	(1,521)	-
Increase (decrease) in health and disability benefits payable	-	-	-	(6,479)
Increase (decrease) in accounts payable	3,568	24	3,592	(184)
Increase (decrease) in unearned revenue	-	(393)	(393)	(3)
Increase (decrease) in salaries payable	-	43	43	(272)
Increase (decrease) in compensated absences	-	23	23	477
Increase (decrease) in other payables	-	(34)	(34)	(1)
Net cash provided (used) by operating activities	<u>\$ 379,268</u>	<u>\$ 1,422</u>	<u>\$ 380,690</u>	<u>\$ 19,034</u>

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

**State of Indiana**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Private-Purpose Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Agency Funds</b>
<b>Assets:</b>				
Cash, cash equivalents and non-pension investments	\$ 130,918	\$ 25,114	\$ -	\$ 518,266
Securities lending collateral	1,080,547	-	-	-
Receivables:				
Taxes	-	4,478	-	168,550
Contributions	20,127	-	-	-
Interest	91,908	3	66	-
Member loans	257	-	-	-
From investment sales	2,427,113	-	-	-
Other	2,302	-	-	54
Total receivables	<u>2,541,707</u>	<u>4,481</u>	<u>66</u>	<u>168,604</u>
Pension and other employee benefit investments at fair value:				
Short term investments	1,496,036	-	-	-
Equity Securities	6,883,348	-	-	-
Debt Securities	12,026,007	-	-	-
Other	7,842,229	-	-	-
Total investments at fair value	<u>28,247,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pool Investments at Amortized Cost:				
Cash and cash equivalents	-	-	219,328	-
U.S. Government Agencies	-	-	76,372	-
Commercial Paper	-	-	97,314	-
Total investments at amortized cost	<u>-</u>	<u>-</u>	<u>393,014</u>	<u>-</u>
Other assets	304	-	-	-
Property, plant and equipment net of accumulated depreciation	12,154	-	-	-
<b>Total assets</b>	<b><u>32,013,250</u></b>	<b><u>29,595</u></b>	<b><u>393,080</u></b>	<b><u>\$ 686,870</u></b>
<b>Liabilities:</b>				
Accounts/escrows payable	6,390	620	26	\$ 670,289
Salaries and benefits payable	2,589	105	-	-
Benefits payable	87,950	-	-	-
Intergovernmental payable	-	2,364	-	-
Investment purchases payable	2,842,609	-	-	-
Securities purchased payable	175,228	-	-	-
Securities lending collateral	1,080,547	-	-	-
Other	-	-	18	16,581
<b>Total liabilities</b>	<b><u>4,195,313</u></b>	<b><u>3,089</u></b>	<b><u>44</u></b>	<b><u>\$ 686,870</u></b>
<b>Net Position</b>				
Restricted for:				
Employees' pension benefits	27,506,654	-	-	-
OPEB benefits	294,705	-	-	-
Future death benefits	12,336	-	-	-
Local units	4,242	-	-	-
Trust beneficiaries	-	26,506	-	-
Investment pool participants	-	-	393,036	-
<b>Total net position</b>	<b><u>\$ 27,817,937</u></b>	<b><u>\$ 26,506</u></b>	<b><u>\$ 393,036</u></b>	

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



**State of Indiana**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

(amounts expressed in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Private-Purpose Trust Funds</b>	<b>Investment Trust Fund</b>
<b>Additions:</b>			
Member contributions	\$ 331,253	\$ 1,614	\$ 356,867
Employer contributions	2,161,258	-	-
Contributions from the State of Indiana	89,132	-	-
Net investment income (loss)	1,684,714	69	940
Less investment expense	(140,302)	-	-
Taxes	-	86,714	-
Federal reimbursements	548	-	-
Donations/escheats	-	110,366	-
Transfers in	14,759	-	-
Reinvestment of distributions	-	-	446
Other	308	-	-
<b>Total additions</b>	<b>4,141,670</b>	<b>198,763</b>	<b>358,253</b>
<b>Deductions:</b>			
Pension and disability benefits	2,161,413	-	-
Retiree health benefits	14,651	-	-
Death benefits	1,744	-	-
Payments to participants/beneficiaries	-	225,607	442
Refunds of contributions and interest	98,414	-	338,095
Administrative	32,623	-	314
Pension relief distributions	219,814	-	-
Capital projects	13,728	-	-
Transfers out	14,759	-	-
Other	284	-	185
<b>Total deductions</b>	<b>2,557,430</b>	<b>225,607</b>	<b>339,036</b>
<b>Net increase (decrease) in net position</b>	<b>1,584,240</b>	<b>(26,844)</b>	<b>19,217</b>
<b>Net position restricted, July 1, as restated</b>	<b>26,233,697</b>	<b>53,350</b>	<b>373,819</b>
<b>Net position restricted, June 30</b>	<b>\$ 27,817,937</b>	<b>\$ 26,506</b>	<b>\$ 393,036</b>

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

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2013**  
**(amounts expressed in thousands)**

	Governmental	Proprietary	Colleges and Universities	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 151,575	\$ 1,512,926	\$ 1,617,608	\$ 3,282,109
Cash, cash equivalents and investments - restricted	-	277,898	41,581	319,479
Securities lending collateral	-	-	66,935	66,935
Receivables (net)	1,015	437,094	410,483	848,592
Due from primary government	-	5,000	-	5,000
Inventory	-	339	15,933	16,272
Prepaid expenses	-	915	5,403	6,318
Loans	-	141,411	-	141,411
Investment in direct financing lease	-	71,590	-	71,590
Other assets	-	2,072	109,669	111,741
<b>Total current assets</b>	<b>152,590</b>	<b>2,449,245</b>	<b>2,267,612</b>	<b>4,869,447</b>
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	-	874,464	114,127	988,591
Cash, cash equivalents and investments - restricted	-	925,654	7,042,264	7,967,918
Receivables (net)	-	1,453,623	521,710	1,975,333
Due from primary government	-	45,000	-	45,000
Loans	35,289	2,182,892	-	2,218,181
Investment in direct financing lease	-	2,174,568	-	2,174,568
Net pension and OPEB assets	-	1,273	32,219	33,492
Other assets	-	33,034	33,114	66,148
Capital assets:				
Capital assets not being depreciated/amortized	-	662,153	773,629	1,435,782
Capital assets being depreciated/amortized	427	1,071,222	10,656,334	11,727,983
less accumulated depreciation/amortization	(330)	(419,093)	(4,659,554)	(5,078,977)
<b>Total capital assets, net of depreciation/amortization</b>	<b>97</b>	<b>1,314,282</b>	<b>6,770,409</b>	<b>8,084,788</b>
<b>Total noncurrent assets</b>	<b>35,386</b>	<b>9,004,790</b>	<b>14,513,843</b>	<b>23,554,019</b>
<b>Total assets</b>	<b>187,976</b>	<b>11,454,035</b>	<b>16,781,455</b>	<b>28,423,466</b>
<b>Deferred Outflows of Resources</b>				
Accumulated decrease in fair value of hedging derivatives	-	177,733	2,211	179,944
Deferred refunding costs	-	7,898	-	7,898
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>185,631</b>	<b>2,211</b>	<b>187,842</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	2,540	75,034	371,162	448,736
Interest payable	-	94,098	32,452	126,550
Due to primary government	-	3,389	-	3,389
Unearned revenue	16,222	181,637	213,369	411,228
Advances from federal government	-	1,611	-	1,611
Securities lending collateral	-	-	66,935	66,935
Accrued liability for compensated absences	-	-	83,657	83,657
Other liabilities	344	42,155	62,545	105,044
Current portion of long-term liabilities	236	612,991	308,960	922,187
<b>Total current liabilities</b>	<b>19,342</b>	<b>1,010,915</b>	<b>1,139,080</b>	<b>2,169,337</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2013**  
**(amounts expressed in thousands)**

	Governmental	Proprietary	Colleges and Universities	Total
<b>Noncurrent liabilities:</b>				
Accrued liability for compensated absences	-	126	76,209	76,335
Accrued prize liabilities	-	118,597	-	118,597
Net pension and OPEB liabilities	-	68	89,167	89,235
Unearned revenue	-	2,940	36,957	39,897
Funds held in trust for others	-	-	174,286	174,286
Advances from federal government	-	1,218	28,764	29,982
Revenue bonds/notes payable	-	6,865,228	2,709,702	9,574,930
Derivative instrument liability	-	177,733	2,211	179,944
Other noncurrent liabilities	-	13,511	90,481	103,992
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>7,179,421</b>	<b>3,207,777</b>	<b>10,387,198</b>
<b>Total liabilities</b>	<b>19,342</b>	<b>8,190,336</b>	<b>4,346,857</b>	<b>12,556,535</b>
<b>Deferred inflows of resources</b>				
Advanced payment for service concession agreement	-	3,358,897	-	3,358,897
Deferred service concession arrangement receipts	-	299,706	1,941	301,647
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>3,658,603</b>	<b>1,941</b>	<b>3,660,544</b>
<b>NET POSITION</b>				
Net investment in capital assets	97	290,407	4,004,112	4,294,616
Restricted - nonexpendable:				
Grants/constitutional restrictions	-	834	-	834
Permanent funds	-	-	64,955	64,955
Instruction and research	-	-	767,864	767,864
Student aid	-	157	796,797	796,954
Other purposes	-	686	340,421	341,107
Restricted - expendable:				
Grants/constitutional restrictions	-	107,144	15,739	122,883
Future debt service	-	375,885	26,818	402,703
Instruction and research	-	-	627,071	627,071
Student aid	-	-	754,784	754,784
Endowments	-	244	726,395	726,639
Capital projects	-	1,243,766	206,746	1,450,512
Other purposes	317	376	288,912	289,605
Unrestricted	168,220	(2,228,772)	3,814,254	1,753,702
<b>Total net position</b>	<b>\$ 168,634</b>	<b>\$ (209,273)</b>	<b>\$ 12,434,868</b>	<b>\$ 12,394,229</b>

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

**State of Indiana  
Combining Statement of Activities  
Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 2013  
(amounts expressed in thousands)**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Proprietary	Colleges and Universities	Net (Expense) Revenue
Governmental	\$ 31,365	\$ 161	\$ 1,501	\$ -	\$ (29,703)	\$ -	\$ -	\$ (29,703)
Proprietary	2,398,258	1,738,521	595,372	7,578	-	(56,787)	-	(56,787)
Colleges and universities	6,336,061	3,393,068	1,137,912	63,562	-	-	(1,741,519)	(1,741,519)
<b>Total component units</b>	<b>\$ 8,765,684</b>	<b>\$ 5,131,750</b>	<b>\$ 1,734,785</b>	<b>\$ 71,140</b>	<b>(29,703)</b>	<b>(56,787)</b>	<b>(1,741,519)</b>	<b>(1,828,009)</b>
General Revenues:								
Gaming tax					1,203	-	-	1,203
Total taxes					1,203	-	-	1,203
Revenue not restricted to specific programs:								
Investment earnings					207	20,940	501,592	522,739
Payments from State of Indiana					48,381	19,346	1,407,046	1,474,773
Other					-	3	582,212	582,215
Total general revenues					49,791	40,289	2,490,850	2,580,930
Change in net position					20,088	(16,498)	749,331	752,921
Net position - beginning, as restated					148,546	(192,775)	11,685,537	11,641,308
<b>Net position - ending</b>					<b>\$ 168,634</b>	<b>\$ (209,273)</b>	<b>\$ 12,434,868</b>	<b>\$ 12,394,229</b>

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



**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**

**June 30, 2013**

(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Elimination	Total Component Units
<b>Assets</b>					
Current assets:					
Cash, cash equivalents and investments - unrestricted	\$ 999,295	\$ 37,923	\$ 475,708	\$ -	\$ 1,512,926
Cash, cash equivalents and investments - restricted	-	-	277,898	-	277,898
Receivables (net)	84,483	68,733	292,588	(8,710)	437,094
Due from primary government	-	-	5,000	-	5,000
Inventory	-	-	339	-	339
Prepaid expenses	185	142	588	-	915
Loans	107,284	-	34,787	(660)	141,411
Investment in direct financing lease	70,735	-	855	-	71,590
Other assets	9	-	2,063	-	2,072
<b>Total current assets</b>	<b>1,261,991</b>	<b>106,798</b>	<b>1,089,826</b>	<b>(9,370)</b>	<b>2,449,245</b>
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	555,852	129,935	188,677	-	874,464
Cash, cash equivalents and investments - restricted	-	8,720	916,934	-	925,654
Receivables (net)	-	-	1,453,623	-	1,453,623
Due from primary government	-	-	45,000	-	45,000
Loans	2,966,371	-	192,822	(976,301)	2,182,892
Investment in direct financing lease	1,220,751	-	953,817	-	2,174,568
Net pension and OPEB assets	-	1,273	-	-	1,273
Other assets	16,308	-	16,726	-	33,034
Capital assets:					
Capital assets not being depreciated/amortized	547,648	-	114,505	-	662,153
Capital assets being depreciated/amortized	795,319	2,727	273,176	-	1,071,222
less accumulated depreciation/amortization	(276,498)	(983)	(141,612)	-	(419,093)
<b>Total capital assets, net of depreciation/amortization</b>	<b>1,066,469</b>	<b>1,744</b>	<b>246,069</b>	<b>-</b>	<b>1,314,282</b>
<b>Total noncurrent assets</b>	<b>5,825,751</b>	<b>141,672</b>	<b>4,013,668</b>	<b>(976,301)</b>	<b>9,004,790</b>
<b>Total assets</b>	<b>7,087,742</b>	<b>248,470</b>	<b>5,103,494</b>	<b>(985,671)</b>	<b>11,454,035</b>
<b>Deferred Outflows of Resources</b>					
Accumulated decrease in fair value of hedging derivatives	155,370	-	177,733	(155,370)	177,733
Deferred refunding costs	-	-	7,898	-	7,898
<b>Total deferred outflows of resources</b>	<b>155,370</b>	<b>-</b>	<b>185,631</b>	<b>(155,370)</b>	<b>185,631</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	17,222	14,991	42,821	-	75,034
Interest payable	60,330	-	42,478	(8,710)	94,098
Due to primary government	-	3,389	-	-	3,389
Unearned revenue	142,433	669	38,535	-	181,637
Advances from federal government	1,611	-	-	-	1,611
Other liabilities	418	583	41,154	-	42,155
Current portion of long-term liabilities	206,732	92,035	314,884	(660)	612,991
<b>Total current liabilities</b>	<b>428,746</b>	<b>111,667</b>	<b>479,872</b>	<b>(9,370)</b>	<b>1,010,915</b>
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	126	-	126
Accrued prize liabilities	-	118,597	-	-	118,597
Net pension and OPEB liabilities	-	-	68	-	68
Unearned revenue	2,453	-	487	-	2,940
Advances from federal government	1,218	-	-	-	1,218
Revenue bonds/notes payable	4,374,395	-	3,467,134	(976,301)	6,865,228
Derivative instrument liability	155,370	-	177,733	(155,370)	177,733
Other noncurrent liabilities	2,427	-	11,084	-	13,511
<b>Total noncurrent liabilities</b>	<b>4,535,863</b>	<b>118,597</b>	<b>3,656,632</b>	<b>(1,131,671)</b>	<b>7,179,421</b>
<b>Total liabilities</b>	<b>4,964,609</b>	<b>230,264</b>	<b>4,136,504</b>	<b>(1,141,041)</b>	<b>8,190,336</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**

**June 30, 2013**

(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Elimination	Total Component Units
<b>Deferred inflows of resources</b>					
Advanced payment for service concession agreement	3,358,897	-	-	-	3,358,897
Deferred service concession arrangement receipts	299,706	-	-	-	299,706
<b>Total deferred inflows of resources</b>	<b>3,658,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,658,603</b>
<b>NET POSITION</b>					
Net investment in capital assets	54,556	1,744	234,107	-	290,407
Restricted - nonexpendable:					
Grants/constitutional restrictions	-	-	834	-	834
Student aid	-	-	157	-	157
Other purposes	-	-	686	-	686
Restricted - expendable:					
Grants/constitutional restrictions	-	-	107,144	-	107,144
Future debt service	216,875	-	159,010	-	375,885
Endowments	-	-	244	-	244
Capital projects	1,242,472	-	1,294	-	1,243,766
Other purposes	-	-	376	-	376
Unrestricted	(2,894,003)	16,462	648,769	-	(2,228,772)
<b>Total net position</b>	<b>\$ (1,380,100)</b>	<b>\$ 18,206</b>	<b>\$ 1,152,621</b>	<b>\$ -</b>	<b>\$ (209,273)</b>

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

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Program Revenues					Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA Interfund Eliminations	Net (Expense) Revenue	
Indiana Finance Authority (IFA)	\$ 713,463	\$ 580,751	\$ 52,034	\$ -	\$ (80,678)	\$ -	\$ -	\$ -	\$ (80,678)	
State Lottery Commission	934,154	934,028	-	-	-	(126)	-	-	(126)	
Non-Major Proprietary	800,838	269,677	547,600	7,578	-	-	24,017	-	24,017	
IFA & ISCBA Interfund Eliminations	(50,197)	(45,935)	(4,262)	-	-	-	-	-	-	
<b>Total component units</b>	<b>\$ 2,398,258</b>	<b>\$ 1,738,521</b>	<b>\$ 595,372</b>	<b>\$ 7,578</b>	<b>(80,678)</b>	<b>(126)</b>	<b>24,017</b>	<b>-</b>	<b>(56,787)</b>	
General revenues:										
Investment earnings					27,425	(8,804)	2,319	-	20,940	
Payments from State of Indiana					-	-	19,346	-	19,346	
Other					-	-	3	-	3	
Total general revenues					27,425	(8,804)	21,668	-	40,289	
Change in net position					(53,253)	(8,930)	45,685	-	(16,498)	
Net position - beginning, as restated					(1,326,847)	27,136	1,106,936	-	(192,775)	
Net position - ending					<u>\$ (1,380,100)</u>	<u>\$ 18,206</u>	<u>\$ 1,152,621</u>	<u>\$ -</u>	<u>\$ (209,273)</u>	

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





**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2013**

(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 529,608	\$ 536,052	\$ 551,948	\$ 1,617,608
Cash, cash equivalents and investments - restricted	-	3,038	38,543	41,581
Securities lending collateral	66,935	-	-	66,935
Receivables (net)	146,905	144,072	119,506	410,483
Inventory	11,078	-	4,855	15,933
Prepaid expenses	-	27	5,376	5,403
Other assets	34,745	49,382	25,542	109,669
<b>Total current assets</b>	<b>789,271</b>	<b>732,571</b>	<b>745,770</b>	<b>2,267,612</b>
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	-	-	114,127	114,127
Cash, cash equivalents and investments - restricted	3,138,858	3,192,753	710,653	7,042,264
Receivables (net)	263,191	204,506	54,013	521,710
Net pension and OPEB assets	-	-	32,219	32,219
Other assets	-	14,595	18,519	33,114
Capital assets:				
Capital assets not being depreciated/amortized	354,970	251,549	167,110	773,629
Capital assets being depreciated/amortized	4,344,813	3,412,747	2,898,774	10,656,334
less accumulated depreciation/amortization	(1,951,057)	(1,624,013)	(1,084,484)	(4,659,554)
<b>Total capital assets, net of depreciation/amortization</b>	<b>2,748,726</b>	<b>2,040,283</b>	<b>1,981,400</b>	<b>6,770,409</b>
<b>Total noncurrent assets</b>	<b>6,150,775</b>	<b>5,452,137</b>	<b>2,910,931</b>	<b>14,513,843</b>
<b>Total assets</b>	<b>6,940,046</b>	<b>6,184,708</b>	<b>3,656,701</b>	<b>16,781,455</b>
<b>Deferred Outflows of Resources</b>				
Accumulated decrease in fair value of hedging derivatives	-	-	2,211	2,211
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>2,211</b>	<b>2,211</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	195,471	96,573	79,118	371,162
Interest payable	12,937	17,914	1,601	32,452
Unearned revenue	145,074	41,304	26,991	213,369
Securities lending collateral	66,935	-	-	66,935
Accrued liability for compensated absences	41,537	26,856	15,264	83,657
Other liabilities	-	35,429	27,116	62,545
Current portion of long-term liabilities	60,051	150,074	98,835	308,960
<b>Total current liabilities</b>	<b>522,005</b>	<b>368,150</b>	<b>248,925</b>	<b>1,139,080</b>
Noncurrent liabilities:				
Accrued liability for compensated absences	25,779	33,789	16,641	76,209
Other postemployment benefits	25,864	36,179	27,124	89,167
Unearned revenue	36,955	-	2	36,957
Funds held in trust for others	76,677	61,050	36,559	174,286
Advances from federal government	-	19,932	8,832	28,764
Revenue bonds/notes payable	911,923	963,850	833,929	2,709,702
Derivative instrument liability	-	-	2,211	2,211
Other noncurrent liabilities	47,559	26,873	16,049	90,481
<b>Total noncurrent liabilities</b>	<b>1,124,757</b>	<b>1,141,673</b>	<b>941,347</b>	<b>3,207,777</b>
<b>Total liabilities</b>	<b>1,646,762</b>	<b>1,509,823</b>	<b>1,190,272</b>	<b>4,346,857</b>
<b>Deferred Inflows of Resources</b>				
Deferred service concession arrangement receipts	-	-	1,941	1,941
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,941</b>	<b>1,941</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2013**

(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
<b>Net Position</b>				
Net investment in capital assets	1,779,033	1,139,118	1,085,961	<b>4,004,112</b>
Restricted - nonexpendable:				
Permanent funds	27,998	-	36,957	<b>64,955</b>
Future debt service	-	-	-	-
Instruction and research	424,610	310,757	32,497	<b>767,864</b>
Student aid	400,191	290,493	106,113	<b>796,797</b>
Other purposes	274,836	42,324	23,261	<b>340,421</b>
Restricted - expendable:				
Grants/constitutional restrictions	-	-	15,739	<b>15,739</b>
Future debt service	20,247	-	6,571	<b>26,818</b>
Instruction and research	306,024	254,390	66,657	<b>627,071</b>
Student aid	156,795	519,289	78,700	<b>754,784</b>
Endowments	259,306	456,300	10,789	<b>726,395</b>
Capital projects	82,565	46,818	77,363	<b>206,746</b>
Other purposes	123,242	139,432	26,238	<b>288,912</b>
Unrestricted	1,438,437	1,475,964	899,853	<b>3,814,254</b>
<b>Total net position</b>	<b>\$ 5,293,284</b>	<b>\$ 4,674,885</b>	<b>\$ 2,466,699</b>	<b>\$ 12,434,868</b>

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

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana University	Purdue University	Non-Major Colleges and Universities	Net (Expense) Revenue
Indiana University	\$ 2,797,458	\$ 1,684,831	\$ 611,267	\$ 21,062	\$ (480,298)	\$ -	\$ -	\$ (480,298)
Purdue University	1,951,723	1,080,075	409,707	36,015	-	(425,926)	-	(425,926)
Non-Major Colleges and Universities	1,586,880	628,162	116,938	6,485	-	-	(835,295)	(835,295)
Total component units	<u>\$ 6,336,061</u>	<u>\$ 3,393,068</u>	<u>\$ 1,137,912</u>	<u>\$ 63,562</u>	<u>(480,298)</u>	<u>(425,926)</u>	<u>(835,295)</u>	<u>(1,741,519)</u>
General revenues:								
Investment earnings					207,578	249,075	44,939	501,592
Payments from State of Indiana					509,598	370,382	527,066	1,407,046
Other					125,651	77,474	379,087	582,212
Total general revenues					<u>842,827</u>	<u>696,931</u>	<u>951,092</u>	<u>2,490,850</u>
Change in net position					362,529	271,005	115,797	749,331
Net position - beginning, as restated					4,930,755	4,403,880	2,350,902	11,685,537
<b>Net position - ending</b>					<u><b>\$ 5,293,284</b></u>	<u><b>\$ 4,674,885</b></u>	<u><b>\$ 2,466,699</b></u>	<u><b>\$ 12,434,868</b></u>

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

# NOTES TO THE FINANCIAL STATEMENTS



## STATE OF INDIANA

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June 30, 2013

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**STATE OF INDIANA**  
**Notes to the Financial Statements**  
**June 30, 2013**  
**(schedule amounts are expressed in thousands)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types and colleges and universities. This is to emphasize that, as well as being legally separate from the government, they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, and the Indiana Political Subdivision Risk Management Commission have a December 31, 2012, fiscal year-end.

*Blended Component Units*

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

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

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

The Indiana Homeland Security Foundation was established to assist the Indiana Department of Homeland Security (IDHS) in developing projects that benefit public safety in local communities. The foundation administers the Indiana homeland security fund which funds these IDHS projects. The foundation has significant interrelated operations with the IDHS. Foundation funds are aligned with the Indiana Strategy for Homeland Security of the IDHS. The Indiana Homeland Security Foundation is reported as a non-major governmental fund.

*Discretely Presented Component Units*

The following are discretely presented component units of the State of Indiana. These component units are included in the State's reporting entity because the primary government appoints a voting majority of their governing bodies and is able to impose its will on each organization: Indiana Economic Development Corporation, Indiana Finance Authority, State Lottery Commission of Indiana, Indiana Stadium Convention and Building Authority, Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana Secondary Market for Education Loans, Inc., White River State Park Development Commission, Ports of Indiana, Indiana Comprehensive Health Insurance Association, Indiana Political Subdivision Risk Management Commission, Indiana State Museum and Historic Sites Corporation, and each of the seven colleges and universities. These component units are included in the State's reporting entity because the primary government appoints a voting majority of their governing bodies and is financially accountable for each organization: Indiana Board for Depositories, Indiana State Fair Commission, and the Indiana Public Retirement System.

All governmental and proprietary component units are audited by outside auditors except for the State Fair Commission which is audited by the State Board of Accounts. The State Board of Accounts audits the colleges, universities, and the fiduciary in nature component unit. College and university foundations are audited by outside auditors.

The Indiana Economic Development Corporation (IEDC) was created to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry and the promotion of Indiana. The IEDC is composed of 12 members, none of whom may be members of the general assembly. These members consist of the governor and 11 individuals appointed by the governor. At least five members must belong to the same political party as the governor. At least three members must belong to a major political party other than the party of which the governor is a member. The IEDC is reported as a non-major discretely presented governmental component unit. The separately issued audited financial statements may be obtained by writing the Indiana Economic Development Corporation, One North Capital Avenue, Suite 700, Indianapolis, IN 46204.

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

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low

interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The Authority is reported as a major discretely presented proprietary component unit. IFA's separately issued audited financial statements may be obtained by writing the Indiana Finance Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The State Lottery Commission of Indiana is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, public employees' retirement, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the State Lottery Commission of Indiana, 1302 North Meridian Street, Indianapolis, IN 46202.

Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at Indiana Code 5-1-17, as an entity of the State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Stadium and Convention Building Authority, 425 West South Street, Indianapolis, IN 46225.



The Indiana Bond Bank, created in 1984, is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments. The Bond Bank is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Bond Bank, 10 West Market Street, Suite 2980, Indianapolis, IN 46204.

The Indiana Housing and Community Development Authority was created in 1978 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Housing and Community Development Authority, 40 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The Board is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Board for Depositories, One North Capitol Avenue, Suite 444, Indianapolis, IN 46204.

The Indiana Secondary Market for Education Loans, Inc. (ISM) was formed at the request of the Governor to purchase education loans in the secondary market. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. ISM is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Secondary Market for Education

Loans, Inc., Capital Center, Suite 400, 251 North Illinois Street, Indianapolis, IN 46204.

The White River State Park Development Commission has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana White River State Park Commission, 801 West Washington Street, Indianapolis, IN 46204.

The Ports of Indiana is created under Indiana Code 8-10-1-3 to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Commission consists of seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Ports of Indiana, 150 West Market Street, Suite 100, Indianapolis, IN 46204.

The State Fair Commission was established per Indiana Code 15-13-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is responsible for holding the annual Indiana State Fair in August, as well as providing accessible, cost-effective, secure and modern facilities for the variety of events held at the Fairgrounds and other properties it owns. The Commission consists of eight members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Fair Commission, 1202 East 38<sup>th</sup> Street, Indianapolis, IN 46205.

The Indiana Comprehensive Health Insurance Association was created by the State of Indiana to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative

of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Comprehensive Health Insurance Association, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240.

The Indiana Political Subdivision Risk Management Commission was created per Indiana Code 27-1-29 to administer the Political Subdivision Risk Management Fund (Basic fund) and the Political Subdivision Catastrophic Liability Fund (Catastrophic fund). These funds aid political subdivisions in protecting themselves against liabilities. The Commission consists of eleven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Political Subdivision Risk Management Commission, c/o Indiana Department of Insurance, 311 West Washington Street, Suite 300, Indianapolis, IN 46204.

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

Corporation, 650 West Washington Street, Indianapolis, IN 46204.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana University and Purdue University are reported as a major discretely presented component unit. The separately issued audited financial statements for the colleges and universities may be obtained by writing to: Indiana University, Poplar's Room 500, 107 S. Indiana Ave., Bloomington, IN 47405-1202; Purdue University, Accounting Services, 401 South Grant Street, West Lafayette, IN 47907-2024; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 210 N. 7<sup>th</sup> Street, Terre Haute, IN 47809; Ivy Tech Community College, 50 West Fall Creek Parkway, north Drive, Indianapolis, IN 46208; University of Southern Indiana, 8600 Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1<sup>st</sup> Street, Vincennes, IN 47591.

#### *Fiduciary in Nature Component Unit*

Effective July 1, 2011, the Indiana Public Retirement System (INPRS) was established as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Retirement Fund, Teachers' Retirement Fund, Judges' Retirement System, State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Legislators' Retirement System Defined Benefit Plan, the Legislators' Retirement System Defined Contribution Plan, the Prosecuting Attorneys'

Retirement Fund, the Pension Relief Fund, and two death benefit funds. For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements. INPRS is included as a component unit because the primary government appoints a voting majority of its governing body and has financial accountability. The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units. The separately issued audited

financial statements may be obtained by writing the Indiana Public Retirement System, One North Capitol Avenue, Suite 001, Indianapolis, IN 46204.

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

## B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are presented for the State's governmental, proprietary and fiduciary

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

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

### Measurement Focus and Basis of Accounting

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

*Governmental funds* are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For the State of Indiana, “available” means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and related liabilities, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

### Financial Statement Presentation

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

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

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

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

The following special revenue funds are presented as major.

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

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

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

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

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

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

The State reports the following major enterprise fund:

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

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

reported as a separate column on the face of the proprietary fund financial statements.

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

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

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

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

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

#### **D. Eliminating Internal Activity**

Interfund loans including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the "grossing-up" effect on assets and liabilities

within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet have been eliminated in the government-wide statement of net position.

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

#### **E. Assets, Liabilities and Equity**

##### **1. Deposits, Investments and Securities Lending**

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

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

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

Indiana Code 5-13-9 and 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated depository; securities backed by the full faith and credit of the United States Treasury; securities issued by any U.S. government agency; AAA money market mutual funds with a portfolio limited to direct obligations of the U.S., obligations of any federal agency, and/or

repurchase agreements fully collateralized with U.S. government obligations or U.S. agency obligations; AAA rated commercial paper, and repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest-bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency.

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

The Indiana Public Retirement System (INPRS) Board of Trustees administers eight pension trust funds including seven Defined Benefit retirement plans and one Defined Contribution retirement plan, two other employment benefit trust funds, and one investment trust fund. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2013, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a). See Note IV(A)(3) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage pool investments, and

repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2. See Note IV(A)(2) for more information.

## **2. Receivables and Payables**

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

Individual income tax – Individual withholding tax is due from employers by the 20<sup>th</sup> day after the end of the month collected. Estimated payments are due from individuals by the 15<sup>th</sup> of the month immediately following each quarter or the calendar year.

Corporate income tax - Due quarterly on the 20<sup>th</sup> day of April, June, September, and December with the last payment due on April 15<sup>th</sup> for a calendar year taxpayer.

Sales tax – Due by the 20<sup>th</sup> day after the end of the month collected.

Fuel tax – Gasoline tax is due the 20<sup>th</sup> day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15<sup>th</sup> day after the end of the month collected or the 15<sup>th</sup> day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.

Financial institutions tax – same laws as corporate income taxes (see above) for making payments.

Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20<sup>th</sup> day after the end of the month collected.

Inheritance tax – except as otherwise provided in IC 6-4.1-6-6(b), the inheritance tax imposed as a result of a decedent's death is due twelve (12) months after the person's date of death.

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

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

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

### **3. Interfund Transactions and Balances**

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

Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund.

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

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

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

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

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

### **4. Inventories and Prepaid Items**

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

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

### **5. Restricted Net Position**

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

### **6. Capital Assets**

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

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

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

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

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

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

INDOT projects are capitalized based on capitalization and preservation percentages assigned to three hundred seventy-seven (377)

work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

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

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

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

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

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

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

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that either

prohibits sale or requires the proceeds from sales of collection items to be used to acquire other items for collections.

The State’s major collections are:

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

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

**7. Compensated Absences**

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

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

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



the deferred compensation program's 401(a) plan at 60% of the employee's hourly rate. Employees of the legislative branch of government have elected to participate in this program for FY 2013.

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

### **8. Long-Term Obligations**

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

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

### **9. Fund Balance**

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

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

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

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

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

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

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

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Deficit Fund Equity

At June 30, 2013, various funds had a deficit fund balance caused by overdrafts from pooled cash and investments and the posting of accruals to the

balance sheet. Temporary cash overdrafts are reported as interfund loans from the general fund.

Fund	Overdraft from pooled cash	Accrual deficits
<b>Governmental Funds</b>		
US Department of Transportation	\$ -	\$ (26,924)
US Department of Health & Human Services	(80,620)	(12,598)
US Department of Education	-	(55,798)
S&S Children Home Construction	(709)	-

#### B. Fund Balance

The State of Indiana reports its fund balances for governmental funds as nonspendable, restricted, committed, assigned, and unassigned. The detail

of the fund balance classifications at June 30, 2013 is as follows:

	Major Special Revenue Funds			
	General Fund	Public Welfare - Medicaid Assistance Fund	Major Moves Construction Fund	Non-Major Funds
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	\$ -	\$ -	\$ -	\$ 520,665
<b>Restricted:</b>				
Administration	378,559	-	-	-
<b>Committed:</b>				
Administration	-	-	-	7,426
Public Health	-	-	-	316,290
Economic Development	6,030	-	-	11,270
Environmental	-	-	-	561
Natural Resources	-	-	-	468
Higher Education	-	-	-	4
Secondary Education	-	-	-	564,681
Roads & Bridges	-	-	-	166,166
Other Purposes	-	-	-	14,818
<b>Assigned:</b>				
Administration	72,575	-	-	209,474
Corrections	46,195	-	-	10,676
Police & Protection	11,277	-	-	190,802
Mental Health	-	-	-	62,061
Public Health	22	416,762	-	276,447
Child Services	205,713	-	-	133,753
Disability & Aging	3	-	-	9,445
Economic Development	862	-	-	43,516
Environmental	552	-	-	96,334
Natural Resources	249	-	-	105,755
Higher Education	-	-	-	23,582
Secondary Education	5,311	-	-	29,698
Roads & Bridges	81	-	774,481	374,465
Capital Outlay	92,884	-	-	70,015
Other Purposes	1,762	-	-	48,600
Encumbrances	759,540	-	-	-
<b>Unassigned:</b>	1,756,635	-	-	(176,649)
<b>Total fund balance</b>	<b>\$ 3,338,250</b>	<b>\$ 416,762</b>	<b>\$ 774,481</b>	<b>\$ 3,110,323</b>

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits, Investments and Securities Lending

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

##### Investment Policy

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the PERF policy in note IV(A)3. There are no formal deposit or investment policies for the investment of these

funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

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

##### Interest Rate Risk

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2013:

Primary Government Investment Type	Fair Value Totals	Investment Maturities (in Years)		
		Less than 1	1 - 5	6 - 10
U.S. Treasuries	\$ 627,108	\$ 627,108	\$ -	\$ -
U.S. Agencies	3,040,659	2,550,623	490,036	-
Supranationals	168,549	168,549	-	-
Municipal Bonds	37,570	19,386	-	18,184
Local Govt Investment Pool	200,015	200,015	-	-
Non-U.S. Fixed Income	35,120	5,015	30,105	-
Certificate of Deposits	144,008	141,408	2,600	-
Money Market Mutual Funds	519,009	519,009	-	-
<b>Total</b>	<b>\$ 4,772,038</b>	<b>\$ 4,231,113</b>	<b>\$ 522,741</b>	<b>\$ 18,184.00</b>

##### Custodial Credit Risk

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

At June 30, 2013, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

*Credit Risk*

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

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities as of June 30, 2013. It

reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment:

Primary Government		
Investment Type	Greatest Risk Rating	Fair Value
U.S. Treasuries	AA	\$ 627,108
U.S. Agencies	AA	3,040,659
Supranationals	AAA	168,549
Certificate of Deposits	NR	144,008
Municipal Bonds	NR	37,570
Non-US Fixed Income Bonds	A	35,120
Local Govt Investment Pool	NR	200,015
Money Market Mutual Funds	AAA	519,009
<b>Total</b>		<b><u>\$4,772,038</u></b>

*Concentration of Credit Risk*

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

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

FHLMC	9.22%	\$556,143
FHLB	21.55%	\$1,299,448
FNMA	11.71%	\$706,080

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2013, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

### Securities Lending

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

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

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

Cash collateral may be invested. Cash collateral is

generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2013 was 26 days. The contracts with the State's custodians requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

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

As of June 30, 2013, the fair values of the underlying securities on loan were:

<b>Security Type</b>	<b>Fair Value</b>
U.S. Governments	\$ 430,041
U.S. Agencies	239,478
<b>Total</b>	<b>\$ 669,519</b>

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

<b>Security Type</b>	<b>Fair Value</b>
U.S. Governments	\$ 440,036
U.S. Agencies	244,310
<b>Total</b>	<b>\$ 684,346</b>

Collateral percentage: 102.21%

<b>Collateral Type</b>	<b>Fair Value</b>
Non-cash collateral	\$ 237,932
Cash collateral	446,414
<b>Total</b>	<b>\$ 684,346</b>

### **Major Moves Construction Fund/Next Generation Trust Funds**

#### *Investment Policy*

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Generation Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and

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

portfolio and not more than 10% of a Core Plus Fixed Income Investment Manager's portfolio.

#### *Interest Rate Risk*

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

The following table provides the interest rate risk disclosure for the Major Moves/Next Generation Trust Fund as of June 30, 2013:

Major Moves/Next Generation Funds					
Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6- 10	More than 10
U.S Treasuries	\$ 248,704	\$ 60,528	\$ 144,786	\$ 22,976	\$ 20,414
U.S. Agencies	18,104	384	11,115	4,428	2,177
Government Asset and Mortgage Backed Collateralized Mortgage Obligations	110,265	-	3,627	3,113	103,525
Government CMOs	32,828	-	4,752	10,226	17,850
Corp CMOs	16,411	11	440	1,858	14,102
Corporate Bonds	452,535	136,015	230,323	63,277	22,920
Corporate Asset Backed	89,299	1,316	35,270	8,116	44,597
Private Placements	231,370	24,074	147,197	40,149	19,950
Municipal Bonds	20,479	8,673	8,434	2,678	694
Commercial Paper	27,170	27,170	-	-	-
Non US Government/Corp Bonds	40,943	10,946	6,414	11,508	12,075
Mutual Funds	58,580	58,580	-	-	-
	<u>\$ 1,346,688</u>	<u>\$ 327,697</u>	<u>\$ 592,358</u>	<u>\$ 168,329</u>	<u>\$ 258,304</u>

#### *Custodial Credit Risk*

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

At June 30, 2013, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investment Custodial Credit Risk – The custodial

credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians

failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

#### Credit Risk

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

The investment managers must adhere to the following guidelines:

#### Intermediate and Core Fixed Income Managers

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

#### Core Plus Fixed Income Managers

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

#### Hybrid Fixed Income Managers

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

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2013. It reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three

nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment.

Major Moves/Next Generation Funds		
Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Treasuries	AA	\$ 248,704
U.S. Agencies	AA	17,785
	A	319
Government Asset And Mortgage Backed	AA	74,562
	NR	35,703
Collateralized Mortgage Obligations:		
Government CMO's	AAA	34,105
	NR	(1,277)
Corporate CMO's	AAA	4,040
	AA	1,445
	A	1,115
	BBB	2,142
	BB	903
	B	535
	CCC&Below	6,231
Non US Govt/Corp Bonds	A	2,075
	BBB	24,249
	BB	1,035
	B	1,701
	NR	11,883
Corporate Bonds	AAA	596
	AA	35,656
	A	175,982
	BBB	172,762
	BB	28,762
	B	26,972
	CCC&Below	8,816
	NR	2,989
Corporate Asset and Mortgage Backed	AAA	66,566
	AA	10,123
	A	6,991
	BBB	736
	BB	2,116
	B	940
	CCC&Below	1,827
Private Placements	AAA	35,288
	AA	15,487
	A	16,095
	BBB	29,219
	BB	12,079
	B	25,191
	CCC&Below	13,792
	NR	84,219
Commercial Paper	AA	25,177
	A	1,993
Municipal Bonds	AAA	749
	AA	9,359
	A	9,358
	BBB	804
	NR	209
Money Market Mutual Funds	NR	58,580
Total		\$ 1,346,688



### Concentration of Credit Risk

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

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

FNMA 6.83% \$90,539

### Foreign Currency Risk

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

Currency	Combined Total	% of Total Market Value
Brazil Real	\$ 3,976	0.30%
Chilean Peso	812	0.06%
Columbian Peso	2,003	0.15%
Euro	168	0.01%
Indonesian Rupian	51	0.01%
Japanese Yen	(3,531)	-0.27%
Malaysian Ringgit	34	0.00%
Mexico New Peso	6,782	0.51%
New Turkish Lira	2,397	0.18%
Philippines Peso	1,489	0.11%
Polish Zloty	996	0.08%
Pound Sterling	(1,584)	-0.12%
Russian Rubel	2,407	0.18%
South African Comm R	1,408	0.11%
Swiss Franc	16	0.00%
Uruguayan Peso	2,645	0.20%
Others	8	0.00%
Total	\$ 20,077	1.51%

### Securities Lending

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

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

### TrustIndiana, Local Government Investment Pool (Investment Trust Funds)

#### Investment Policy

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

#### Valuation of Investments

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

#### Interest Rate Risk

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2013:

<b>TrustIndiana - Local Government Investment Pool</b>		
<b>Investment Type</b>	<b>Amortized Cost</b>	<b>Investment Maturities (in Years)</b>
		<b>Less than 1</b>
U.S. Agencies	\$ 59,803	\$ 59,803
Supranationals	16,569	16,569
Commercial Paper	97,314	97,314
Money Market Mutual Funds	<u>3,627</u>	<u>3,627</u>
<b>Total</b>	<b>\$ <u>177,313</u></b>	<b>\$ <u>177,313</u></b>

#### *Custodial Credit Risk*

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

At June 30, 2013, the balance of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

#### *Credit Risk*

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

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

<b>TrustIndiana - Local Government Investment Pool</b>		
<b>Investment Type</b>	<b>Greatest Risk</b>	
	<b>Ratings</b>	<b>Fair Value</b>
U.S. Agencies	AA+	\$ 59,803
Supranationals	AAA	16,569
Commercial Paper	A1	97,314
Money Market Mutual Funds	AAA	<u>3,627</u>
<b>Total</b>		<b>\$ <u>177,313</u></b>

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustIndiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition,

TrustIndiana limits its investments in any one issuer to 40% of net assets if the issuer is rated A1+/P1 and 25% of net assets if the issuer is rated A1/P1. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

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

FHLB	8.43%	\$	33,134
FRMC	5.90%	\$	23,196

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current market value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2013, there were no securities on loan and therefore, no credit risk exposure.

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

### State Police Pension Fund

#### Investment Policy

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

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

The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish

investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute.

#### Credit Risk

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

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

State Police Pension Fund		
Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Treasuries	AA	\$ 5,423
U.S. Agencies	AA	621
U.S. Agencies Assets and Mortgage Backed Securities	AA	9,119
	NR	241
Collateralized Mortgage Obligations		
Corporate CMO's	AAA	689
	A	153
	BBB	41
U.S. Agencies CMOs	AA	1,115
	NR	765
Corporate Bonds	AA	976
	A	4,797
	BBB	9,640
	BB	615
	B	989
	CCC & Below	117
Corporate Asset Backed	AAA	2,074
	AA	147
	A	573
	BBB	302
Private Placements	A	205
	BBB	419
Municipal Bonds	AAA	227
	AA	792
	A	804
	BBB	220
Mutual/Commingled Funds	NR	150,007
<b>Total</b>		<b>\$ 191,071</b>

*Custodial Credit Risk*

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

At June 30, 2013, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Indiana State Police Trust has eighteen different investments managers. Each investment manager is retained by the Trust to implement a specific investment style and strategy and shall adhere to the specific limitations on holdings outlined in each investment manager's securities guidelines. The securities guidelines for each investment manager is negotiated and agreed upon in writing on a case-by-case basis and referenced in Appendix D of the Investment Policy Statement.

At June 30, 2013, there were no investments in any one issuer that represents 5% or more of the total investments.

*Interest Rate Risk*

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6- 10	More than 10
U.S. Treasuries	\$ 5,423	\$ 400	\$ 796	\$ 3,357	\$ 870
U.S. Agencies					
Bonds	621	-	420	201	-
Mortgage Backed	9,360	-	147	598	8,615
Government CMO's	1,880	-	-	69	1,811
Collateralized Mortgage Obligations					
Corporate CMO's	883	-	-	211	672
Corporate Bonds	17,134	83	5,009	9,782	2,260
Corporate Asset Backed	3,096	114	324	-	2,658
Foreign Bonds	-	-	-	-	-
Private Placements	624	-	-	502	122
Municipal Bonds	2,043	235	299	690	819
Mutual/Commingled Funds	150,007	103,855	-	-	46,152
<b>Total Fixed Income Securities</b>	<b>\$ 191,071</b>	<b>\$ 104,687</b>	<b>\$ 6,995</b>	<b>\$ 15,410</b>	<b>\$ 63,979</b>

*Foreign Currency Risk*

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

<b>Currency</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
Australian Dollar	\$ 1	0.00%
Brazil Real	292	0.07%
Euro	1,414	0.32%
Hong Kong	2,600	0.59%
Indonesian Rupiah	186	0.04%
Japanese Yen	3,827	0.87%
Singapore Dollar	600	0.14%
S. African Rand	979	0.22%
Thailand Baht	(2)	0.00%
<b>Total</b>	<b>\$ 9,897</b>	<b>2.26%</b>

*Securities Lending*

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise. The market value of the required collateral must be in an amount at least equal to 102% of the current market value of the loaned securities.

As of June 30, 2013, the State Police Pension Trust did not have any securities on loan and therefore, no credit risk exposure.

**State Employee Retiree Health Benefit Trust Fund-DB***Investment Policy*

The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund, the SPD OPEB Trust Fund, the DNR OPEB Trust Fund, and the ATC/Excise OPEB Trust Fund.

The State Police Retiree Health Benefit Trust Fund consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are

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

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

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

The SPD, DNR, and the ATC/Excise OPEB Trust Funds were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPD OPEB Trust Fund. The Department of Natural Resources administers the DNR OPEB Trust Fund. The ATC/Excise OPEB Trust Fund is administered by the Alcohol and Tobacco Commission. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. The Treasurer of State shall invest monies in these trust funds not currently needed to meet the obligations of the trust funds in the same manner as other public money may be invested. Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

*Credit Risk*

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

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

<b>State Employee Retiree Health Benefit Trust Funds - DB</b>		
<b>Investment Type</b>	<b>Greatest Risk</b>	
	<b>Ratings</b>	<b>Fair Value</b>
U.S. Agencies	AA+	68,128
<b>Total</b>		<b>\$ 68,128</b>

*Custodial Credit Risk*

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

At June 30, 2013, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

*Concentration of Credit Risk*

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

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

FHLB	88.16%	\$60,065
FHLMC	10.51	7,158

*Foreign Currency Risk*

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

*Securities Lending*

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

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

*Interest Rate Risk*

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2013:

State Employee Retiree Health Benefit Trust Fund - DB Plans			
Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
U.S. Agencies	68,128	60,164	7,964
<b>Total</b>	<b>\$ 68,128</b>	<b>\$ 60,164</b>	<b>\$ 7,964</b>

**State Employee Retiree Health Benefit Trust Fund-DC**

*Investment Policy*

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the State Retiree Health Benefit Trust Fund-DC has separate investment authority as established under Indiana Code 5-10-8-8.5 (b). The Treasurer of State shall invest the money in the trust fund not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

*Credit Risk*

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

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

State Employee Retiree Health Benefit Trust Fund-DC		
Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Agencies	AA+	\$210,030
Supranationals	AAA	10,005
<b>Total</b>		<b>\$220,035</b>

*Custodial Credit Risk*

Deposits – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to

recover collateral securities that are in the possession of an outside party.

At June 30, 2013, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

*Concentration of Credit Risk*

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

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

Federal Home Loan Banks	45.46%	\$ 100,027
Federal Home Loan Mortgage Corporation	15.98%	35,170
Federal National Mortgage Association	22.66%	49,851
Federal Agriculture Mortgage Corporation	6.81%	14,994

*Foreign Currency Risk*

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

### Securities Lending

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

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

### Interest Rate Risk

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2013:

State Employee Retiree Health Benefit Trust Fund - DC			
Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
U.S. Agencies	\$210,030	\$ 144,995	\$ 65,035
Supranationals	10,005	5,008	4,997
<b>Total</b>	<b>\$220,035</b>	<b>\$ 150,003</b>	<b>\$ 70,032</b>

### 3. Pension Trust Funds – Fiduciary in Nature Component Unit

#### Indiana Public Retirement System

##### Investment Guidelines and Limitations

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

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets

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

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

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

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

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

##### Custodial Credit Risk

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



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

There was no custodial credit risk for investments including investments related to securities lending collateral as of June 30, 2013.

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

of State are entirely insured. Deposits held with the investment custodian are insured up to \$250 thousand. Deposits held with counterparties are carried at cost and are not insured or collateralized.

<b>Cash Deposits</b>	<b>Total</b>
Demand Deposit Account – Bank Balances	\$ 10,001
Held with Treasurer of State	1,234
Held with Counterparties	227,713
<b>Total</b>	<b>\$ 238,948</b>

#### *Interest Rate Risk*

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

As of June 30, 2013 the debt securities had the following duration information:

<b>Debt Security Type</b>	<b>Fair Value 6/30/2013</b>	<b>% of All Debt Securities</b>	<b>Portfolio Weighted Average Effective Duration (Years)</b>
<b>Short Term Investments</b>			
Cash at Brokers	\$ 227,648	1.7%	-
Money Market Sweep Vehicle	983,930	7.5%	0.01
Commercial Paper	9,692	0.1%	0.16
U.S. Treasury Obligations	183,284	1.4%	0.22
U.S. Agencies	43,070	0.3%	0.14
Non-U.S. Government	19,612	0.2%	0.13
<b>Total Short Term Investments</b>	<b>1,467,236</b>	<b>11.2%</b>	
<b>Fixed Income Investments</b>			
U.S. Governments	3,720,035	28.4%	8.94
Non-U.S. Government	1,361,258	10.4%	7.51
U.S. Agencies	1,029,359	7.9%	3.68
Corporate Bonds	3,496,484	26.7%	4.68
Asset-Backed Securities	834,536	6.4%	1.16
Commingled Fixed Income Funds	8,493	0.1%	3.79
Duration Not Available	1,186,224	8.9%	N/A
<b>Total Fixed Income Investments</b>	<b>11,636,389</b>	<b>88.8%</b>	
<b>Total Debt Securities</b>	<b>\$13,103,625</b>	<b>100.0%</b>	

The \$1,186 million, for which no duration was available, is primarily made up of commingled debt funds.

### Credit Risk

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

The quality rating of investments in debt securities as described by Moody's at June 30, 2013 is as follows:

<b>Moody's Rating</b>	<b>Total</b>	<b>Percentage of All Debt Securities</b>
Aaa	\$ 1,058,622	8.1%
US Government Guaranteed	4,756,243	36.3%
Aa	953,678	7.3%
A	1,117,185	8.5%
Baa	1,898,222	14.5%
Ba	309,353	2.3%
B	209,712	1.6%
Below B	77,789	0.6%
Unrated	2,722,821	20.8%
<b>Total</b>	<b>\$ 13,103,625</b>	<b>100.0%</b>

The \$2,723 million not rated by Moody's is primarily in the following security types: cash at broker, money market sweep vehicles, asset-backed securities, commercial mortgages, CMO/Remics and commingled debt funds.

### Concentration of Credit Risk

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

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

No investment manager shall manage more than 10 percent of the system's assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no

investment manager shall be allowed to manage in excess of 15 percent of the systems' assets in actively managed portfolios without Board approval.

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

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

At June 30, 2013, single issuer exposure in the portfolio did not exceed 5 percent of the total net investments.

### Foreign Currency Risk

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

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

INPRS has exposure to foreign currency fluctuation as follows:

<b>Currency</b>	<b>Short Term Investments</b>	<b>Debt Securities</b>	<b>Equity Securities</b>	<b>Other Investments</b>	<b>Grand Total</b>	<b>% of Total</b>
Australian Dollar	\$ 347	\$ 17,777	\$ 81,705	\$ (36,511)	\$ 63,318	0.2%
Brazilian Real	203	26,045	13,940	22,835	63,023	0.2
Canadian Dollar	996	90,257	82,379	(88,895)	84,737	0.3
Chilean Peso	-	4,473	-	(5,343)	(870)	-
Chinese R Yuan HK	-	-	-	(4,134)	(4,134)	-
Chinese Yuan Renminbi	-	-	20	193	213	-
Colombian Peso	-	12,801	590	(1,358)	12,033	-
Czech Koruna	76	-	3,895	(6,415)	(2,444)	-
Danish Krone	82	-	16,677	-	16,759	0.1
Egyptian Pound	-	-	478	-	478	-
Euro Currency Unit	4,725	557,619	519,941	(337,438)	744,847	2.7
Hong Kong Dollar	493	-	137,850	-	138,343	0.5
Hungarian Forint	24	6,023	710	2,912	9,669	-
Indian Rupee	29	-	24,856	12	24,897	0.1
Indonesian Rupiah	66	14,082	3,101	3,855	21,104	0.1
Israeli Shekel	12	-	2,130	-	2,142	-
Japanese Yen	15,341	48,872	404,659	(72,072)	396,800	1.4
Malaysian Ringgit	42	20,011	5,149	18,475	43,677	0.2
Mexican Peso	5,882	38,034	4,361	(7,328)	40,949	0.1
New Taiwan Dollar	440	7	29,416	(259)	29,604	0.1
New Turkish Lira	26	23,331	25,115	(3,248)	45,224	0.2
New Zealand Dollar	27	7,846	1,911	491	10,275	-
Nigerian Naira	1,453	2,156	-	-	3,609	-
Norwegian Krone	161	40	31,011	34,588	65,800	0.2
Peruvian Nuevo Sol	-	2,179	-	278	2,457	-
Philippine Peso	18	8,971	2,051	1,724	12,764	-
Polish Zloty	353	13,341	1,658	1,705	17,057	0.1
Pound Sterling	6,552	272,418	319,815	(277,127)	321,658	1.2
Romania Leu	1	1,602	-	-	1,603	-
Russian Rubel	-	15,948	-	5,569	21,517	0.1
S. Africa Comm Rnd	210	14,487	19,842	6,810	41,349	0.1
Singapore Dollar	40	-	33,128	(1,217)	31,951	0.1
South Korean Won	58	177	61,732	1,784	63,751	0.2
Swedish Krona	1,447	61,675	67,469	(62,251)	68,340	0.2
Swiss Franc	2,189	(27)	132,424	(8,153)	126,433	0.5
Thai Baht	95	12,781	15,649	855	29,380	0.1
Uruguayan Peso	-	1,066	-	-	1,066	-
<b>Held in Foreign Currency</b>	<b>\$ 41,388</b>	<b>\$ 1,273,992</b>	<b>\$ 2,043,662</b>	<b>\$ (809,663)</b>	<b>\$ 2,549,379</b>	<b>9.0%</b>

The foreign currency figures are comprised of all of the assets within the investment portfolio. The short term investment, debt securities and equity securities include accruals. Other investments include foreign holdings of other investments, derivatives and receivables/payables.

#### *Securities Lending*

Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which certain securities held by the custodian on behalf of INPRS may be loaned. The statute requires that collateral initially in

excess of the total market value of the loaned securities must be pledged by the borrower and must be maintained at no less than the total market value of the loaned securities.

The purpose of such a program is to provide additional revenue for the Consolidated Defined Benefits Assets. The INPRS Investment Policy Statement requires that collateral securities and cash be initially pledged at 102 percent of the market value of the securities lent for domestic securities and 105 percent for international securities. No more than 40 percent of the Consolidated Defined Benefit Assets may be lent at one time. The custodian bank and/or its securities

lending sub-agents provide 100 percent indemnification of the Consolidated Defined Benefit Assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral cannot be pledged or sold unless the borrower defaults. INPRS retains the market value risk with respect to the investment of the cash collateral.

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

<b>Securities Lending as of June 30, 2013</b>	
Market value of securities on loan	<u>\$ 1,849,234</u>
Fair value of cash and non-cash collateral by investment type:	
U.S. Governments	\$ 1,076,460
Corporate Bonds	143,000
International Bonds	40,743
Domestic Equities	470,901
International Equities	<u>168,746</u>
Fair value of cash and non-cash collateral	1,899,850
Fair value of non-cash collateral that is not included in the Statements of Fiduciary Plan Net Position	<u>819,303</u>
Fair value of cash collateral (liability to borrowers)	1,080,547
Fair value of reinvested cash collateral by type:	
Commercial Paper	98,527
Repurchase Agreements	547,038
U.S. Agencies	79,022
Floating Rate Notes	298,724
Certificate of Deposits	<u>57,236</u>
Fair value of reinvested cash collateral	<u>1,080,547</u>
Net unrealized gain	<u>\$ -</u>

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2013 is as follows:

<b>Standard and Poor's Rating</b>	<b>Fair Value of Reinvested Cash Collateral</b>	<b>Percent of Portfolio</b>
A-1 and A-1+	\$ 234,756	21.7
AAA	5,407	0.5
AA+	16,029	1.5
AA-	228,467	21.1
A+	48,821	4.5
Unrated	547,087	50.7
<b>Total</b>	<b><u>\$ 1,080,567</u></b>	<b><u>100.0</u></b>

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

#### *Repurchase Agreements*

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

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

The amounts held at June 30, 2013, exclusive of securities lending reinvested cash collateral, are as follows:

<b>Repurchase Agreements by Collateral Type</b>	<b>Cash Collateral Received</b>	<b>Market Value</b>
U.S. Agencies	\$ 16,600	\$ 16,957
U.S. Treasury	12,200	12,454
<b>Total Repurchase Agreements</b>	<b><u>\$ 28,800</u></b>	<b><u>\$ 29,411</u></b>
<b>Reverse Repurchase Agreements by Collateral Type</b>	<b>Market Value</b>	<b>Cash Collateral Posted</b>
U.S. Treasury	\$ 11,112	\$ 11,060
US Inflation Linked Bonds	161,494	163,745
<b>Total Reverse Repurchase</b>	<b><u>\$ 172,606</u></b>	<b><u>\$ 174,805</u></b>

#### *Derivative Financial Instruments*

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The fair value of all derivative financial

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

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

### **Futures**

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

INPRS' investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, INPRS' investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.

As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

### **Options**

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

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

Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange traded options is determined based upon quoted market prices.

The fair value of over the counter options is determined by external pricing services, using various proprietary methods, based upon the type of option.

### **Swaps**

#### Interest Rate Swaps

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

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value is determined by external pricing services using various proprietary methods.

#### Inflation Swap

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

#### Credit Default Swaps

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

Credit default swaps are used to achieve the desired credit exposure of a security or basket of

securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk. The fair value is determined by external pricing services using various proprietary methods.

## Forwards

### Foreign Currency

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the

trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

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

The tables below summarize INPRS' derivative contracts for the year ending June 30, 2013:

Investment Derivatives	Changes in Fair Value	Fair Value	Notional (USD)
<b>Listed Futures:</b>			
Equity Index	\$ (11,062)	\$ (11,062)	\$ 499,854
Commodity	(46,030)	(46,030)	1,030,053
Bond	(6,743)	(6,672)	106,577
Currency	41	155	52,511
Interest Rate	(377)	(377)	291,364
<b>Total Listed Futures</b>	<b>(64,171)</b>	<b>(63,986)</b>	<b>1,980,359</b>
<b>Options:</b>			
<b>Listed</b>			
Currency	286	29	36,565
Subtotal Listed	286	29	36,565
<b>OTC</b>			
Swaptions	6,735	30,650	1,029,320
Subtotal OTC	6,735	30,650	1,029,320
<b>Total Options</b>	<b>7,021</b>	<b>30,679</b>	<b>1,065,885</b>
<b>Swaps:</b>			
<b>OTC</b>			
Interest Rate Swaps	(6,015)	(7,013)	1,815,195
Inflation Swaps	12	126	38,885
Equity Index	2	-	200
Credit Default Swaps Single Name	759	913	153,706
Credit Default Swaps Index	1,112	990	367,464
<b>Total Swaps</b>	<b>(4,130)</b>	<b>(4,984)</b>	<b>2,375,450</b>
<b>Total</b>	<b>\$ (61,280)</b>	<b>\$ (38,291)</b>	<b>\$ 5,421,694</b>

Swap Type	Swap Maturity Profile at June 30, 2013					Total
	< 1 yr	1 - 5 yrs	5 - 10 yrs	10 - 20 yrs	20 + yrs	
Interest Rate Swaps	\$ -	\$ (3,224)	\$ (2,273)	\$ (17,284)	\$ 15,768	\$ (7,013)
Inflation Swaps	-	-	-	126	-	126
Credit Default - Single Name	1	1,207	405	(147)	(553)	913
Credit Default - Index	(450)	(354)	-	-	1,794	990
<b>Total Swap Fair Value</b>	<b>\$ (449)</b>	<b>\$ (2,371)</b>	<b>\$ (1,868)</b>	<b>\$ (17,305)</b>	<b>\$ 17,009</b>	<b>\$ (4,984)</b>

Credit Default Swaps				
Investment Type		Reference	Fair Value	Notional
Single Name	Seller Protection	Various	\$ (947)	\$ 61,660
Single Name	Buyer Protection	Various	1,860	92,046
<b>Total CDS - Single Name</b>			<b>\$ 913</b>	<b>\$ 153,706</b>
Index	Bought	CDX IG	\$ (1,497)	\$ 216,700
Index	Sold	CDX IG	\$ 875	\$ 95,475
Index	Bought	CDX ABX	2,424	8,218
Index	Sold	CDX CMBX	(631)	15,700
Index	Bought	CDX HY	(571)	17,391
Index	Sold	CDX HY	365	11,560
Index	Bought	CDX ITRAXX	25	2,420
<b>Total CDS - Index</b>			<b>\$ 990</b>	<b>\$ 367,464</b>

### Credit Risk

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

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and

certain event of default and mutual termination provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the Fund would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in an unrealized gain position at June 30, 2013, was \$39.2 million of which \$15.1 million was uncollateralized.

The tables below summarize INPRS's swap positions as of June 30, 2013:

Swaps Counterparty	S&P Rating	Fair Value			Collateral	
		Receivable/ Unrealized Gain	Payable/ (Unrealized Loss)	Total Fair Value	Posted	Received
Bank of America	A-	\$ 2,927	\$ (5,669)	\$ (1,491)	\$ 260	\$ (1,550)
Barclays	A	1,641	(3,315)	(2,059)	861	(300)
BNP Paribas Securities Corp	A+	60	-	71	-	-
Citibank	A-	1,459	(5,168)	(850)	-	(14,158)
CME Central	AA-	673	(67)	431	8	-
Credit Suisse	A	9,075	(7,941)	(2,678)	3,695	(430)
Deutsche Bank	A+	4,978	(7,457)	(5,057)	-	(8,549)
Goldman Sachs	A-	13,751	(3,513)	11,449	640	(13,670)
HSBC Securities Inc	A+	10	(5)	(5)	-	-
Intercontinental Exchange, Inc.	A	98	(75)	(72)	-	-
JPMorgan Chase Bank	A	3,501	(3,893)	327	-	(650)
Morgan Stanley Capital Services	A-	410	(14)	384	-	(2,078)
Royal Bank of Canada (RBC)	AA-	623	(641)	6	-	(650)
UBS	A	3	(6,533)	(5,440)	-	(370)
<b>Grand Total</b>		<b>\$ 39,209</b>	<b>\$ (44,291)</b>	<b>\$ (4,984)</b>	<b>\$ 5,464</b>	<b>\$ (42,405)</b>

### Interest Rate Risk

The Fund has exposure to interest rate risk due to

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

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

Reference Rate	Fair Value	Notional
<b>Interest Rate Swap:</b>		
Pay Variable 3M CDOR / Receive Fixed Various 1.75% to 3.04%	\$ (992)	\$ 34,931
Pay Fixed Various 2.99% to 3.23% / Receive Variable 3M CDOR	1,131	14,740
Pay Fixed Various 1.75% to 2.75% / Receive Variable 3M STIBOR	361	14,142
Pay Variable 3M STIBOR / Receive Fixed 2.75%	(226)	9,552
Pay Fixed Various 1.93% to 3.00% / Receive Variable 6M EURIBOR	(278)	29,351
Pay Variable 6M EURIBOR / Receive Fixed Various 0.60% to 3.00%	90	178,170
Pay Fixed Various 2.50% to 4.00% / Receive Variable 6M NIBOR	28	14,472
Pay Variable 6M NIBOR / Receive Fixed 4.00%	12	6,015
Pay Fixed 3.50% / Receive Variable 6M BBSW	178	14,655
Pay Variable 6M BBSW / Receive Fixed 3.50%	(58)	4,760
Pay Fixed Various 3.50% to 4.00% / Receive Variable 3M NZD	323	8,518
Pay Variable BBSW / Receive Fixed Various 3.50% to 4.00%	(5,418)	159,546
Pay Variable 1D BRL CDI / Receive Fixed Various 8.86% to 10.67%	(674)	24,621
Pay Fixed Various 3.00% to 3.19% / Receive Variable 3M KRW	177	8,047
Pay Fixed Various 5.33% to 5.36% / Receive Variable CLP	10	449
Pay Variable Brazil CETIP / Receive Fixed Various 8.16% to 10.36%	(217)	8,918
Pay Fixed 3.50% / Receive Variable 3M NFIX3FRA	58	2,178
Pay Variable CPTW90DY / Receive Fixed 1.49%	7	1,190
Pay Variable 6M GBP-LIBOR / Receive Fixed Various 1.00% to 3.00%	(6,738)	250,780
Pay Fixed Various 1.00% to 3.00% / Receive Variable 6M GBP-LIBOR	15,920	221,579
Pay Variable 1M MXN-TIE BANXICO / Receive Fixed Various 5.63% to 7.81%	(369)	11,424
Pay Variable 3M ZAR-JIBAR_SAFEX / Receive Fixed Various 6.52% to 7.17%	(535)	7,384
Pay Variable 3M USD-LIBOR / Receive Fixed Various 1.00% to 3.17%	(14,685)	271,152
Pay Fixed Various 0.50% to 3.00% / Receive Variable 3M USD-LIBOR	9,746	407,351
Pay Variable BZDIOVRA / Receive Fixed Various 8.88% to 8.94%	(4,864)	111,270
	\$ (7,013)	\$ 1,815,195
<b>Inflation Swap:</b>		
Receive 2.15% / Pay France CPI Ex Tobacco	126	3,700
Put 2.00% Inflation Rate Cap / UL US CPI Urban Consumers	-	35,185
	\$ 126	\$ 38,885



### Foreign Currency Risk

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

At June 30, 2013, INPRS' investments included the following currency forwards balances:

Forward Currency Contract Receivables	\$ 2,017.1
Forward Currency Contract Payables	2,004.7

*Long Term Commitments for Alternative Investments* – INPRS enters into long term commitments for funding other investments in private equity and private real estate. These amounts include Euro-currency denominated, Norwegian Krone denominated and British Pound Sterling denominated commitments to limited liability partnerships. The remaining amount of

unfunded commitments, converted to U.S. dollars using the closing exchange rate, as of June 30, 2013 is as follows:

<b>Currency</b>	<b>Total Unfunded Commitments</b>
Euro Currency Unit	\$ 74,248
Norwegian Krone	11,675
British Pound Sterling	1,504
U.S. Dollar	1,873,353
<b>Total</b>	<b>\$ 1,960,780</b>

## B. Interfund Transactions

### Interfund Loans

As explained in Note III(A), temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2013, the following funds had temporary cash overdrafts covered by loans from the General Fund: US DHHS

Fund, \$80.6 million, and S&S Children's Home Construction Fund, \$0.7 million. Also, reported is an \$8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund.

The following is a summary of the Interfund Loans as of June 30, 2013:

<u>Interfund Loans - Current</u>		
	Loans To Governmental Funds	Loans From Governmental Funds
<b>Governmental Funds</b>		
General Fund	\$ 81,329	\$ -
Nonmajor Governmental Funds	8,000	89,329
<b>Total Governmental Funds</b>	<u>89,329</u>	<u>89,329</u>
<b>Total Interfund Loans</b>	<u>\$ 89,329</u>	<u>\$ 89,329</u>

### Interfund Services Provided/Used

Interfund Services Provided of \$8.3 million represents amounts owed by various governmental funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both

internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2013:

<u>Interfund Services Provided/Used</u>		
	Interfund Services Provided To Governmental Funds	Interfund Services Used By Governmental Funds
<b>Governmental Funds</b>		
General Fund	\$ -	\$ 3,480
Nonmajor Governmental Funds	-	4,844
<b>Total Governmental Funds</b>	<u>-</u>	<u>8,324</u>
<b>Proprietary Funds</b>		
Internal Service Funds	8,324	-
<b>Total Proprietary Funds</b>	<u>8,324</u>	<u>-</u>
<b>Total Interfund Services Provided/Used</b>	<u>\$ 8,324</u>	<u>\$ 8,324</u>

## Due From/Due To

The \$50.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. Per Public Law 93-2013, Section 4, repayments to the Indiana Board for Depositories are to be made in annual

increments of \$5.0 million each July beginning July 2013. The interfund balance of \$3.4 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund.

The following is the schedule of Due From/Due To of component units, as of June 30, 2013:

<b>Component Units</b>				
	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
<b>Governmental Funds</b>				
General Fund	\$ -	\$ 50,000	\$ -	\$ -
Nonmajor Governmental Funds	-	-	3,389	-
Total Governmental Funds	-	50,000	3,389	-
<b>Component Units</b>				
Board for Depositories	50,000	-	-	-
State Lottery Commission	-	-	-	3,389
Total Component Units	50,000	-	-	3,389
<b>Total Due From/To</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 3,389</b>	<b>\$ 3,389</b>

## Interfund Transfers

### Major Governmental Funds

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

**General Fund** – \$569.9 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. \$550.5 million was transferred in from the Medicaid Assistance Fund of which \$292.1 million was returned to the Medicaid State appropriation fund for the purpose of transferring \$145.0 million to the Medicaid Contingency and Reserve Account

and \$147.1 million to the County Adjusted Income Tax Distribution Fund, \$207.3 million was the State's share of hospital assessment fees, and \$51.1 million was qualifying assessment fees. The hospital assessment fees and qualifying assessment fees can only be used for the State's share of Medicaid services under Title XIX of the Social Security Act. The Build Indiana Fund transferred in \$236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. \$116.3 million was received from the Fund 6000 Programs Fund of which \$68.4 million was distribution of financial institutions tax per IC 6-5.5; \$24.1 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's receipts of resident fees and Medicaid reimbursements; \$11.8 million was the recapture of financial institutions tax based on the FIT distribution that would have been based on property tax levies that were assumed by the State in 2009; \$3.5 million was transferred in from permit fees collected from business that sell alcoholic beverages per IC 7.1-4-9-4; \$2.9 million was transferred in from the Tech Modernization and Upgrade Fund to make HEA 1001 (2008) Homestead Credit distributions to counties; \$2.8

million was transferred to the Office of Medicaid Policy and Planning's State Medicaid General Fund which was appropriation transfers from Indiana Veterans' Home Medicaid reimbursements; and \$2.8 million was transferred in from consumer and non-consumer settlements, unclaimed property litigation, and real estate appraiser licensing for the Office of the Indiana Attorney General. \$76.1 million was transferred to the Construction Post War capital projects fund to make lease payments and defease remaining bonds on the Rockville Correctional Facility and Pendleton Juvenile Correctional Facility and to eliminate the monthly usage fee at the New Castle Correctional Facility. \$39.1 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including developmental disabilities services provided by the FSSA's Division of Disability and Rehabilitative Services, the Children's with Special Health Care Needs program administered by the Indiana State Department of Health, and substance abuse prevention and treatment services through the FSSA's Division of Mental Health and Addition. The Motor Vehicle Commission Fund transferred \$17.9 million to the General Fund which was unobligated funds and its share of central service costs.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received \$2.046 billion in transfers for Medicaid current obligations and for Medicaid administration to enable the Office of Medicaid Policy and Planning to carry out all services under IC 12-8-6. These services include, but may not be limited to the provision of care and treatment for individuals with mental illness, developmental disability, long term care needs, and family and child services needs. \$311.5 million was transferred to the U.S. Department of Health and Human Services Fund in support of: \$120.6 million for Department of Child Services programs including adoption services grants, adoption assistance, special needs adoption, family and children services, administration (for case management, state, and county), Social Security Title IV-D services to needy families with children, the Indiana Support Enforcement Tracking System, the Indiana Child Welfare Information System, child welfare services state grants and training, and independent living; \$112.4 million for the Family and Social Services' Division of Family Resources for local offices, state administration, child care services, the temporary assistance for needy families program, and information systems; \$49.0 million for the State Medicaid program; \$11.2 million to the FSSA divisions of Aging and Disability

and Rehabilitative Services for developmental disabled client, children's prevention, and aging services, \$6.5 million for county prosecutors' and local judges' salaries; \$5.6 million for child psychiatric and other programs provided through the FSSA's Division of Mental Health and Addition; \$5.4 million for FSSA's central office; and \$0.8 million for other health and human services programs. \$250.0 million was transferred to the Indiana Commission for Higher Education's Division of Student Financial Aid mostly for the awarding of the State's grants and scholarships for Hoosier students to attend colleges. The Mental Health Center Fund received appropriation transfers in totaling \$96.6 million to fund services to adults who are seriously mentally ill in comprehensive community health centers and for the administration of services by the Department of Mental Health. The Build Indiana Fund received \$83.3 million from riverboat wagering taxes which went to the Lottery and Gaming Surplus Account. \$61.0 million was transferred from the General Fund to the Motor Vehicle Highway Fund primarily for State Police administration, pensions, and the forensic and health sciences laboratories. \$57.0 million was transferred to the Hospital Care for the Indigent Fund for the Hospital Care for the Indigent Program. \$55.4 million was transferred to the U.S. Department of Agriculture Fund of which \$50.5 million was for the Federal Food Stamp Program administered by FSSA's Division of Family Resources and \$4.9 million was the State's match for the National School Lunch program administered by the Indiana Department of Education's Division of School and Community Nutrition Programs. \$47.6 million was transferred to the Fund 6000 Programs Fund of which \$35.8 million was for the ENCOMPASS Project Fund, \$7.0 million was for Indiana State Police administration under the Excess Handgun License Fees Fund, \$2.8 million was for National Guard members' tuition scholarships made by the Indiana Commission for Higher Education's Division of Student Financial Aid, and \$2.0 million was for the Auditor of State's Technology Modernization and Upgrade Fund. \$41.3 million was received by the Indiana Department of Transportation for the Public Mass Transportation Fund, which is used for the promotion and development of public transportation.

**Medicaid Assistance Fund** – The Medicaid Assistance Fund had a transfer in of \$2.046 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. \$67.8 million was transferred in from the Medicaid Indigent Care Trust Fund, which is part of the U.S. Department of

Health and Human Services Fund, for reimbursement of hospital care for the indigent supplement payments made from the Medicaid Assistance Fund. \$39.0 million was transferred in from the Mental Health Centers Fund for reimbursement of services to the seriously mentally ill.

Transfers out included \$550.5 million to the General Fund of which \$292.1 million was returned to the Medicaid State appropriation fund for the purpose of transferring \$145.0 million to the Medicaid Contingency and Reserve Account and \$147.1 million to the County Adjusted Income Tax Distribution Fund. \$207.3 million was hospital assessment fees, and \$51.1 million was quality assessment fees. The hospital assessment fees and quality assessment fees can only be used for the State's share of Medicaid services under Title XIX of the federal Social Security Act.

**Major Moves Construction Funds** – The Major Moves Construction Fund had a transfer out of \$412.7 million to the State Highway Department for construction and maintenance of the State's highways, roads, and bridges.

**Proprietary Funds**

**Non-Major Enterprise Funds**

**The Inns and Concessions Fund** – This fund had transfers out of \$2.8 million, representing cash contributions to the Department of Natural Resources (DNR) which are to be used for repayments of bonds made by the Indiana Finance Authority.

**Internal Service Funds**

\$5.7 million was transferred to the Institutional Industries Fund to pay off their commissary building loan. \$0.5 million was transferred to the Administrative Services Revolving Fund from the pay phone fund to partially fund the Government Management Information Systems organization within the Indiana Office of Technology. \$0.1 million was transferred from the Institutional Industries Fund to the U.S. Department of Justice Fund as a closing entry at June 30, 2013. The Administrative Services Revolving Fund transferred \$0.02 million to the U.S. Department of Housing and Urban Development Fund as state match for an Indiana Office of Community and Rural Affairs grant.

A summary of interfund transfers for the year ended June 30, 2013 is as follows:

	<u>Operating transfers in</u>	<u>Operating transfers (out)</u>	<u>Net transfers</u>
<b>Governmental Funds</b>			
General Fund	\$ 1,682,779	\$ (3,199,135)	\$ (1,516,356)
Public Welfare-Medicaid Assistance Fund	2,163,546	(565,303)	1,598,243
Major Moves Construction Fund	-	(412,706)	(412,706)
Nonmajor Governmental Fund	2,479,143	(2,151,611)	327,532
<b>Proprietary Funds</b>			
Inns and Concessions	-	(2,769)	(2,769)
Internal Service Funds	6,198	(142)	6,056
<b>Total</b>	<u>\$ 6,331,666</u>	<u>\$ (6,331,666)</u>	<u>\$ -</u>

**C. Taxes Receivable/Tax Refunds Payable**

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

	<b>Governmental Activities</b>			<b>Total Primary Government</b>
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	
Income taxes	\$ 822,112	\$ -	\$ -	\$ 822,112
Sales taxes	771,239	1,182	-	772,422
Fuel taxes	-	93,848	-	93,848
Gaming taxes	1,016	12,531	-	13,546
Unemployment	-	-	-	-
Inheritance taxes	33,235	-	-	33,235
Alcohol and tobacco taxes	53,784	30,053	1,959	85,796
Insurance	2,405	-	-	2,405
Financial institutions taxes	-	44,598	-	44,598
Other taxes	17,365	2,839	-	20,203
Total taxes receivable	1,701,156	185,051	1,959	1,888,165
Less allowance for uncollectible accounts	(165,991)	(19,187)	(3)	(185,182)
Net taxes receivable	<u>\$ 1,535,164</u>	<u>\$ 165,864</u>	<u>\$ 1,956</u>	<u>\$ 1,702,984</u>
Tax refunds payable	<u>\$ 38,072</u>	<u>\$ 5,516</u>	<u>\$ -</u>	<u>\$ 43,588</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

**Primary Government – Governmental Activities**

	<b>Balance, July 1, As restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, June 30</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,718,041	\$ 124,970	\$ (4,611)	\$ 1,838,400
Infrastructure	8,924,165	372,420	(28,686)	9,267,899
Construction in progress	1,779,499	841,894	(428,399)	2,192,994
Total capital assets, not being depreciated/amortized	<u>12,421,705</u>	<u>1,339,284</u>	<u>(461,696)</u>	<u>13,299,293</u>
Capital assets, being depreciated/amortized:				
Land and water use rights	16,165	326	-	16,491
Buildings and improvements	1,631,941	524,537	(23,582)	2,132,896
Furniture, machinery, and equipment	517,368	40,983	(22,186)	536,165
Computer software	41,468	4,382	(96)	45,754
Infrastructure	22,655	-	(515)	22,140
Total capital assets, being depreciated/amortized	<u>2,229,597</u>	<u>570,228</u>	<u>(46,379)</u>	<u>2,753,446</u>
Less accumulated depreciation/amortization for:				
Land and water use rights	(4,621)	(2,223)	-	(6,844)
Buildings and improvements	(843,652)	(245,798)	8,448	(1,081,002)
Furniture, machinery, and equipment	(367,103)	(36,810)	19,114	(384,799)
Computer software	(36,049)	(3,256)	87	(39,218)
Infrastructure	(14,495)	(476)	260	(14,711)
Total accumulated depreciation/amortization	<u>(1,265,920)</u>	<u>(288,563)</u>	<u>27,909</u>	<u>(1,526,574)</u>
Total capital assets being depreciated/amortized, net	<u>963,677</u>	<u>281,665</u>	<u>(18,470)</u>	<u>1,226,872</u>
Governmental activities capital assets, net	<u>\$ 13,385,382</u>	<u>\$ 1,620,949</u>	<u>\$ (480,166)</u>	<u>\$ 14,526,165</u>

## Primary Government – Business-Type Activities

	<u>Balance, July 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 149	\$ 55	\$ -	\$ 204
Furniture, machinery, and equipment	1,133	644	(872)	905
Total capital assets, being depreciated	<u>1,282</u>	<u>699</u>	<u>(872)</u>	<u>1,109</u>
Less accumulated depreciation for:				
Buildings and improvements	(112)	(21)	-	(133)
Furniture, machinery, and equipment	(485)	(147)	320	(312)
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>(597)</u>	<u>(168)</u>	<u>320</u>	<u>(445)</u>
Total capital assets being depreciated, net	<u>685</u>	<u>531</u>	<u>(552)</u>	<u>664</u>
Business-type activities capital assets, net	<u>\$ 685</u>	<u>\$ 531</u>	<u>\$ (552)</u>	<u>\$ 664</u>

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

<b>Governmental activities:</b>	
General government	\$ 187,531
Public safety	59,571
Health	1,155
Welfare	6,423
Conservation, culture and development	13,013
Education	1,370
Transportation	<u>19,500</u>
<b>Total depreciation/amortization expense - governmental activities</b>	<b><u>\$ 288,563</u></b>
<b>Business-type activities:</b>	
Inns and Concessions	\$ 24
Wabash Memorial Bridge	<u>144</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 168</u></b>

**E. Leases**

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2013 and the assets acquired through capital leases are as follows:

<b>Future minimum lease payments</b>		
<b>Year ending June 30,</b>	<b>Operating leases</b>	<b>Capital leases Governmental Activities</b>
2014	\$ 31,712	\$ 105,751
2015	27,472	108,163
2016	25,379	107,077
2017	23,062	105,623
2018	18,659	103,027
2019-2023	25,797	510,681
2024-2028	168	503,825
2029-2033	-	101,121
<b>Total minimum lease payments (excluding executory costs)</b>	<b>\$ 152,249</b>	<b>1,645,268</b>
Less:		
Remaining premium(discount)		(14,426)
Amount representing interest		(473,932)
Present value of future minimum lease payments		<b>\$ 1,156,910</b>
<b>Assets acquired through capital lease</b>		
Building		\$ 12,263
Machinery and equipment		1,728
Infrastructure		1,152,968
less accumulated depreciation		(6,087)
		<b>\$ 1,160,872</b>

*Operating Leases*

The State leases building and office facilities and other equipment under non-cancelable operating leases. Total payments for such leases with aggregate payments of \$20,000 or more were \$34.6 million for the year ended June 30, 2013. A table of future minimum lease payments (excluding executory costs) is presented above.

*Capital Leases Liabilities*

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



## F. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2013 were as follows:

Changes in Long-Term Obligations	Balance, July 1, as Restated	Increases	Decreases	Balance, June 30	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental activities:</b>						
Compensated absences	\$ 138,411	\$ 82,232	\$ (72,013)	\$ 148,630	\$ 79,579	\$ 69,051
Net pension obligation	1,344,297	2,007	(179,529)	1,166,775	-	1,166,775
Other postemployment benefits	119,631	14,443	-	134,074	-	134,074
Pollution remediation	45,951	-	(1,276)	44,675	5,360	39,315
Intergovernmental payable	30,000	-	(10,000)	20,000	10,000	10,000
Capital leases	1,209,970	18,511	(71,571)	1,156,910	54,141	1,102,769
	<u>\$ 2,888,260</u>	<u>\$ 117,193</u>	<u>\$ (334,389)</u>	<u>\$ 2,671,064</u>	<u>\$ 149,080</u>	<u>\$ 2,521,984</u>
<b>Business-type activities:</b>						
Compensated absences	\$ 456	\$ 228	\$ (205)	\$ 479	\$ 235	\$ 244
Claims liability	30,171	1,532	(3,053)	28,650	3,861	24,789
	<u>\$ 30,627</u>	<u>\$ 1,760</u>	<u>\$ (3,258)</u>	<u>\$ 29,129</u>	<u>\$ 4,096</u>	<u>\$ 25,033</u>

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

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

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

## G. Prior Period Adjustments and Reclassifications

For the fiscal year ended June 30, 2013, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net position in the government-wide statement of activities.

### Prior Period Adjustments

In the fund statements for governmental funds, there is an increase of \$16.5 million in net position of the General Fund and a corresponding decrease in net position of the Non-major Governmental funds for revenues not properly reported by the Department of Revenue in prior years.

In the fund statements for governmental funds, and the government-wide statements, net position of the Non-major Governmental funds decreased \$23.1 million due to the overstatement of grants

receivable in the prior year.

In the fund financial statements for Special Revenue Funds, and the government-wide statements, net position increased by \$1.2 million due to the incorrect recording of accrued interest on loans at the Department of Transportation.

In the fund statements for Special Revenue funds, net position increased \$41.9 million in the Medicaid Assistance Fund with a corresponding decrease in the U.S. Health and Human Services Fund due to revenue being incorrectly deposited in prior years.

For the government-wide statements, there is an increase of \$51.8 million in net position for capital assets. This was the result of not capitalizing capital assets by June 30, 2012 that were acquired prior to this date and for corrections to acquisition cost by state agencies.

For the government-wide statements, there is a decrease of \$26.5 million for software that was incorrectly reported as in development on June 30, 2012.

For the Enterprise funds and the government-wide statements, there is a decrease of \$7.8 million in net position for the correction of errors relating to interest payments for the Unemployment Compensation Fund.

For the Enterprise funds and the government-wide statements, there is an increase of \$1.4 million in net position for the addition of the Wabash Memorial Bridge fund that was not previously reported.

For the discrete component units, the Indiana Finance Authority's net position decreased by \$277.1 million due to the implementation of GASB 60 regarding service concession arrangements. Non-major discrete units net position increased by \$10.6 million due to the early implementation of GASB 65. The Indiana Economic Development Corporation's net position increased by \$3.8 million due to corrections of errors relating to their loan balances.

For the discrete component units, colleges & universities, the net position of Purdue University increased by \$38.8 million for the inclusion of a foundation previously not reported and for other various changes to their reporting entity.

The following schedule reconciles June 30, 2012 net position as previously reported, to beginning net position, as restated:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Discretely Presented Component Units (Non Fiduciary)</u>
<b>June 30, 2012, fund balance/retained earnings/net position as reported</b>	\$ 19,218,153	\$ (1,544,438)	\$ 11,865,249
<b>Change in accounting principle</b>			
Service concession arrangements	-	-	(277,126)
Early adoption of GASB 65	-	-	10,646
Change in reporting entity	-	-	38,784
<b>Correction of errors</b>	<u>39</u>	<u>(6,384)</u>	<u>3,755</u>
<b>Balance July 1, 2012 as restated</b>	<b><u>\$ 19,218,192</u></b>	<b><u>\$ (1,550,822)</u></b>	<b><u>\$ 11,641,308</u></b>

## V. OTHER INFORMATION

### A. Risk Management

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

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

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

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

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

	<u>State Police Health Insurance Fund</u>	<u>State Employees' Health Insurance Fund</u>	<u>State Employee Disability Fund</u>	<u>Total</u>
<b><u>2013</u></b>				
Unpaid Claims, July 1, as restated	\$ 3,926	\$ 40,455	\$ 5,183	\$ 49,564
Incurred Claims and Changes in Estimate	29,147	297,386	21,347	347,880
Claims Paid	<u>(29,721)</u>	<u>(302,950)</u>	<u>(21,690)</u>	<u>(354,361)</u>
Unpaid Claims, June 30	<b><u>\$ 3,352</u></b>	<b><u>\$ 34,891</u></b>	<b><u>\$ 4,840</u></b>	<b><u>\$ 43,083</u></b>
<b><u>2012</u></b>				
Unpaid Claims, July 1	\$ 4,144	\$ 33,745	\$ 5,131	\$ 43,020
Incurred Claims and Changes in Estimate	30,651	301,378	20,841	352,870
Claims Paid	<u>(30,869)</u>	<u>(294,668)</u>	<u>(21,558)</u>	<u>(347,095)</u>
Unpaid Claims, June 30	<b><u>\$ 3,926</u></b>	<b><u>\$ 40,455</u></b>	<b><u>\$ 4,414</u></b>	<b><u>\$ 48,795</u></b>

## B. Contingencies and Commitments

### *Litigation*

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

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

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of \$8.6 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2013, the State paid \$8.3 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

In addition, the State paid \$6.0 million from the Supplemental State Fair Relief Fund to settle claims arising from the Indiana State Fair tragedy during the fiscal year ending June 30, 2013.

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

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

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

desegregation plan that was approved by the Court for some school corporations and a 13-year phase out of the desegregation plan for the school corporations that had already began the desegregation plan. State expenditures will be gradually reduced as the plan is phased out.

In August 2011, the temporary structure supporting spotlights and other equipment mounted on top of the Indiana State Fair Grandstand Stage collapsed. As a result of the collapse, seven people died and more than fifty others required medical treatment. A number of lawsuits were filed as a result of this incident. Under the Indiana Tort Claims Act, Indiana Code 34-13-3, claims are capped at \$5 million per event and \$700,000 per person. The State, on behalf of the Commission, settled with many of the claimants, distributing the full cap amount of \$5 million in amounts determined under a formula developed for this purpose in November 2011. The General Assembly supplemented the amount with an additional \$6 million during the 2012 Session, which was distributed pursuant to legislative directives during the fiscal year ended June 30, 2013. Tort claims were paid from the State General Fund and not the funds of the Commission. The remaining open litigation concerns the indemnification claims as a result of the August 2011 incident.

In March 2012, Plaintiffs filed a class action lawsuit against the State and the Indiana Residual Malpractice Insurance Authority (IRMIA) which alleges, on behalf of those who paid for medical malpractice liability insurance since January 1, 2000, that premiums were paid to IRMIA for insurance and that IRMIA presently has surpluses that are alleged to exceed \$5 million that will not be needed. The litigation seeks to have the alleged surplus returned to the class members. The order granting class certification was issued April 22, 2013. Discovery is closed and the dispositive motion process is underway.

In March 2013, Plaintiffs filed a class action lawsuit against the State which alleges the Indiana Bureau of Motor Vehicles charged amounts that were not authorized by law to persons under the age of 75 who have paid a fee to obtain or renew their drivers' licenses since March 7, 2007. A settlement has been reached that provides for credits, in a total amount of about \$30 million, be paid to class members and their attorneys. In November 2013, The Court's Order and Judgment Approving Settlement was entered. For a period of 3 years after the Court's final approval of the Settlement, any refunds that have not been paid as advance

payments will be available to class members as outlined.

In October 2013, an individual brought a putative class action against the Indiana Bureau of Motor Vehicles alleging overcharges. A response to the complaint and motion for class certification is due in December 2013.

In May 2013, Plaintiffs filed an inverse condemnation complaint against the State seeking \$8 million in damages to their real estate which Plaintiffs allege will be caused by construction of the Illiana Expressway, which is a proposed highway to connect northwestern Indiana to the greater Chicago area. Construction of the Illiana Expressway has not yet begun. The State filed a Motion to Dismiss and Plaintiffs filed a Motion to Amend Complaint.

#### *Other Litigation*

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

In May 2010, the State of Indiana, on behalf of the Indiana Family and Social Services Administration (FSSA), and counterclaim Plaintiff sued each other regarding counterclaim Plaintiff's state welfare system contract entered into in 2006. In October 2009, the State announced its intention to terminate the 10-year contract early effective December 2009 due to counterclaim Plaintiff's deficient performance. After a trial to the court in February and March of 2012, the court issued rulings in July and August of 2012 awarding the counterclaim Plaintiff \$62.7 million. This amount included \$9.5 million for equipment retained by the state, \$2.5 million in early termination close-out payments, \$40.0 million in subcontractor assignment fees (previously granted to the counterclaim Plaintiff on summary judgment), and \$10.7 million in prejudgment interest. The court also ruled that the counterclaim Plaintiff was not entitled to recover \$43.0 million claimed for deferred fees. The court further ruled that there was no material breach of the contract, so the State could not recover damages from the counterclaim Plaintiff for breach of contract. The State appealed. The court granted the State's motion to stay the enforcement of the judgment pending appeal. The case is presently pending before the Indiana Court of Appeals.

#### *Other Loss Contingencies*

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid

Assistance Program. Findings in these reports identify several issues including state psychiatric hospitals that were ineligible to receive Medicaid inpatient payments and unreported fund recoveries. The State has worked with the Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2013 there was \$76.1 million in findings in which FSSA believes \$55.6 million to be probable for having to be repaid and therefore, has been accrued as an expense and payable in the government-wide financial statements. FSSA management is continuing to work with CMS on a settlement of these findings.

#### *Construction Commitments*

As of June 30, 2013, the Indiana Department of Transportation had outstanding construction commitments totaling \$1.2 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 7% State funds, 2% local funds, 57% traditional Federal funds, 1% ARRA of 2009 fund, and 33% from the Major Moves Construction Fund. These amounts do not include the LSIORBP project described below.

The State of Indiana and the Commonwealth of Kentucky have entered into a legal agreement known as the "Bi-State Development Agreement" which governs "The Louisville- Southern Indiana Ohio River Bridges Project (LSIORBP)." The project consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchanges on both sides of the Ohio River. Kentucky is responsible for the financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and, Indiana is responsible for financing and constructing the East End Crossing.

The Ohio River Bridge Project structures will be ultimately owned 50% by Indiana and 50% by Kentucky and is expected to cost \$2.6 billion. Kentucky's portion of the total project cost is estimated to be \$1.3 billion and Indiana's portion is estimated to be \$1.3 billion.

The State of Indiana has spent approximately \$189 million to date and the Commonwealth of Kentucky has spent approximately \$300 million to date.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling \$9.7 million for building and

improvement projects of the State's agencies as of June 30, 2013. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had \$23.3 million in total commitments for software in development as of June 30, 2013. These commitments are to be funded through the General Fund, federal funds and state dedicated funds.

#### *Encumbrances*

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2013 were as follows:

<b>Governmental Funds</b>	<b>Encumbrances</b>
General Fund	\$ 788,167
Non-Major Governmental Funds	2,576,871
<b>Total</b>	<b>\$ 3,365,038</b>

#### **C. Other Revenue**

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

#### **D. Economic Stabilization Fund**

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

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

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

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

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2013 was \$370.1 million. Total outstanding loans were \$8.4 million, resulting in total assets of \$378.5 million. Because the API increased by more than 2%, \$14.8 million was transferred from the General Fund to the Rainy Day Fund.

#### **E. Employee Retirement Systems and Plans**

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

#### Summary of Significant Accounting Policies (Primary government and fiduciary in nature component units)

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

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

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

State Police Retirement Fund (Presented as a pension fund)

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

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

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

Financial Statements As separately issued financial statements are not available for the State Police Retirement Fund, summarized financial statements are as follows:

Combining Statement of Fiduciary Net Position June 30, 2013	
	State Police Pension Fund
<b>Assets</b>	
Cash, cash equivalents and non-pension investments	\$ 105,526
Receivables:	
Contributions	224
Interest	372
Member loans	257
From investment sales	20,607
Total receivables	21,460
Pension and other employee benefit investments at fair value:	
Equity Securities	205,281
Debt Securities	109,037
Total investments at fair value	314,318
<b>Total assets</b>	<b>441,304</b>
<b>Liabilities:</b>	
Accounts/escrows payable	94
Securities purchased payable	2,622
<b>Total liabilities</b>	<b>2,716</b>
<b>Net Position</b>	
Restricted for:	
Employees' pension benefits	438,588
<b>Total net position</b>	<b>\$ 438,588</b>

Combining Statement of Changes in Fiduciary For the Year Ended June 30, 2013	
	State Police Pension Fund
<b>Additions:</b>	
Member contributions	\$ 3,786
Employer contributions	47,588
Net investment income (loss)	30,824
Less investment expense	(1,037)
Other	2
<b>Total additions</b>	<b>81,163</b>
<b>Deductions:</b>	
Pension and disability benefits	30,724
Administrative	261
<b>Total deductions</b>	<b>30,985</b>
Net increase (decrease) in net position	50,178
Net position restricted for pension and other employee benefits, July 1, as restated:	
Pension benefits	388,410
<b>Net position restricted for pension and other employee benefits, June 30</b>	<b>\$ 438,588</b>

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

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry

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

unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Funded Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the plan was 83 percent funded. The actuarial accrued liability for benefits was \$523.2 million, and the actuarial value of assets was \$434.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$88.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$64.3 million, and the ratio of the UAAL to the covered payroll was 138 percent.

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

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

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

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

Funding Policy The funding policy for the EG&C Plan is in accordance with IC 5-10-5.5-8.5. Members are required by statute to contribute 4

percent of the member's annual salary to the Plan. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During fiscal year 2013, all participating employers were required to contribute 20.75 percent of covered payroll. The State appropriated additional monies during fiscal year 2013 for the EG&C plan of \$15 million from State excess reserves in accordance with 2012 HB 1376.

Funded Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the plan was 84 percent funded. The actuarial accrued liability for benefits was \$118.1 million, and the actuarial value of assets was \$98.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$26.2 million, and the ratio of the UAAL to the covered payroll was 74 percent.

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

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

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

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



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

Funded Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the plan was 79 percent funded. The actuarial accrued liability for benefits was \$61.9 million, and the actuarial value of assets was \$48.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$21.2 million, and the ratio of the UAAL to the covered payroll was 62 percent.

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

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

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

Funding Policy The funding policy is in accordance with statute IC 2-3.5-4-9 and IC 2-3.5-4-10. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the state of Indiana General Fund for each biennium.

Funded Status and Funding Progress As of June

30, 2013, the most recent actuarial valuation date, the plan was 80 percent funded. The actuarial accrued liability for benefits was \$4.3 million, and the actuarial value of assets was \$3.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.9 million. The benefit formula is determined based on service rather than compensation. The unfunded liability per active participant was \$36,139 as of the most recent actuarial valuation.

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

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

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

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

Employer contributions are actuarially determined and approved by the INPRS Board of Trustees and by the Indiana General Assembly as biennial appropriations from the State's General Fund. Indiana Code 33-38-6-17 provides that this appropriation only include sufficient funds to cover the aggregate liability of the fund for benefits to the end of the biennium, on an actuarially funded basis. The statute also provide for remittance of docket fees and court fees. These are considered employer contributions. The State appropriated additional monies during fiscal year 2013 for the Judges Retirement System of \$90 million from State excess reserves in accordance with 2012 HB 1376.

Funded Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the plan was 84 percent funded. The actuarial accrued liability for benefits was \$453.1 million, and the actuarial value of assets was \$381.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$71.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$47.0 million, and the ratio of the UAAL to the covered payroll was 153 percent.

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

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

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

Plan Description The Public Employees' Retirement Fund (PERF) is an agent multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to full-time employees of the state of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF

Hybrid Plan) and the second is the Public Employees' ASA Only Plan (PERF ASA Only Plan). The PERF ASA Only Plan was effective March 1, 2013. For the first time, newly hired full-time employees of the state of Indiana can now elect to participate in either the PERF Hybrid Plan or the PERF ASA Only Plan. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs). At June 30, 2013, the number of participating political subdivisions was 1,120, and there were also 17 State-related participating employers.

Funding Policy The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. During fiscal year 2013, all participating employers were required to contribute 9.7 percent of covered payroll for State members. For political subdivisions, an average contribution rate of 8.8 percent was required from employers during the period of July 1 – December 31, 2012, and an average contribution rate of 9.7 percent was required for the period of January 1 – June 30, 2013. For the ASA Only Plan all participating employers were also required to contribute 9.7 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less that 3% and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2013 and any amount not credited to the member's account shall be applied to the Unfunded Actuarial Accrued Liability of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the

member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. Upon retirement, members may choose to annuitize the amount of their annuity saving accounts if the member has met all of the criteria established by the INPRS Board of Trustees.

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

State of Indiana Employees: As of June 30, 2013, the most recent actuarial valuation date, the state employees portion of the plan was 78 percent funded. The actuarial accrued liability for benefits was \$5.7 billion, and the actuarial value of assets was \$4.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.3 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$1.6 billion, and the ratio of the UAAL to the covered payroll was 77 percent.

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

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

	Primary Government		Fiduciary in Nature Component Unit					TRF - Pre-1996 Account
	SPRF	PERF -State	ECRF	JRS	PARF	LRS		
<b>Annual Pension Cost and Net Pension Obligation (Asset)</b>								
Annual required contribution	\$ 14,509.4	\$ 160,149.6	\$ 5,003.3	\$ 25,458.5	\$ 2,542.5	\$ 140.2	\$ 873,751.0	
Interest on net pension obligation	(899.1)	3,427.2	(138.9)	(1,818.9)	527.4	(2.5)	85,547.0	
Adjustment to annual required contribution	1,071.2	(3,989.3)	161.7	2,117.3	(614.0)	3.0	(99,579.0)	
Annual pension cost	14,681.5	159,587.5	5,026.1	25,756.9	2,455.9	140.7	859,719.0	
Contributions made	(44,041.2)	(157,580.6)	(19,740.0)	(111,417.6)	(19,443.4)	(150.0)	(1,013,080.0)	
Increase (decrease) in net pension obligation	(29,359.7)	2,006.9	(14,713.9)	(85,660.7)	(16,987.5)	(9.3)	(153,361.0)	
Net pension obligation, beginning of year	18,353.4	50,773.4	(2,057.6)	(26,946.5)	7,814.6	(37.7)	1,267,356.0	
Net pension obligation, end of year	\$ (11,006.3)	\$ 52,780.3	\$ (16,771.5)	\$ (112,607.2)	\$ (9,172.9)	\$ (47.0)	\$ 1,113,995.0	
<b>Significant Actuarial Assumptions</b>								
Investment rate of return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	
Projected future salary increases:								
Total	3.50 - 9.00%	3.25 - 4.50%	3.25%	4.00%	4.00%	3.00%	3.00 - 12.50%	
Attributed to inflation	3.5%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Cost of living adjustments	N/A	1.00%	1.00%	4.00%	N/A	1.00%	1.00%	
Contribution rates:								
State	21.60%	9.70%	20.75%	Appropriation 38.83%	Appropriation 6.71%	Flat Dollar Amount *	Pay-As-You-Go	
Plan members	5.00% - 6.00%	3.00%	4.00%	6.00%	6.00%	0.00%	3.00%	
Actuarial valuation date	7/1/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	
Actuarial cost method	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	entry age normal cost	traditional unit credit	entry age normal cost	
Amortization method	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar	level dollar	
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years	
Amortization period (from date)	7/1/2010	7/1/2008	7/1/2007	7/1/2006	7/1/2007	7/1/1992	N/A	
Amortization period (open or closed)	closed	closed	closed	closed	closed	closed	closed	
Asset valuation method	smoothed basis	smoothed market value with 20% corridor	smoothed market value with 20% corridor	smoothed market value with 20% corridor	smoothed market value with 20% corridor	smoothed market value with 20% corridor	smoothed market value with 20% corridor	
<b>Historical Trend Information</b>								
<b>Year ended June 30, 2013</b>								
Annual pension cost (APC)	\$ 14,681.5	\$ 159,587.5	\$ 5,026.1	\$ 25,756.9	\$ 2,455.9	\$ 140.7	\$ 859,719.0	
Percentage of APC contributed	300.0%	98.7%	392.7%	432.6%	791.7%	106.6%	117.8%	
Net pension obligation (asset)	\$ (11,006.3)	\$ 52,780.3	\$ (16,771.5)	\$ (112,607.2)	\$ (9,172.9)	\$ (47.0)	\$ 1,113,995.0	
<b>Year ended June 30, 2012</b>								
Annual pension cost (APC)	\$ 14,329.4	\$ 183,328.2	\$ 5,559.5	\$ 19,961.0	\$ 1,955.6	\$ 113.5	\$ 853,735.0	
Percentage of APC contributed	86.3%	75.5%	90.9%	94.7%	94.0%	99.6%	89.5%	
Net pension obligation (asset)	\$ 18,353.4	\$ 50,773.4	\$ (2,057.6)	\$ (26,946.5)	\$ 7,814.6	\$ (37.7)	\$ 1,267,356.0	
<b>Year ended June 30, 2011</b>								
Annual pension cost (APC)	\$ 12,121.4	\$ 176,881.5	\$ 5,206.5	\$ 19,206.5	\$ 1,896.3	\$ 114.7	\$ 883,459.0	
Percentage of APC contributed	78.0%	65.1%	99.8%	100.0%	9.0%	0.0%	84.8%	
Net pension obligation (asset)	\$ 16,389.9	\$ 5,772.7	\$ (2,564.0)	\$ (28,011.3)	\$ 7,697.9	\$ (38.1)	\$ 1,178,044.0	
SPRF - State Police Retirement Fund PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees) ECRF - State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (Administered by the INPRS Board of Trustees) JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees) LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees) TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees) N/A - Not Applicable * - \$118,927 based on June 30, 2013 actuarial valuation								

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

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

Plan Description The State Teachers' Retirement Fund (TRF), is a cost-sharing, multiple-employer defined benefit plan, administered by the Indiana Public Retirement System Board of Trustees. Indiana Code 5-10.2, IC 5-10.4, and IC 5-10.5 govern the requirements of the Fund. The Indiana Public Retirement System issues a publicly available financial report that includes financial

statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-286-3544, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

At June 30, 2013, the number of participating employers was 369.

Funding Policy Each member is required to contribute 3% of his/her compensation to the plan. The Indiana State Teachers' Retirement Fund is funded on a "pay as you go" basis for employees hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date (Pre-1996 Account). State appropriations are made for the amount of estimated pension benefit payouts for each fiscal year. Currently, a three (3) percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund. In fiscal year 2013, the State appropriated an additional \$207 million from State excess reserves in accordance with 2012 HB 1376 and also pre-funded a one-time check (a.k.a. 13th check) of \$20 million in accordance with 2012 HB 1123 (which went into the Pension Stabilization Fund).

For employees hired on or after July 1, 1995; or hired before July 1, 1995, and prior to June 30, 2005, were either hired by another school corporation or institution covered by the Fund or were re-hired by a covered prior employer (1996 Account); the employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. During fiscal year 2013, all participating employers in the TRF 1996 account were required to contribute 7.5% of covered payroll.

As of June 30, 2013, TRF was 46% funded. Members in the Pre-1996 Account are funded on a "pay as you go" method for the employer portion of the pension and members in the 1996 Account are funded with employer contributions as they work.

TRF accounts for these two classes of members as "Pre-1996 Account" and "1996 Account", respectively. The Pre-1996 Account is 32% funded and the 1996 Account is 94% funded.

The funded ratio of the Fund has been between 42% and 48% since June 30, 2000. The actuarial value of the Fund's assets as of the June 30, 2013 valuation was \$9.7 billion and the actuarial accrued liability was \$21.2 billion. The difference is the Fund's unfunded actuarial accrued liability of \$11.5 billion. The annual covered payroll as of the June 30, 2013, actuarial valuation was \$4.1 billion and the ratio of the unfunded actuarial liability to the annual covered payroll was 279%.

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

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

At June 30, 2013, the number of participating employer units totaled 161.

Funding Policy A participant is required by statute to contribute six percent of a first class officer's or firefighter's salary for the term of their employment up to 32 years. Employer contributions are determined actuarially and during fiscal year 2013, all participating employers were required to contribute 19.7% of the salary of a first-class officer or firefighter. The funding policy mandated by statute requires remittances of member and employer contributions based on percentages of locally established estimated salary rates, rather than actual payroll.

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

	<b>Discretely Presented Component Units</b>	
	STRF	PFPF
<b><u>Historical Trend Information</u></b>		
<u>Year ended June 30, 2013</u>		
Annual required contribution	\$ 873,751	\$ 88,287
Percentage contributed	116%	155%
Employer contribution	\$ 1,013,080	\$ 137,111
<u>Year ended June 30, 2012</u>		
Annual required contribution	\$ 866,207	\$ 141,988
Percentage contributed	88%	96%
Employer contribution	\$ 764,423	\$ 135,605
<u>Year ended June 30, 2011</u>		
Annual required contribution	\$ 894,507	\$ 133,903
Percentage contributed	84%	100%
Employer contribution	\$ 748,978	\$ 133,726
STRF - State Teachers' Retirement Fund - Pre-1996 Account		
PFPF - 1977 Police Officers and Firefighters' Retirement Fund (Administered by INPRS)		

The State sponsors the following defined contribution plan:

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

Plan Description The Legislators' Defined Contribution Plan (IC 2-3.5-5), a single employer defined contribution plan applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly. The plan is administered by the Board of Trustees' of the Indiana Public Retirement System. The Indiana Public Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 888-526-1687, or by visiting INPRS' website, [www.in.gov/inprs](http://www.in.gov/inprs).

Funding Policy For the Legislators' Defined Contribution Plan, each participant is required to contribute 5 percent of annual salary. In addition, the state of Indiana is required to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. Effective January 1, 2013 the rate was established at 12.7 percent.

**F. Other Postemployment Benefits**

**Defined Benefit Plans**

Plan Descriptions The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administer the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit

options afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 *et seq.*

Separate financial reports are not issued for these plans.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DB, summarized financial statements are as follows:

**State of Indiana**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2013**

	SPP & LP	ISPP	CEPP	Total
<b>Assets</b>				
Cash, cash equivalents and non-pension investments	\$ 11	\$ 10,216	\$ 1,716	\$ 11,943
Receivables:				
Contributions	-	51	-	51
Interest	-	50	-	50
Total receivables	-	101	-	101
Pension and other employee benefit investments at fair value:				
Debt Securities	44,000	10,816	5,730	60,546
Total investments at fair value	44,000	10,816	5,730	60,546
<b>Total assets</b>	<b>44,011</b>	<b>21,133</b>	<b>7,446</b>	<b>72,590</b>
<b>Net Position</b>				
Restricted for:				
OPEB benefits	44,011	21,133	7,446	72,590
<b>Total net position</b>	<b>\$ 44,011</b>	<b>\$ 21,133</b>	<b>\$ 7,446</b>	<b>\$ 72,590</b>

**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2013**

	SPP & LP	ISPP	CEPP	Total
<b>Additions:</b>				
Member contributions	\$ -	\$ 949	\$ -	\$ 949
Employer contributions	-	2,437	1,673	4,110
Net investment income (loss)	3	24	-	27
Federal reimbursements	-	548	-	548
Other	-	200	-	200
<b>Total additions</b>	<b>3</b>	<b>4,158</b>	<b>1,673</b>	<b>5,834</b>
<b>Deductions:</b>				
Administrative	-	58	-	58
<b>Total deductions</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>58</b>
Net increase (decrease) in net position	3	4,100	1,673	5,776
Net position restricted for pension and other employee benefits, July 1, as restated:				
OPEB benefits	44,008	17,033	5,773	66,814
<b>Net position restricted for pension and other employee benefits, June 30</b>	<b>\$ 44,011</b>	<b>\$ 21,133</b>	<b>\$ 7,446</b>	<b>\$ 72,590</b>

Funding Policy and Annual OPEB Cost The contribution funding policy for each of the four plans is on a pay-as-you-go cash basis. However, trust funds as authorized by the Indiana General Assembly were created to start pre-funding the SPP, ISPP, and CEPP plans. The State of Indiana's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution (ARC) of the employer,

an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.



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

	<b>State Personnel Healthcare Plan</b>	<b>Legislature's Healthcare Plan</b>	<b>Indiana State Police Healthcare Plan</b>	<b>Conservation and Excise Police Health Care Plan</b>
Contribution rates:				
State of Indiana	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go	Pay-as-you-go
Plan members (monthly premium)	See next chart	See next chart	See next chart	See next chart
Annual required contribution	\$ 941	\$ 827	\$ 27,419	\$ 3,053
Interest on net OPEB obligation	(1,941)	51	5,713	436
Amortization adjustment to ARC	<u>2,234</u>	<u>(69)</u>	<u>(7,283)</u>	<u>(594)</u>
Annual OPEB Cost	1,234	809	25,849	2,895
Contributions made	<u>(4,203)</u>	<u>(533)</u>	<u>(11,684)</u>	<u>(2,893)</u>
Change in net OPEB obligation	(2,969)	276	14,165	2
Net OPEB obligation - beginning of year	<u>(27,728)</u>	<u>1,120</u>	<u>108,840</u>	<u>9,671</u>
Net OPEB obligation - end of year	<u>\$ (30,697)</u>	<u>\$ 1,396</u>	<u>\$ 123,005</u>	<u>\$ 9,673</u>

The plan administrators (see plan descriptions above) establish the contribution requirements of plan members. Plan members (retirees and eligible dependents) who participate in these healthcare plans must pay the full 2014 monthly premiums (except for grandfathered LP current retirees) as shown in the following chart.

	<u>Monthly Premium</u>
State Personnel Healthcare Plan (SP) and Legislature's Healthcare Plan (LP)	
Consumer Driven Health Plan #1	
Single (Non-Tobacco)	\$ 401.31
Family (Non-Tobacco)	1,206.27
Consumer Driven Health Plan #2	
Single (Non-Tobacco)	531.44
Family (Non-Tobacco)	1,541.15
Traditional PPO	
Single (Non-Tobacco)	856.31
Family (Non-Tobacco)	2,405.91
Dental	
Single	24.31
Family	63.96
Vision	
Single	3.55
Family	9.01
Indiana State Police Healthcare Plan (ISPP)	
Basic Plan - Medical Only	
Retiree Only (Pre-Medicare)	391.29
Retiree Plus One Dependent (Pre-Medicare)	503.29
Retiree Only (Post-Medicare)	143.68
Retiree Plus One Dependent (Post-Medicare)	172.98
Optional Plan - Medical, Dental, & Vision	
Retiree Only (Pre-Medicare)	457.56
Retiree Plus One Dependent (Pre-Medicare)	625.16
Retiree Only (Post-Medicare)	167.43
Retiree Plus One Dependent (Post-Medicare)	220.74
Conservation and Excise Police Health Care Plan (CEPP) - Medical, Dental, & Vision	
Single - Under Age 60 (Pre-Medicare)	328.00
Family - Under Age 60 (Pre-Medicare)	575.00
Single - Age 60 -64 (Pre-Medicare)	328.00
Family - Age 60-64 (Pre-Medicare)	575.00
Single (Post-Medicare)	131.00
Family (Post-Medicare)	188.00

The State of Indiana's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for June 30, 2011 through

June 30, 2013 for each of the plans were as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
State Personnel Healthcare Plan	6/30/2013	\$ 1,234	340.6%	\$ (30,697)
	6/30/2012	2,930	1155.1%	(27,728)
	6/30/2011	4,499	376.1%	3,191
Legislature's Healthcare Plan	6/30/2013	\$ 809	65.9%	\$ 1,396
	6/30/2012	802	60.9%	1,120
	6/30/2011	551	64.0%	806
Indiana State Police Healthcare Plan	6/30/2013	\$ 25,850	45.2%	\$ 123,005
	6/30/2012	26,336	70.7%	108,840
	6/30/2011	28,915	47.7%	101,131
Conservation and Excise Police Health Care Plan	6/30/2013	\$ 2,894	100.0%	\$ 9,673
	6/30/2012	3,460	199.1%	9,671
	6/30/2011	4,257	31.4%	13,101

Funded Status and Funding Progress The funded status of the plans as of June 30, 2013, was as follows:

	<u>State Personnel Healthcare Plan</u>	<u>Legislature's Healthcare Plan</u>	<u>Indiana State Police Healthcare Plan</u>	<u>Conservation and Excise Police Health Care Plan</u>
Actuarial accrued liability (a)	\$ 39,999	\$ 12,078	\$ 297,104	\$ 38,810
Actuarial value of plan assets (b)	44,011	-	21,133	7,446
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ (4,012)</u>	<u>\$ 12,078</u>	<u>\$ 275,971</u>	<u>\$ 31,364</u>
Funded ratio (b)/(a)	110.0%	0.0%	7.1%	19.2%
Covered payroll (c)	\$ 1,208,402	\$ 1,696	\$ 87,040	\$ 25,532
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a)-(b))/(c))	-0.3%	712.1%	317.1%	122.8%

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2012 with adjustments for known experience for the period ending June 30, 2013. However, the covered payroll for the Indiana State Police Healthcare plan is that from the June 30, 2012 actuarial results.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as

required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions Projections of benefits are based on the substantive plan (the plan

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

Significant methods and assumptions were as follows:

	<u>State Personnel Healthcare Plan</u>	<u>Legislature's Healthcare Plan</u>	<u>Indiana State Police Healthcare Plan</u>	<u>Conservation and Excise Police Health Care Plan</u>
Actuarial valuation date	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	Market Value of Assets	N/A	Market Value of Assets	Market Value of Assets
Actuarial assumptions:				
Inflation rate	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	4.50%	5.25%	4.50%
Projected salary increases	4.00%	4.00%	4.00%	4.00%
Healthcare inflation rate	9.2%	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2012 projected to June 30, 2013 with adjustments for known experience for the period ending June 30, 2013. There have been no material changes in the retiree health benefits or contribution requirements from the most recent available actuarial valuation for the period ending June 30, 2012. However, the premiums and per capita costs were updated for the current year valuation.

**Defined Contribution Plan**

Plan Description The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The plan is a benefit to employees who retire

and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

Financial Statements As separately issued financial statements are not available for the State Employee Retiree Health Benefit Trust Fund-DC, summarized financial statements are as follows:

State of Indiana Combining Statement of Fiduciary Net Position June 30, 2013	
	State Employee Retiree Health Benefit Trust Fund - DC
<b>Assets</b>	
Cash, cash equivalents and non-pension investments	\$ 2,154
Contributions	141
Interest	62
Total receivables	203
Pension and other employee benefit investments at fair value:	
Debt Securities	220,035
Total investments at fair value	220,035
<b>Total assets</b>	<b>222,392</b>
<b>Liabilities:</b>	
Accounts/escrows payable	19
Benefits payable	258
<b>Total liabilities</b>	<b>277</b>
<b>Net Position</b>	
Restricted for:	
OPEB benefits	222,115
<b>Total net position</b>	<b>\$ 222,115</b>

state government to pay for participants' medical insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

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

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

State of Indiana Combining Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2013	
	State Employee Retiree Health Benefit Trust Fund - DC
<b>Additions:</b>	
Employer contributions	\$ 22,245
Net investment income (loss)	285
Total additions	22,530
<b>Deductions:</b>	
Retiree health benefits	14,651
Administrative	111
Total deductions	14,762
Net increase (decrease) in net position	7,768
Net position restricted for pension and other employee benefits, July 1, as restated:	
OPEB benefits	214,347
<b>Net position restricted for pension and other employee benefits, June 30</b>	<b>\$ 222,115</b>

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

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

At June 30, 2013, the plan participants consisted of:

Plan Provisions Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of

Description	Number
Active participants with accounts, not yet retired	28,567
Retired participants with accounts	5,082
<b>Total</b>	<b>33,649</b>

At June 30, 2013, plan participants' retirement medical plan account balances totaled \$250.9 million which consisted of \$150.3 million in unretired active participants' accounts and \$100.6 million in retired participants' accounts.

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

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. Cigarette tax revenues to the fund were suspended effective July 1, 2011 and are to resume on July 1, 2013. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2012 was \$34.4 million. For the fiscal year ending June 30, 2013, \$22.2 million was contributed by state agencies that are funded by federal or dedicated funds for their portion of funding. The accumulated General Fund balance held by the trust covered the remainder of the annual required contribution. The retiree contribution includes the bonus contributions of \$1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

## **G. Pollution Remediation Obligations**

### *Nature and source of pollution remediation obligations:*

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

### *Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:*

The State's total estimated liability is \$44.7 million of which \$5.4 million is estimated to be payable within one year and \$39.3 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

### *Estimated recoveries reducing the liability:*

The estimated recoveries total \$18.2 million. Of this total, \$0.09 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), and credits received for work performed on Superfund sites. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized \$4.3 million of program revenue for four sites whose realized recoveries exceeded the pollution remediation liability.

# REQUIRED SUPPLEMENTARY INFORMATION



## Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Fiduciary in Nature Component Unit-----						TRF - Pre- 1996 Account
	SPRF	PERF - State	EGC	JRS	PARF	LRS		
<b>Valuation Date: July 1, 2013</b>								
Actuarial value of assets	\$ 465,961	\$ 4,415,371	\$ 98,608	\$ 381,240	\$ 48,762	\$ 3,428	\$ 5,235,104	
Actuarial accrued liability (AAL)	523,216	5,690,281	118,097	453,110	61,940	4,295	16,462,379	
Excess of assets over (unfunded) AAL	(57,255)	(1,274,910)	(19,489)	(71,870)	(13,178)	(867)	(11,227,275)	
Funded ratio	89%	78%	83%	84%	79%	80%	32%	
Covered payroll	64,347	1,647,454	26,201	46,967	21,217	*	1,383,428	
Excess (unfunded) AAL as a percentage of covered payroll	-89%	-77%	-74%	-153%	-62%	*	-812%	
<b>Valuation Date: July 1, 2012</b>								
Actuarial value of assets	\$ 372,177	\$ 4,141,524	\$ 76,007	\$ 260,096	\$ 27,501	\$ 3,377	\$ 4,978,107	
Actuarial accrued liability (AAL)	504,814	5,542,414	113,283	437,854	56,080	4,503	16,522,015	
Excess of assets over (unfunded) AAL	(132,637)	(1,400,890)	(37,276)	(177,758)	(28,579)	(1,126)	(11,543,908)	
Funded ratio	74%	75%	67%	59%	49%	75%	30%	
Covered payroll	66,083 **	1,648,023	25,752	45,138	21,705	*	1,637,066	
Excess (unfunded) AAL as a percentage of covered payroll	-201%	-85%	-145%	-394%	-132%	*	-705%	
<b>Valuation Date: July 1, 2011</b>								
Actuarial value of assets	\$ 361,457	\$ 4,158,786	\$ 72,599	\$ 248,623	\$ 25,651	\$ 3,634	\$ 5,227,402	
Actuarial accrued liability (AAL)	470,852	5,264,131	101,534	400,274	53,252	4,621	16,318,404	
Excess of assets over (unfunded) AAL	(109,395)	(1,105,345)	(28,935)	(151,651)	(27,601)	(987)	(11,091,002)	
Funded ratio	77%	79%	72%	62%	48%	79%	32%	
Covered payroll	64,948	1,641,686	24,028	45,764	18,082	*	1,762,750	
Excess (unfunded) AAL as a percentage of covered payroll	-168%	-67%	-120%	-331%	-153%	*	-629%	
SPRF - State Police Retirement Fund (Administered by the Treasurer of the State of Indiana) PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees) EGC - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the INPRS Board of Trustees) JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees) LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees) TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees)								
* The benefit formula is determined based on service rather than compensation. July 1, 2013: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was \$36,139; July 1, 2012: The unfunded liability is expressed per active participant and there were 6 active participants. The unfunded liability per active participant was \$187,726; July 1, 2011: The unfunded liability is expressed per active participant and there were 7 active participants. The unfunded liability per active participant was \$141,021.								
** 2013 schedule information is corrected from that reported in the 2012 schedule.								



## Schedule of Funding Progress Other Postemployment Benefits

(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
<b>State Personnel Healthcare Plan</b>						
6/30/2013	\$ 44,011	\$ 39,999	\$ (4,012)	110.0%	\$ 1,208,402	-0.3%
6/30/2012	44,008	36,643	(7,365)	120.1%	1,166,823	-0.6%
6/30/2011	14,007	37,733	23,726	37.1%	1,187,028	2.0%
<b>Legislature's Healthcare Plan</b>						
6/30/2013	-	12,078	12,078	0.0%	1,696	712.1%
6/30/2012	-	11,956	11,956	0.0%	1,787	669.1%
6/30/2011	-	9,092	9,092	0.0%	1,696	536.1%
<b>Indiana State Police Healthcare Plan</b>						
6/30/2013	21,133	297,104	275,971	7.1%	87,040 *	317.1%
6/30/2012	17,033	291,148	274,115	5.9%	87,040	314.9%
6/30/2011	5,280	306,132	300,852	1.7%	86,192	349.0%
<b>Conservation and Excise Police Healthcare Plan</b>						
6/30/2013	7,446	38,810	31,364	19.2%	25,532	122.8%
6/30/2012	5,773	41,804	36,031	13.8%	24,931 **	144.5%
6/30/2011	-	49,510	49,510	0.0%	24,595 **	201.3%

## Notes:

\* Covered payroll is from the June 30, 2012 actuarial results.

\*\* 2012 and 2011 covered payroll for Conservation and Excise Police Healthcare Plan are corrected from prior year.

## Schedule of Employer Contributions Other Postemployment Benefits

(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan			Legislature's Healthcare Plan			Indiana State Police Healthcare Plan			Conservation and Excise Police Healthcare Plan			Retiree Health Benefit Trust Fund		
	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	
2013	\$ 941	446.9%	\$ 827	64.5%	\$ 27,419	42.6%	\$ 3,053	94.8%	\$ 34,400	*	100.0%				
2012	2,964	1141.9%	815	59.9%	27,794	67.0%	3,675	187.5%	34,400		100.0%				
2011	4,664	362.8%	561	62.8%	30,155	45.7%	4,423	30.2%	52,075		100.0%				

\* This is the annual required contribution for the fiscal year ending June 30, 2012.

## Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) and the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (medical service payments, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Income	\$ 5,743,344	\$ 5,743,344	\$ 5,516,096	\$ (227,248)
Sales	6,796,200	6,796,200	6,799,250	3,050
Gaming	673,800	673,800	77,572	(596,228)
Inheritance	145,000	145,000	165,479	20,479
Alcohol and tobacco	282,700	282,700	300,698	17,998
Insurance	177,200	177,200	207,775	30,575
Other	279,167	279,167	242,575	(36,592)
Total taxes	<u>14,097,411</u>	<u>14,097,411</u>	<u>13,309,445</u>	<u>(787,966)</u>
Current service charges	147,464	147,464	200,062	52,598
Investment income	25,000	25,000	28,203	3,203
Sales/rents	615	615	1,391	776
Grants	-	-	11,733	11,733
Other	134,482	134,482	57,524	(76,958)
	<u>14,404,972</u>	<u>14,404,972</u>	<u>13,608,358</u>	<u>(796,614)</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Current:				
General government	1,284,544	2,403,649	1,766,895	636,754
Public safety	808,271	826,438	763,974	62,464
Health	39,008	51,243	38,805	12,438
Welfare	3,828,218	3,303,849	805,593	2,498,256
Conservation, culture and development	114,475	113,789	54,613	59,176
Education	9,135,294	9,190,852	8,914,685	276,167
Transportation	43,891	44,814	1,071	43,743
	<u>15,253,701</u>	<u>15,934,634</u>	<u>12,345,636</u>	<u>3,588,998</u>
<b>Total expenditures</b>				
Excess of revenues over (under) expenditures	(848,729)	(1,529,662)	1,262,722	(2,792,384)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(1,516,357)	(1,516,357)	(1,516,357)	-
	<u>(1,516,357)</u>	<u>(1,516,357)</u>	<u>(1,516,357)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (2,365,086)</u>	<u>\$ (3,046,019)</u>	<u>(253,635)</u>	<u>\$ 2,792,384</u>
<b>Fund balances July 1, as restated</b>			<u>2,646,859</u>	
<b>Fund balances June 30</b>			<u>\$ 2,393,224</u>	

Public Welfare-Medicaid Assistance				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
677,313	677,313	1,001,125	323,812	-	-	-	-
-	-	-	-	59,144	59,144	24,639	(34,505)
4,573,095	4,573,095	5,947,972	1,374,877	-	-	-	-
20,552	20,552	33,630	13,078	-	-	-	-
5,270,960	5,270,960	6,982,727	1,711,767	59,144	59,144	24,639	(34,505)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	11,503,438	8,781,256	2,722,182	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	50,000	86,000	10,153	75,847
-	11,503,438	8,781,256	2,722,182	50,000	86,000	10,153	75,847
5,270,960	(6,232,478)	(1,798,529)	(4,433,949)	9,144	(26,856)	14,486	(41,342)
1,598,243	1,598,243	1,598,243	-	(412,706)	(412,706)	(412,706)	-
\$ 6,869,203	\$ (4,634,235)	(200,286)	\$ 4,433,949	\$ (403,562)	\$ (439,562)	(398,220)	\$ 41,342
		620,909				1,176,732	
		<b>\$ 420,623</b>				<b>\$ 778,512</b>	

## Budget/GAAP Reconciliation Major Funds

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

(amounts expressed in thousands)	GENERAL FUND	PUBLIC WELFARE- MEDICAID ASSIS	MAJOR MOVES CONSTRUCTION FUND	Total
Net change in fund balances (budgetary basis)	\$ (253,635)	\$ (200,286)	\$ (398,220)	\$ (852,141)
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:				
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(81,240)	(358,108)	(8,832)	(448,180)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	281,981	519,224	(303)	800,901
<b>Net change in fund balances (GAAP basis)</b>	<b>\$ (52,894)</b>	<b>\$ (39,170)</b>	<b>\$ (407,356)</b>	<b>\$ (499,420)</b>

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

### Roads

#### Average International Roughness Index (IRI)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Roads (excluding Rest Areas and Weigh Stations)	79.1%	82.8%	82.6%
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	87.3%	84.4%	83.6%
Non-NHS Roads	95.7%	94.2%	94.3%

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (above 170). It is the State's policy to maintain a network average of no more than 95 IRI. Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

### Bridges

#### Average Sufficiency Rating

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Bridges	90.1%	89.1%	88.9%
NHS Bridges - Non-Interstate	89.7%	89.9%	89.9%
Non-NHS Bridges	88.8%	88.0%	87.4%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

**Infrastructure - Modified Reporting**  
**Comparison of Needed-to-Actual Maintenance/Preservation**  
**(amounts expressed in thousands)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Roads</b>					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 189,542	\$ 205,878	\$ 222,707	\$ 241,935	\$ 263,764
Actual	123,699	165,740	194,727	226,401	246,089
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	282,843	296,337	314,282	381,433	391,641
Actual	298,356	337,507	364,173	423,949	571,000
Roads at State Institutions and Properties					
Needed	1,030	1,699	2,046	2,073	1,734
Actual	3,132	5,183	3,386	1,635	4,884
Total					
Needed	473,415	503,914	539,035	625,441	657,139
Actual	425,187	508,430	562,286	651,985	821,973
<b>Bridges</b>					
Interstate Bridges					
Needed	\$ 46,568	\$ 55,371	\$ 62,746	\$ 75,181	\$ 82,668
Actual	36,820	58,245	54,505	51,416	37,931
NHS Bridges - Non-Interstate					
Needed	51,418	41,395	27,240	25,706	24,438
Actual	28,553	26,733	27,085	24,299	7,794
Non-NHS Bridges					
Needed	76,918	106,891	84,736	79,055	48,214
Actual	80,470	102,491	73,713	60,861	39,707
Bridges at State Institutions and Properties					
Needed	-	1	-	5	-
Actual	752	108	-	354	253
Total					
Needed	174,904	203,658	174,722	179,947	155,320
Actual	146,595	187,577	155,303	136,930	85,685

Data provided by Comparative Report of Preservation Costs



## OTHER SUPPLEMENTARY INFORMATION



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

- Motor Vehicle Highway
- Motor Vehicle Commission
- Road & Street, Primary Highway
- State Highway Department

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

- Indiana Check-Up Plan
- Patients Compensation Fund
- Tobacco Settlement Fund

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

- State Gaming Fund
- Build Indiana Fund

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

- Fund 6000 Programs

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

- Common School Fund

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

- U.S. Department of Agriculture
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Department of Education
- U.S. Department of Health and Human Services

## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECTS FUNDS

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

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

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

### PERMANENT FUNDS

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

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

**State of Indiana**  
**Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Projects Funds</u>	<u>Non-Major Permanent Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 2,489,334	\$ 45,750	\$ 577,968	\$ 3,113,052
Receivables:				
Taxes (net of allowance for uncollectible accounts)	165,864	1,956	-	167,820
Accounts	54,195	93	-	54,288
Grants	284,852	-	-	284,852
Interest	167	-	2	169
Interfund loans	8,000	-	-	8,000
Due from component unit	3,389	-	-	3,389
Prepaid expenditures	850	72	-	922
Loans	368,591	-	-	368,591
Other	6	-	5	11
Total assets	<u>3,375,248</u>	<u>47,871</u>	<u>577,975</u>	<u>4,001,094</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 3,375,248</u>	<u>\$ 47,871</u>	<u>\$ 577,975</u>	<u>\$ 4,001,094</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 550,265	\$ 1,553	\$ -	\$ 551,818
Salaries and benefits payable	45,988	-	-	45,988
Interfund loans	88,620	709	-	89,329
Interfund services used	4,844	-	-	4,844
Intergovernmental payable	121,744	-	-	121,744
Tax refunds payable	5,516	-	-	5,516
Unearned revenue	67,756	8	-	67,764
Accrued liability for compensated absences-current	3,756	-	-	3,756
Other payables	7	-	5	12
Total liabilities	<u>888,496</u>	<u>2,270</u>	<u>5</u>	<u>890,771</u>
<b>FUND BALANCE</b>				
Nonspendable:	-	-	520,665	520,665
Committed:	1,024,379	-	57,305	1,081,684
Assigned:	1,638,313	46,310	-	1,684,623
Unassigned:	(175,940)	(709)	-	(176,649)
Total fund balance	<u>2,486,752</u>	<u>45,601</u>	<u>577,970</u>	<u>3,110,323</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<u>\$ 3,375,248</u>	<u>\$ 47,871</u>	<u>\$ 577,975</u>	<u>\$ 4,001,094</u>

**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
<b>Revenues:</b>				
Taxes:				
Income	\$ 201	\$ -	\$ -	\$ 201
Sales	10,355	-	-	10,355
Fuels	765,519	-	-	765,519
Gaming	710,921	-	-	710,921
Unemployment	80	-	-	80
Alcohol and tobacco	159,250	19,049	-	178,299
Insurance	4,497	-	-	4,497
Financial Institutions	120,571	-	-	120,571
Other	24,977	-	-	24,977
Total taxes	1,796,371	19,049	-	1,815,420
Current service charges	1,220,162	1,786	-	1,221,948
Investment income	2,166	-	10,042	12,208
Sales/rents	20,043	-	-	20,043
Grants	5,582,391	-	-	5,582,391
Other	57,616	-	-	57,616
Total revenues	8,678,749	20,835	10,042	8,709,626
<b>Expenditures:</b>				
Current:				
General government	403,989	-	-	403,989
Public safety	841,120	-	-	841,120
Health	368,664	-	-	368,664
Welfare	3,094,565	-	-	3,094,565
Conservation, culture and development	501,767	-	668	502,435
Education	1,369,046	-	-	1,369,046
Transportation	2,552,805	-	65	2,552,870
Capital outlay	-	14,006	-	14,006
Total expenditures	9,131,956	14,006	733	9,146,695
Excess (deficiency) of revenues over (under) expenditures	(453,207)	6,829	9,309	(437,069)
<b>Other financing sources (uses):</b>				
Transfers in	2,475,309	3,516	318	2,479,143
Transfers (out)	(2,075,467)	(76,144)	-	(2,151,611)
Proceeds from capital lease	3,430	-	-	3,430
Total other financing sources (uses)	403,272	(72,628)	318	330,962
<b>Net change in fund balances</b>	(49,935)	(65,799)	9,627	(106,107)
<b>Fund Balance July 1, as restated</b>	2,536,687	111,400	568,343	3,216,430
<b>Fund Balance June 30</b>	<b>\$ 2,486,752</b>	<b>\$ 45,601</b>	<b>\$ 577,970</b>	<b>\$ 3,110,323</b>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<u>STATE GAMING FUND</u>	<u>MOTOR VEHICLE HIGHWAY</u>	<u>MOTOR VEHICLE COMMISSION</u>	<u>BUILD INDIANA FUND</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments- unrestricted	\$ 2,318	\$ 46,708	\$ 12,557	\$ 5,244
Receivables:				
Taxes (net of allowance for uncollectible accounts)	11,772	10,385	-	-
Accounts	-	5,127	3,224	-
Grants	-	-	-	-
Interest	-	-	-	-
Interfund loans	-	8,000	-	-
Due from component unit	-	-	-	3,389
Prepaid expenditures	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Total assets	<u>14,090</u>	<u>70,220</u>	<u>15,781</u>	<u>8,633</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 14,090</u>	<u>\$ 70,220</u>	<u>\$ 15,781</u>	<u>\$ 8,633</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 31	\$ 2,974	\$ 2,072	\$ 18
Salaries and benefits payable	158	923	1,792	9
Interfund loans	-	-	-	-
Interfund services used	28	950	69	-
Intergovernmental payable	83	23,832	-	-
Tax refunds payable	-	2,556	-	-
Unearned revenue	-	6,644	-	-
Accrued liability for compensated absences- current	17	30	149	1
Other payables	-	-	-	-
Total liabilities	<u>317</u>	<u>37,909</u>	<u>4,082</u>	<u>28</u>
<b>FUND BALANCE</b>				
Committed:	11,156	-	-	-
Assigned:	2,617	32,311	11,699	8,605
Unassigned:	-	-	-	-
Total fund balance	<u>13,773</u>	<u>32,311</u>	<u>11,699</u>	<u>8,605</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<u>\$ 14,090</u>	<u>\$ 70,220</u>	<u>\$ 15,781</u>	<u>\$ 8,633</u>

<u>STATE HIGHWAY FUND</u>	<u>INDIANA CHECK- UP PLAN</u>	<u>FUND 6000 PROGRAMS</u>	<u>PATIENTS COMPENSATION FUND</u>	<u>ROAD &amp; STREET, PRIMARY HIGHWAY</u>
\$ 412,519	\$ 316,442	\$ 320,309	\$ 193,745	\$ 5,319
2,969	20,225	45,291	-	13,092
6,553	-	13,574	11,304	459
345	-	1,594	-	-
78	-	3	45	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,124	-	359	-	-
-	-	-	6	-
<u>435,588</u>	<u>336,667</u>	<u>381,130</u>	<u>205,100</u>	<u>18,870</u>
<u>\$ 435,588</u>	<u>\$ 336,667</u>	<u>\$ 381,130</u>	<u>\$ 205,100</u>	<u>\$ 18,870</u>
\$ 48,007	\$ 11,705	\$ 4,147	\$ 113,070	\$ -
12,290	4	1,162	26	-
8,000	-	-	-	-
498	-	148	1	-
-	-	1,319	-	6,829
-	-	2,886	-	-
741	8,668	40,335	-	5,615
1,099	-	46	1	-
-	-	-	6	-
<u>70,635</u>	<u>20,377</u>	<u>50,043</u>	<u>113,104</u>	<u>12,444</u>
-	316,290	10,813	-	-
364,953	-	320,274	91,996	6,426
-	-	-	-	-
<u>364,953</u>	<u>316,290</u>	<u>331,087</u>	<u>91,996</u>	<u>6,426</u>
<u>\$ 435,588</u>	<u>\$ 336,667</u>	<u>\$ 381,130</u>	<u>\$ 205,100</u>	<u>\$ 18,870</u>

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**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<u>TOBACCO SETTLEMENT FUND</u>	<u>COMMON SCHOOL FUND</u>	<u>US DEPARTMENT OF AGRICULTURE</u>	<u>US DEPARTMENT OF LABOR</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 98,741	\$ 211,099	\$ 35,794	\$ 1,190
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	-	-	-
Accounts	-	-	-	180
Grants	-	-	2,702	5,803
Interest	6	7	-	-
Interfund loans	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expenditures	-	-	-	-
Loans	-	351,874	-	-
Other	-	-	-	-
Total assets	<u>98,747</u>	<u>562,980</u>	<u>38,496</u>	<u>7,173</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 98,747</u>	<u>\$ 562,980</u>	<u>\$ 38,496</u>	<u>\$ 7,173</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,122	\$ -	\$ 4,034	\$ 1,736
Salaries and benefits payable	106	-	316	3,218
Interfund loans	-	-	-	-
Interfund services used	8	-	19	689
Intergovernmental payable	-	-	11,334	-
Tax refunds payable	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	5	-	30	255
Other payables	-	-	-	-
Total liabilities	<u>3,241</u>	<u>-</u>	<u>15,733</u>	<u>5,898</u>
<b>FUND BALANCE</b>				
Committed:	-	562,980	-	-
Assigned:	95,506	-	22,763	1,275
Unassigned:	-	-	-	-
Total fund balance	<u>95,506</u>	<u>562,980</u>	<u>22,763</u>	<u>1,275</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<u>\$ 98,747</u>	<u>\$ 562,980</u>	<u>\$ 38,496</u>	<u>\$ 7,173</u>



<u>US DEPARTMENT OF TRANSPORTATION</u>	<u>US DEPARTMENT OF EDUCATION</u>	<u>US DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u>	<u>OTHER NON- MAJOR SPECIAL REVENUE FUNDS</u>	<u>TOTAL</u>
\$ 14,687	\$ 22,149	\$ -	\$ 790,513	\$ 2,489,334
-	-	-	62,130	165,864
1,320	-	-	12,454	54,195
130,486	12,085	83,283	48,554	284,852
-	-	-	28	167
-	-	-	-	8,000
-	-	-	-	3,389
850	-	-	-	850
-	-	-	3,234	368,591
-	-	-	-	6
<u>147,343</u>	<u>34,234</u>	<u>83,283</u>	<u>916,913</u>	<u>3,375,248</u>
<u>\$ 147,343</u>	<u>\$ 34,234</u>	<u>\$ 83,283</u>	<u>\$ 916,913</u>	<u>\$ 3,375,248</u>
\$ 174,194	\$ 11,278	\$ 82,043	\$ 91,834	\$ 550,265
65	2,155	11,539	12,225	45,988
-	-	80,620	-	88,620
7	78	1,414	935	4,844
-	76,319	-	2,028	121,744
-	-	-	74	5,516
-	-	-	5,753	67,756
1	202	885	1,035	3,756
-	-	-	1	7
<u>174,267</u>	<u>90,032</u>	<u>176,501</u>	<u>113,885</u>	<u>888,496</u>
-	-	-	123,140	1,024,379
-	-	-	679,888	1,638,313
(26,924)	(55,798)	(93,218)	-	(175,940)
<u>(26,924)</u>	<u>(55,798)</u>	<u>(93,218)</u>	<u>803,028</u>	<u>2,486,752</u>
<u>\$ 147,343</u>	<u>\$ 34,234</u>	<u>\$ 83,283</u>	<u>\$ 916,913</u>	<u>\$ 3,375,248</u>

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	<u>STATE GAMING FUND</u>	<u>MOTOR VEHICLE HIGHWAY</u>	<u>MOTOR VEHICLE COMMISSION</u>	<u>BUILD INDIANA FUND</u>
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	383,893	-	-
Gaming	685,590	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	<u>685,590</u>	<u>383,893</u>	<u>-</u>	<u>-</u>
Current service charges	2,077	272,333	108,036	164,815
Investment income	-	-	-	-
Sales/rents	-	30	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	<u>687,667</u>	<u>656,256</u>	<u>108,036</u>	<u>164,815</u>
<b>Expenditures:</b>				
Current:				
General government	133,494	-	-	9
Public safety	-	189,813	83,975	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	470
Education	-	253	-	4,264
Transportation	-	276,722	-	-
Total expenditures	<u>133,494</u>	<u>466,788</u>	<u>83,975</u>	<u>4,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>554,173</u>	<u>189,468</u>	<u>24,061</u>	<u>160,072</u>
<b>Other financing sources (uses):</b>				
Transfers in	918	97,161	-	85,327
Transfers (out)	(570,247)	(281,171)	(17,852)	(247,617)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	<u>(569,329)</u>	<u>(184,010)</u>	<u>(17,852)</u>	<u>(162,290)</u>
<b>Net change in fund balances</b>	<b>(15,156)</b>	<b>5,458</b>	<b>6,209</b>	<b>(2,218)</b>
<b>Fund Balance July 1, as restated</b>	<u>28,929</u>	<u>26,853</u>	<u>5,490</u>	<u>10,823</u>
<b>Fund Balance June 30</b>	<u><b>\$ 13,773</b></u>	<u><b>\$ 32,311</b></u>	<u><b>\$ 11,699</b></u>	<u><b>\$ 8,605</b></u>

<u>STATE HIGHWAY FUND</u>	<u>INDIANA CHECK- UP PLAN</u>	<u>FUND 6000 PROGRAMS</u>	<u>PATIENTS COMPENSATION FUND</u>	<u>ROAD &amp; STREET, PRIMARY HIGHWAY</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,989	-	-
29,446	-	4,218	-	193,511
-	-	339	-	-
-	-	57	-	-
-	122,872	-	-	-
-	-	-	-	-
-	-	120,571	-	-
-	-	21,208	-	-
<u>29,446</u>	<u>122,872</u>	<u>148,382</u>	<u>-</u>	<u>193,511</u>
33,702	-	90,701	98,578	17,800
159	-	95	234	-
1,856	-	7,164	-	-
2,269	-	16,095	-	-
43,796	-	5,903	-	-
<u>111,228</u>	<u>122,872</u>	<u>268,340</u>	<u>98,812</u>	<u>211,311</u>
-	-	100,035	-	-
-	-	24,012	229,845	-
-	113,439	647	-	-
-	-	996	-	-
-	-	13,044	-	-
-	-	8,713	-	-
737,140	-	1,952	-	73,548
<u>737,140</u>	<u>113,439</u>	<u>149,399</u>	<u>229,845</u>	<u>73,548</u>
<u>(625,912)</u>	<u>9,433</u>	<u>118,941</u>	<u>(131,033)</u>	<u>137,763</u>
870,026	-	55,972	-	-
(183,815)	-	(133,306)	(9)	(139,608)
3,430	-	-	-	-
<u>689,641</u>	<u>-</u>	<u>(77,334)</u>	<u>(9)</u>	<u>(139,608)</u>
63,729	9,433	41,607	(131,042)	(1,845)
<u>301,224</u>	<u>306,857</u>	<u>289,480</u>	<u>223,038</u>	<u>8,271</u>
<u>\$ 364,953</u>	<u>\$ 316,290</u>	<u>\$ 331,087</u>	<u>\$ 91,996</u>	<u>\$ 6,426</u>

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**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	132,476	5,133	208	436
Investment income	1,229	8	-	-
Sales/rents	-	-	-	-
Grants	-	-	1,976,477	145,560
Other	20	122	6	10
Total revenues	<u>133,725</u>	<u>5,263</u>	<u>1,976,691</u>	<u>146,006</u>
<b>Expenditures:</b>				
Current:				
General government	-	1	318	-
Public safety	-	-	3,290	5,202
Health	43,723	-	110,016	-
Welfare	-	-	1,564,007	2,349
Conservation, culture and development	-	-	2,808	138,442
Education	-	-	362,787	82
Transportation	-	-	-	-
Total expenditures	<u>43,723</u>	<u>1</u>	<u>2,043,226</u>	<u>146,075</u>
Excess (deficiency) of revenues over expenditures	<u>90,002</u>	<u>5,262</u>	<u>(66,535)</u>	<u>(69)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	58,655	2,669
Transfers (out)	(87,539)	-	(289)	(1,699)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	<u>(87,539)</u>	<u>-</u>	<u>58,366</u>	<u>970</u>
<b>Net change in fund balances</b>	<b>2,463</b>	<b>5,262</b>	<b>(8,169)</b>	<b>901</b>
<b>Fund Balance July 1, as restated</b>	<b>93,043</b>	<b>557,718</b>	<b>30,932</b>	<b>374</b>
<b>Fund Balance June 30</b>	<b><u>\$ 95,506</u></b>	<b><u>\$ 562,980</u></b>	<b><u>\$ 22,763</u></b>	<b><u>\$ 1,275</u></b>

US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	US DEPARTMENT OF HEALTH & HUMAN SERVICES	OTHER NON- MAJOR SPECIAL REVENUE FUNDS	Total
\$ -	\$ -	\$ -	\$ 201	\$ 201
-	-	-	8,366	10,355
-	-	-	154,451	765,519
-	-	-	24,992	710,921
-	-	-	23	80
-	-	-	36,378	159,250
-	-	-	4,497	4,497
-	-	-	-	120,571
-	-	-	3,769	24,977
-	-	-	232,677	1,796,371
-	25	1,025	292,817	1,220,162
-	-	-	441	2,166
-	-	-	10,993	20,043
1,210,557	729,462	1,020,432	481,539	5,582,391
-	46	100	7,613	57,616
<u>1,210,557</u>	<u>729,533</u>	<u>1,021,557</u>	<u>1,026,080</u>	<u>8,678,749</u>
283	819	14,200	154,830	403,989
18,521	2,107	8,835	275,520	841,120
42	-	91,125	9,672	368,664
21	86,076	1,272,671	168,445	3,094,565
1,980	32,044	-	312,979	501,767
-	700,135	3,961	288,851	1,369,046
1,286,949	-	-	176,494	2,552,805
<u>1,307,796</u>	<u>821,181</u>	<u>1,390,792</u>	<u>1,386,791</u>	<u>9,131,956</u>
<u>(97,239)</u>	<u>(91,648)</u>	<u>(369,235)</u>	<u>(360,711)</u>	<u>(453,207)</u>
176,393	45,487	455,615	627,086	2,475,309
(25,235)	(774)	(71,588)	(314,718)	(2,075,467)
-	-	-	-	3,430
<u>151,158</u>	<u>44,713</u>	<u>384,027</u>	<u>312,368</u>	<u>403,272</u>
53,919	(46,935)	14,792	(48,343)	(49,935)
<u>(80,843)</u>	<u>(8,863)</u>	<u>(108,010)</u>	<u>851,371</u>	<u>2,536,687</u>
<u>\$ (26,924)</u>	<u>\$ (55,798)</u>	<u>\$ (93,218)</u>	<u>\$ 803,028</u>	<u>\$ 2,486,752</u>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<u>State Police Building Commission</u>	<u>Post War Construction</u>	<u>Other Non-Major Capital Projects Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash, cash equivalents and investments- unrestricted	\$ 3,914	\$ 28,387	\$ 13,449	\$ 45,750
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	1,956	-	1,956
Accounts	93	-	-	93
Prepaid expenditures	-	72	-	72
Total assets	<u>4,007</u>	<u>30,415</u>	<u>13,449</u>	<u>47,871</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 4,007</u>	<u>\$ 30,415</u>	<u>\$ 13,449</u>	<u>\$ 47,871</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 88	\$ 1,232	\$ 233	\$ 1,553
Interfund loans	-	-	709	709
Unearned revenue	-	8	-	8
Total liabilities	<u>88</u>	<u>1,240</u>	<u>942</u>	<u>2,270</u>
<b>FUND BALANCE</b>				
Assigned:	3,919	29,175	13,216	46,310
Unassigned:	-	-	(709)	(709)
Total fund balance	<u>3,919</u>	<u>29,175</u>	<u>12,507</u>	<u>45,601</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<u>\$ 4,007</u>	<u>\$ 30,415</u>	<u>\$ 13,449</u>	<u>\$ 47,871</u>

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	<b>State Police Building Commission</b>	<b>Post War Construction</b>	<b>Other Non-Major Capital Projects Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Taxes:				
Alcohol and tobacco	\$ -	\$ 19,049	\$ -	\$ 19,049
Total taxes	-	19,049	-	19,049
Current service charges	1,786	-	-	1,786
 Total revenues	 1,786	 19,049	 -	 20,835
<b>Expenditures:</b>				
Capital outlay	3,816	8,635	1,555	14,006
 Total expenditures	 3,816	 8,635	 1,555	 14,006
 Excess (deficiency) of revenues over (under) expenditures	 (2,030)	 10,414	 (1,555)	 6,829
<b>Other financing sources (uses):</b>				
Transfers in	-	-	3,516	3,516
Transfers (out)	-	(76,144)	-	(76,144)
 Total other financing sources (uses)	 -	 (76,144)	 3,516	 (72,628)
 <b>Net change in fund balances</b>	 (2,030)	 (65,730)	 1,961	 (65,799)
<b>Fund Balance July 1, as restated</b>	<b>5,949</b>	<b>94,905</b>	<b>10,546</b>	<b>111,400</b>
<b>Fund Balance June 30</b>	<b>\$ 3,919</b>	<b>\$ 29,175</b>	<b>\$ 12,507</b>	<b>\$ 45,601</b>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Permanent Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	<u>Next Generation Trust Fund</u>	<u>Other Non-Major Permanent Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash, cash equivalents and investments- unrestricted	\$ 556,831	\$ 21,137	\$ 577,968
Receivables:			
Interest	2	-	2
Other	5	-	5
Total assets	<u>556,838</u>	<u>21,137</u>	<u>577,975</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 556,838</u>	<u>\$ 21,137</u>	<u>\$ 577,975</u>
<b>LIABILITIES</b>			
Other payables	<u>5</u>	-	<u>5</u>
Total liabilities	<u>5</u>	-	<u>5</u>
<b>FUND BALANCE</b>			
Nonspendable:	500,000	20,665	520,665
Committed:	<u>56,833</u>	<u>472</u>	<u>57,305</u>
Total fund balance	<u>556,833</u>	<u>21,137</u>	<u>577,970</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<u>\$ 556,838</u>	<u>\$ 21,137</u>	<u>\$ 577,975</u>



**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Permanent Funds**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	<u>Next Generation Trust Fund</u>	<u>Other Non-Major Permanent Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes:			
Investment income	\$ 9,981	\$ 61	\$ 10,042
Total revenues	<u>9,981</u>	<u>61</u>	<u>10,042</u>
<b>Expenditures:</b>			
Current:			
Conservation, culture and development	-	668	668
Transportation	<u>65</u>	<u>-</u>	<u>65</u>
Total expenditures	<u>65</u>	<u>668</u>	<u>733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,916</u>	<u>(607)</u>	<u>9,309</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>-</u>	<u>318</u>	<u>318</u>
Total other financing sources (uses)	<u>-</u>	<u>318</u>	<u>318</u>
<b>Net change in fund balances</b>	9,916	(289)	9,627
<b>Fund Balance July 1, as restated</b>	<u>546,917</u>	<u>21,426</u>	<u>568,343</u>
<b>Fund Balance June 30</b>	<u>\$ 556,833</u>	<u>\$ 21,137</u>	<u>\$ 577,970</u>

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	<b>State Gaming Fund</b>			
	<b>Budget</b>		<b>Actual</b>	<b>Variance to</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	748,171	748,171	685,583	(62,588)
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	748,171	748,171	685,583	(62,588)
Current service charges	1,550	1,550	2,077	527
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>749,721</b>	<b>749,721</b>	<b>687,660</b>	<b>(62,061)</b>
<b>Expenditures:</b>				
Current:				
General government	2,904	723,752	133,521	590,231
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
<b>Total expenditures</b>	<b>2,904</b>	<b>723,752</b>	<b>133,521</b>	<b>590,231</b>
Excess of revenues over (under) expenditures	746,817	25,969	554,139	(528,170)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(569,329)	(569,329)	(569,329)	-
<b>Net change in fund balances</b>	<b>\$ 177,488</b>	<b>\$ (543,360)</b>	<b>(15,190)</b>	<b>\$ 528,170</b>
<b>Fund balances July 1, as restated</b>			<b>17,506</b>	
<b>Fund balances June 30</b>			<b>\$ 2,316</b>	

Motor Vehicle Highway Fund				Motor Vehicle Commission			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
403,743	403,743	385,183	(18,560)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
403,743	403,743	385,183	(18,560)	-	-	-	-
261,569	261,569	272,455	10,886	103,034	103,034	106,932	3,898
-	-	-	-	-	-	-	-
2,062	2,062	106	(1,956)	-	-	-	-
637	637	-	(637)	17	17	-	(17)
43	43	1	(42)	11	11	-	(11)
668,054	668,054	657,745	(10,309)	103,062	103,062	106,932	3,870
10,160	9,040	7,038	2,002	-	-	-	-
148,745	200,455	197,874	2,581	106,726	87,312	84,061	3,251
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
265	257	256	1	-	-	-	-
267,960	551,738	270,349	281,389	-	-	-	-
427,130	761,490	475,517	285,973	106,726	87,312	84,061	3,251
240,924	(93,436)	182,228	(275,664)	(3,664)	15,750	22,871	(7,121)
(184,010)	(184,010)	(184,010)	-	(17,852)	(17,852)	(17,852)	-
\$ 56,914	\$ (277,446)	(1,782)	\$ 275,664	\$ (21,516)	\$ (2,102)	5,019	\$ 7,121
		55,655				6,517	
		<b>\$ 53,873</b>				<b>\$ 11,536</b>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Build Indiana Fund			Variance to Final Budget
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	147,590	147,590	164,519	16,929
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>147,590</b>	<b>147,590</b>	<b>164,519</b>	<b>16,929</b>
<b>Expenditures:</b>				
Current:				
General government	5,775	184,858	9	184,849
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	470	470	-
Education	6,116	4,713	4,252	461
Transportation	-	-	-	-
<b>Total expenditures</b>	<b>11,891</b>	<b>190,041</b>	<b>4,731</b>	<b>185,310</b>
Excess of revenues over (under) expenditures	135,699	(42,451)	159,788	(202,239)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(162,290)	(162,290)	(162,290)	-
<b>Net change in fund balances</b>	<b>\$ (26,591)</b>	<b>\$ (204,741)</b>	<b>(2,502)</b>	<b>\$ 202,239</b>
<b>Fund balances July 1, as restated</b>			<b>7,744</b>	
<b>Fund balances June 30</b>			<b>\$ 5,242</b>	

State Highway Fund				Indiana Check-Up Plan			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
29,756	29,756	29,479	(277)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	121,292	121,292	122,891	1,599
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,756	29,756	29,479	(277)	121,292	121,292	122,891	1,599
32,458	32,458	33,815	1,357	-	-	-	-
173	173	81	(92)	-	-	-	-
1,659	1,659	1,856	197	-	-	-	-
2,046	2,046	2,230	184	-	-	-	-
41,821	41,821	43,796	1,975	-	-	-	-
107,913	107,913	111,257	3,344	121,292	121,292	122,891	1,599
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,298	406,312	102,122	304,190
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
993,567	1,319,549	750,909	568,640	-	-	-	-
993,567	1,319,549	750,909	568,640	12,298	406,312	102,122	304,190
(885,654)	(1,211,636)	(639,652)	(571,984)	108,994	(285,020)	20,769	(305,789)
686,211	686,211	686,211	-	-	-	-	-
\$ (199,443)	\$ (525,425)	46,559	\$ 571,984	\$ 108,994	\$ (285,020)	20,769	\$ 305,789
		344,355				295,582	
		<b>\$ 390,914</b>				<b>\$ 316,351</b>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Fund 6000 Programs			Variance to Final Budget
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	1,941	1,941	1,984	43
Fuels	2,932	2,932	-	(2,932)
Gaming	460	460	386	(74)
Unemployment	44	44	57	13
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	94,212	94,212	112,521	18,309
Other	14,138	14,138	20,213	6,075
Total taxes	113,727	113,727	135,161	21,434
Current service charges	102,765	102,765	91,230	(11,535)
Investment income	101	101	98	(3)
Sales/rents	4,497	4,497	7,164	2,667
Grants	19,632	19,632	15,036	(4,596)
Other	4,628	4,628	5,903	1,275
Total revenues	245,350	245,350	254,592	9,242
<b>Expenditures:</b>				
Current:				
General government	3,879	386,688	101,880	284,808
Public safety	3,379	58,812	23,938	34,874
Health	743	3,272	829	2,443
Welfare	524	16,022	1,222	14,800
Conservation, culture and development	8,774	43,610	16,195	27,415
Education	703	13,917	8,916	5,001
Transportation	2,810	4,875	2,076	2,799
Total expenditures	20,812	527,196	155,056	372,140
Excess of revenues over (under) expenditures	224,538	(281,846)	99,536	(381,382)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(77,334)	(77,334)	(77,334)	-
<b>Net change in fund balances</b>	<b>\$ 147,204</b>	<b>\$ (359,180)</b>	<b>22,202</b>	<b>\$ 381,382</b>
<b>Fund balances July 1, as restated</b>			<b>297,099</b>	
<b>Fund balances June 30</b>			<b>\$ 319,301</b>	

Patients Compensation Fund				Road and Street, Primary Highway			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	189,795	189,795	193,833	4,038
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	189,795	189,795	193,833	4,038
103,058	103,058	87,274	(15,784)	17,464	17,464	17,736	272
371	371	192	(179)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	26	26	-	(26)
103,429	103,429	87,466	(15,963)	207,285	207,285	211,569	4,284
-	-	-	-	-	-	-	-
1,584	204,811	140,696	64,115	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	292,055	73,569	218,486
1,584	204,811	140,696	64,115	-	292,055	73,569	218,486
101,845	(101,382)	(53,230)	(48,152)	207,285	(84,770)	138,000	(222,770)
(9)	(9)	(9)	-	(139,608)	(139,608)	(139,608)	-
\$ 101,836	\$ (101,391)	(53,239)	\$ 48,152	\$ 67,677	\$ (224,378)	(1,608)	\$ 222,770
		246,982				6,927	
		<b>\$ 193,743</b>				<b>\$ 5,319</b>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	<b>Tobacco Settlement Fund</b>			<b>Variance to Final Budget</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	132,558	132,558	132,476	(82)
Investment income	14	14	1,223	1,209
Sales/rents	-	-	-	-
Grants	11	11	-	(11)
Other	615	615	20	(595)
<b>Total revenues</b>	<b>133,198</b>	<b>133,198</b>	<b>133,719</b>	<b>521</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health	135,552	147,380	43,944	103,436
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
<b>Total expenditures</b>	<b>135,552</b>	<b>147,380</b>	<b>43,944</b>	<b>103,436</b>
Excess of revenues over (under) expenditures	(2,354)	(14,182)	89,775	(103,957)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(87,539)	(87,539)	(87,539)	-
<b>Net change in fund balances</b>	<b>\$ (89,893)</b>	<b>\$ (101,721)</b>	<b>2,236</b>	<b>\$ 103,957</b>
<b>Fund balances July 1, as restated</b>			<b>96,014</b>	
<b>Fund balances June 30</b>			<b>\$ 98,250</b>	



Common School Fund				U.S. Department of Agriculture			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	105	105	-	(105)
-	-	-	-	105	105	-	(105)
5,050	5,050	5,133	83	146	146	208	62
-	-	2	2	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	535,005	535,005	530,223	(4,782)
654	654	122	(532)	7	7	6	(1)
5,704	5,704	5,257	(447)	535,263	535,263	530,437	(4,826)
-	86,180	-	86,180	514	9,519	258	9,261
-	-	-	-	-	6,683	3,297	3,386
-	-	-	-	15,417	198,516	110,683	87,833
-	-	-	-	1,532	235,707	102,071	133,636
-	-	-	-	699	8,321	2,858	5,463
-	-	-	-	4,600	388,545	360,132	28,413
-	-	-	-	-	-	-	-
-	86,180	-	86,180	22,762	847,291	579,299	267,992
5,704	(80,476)	5,257	(85,733)	512,501	(312,028)	(48,862)	(263,166)
-	-	-	-	58,366	58,366	58,366	-
\$ 5,704	\$ (80,476)	5,257	\$ 85,733	\$ 570,867	\$ (253,662)	9,504	\$ 263,166
		557,717				26,350	
		<b>\$ 562,974</b>				<b>\$ 35,854</b>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	U.S. Department of Labor			
	Budget		Actual	Variance to
	Original	Final		Final Budget
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	413	413	436	23
Investment income	-	-	-	-
Sales/rents	2	2	-	(2)
Grants	168,301	168,301	147,107	(21,194)
Other	11	11	10	(1)
<b>Total revenues</b>	<b>168,727</b>	<b>168,727</b>	<b>147,553</b>	<b>(21,174)</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	70	8,625	5,223	3,402
Health	-	-	-	-
Welfare	277	6,498	2,328	4,170
Conservation, culture and development	47,286	335,296	139,361	195,935
Education	-	141	82	59
Transportation	-	-	-	-
<b>Total expenditures</b>	<b>47,633</b>	<b>350,560</b>	<b>146,994</b>	<b>203,566</b>
Excess of revenues over (under) expenditures	121,094	(181,833)	559	(182,392)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	970	970	970	-
<b>Net change in fund balances</b>	<b>\$ 122,064</b>	<b>\$ (180,863)</b>	<b>1,529</b>	<b>\$ 182,392</b>
<b>Fund balances July 1, as restated</b>			<b>(609)</b>	
<b>Fund balances June 30</b>			<b>\$ 920</b>	

U.S. Department of Transportation				U.S. Department of Education			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5	5	-	(5)	-	-	25	25
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,077,419	1,077,419	1,141,459	64,040	907,651	907,651	796,632	(111,019)
40	40	-	(40)	14	14	46	32
<u>1,077,464</u>	<u>1,077,464</u>	<u>1,141,459</u>	<u>63,995</u>	<u>907,665</u>	<u>907,665</u>	<u>796,703</u>	<u>(110,962)</u>
-	2,262	289	1,973	13	1,135	777	358
4,366	52,892	17,901	34,991	360	3,132	2,166	966
271	405	35	370	-	-	-	-
-	40	21	19	3,590	305,974	84,388	221,586
2,915	6,639	2,215	4,424	5,467	59,363	31,814	27,549
-	-	-	-	51,741	866,963	698,160	168,803
1,136,566	3,848,937	1,281,597	2,567,340	-	-	-	-
<u>1,144,118</u>	<u>3,911,175</u>	<u>1,302,058</u>	<u>2,609,117</u>	<u>61,171</u>	<u>1,236,567</u>	<u>817,305</u>	<u>419,262</u>
(66,654)	(2,833,711)	(160,599)	(2,673,112)	846,494	(328,902)	(20,602)	(308,300)
<u>151,158</u>	<u>151,158</u>	<u>151,158</u>	<u>-</u>	<u>44,713</u>	<u>44,713</u>	<u>44,713</u>	<u>-</u>
\$ 84,504	\$ (2,682,553)	(9,441)	\$ 2,673,112	\$ 891,207	\$ (284,189)	24,111	\$ 308,300
		3,497				(8,729)	
		<u>\$ (5,944)</u>				<u>\$ 15,382</u>	

continued on next page

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	U.S. Department of Health and Human Services			
	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	1,510	1,510	1,025	(485)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,095,539	1,095,539	1,016,189	(79,350)
Other	17	17	100	83
<b>Total revenues</b>	<b>1,097,066</b>	<b>1,097,066</b>	<b>1,017,314</b>	<b>(79,752)</b>
<b>Expenditures:</b>				
Current:				
General government	1,220	22,969	14,224	8,745
Public safety	1,799	15,591	8,655	6,936
Health	20,355	269,890	91,510	178,380
Welfare	283,093	2,406,265	1,265,175	1,141,090
Conservation, culture and development	-	-	-	-
Education	241	5,524	4,005	1,519
Transportation	-	-	-	-
<b>Total expenditures</b>	<b>306,708</b>	<b>2,720,239</b>	<b>1,383,569</b>	<b>1,336,670</b>
Excess of revenues over (under) expenditures	790,358	(1,623,173)	(366,255)	(1,256,918)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	384,027	384,027	384,027	-
<b>Net change in fund balances</b>	<b>\$ 1,174,385</b>	<b>\$ (1,239,146)</b>	<b>17,772</b>	<b>\$ 1,256,918</b>
<b>Fund balances July 1, as restated</b>			<b>(113,509)</b>	
<b>Fund balances June 30</b>			<b>\$ (95,737)</b>	

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Other Non-Major Special Revenue Funds			
	Budget		Actual	Variance to
	Original	Final		Final Budget
<b>Revenues:</b>				
Taxes:				
Income	\$ 178	\$ 178	\$ 201	\$ 23
Sales	8,231	8,231	8,419	188
Fuels	154,002	154,002	154,612	610
Gaming	24,518	24,518	25,137	619
Unemployment	58	58	23	(35)
Alcohol and tobacco	36,408	36,408	36,231	(177)
Insurance	4,297	4,297	4,497	200
Financial institutions	-	-	-	-
Other	6,150	6,150	3,692	(2,458)
Total taxes	233,842	233,842	232,812	(1,030)
Current service charges	314,416	314,416	293,594	(20,822)
Investment income	441	441	437	(4)
Sales/rents	14,800	14,800	10,993	(3,807)
Grants	787,417	787,417	464,656	(322,761)
Other	2,763	2,763	7,613	4,850
<b>Total revenues</b>	<b>1,353,679</b>	<b>1,353,679</b>	<b>1,010,105</b>	<b>(343,574)</b>
<b>Expenditures:</b>				
Current:				
General government	154,064	602,110	160,044	442,066
Public safety	161,684	698,143	266,897	431,246
Health	9,520	11,260	9,669	1,591
Welfare	28,030	1,342,803	162,734	1,180,069
Conservation, culture and development	202,426	690,876	301,634	389,242
Education	5,580	385,155	288,605	96,550
Transportation	202,139	223,013	174,256	48,757
<b>Total expenditures</b>	<b>763,443</b>	<b>3,953,360</b>	<b>1,363,839</b>	<b>2,589,521</b>
Excess of revenues over (under) expenditures	590,236	(2,599,681)	(353,734)	(2,245,947)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	312,368	312,368	312,368	-
<b>Net change in fund balances</b>	<b>\$ 902,604</b>	<b>\$ (2,287,313)</b>	<b>(41,366)</b>	<b>\$ 2,245,947</b>
<b>Fund balances July 1, as restated</b>			<b>813,058</b>	
<b>Fund balances June 30</b>			<b>\$ 771,692</b>	

## Budget/GAAP Reconciliation Nonmajor Special Revenue Funds

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

(amounts expressed in thousands)	Nonmajor Special Revenue Funds
Net change in fund balances (budgetary basis)	\$ 29,830
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:	
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	1,482,918
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(1,560,700)
Funds not subject to legally adopted budget	<u>(1,983)</u>
<b>Net change in fund balances (GAAP basis)</b>	<b><u><u>\$ (49,935)</u></u></b>

## NON-MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

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

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

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

**Wabash Memorial Bridge** – This fund accounts for the operations of the Wabash River Toll Bridge. This bridge is a vital link for motorists traveling between White County, Illinois, and Posey County, Indiana.

**State of Indiana**  
**Combining Statement of Fund Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 66,005	\$ 5,758	\$ 510	\$ 72,273
Receivables:				
Accounts	283	323	200	806
Interest	476	-	-	476
Inventory	-	588	17	605
Prepaid expenses	14	84	-	98
Total current assets	<u>66,778</u>	<u>6,753</u>	<u>727</u>	<u>74,258</u>
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated/amortized	-	499	610	1,109
less accumulated depreciation/amortization	-	(374)	(71)	(445)
Total capital assets, net of depreciation/amortization	<u>-</u>	<u>125</u>	<u>539</u>	<u>664</u>
Total noncurrent assets	<u>-</u>	<u>125</u>	<u>539</u>	<u>664</u>
<b>Total assets</b>	<b><u>66,778</u></b>	<b><u>6,878</u></b>	<b><u>1,266</u></b>	<b><u>74,922</u></b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	547	281	828
Claims payable	3,861	-	-	3,861
Salaries and benefits payable	-	399	-	399
Accrued liability for compensated absences	-	235	-	235
Unearned revenue	1,079	3,014	-	4,093
Other liabilities	4	560	-	564
Total current liabilities	<u>4,944</u>	<u>4,755</u>	<u>281</u>	<u>9,980</u>
Noncurrent liabilities:				
Accrued liability for compensated absences	-	244	-	244
Claims payable	24,789	-	-	24,789
Total noncurrent liabilities	<u>24,789</u>	<u>244</u>	<u>-</u>	<u>25,033</u>
<b>Total liabilities</b>	<b><u>29,733</u></b>	<b><u>4,999</u></b>	<b><u>281</u></b>	<b><u>35,013</u></b>
<b>Net position</b>				
Net investment in capital assets	-	125	539	664
Unrestricted (deficit)	37,045	1,754	446	39,245
<b>Total net position</b>	<b><u>\$ 37,045</u></b>	<b><u>\$ 1,879</u></b>	<b><u>\$ 985</u></b>	<b><u>\$ 39,909</u></b>



**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	<u>Residual Malpractice Insurance Authority</u>	<u>Inns and Concessions</u>	<u>Wabash Memorial Bridge</u>	<u>Total</u>
<b>Operating revenues:</b>				
Sales/rents/premiums	\$ 2,112	\$ 23,537	\$ 618	\$ 26,267
Other	-	196	-	196
Total operating revenues	2,112	23,733	618	26,463
Cost of sales	-	4,328	-	4,328
Gross margin	2,112	19,405	618	22,135
<b>Operating expenses:</b>				
General and administrative expense	615	16,371	458	17,444
Claims expense	1,532	-	-	1,532
Depreciation and amortization	-	24	144	168
Other	-	32	-	32
Total operating expenses	2,147	16,427	602	19,176
Operating income (loss)	(35)	2,978	16	2,959
<b>Nonoperating revenues (expenses):</b>				
Interest and other investment income	-	9	-	9
Interest and other investment expense	(638)	-	-	(638)
Gain (Loss) on disposition of assets	-	-	(552)	(552)
Total nonoperating revenues (expenses)	(638)	9	(552)	(1,181)
Income before contributions and transfers	(673)	2,987	(536)	1,778
Capital contributions	-	-	87	87
Transfers (out)	-	(2,769)	-	(2,769)
<b>Change in net position</b>	<b>(673)</b>	<b>218</b>	<b>(449)</b>	<b>(904)</b>
<b>Total net position, July 1</b>	<b>37,718</b>	<b>1,661</b>	<b>1,434</b>	<b>40,813</b>
<b>Total net position, June 30</b>	<b>\$ 37,045</b>	<b>\$ 1,879</b>	<b>\$ 985</b>	<b>\$ 39,909</b>

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	<b>Residual Malpractice Insurance Authority</b>	<b>Inns and Concessions</b>	<b>Wabash Memorial Bridge</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 1,989	\$ 23,653	\$ 694	\$ 26,336
Cash paid for general and administrative	(712)	(16,347)	(112)	(17,171)
Cash paid to suppliers	-	(4,361)	(329)	(4,690)
Cash paid for claims expense	(3,053)	-	-	(3,053)
Net cash provided (used) by operating activities	(1,776)	2,945	253	1,422
<b>Cash flows from noncapital financing activities:</b>				
Transfers out	-	(2,769)	-	(2,769)
Net cash provided (used) by noncapital financing activities	-	(2,769)	-	(2,769)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition/construction of capital assets	-	(89)	(610)	(699)
Capital contributions	-	-	87	87
Net cash provided (used) by capital and related financing activities	-	(89)	(523)	(612)
<b>Cash flows from investing activities:</b>				
Proceeds from sales of investments	9,250	100	-	9,350
Purchase of investments	(9,508)	-	-	(9,508)
Interest income (expense) on investments	2,242	9	-	2,251
Net cash provided (used) by investing activities	1,984	109	-	2,093
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>208</b>	<b>196</b>	<b>(270)</b>	<b>134</b>
<b>Cash and cash equivalents, July 1</b>	<b>2,824</b>	<b>5,227</b>	<b>780</b>	<b>8,831</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 3,032</b>	<b>\$ 5,423</b>	<b>\$ 510</b>	<b>\$ 8,965</b>
<b>Reconciliation of cash , cash equivalents and investments:</b>				
Cash and cash equivalents unrestricted at end of year	\$ 3,032	\$ 5,423	\$ 510	\$ 8,965
Investments unrestricted	62,973	335	-	63,308
<b>Cash, cash equivalents and investments per balance sheet</b>	<b>\$ 66,005</b>	<b>\$ 5,758</b>	<b>\$ 510</b>	<b>\$ 72,273</b>
<b>Noncash investing, capital and financing activities:</b>				
Increase (Decrease) in fair value of investments	\$ (2,815)	\$ -	\$ -	\$ (2,815)

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	<b>Residual Malpractice Insurance Authority</b>	<b>Inns and Concessions</b>	<b>Wabash Memorial Bridge</b>	<b>Total</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (35)	\$ 2,978	\$ 16	\$ 2,959
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	24	144	168
(Increase) decrease in receivables	155	11	11	177
(Increase) decrease in inventory	-	(33)	3	(30)
(Increase) decrease in prepaid expenses	-	6	-	6
Increase (decrease) in claims payable	(1,521)	-	-	(1,521)
Increase (decrease) in accounts payable	-	11	13	24
Increase (decrease) in deferred revenue	(292)	(167)	66	(393)
Increase (decrease) in salaries payable	-	43	-	43
Increase (decrease) in compensated absences	-	23	-	23
Increase (decrease) in other payables	(83)	49	-	(34)
Net cash provided (used) by operating activities	<u>\$ (1,776)</u>	<u>\$ 2,945</u>	<u>\$ 253</u>	<u>\$ 1,422</u>



## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

**State of Indiana**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
<b>Assets</b>								
Current assets:								
Cash, cash equivalents and investments - unrestricted	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
Receivables:								
Accounts	4,435	943	1,755	1,535	15,769	-	-	24,437
Interfund services provided	406	7,918	-	-	-	-	-	8,324
Inventory	5,282	302	-	-	-	-	-	5,584
Total current assets	14,888	31,424	11,283	3,231	60,921	308	57	122,112
Noncurrent assets:								
Capital assets:								
Capital assets being depreciated/amortized less accumulated depreciation/amortization	16,669	55,751	-	-	-	-	-	72,420
Total capital assets, net of depreciation/amortization	(11,953)	(43,605)	-	-	-	-	-	(55,558)
Total noncurrent assets	4,716	12,146	-	-	-	-	-	16,862
Total noncurrent assets	4,716	12,146	-	-	-	-	-	16,862
<b>Total assets</b>	<b>19,604</b>	<b>43,570</b>	<b>11,283</b>	<b>3,231</b>	<b>60,921</b>	<b>308</b>	<b>57</b>	<b>138,974</b>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	2,897	3,605	3,352	4,840	35,297	20	-	50,011
Salaries and benefits payable	445	1,436	-	-	67	446	21	2,415
Accrued liability for compensated absences	474	1,816	-	-	21	430	13	2,754
Unearned revenue	2	-	-	-	-	-	-	2
Other liabilities	1	-	-	-	-	-	-	1
Total current liabilities	3,819	6,857	3,352	4,840	35,385	896	34	55,183
Noncurrent liabilities:								
Accrued liability for compensated absences	418	1,596	-	-	16	364	11	2,405
Total noncurrent liabilities	418	1,596	-	-	16	364	11	2,405
<b>Total liabilities</b>	<b>4,237</b>	<b>8,453</b>	<b>3,352</b>	<b>4,840</b>	<b>35,401</b>	<b>1,260</b>	<b>45</b>	<b>57,588</b>
<b>Net position</b>								
Net investment in capital assets	4,716	12,147	-	-	-	-	-	16,863
Unrestricted (deficit)	10,651	22,970	7,931	(1,609)	25,520	(952)	12	64,523
Total net position	\$ 15,367	\$ 35,117	\$ 7,931	\$ (1,609)	\$ 25,520	\$ (952)	\$ 12	\$ 81,386

**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**

(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
<b>Operating revenues:</b>								
Sales/rents/premiums	\$ 41,366	\$ 111,983	\$ 35,419	\$ 22,294	\$ 326,754	\$ -	\$ -	\$ 537,816
Charges for services	-	163	-	-	-	8,069	361	8,593
Other	133	1	-	613	-	-	-	747
<b>Total operating revenues</b>	<b>41,499</b>	<b>112,147</b>	<b>35,419</b>	<b>22,907</b>	<b>326,754</b>	<b>8,069</b>	<b>361</b>	<b>547,156</b>
Cost of sales	22,607	1,722	-	-	-	-	-	24,329
Gross margin	18,892	110,425	35,419	22,907	326,754	8,069	361	522,827
<b>Operating expenses:</b>								
General and administrative expense	14,727	104,062	2,150	600	17,969	8,582	320	148,410
Health / disability benefit payments	-	-	29,147	21,347	297,386	-	-	347,880
Depreciation and amortization	457	6,290	-	-	-	-	-	6,747
<b>Total operating expenses</b>	<b>15,184</b>	<b>110,352</b>	<b>31,297</b>	<b>21,947</b>	<b>315,355</b>	<b>8,582</b>	<b>320</b>	<b>503,037</b>
Operating income (loss)	3,708	73	4,122	960	11,399	(513)	41	19,790
<b>Nonoperating revenues (expenses):</b>								
Interest and other investment expense	(214)	(2)	-	-	-	-	-	(216)
Gain (Loss) on disposition of assets	93	(227)	-	-	-	-	-	(134)
<b>Total nonoperating revenues (expenses)</b>	<b>(121)</b>	<b>(229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(350)</b>
Income before contributions and transfers	3,587	(156)	4,122	960	11,399	(513)	41	19,440
Transfers in	5,698	500	-	-	-	-	-	6,198
Transfers (out)	(122)	(20)	-	-	-	-	-	(142)
<b>Change in net position</b>	<b>9,163</b>	<b>324</b>	<b>4,122</b>	<b>960</b>	<b>11,399</b>	<b>(513)</b>	<b>41</b>	<b>25,496</b>
<b>Total net position, July 1, as restated</b>	<b>6,204</b>	<b>34,793</b>	<b>3,809</b>	<b>(2,569)</b>	<b>14,121</b>	<b>(439)</b>	<b>(29)</b>	<b>55,890</b>
<b>Total net position, June 30</b>	<b>\$ 15,367</b>	<b>\$ 35,117</b>	<b>\$ 7,931</b>	<b>\$ (1,609)</b>	<b>\$ 25,520</b>	<b>\$ (952)</b>	<b>\$ 12</b>	<b>\$ 81,386</b>

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 42,014	\$ 110,041	\$ 35,315	\$ 22,698	\$ 327,959	\$ 8,089	\$ 361	\$ 546,457
Cash paid for general and administrative	(14,683)	(104,002)	(2,175)	(600)	(17,799)	(8,456)	(324)	(148,039)
Cash paid for salary/health/disability benefit payments	-	-	(29,720)	(21,691)	(302,949)	-	-	(354,360)
Cash paid to suppliers	(24,330)	(694)	-	-	-	-	-	(25,024)
Net cash provided (used) by operating activities	3,001	5,345	3,420	407	7,211	(387)	37	19,034
<b>Cash flows from noncapital financing activities:</b>								
Transfers in	5,698	500	-	-	-	-	-	6,198
Transfers out	(122)	(20)	-	-	-	-	-	(142)
Net cash provided (used) by noncapital financing activities	5,576	480	-	-	-	-	-	6,056
<b>Cash flows from capital and related financing activities:</b>								
Acquisition/construction of capital assets	(71)	(7,370)	-	-	-	-	-	(7,441)
Proceeds from sale of assets	93	88	-	-	-	-	-	181
Principal payments -- capital leases	(5,761)	(109)	-	-	-	-	-	(5,870)
Interest paid	(214)	(2)	-	-	-	-	-	(216)
Net cash provided (used) by capital and related financing activities	(5,953)	(7,393)	-	-	-	-	-	(13,346)
<b>Net increase (decrease) in cash and cash equivalents</b>	2,624	(1,566)	3,420	407	7,211	(387)	37	11,744
<b>Cash and cash equivalents, July 1</b>	2,141	23,829	6,108	1,289	37,941	695	20	72,023
<b>Cash and cash equivalents, June 30</b>	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
<b>Reconciliation of cash, cash equivalents and investments:</b>								
Cash and cash equivalents unrestricted at end of year	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
<b>Cash, cash equivalents and investments per balance sheet</b>	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767



**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
	\$ 3,708	\$ 73	\$ 4,122	\$ 960	\$ 11,399	\$ (513)	\$ 41	\$ 19,790
	457	6,290	-	-	-	-	-	6,747
	355	(628)	(104)	(210)	1,205	-	-	618
	129	(1,478)	-	-	-	-	-	(1,349)
	(325)	15	-	-	-	-	-	(310)
	-	-	(573)	(343)	(5,563)	-	-	(6,479)
	(1,364)	1,014	(25)	-	171	20	-	(184)
	(3)	-	-	-	-	-	-	(3)
	2	(322)	-	-	6	42	-	(272)
	43	381	-	-	(7)	64	(4)	477
	(1)	-	-	-	-	-	-	(1)
	<b>\$ 3,001</b>	<b>\$ 5,345</b>	<b>\$ 3,420</b>	<b>\$ 407</b>	<b>\$ 7,211</b>	<b>\$ (387)</b>	<b>\$ 37</b>	<b>\$ 19,034</b>

**Reconciliation of operating income to net cash provided (used) by operating activities:**

Operating income (loss)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization expense	
(Increase) decrease in receivables	
(Increase) decrease in interfund services provided	
(Increase) decrease in inventory	
Increase (decrease) in health and disability benefits payable	
Increase (decrease) in accounts payable	
Increase (decrease) in unearned revenue	
Increase (decrease) in salaries payable	
Increase (decrease) in compensated absences	
Increase (decrease) in other payables	

Net cash provided (used) by operating activities

## FIDUCIARY FUNDS

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

### PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

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

**The Public Employees' Retirement Fund** – This fund is a defined benefit agent multiple-employer plan administered by the Public Employees' Retirement Fund Board of Trustees.

**The State Teachers' Retirement Fund** – This fund is a defined benefit, multiple-employer cost-sharing public employee retirement system, administered by the Indiana State Teachers' Retirement Fund Board of Trustees.

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

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

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

### PRIVATE-PURPOSE TRUST FUNDS

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

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

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

## FIDUCIARY FUNDS

### AGENCY FUNDS

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

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

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

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

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

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

**State of Indiana**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
<b>Assets</b>					
Cash, cash equivalents and non-pension investments	\$ 105,526	\$ 11,943	\$ 2,154	\$ 11,295	\$ 130,918
Securities lending collateral	-	-	-	1,080,547	1,080,547
Receivables:					
Contributions	224	51	141	19,711	20,127
Interest	372	50	62	91,424	91,908
Member loans	257	-	-	-	257
From investment sales	20,607	-	-	2,406,506	2,427,113
Other	-	-	-	2,302	2,302
Total receivables	21,460	101	203	2,519,943	2,541,707
Pension and other employee benefit investments at fair value:					
Short term investments	-	-	-	1,496,036	1,496,036
Equity Securities	205,281	-	-	6,678,067	6,883,348
Debt Securities	109,037	60,546	220,035	11,636,389	12,026,007
Other	-	-	-	7,842,229	7,842,229
Total investments at fair value	314,318	60,546	220,035	27,652,721	28,247,620
Other assets	-	-	-	304	304
Property, plant and equipment net of accumulated depreciation	-	-	-	12,154	12,154
<b>Total assets</b>	<b>441,304</b>	<b>72,590</b>	<b>222,392</b>	<b>31,276,964</b>	<b>32,013,250</b>
<b>Liabilities:</b>					
Accounts/escrows payable	94	-	19	6,277	6,390
Salaries and benefits payable	-	-	-	2,589	2,589
Benefits payable	-	-	258	87,692	87,950
Investment purchases payable	-	-	-	2,842,609	2,842,609
Securities purchased payable	2,622	-	-	172,606	175,228
Securities lending collateral	-	-	-	1,080,547	1,080,547
<b>Total liabilities</b>	<b>2,716</b>	<b>-</b>	<b>277</b>	<b>4,192,320</b>	<b>4,195,313</b>
<b>Net Position</b>					
Restricted for:					
Employees' pension benefits	438,588	-	-	27,068,066	27,506,654
OPEB benefits	-	72,590	222,115	-	294,705
Future death benefits	-	-	-	12,336	12,336
Local units	-	-	-	4,242	4,242
<b>Total net position</b>	<b>\$ 438,588</b>	<b>\$ 72,590</b>	<b>\$ 222,115</b>	<b>\$ 27,084,644</b>	<b>\$ 27,817,937</b>

**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2013**

(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature	Total
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Component Unit Indiana Public Retirement System	
<b>Additions:</b>					
Member contributions	\$ 3,786	\$ 949	\$ -	\$ 326,518	\$ 331,253
Employer contributions	47,588	4,110	22,245	2,087,315	2,161,258
Contributions from the State of Indiana	-	-	-	89,132	89,132
Net investment income (loss)	30,824	27	285	1,653,578	1,684,714
Less investment expense	(1,037)	-	-	(139,265)	(140,302)
Federal reimbursements	-	548	-	-	548
Transfers from other retirement funds	-	-	-	14,759	14,759
Other	2	200	-	106	308
<b>Total additions</b>	<b>81,163</b>	<b>5,834</b>	<b>22,530</b>	<b>4,032,143</b>	<b>4,141,670</b>
<b>Deductions:</b>					
Pension and disability benefits	30,724	-	-	2,130,689	2,161,413
Retiree health benefits	-	-	14,651	-	14,651
Death benefits	-	-	-	1,744	1,744
Refunds of contributions and interest	-	-	-	98,414	98,414
Administrative	261	58	111	32,193	32,623
Pension relief distributions	-	-	-	219,814	219,814
Capital projects	-	-	-	13,728	13,728
Transfers to other retirement funds	-	-	-	14,759	14,759
Other	-	-	-	284	284
<b>Total deductions</b>	<b>30,985</b>	<b>58</b>	<b>14,762</b>	<b>2,511,625</b>	<b>2,557,430</b>
<b>Net increase (decrease) in net position</b>	<b>50,178</b>	<b>5,776</b>	<b>7,768</b>	<b>1,520,518</b>	<b>1,584,240</b>
<b>Net position restricted for pension and other employee benefits, July 1, as restated:</b>					
Pension benefits	388,410	-	-	25,547,239	25,935,649
OPEB benefits	-	66,814	214,347	-	281,161
Future death benefits	-	-	-	12,366	12,366
Local units	-	-	-	4,521	4,521
<b>Net position restricted for pension and other employee benefits, June 30</b>	<b>\$ 438,588</b>	<b>\$ 72,590</b>	<b>\$ 222,115</b>	<b>\$ 27,084,644</b>	<b>\$ 27,817,937</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
<b>ASSETS</b>			
Cash, cash equivalents and non-pension investments	\$ 9,716	\$ 15,399	\$ 25,114
Receivables:			
Taxes	-	4,478	4,478
Interest	1	2	3
Total receivables	1	4,480	4,481
<b>Total assets</b>	<b>9,717</b>	<b>19,879</b>	<b>29,595</b>
<b>LIABILITIES</b>			
Accounts/escrows payable	206	414	620
Salaries and benefits payable	105	-	105
Intergovernmental payable	-	2,364	2,364
<b>Total liabilities</b>	<b>312</b>	<b>2,778</b>	<b>3,089</b>
<b>NET POSITION</b>			
Restricted for:			
Trust beneficiaries	9,405	17,101	26,506
<b>Total net position</b>	<b>\$ 9,405</b>	<b>\$ 17,101</b>	<b>\$ 26,506</b>

**State of Indiana**  
**Combining Statement of Changes in Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Abandoned Property Fund	Private-Purpose Trust Fund	Total
<b>Additions:</b>			
Taxes	\$ -	\$ 86,714	\$ 86,714
Investment Income	22	47	69
Member Contributions	-	1,614	1,614
Donations/escheats	110,366	-	110,366
	<hr/>		
Total additions	110,388	88,375	198,763
<hr/>			
<b>Deductions:</b>			
Payments to participants/beneficiaries	133,464	92,143	225,607
	<hr/>		
Total deductions	133,464	92,143	225,607
	<hr/>		
Net increase (decrease) in net position	(23,076)	(3,768)	(26,844)
	<hr/>		
<b>Net position, July 1, as restated</b>	<b>32,481</b>	<b>20,869</b>	<b>53,350</b>
	<hr/>		
<b>Net position, June 30</b>	<b>\$ 9,405</b>	<b>\$ 17,101</b>	<b>\$ 26,506</b>
	<hr/> <hr/>		

**State of Indiana**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Employee Payroll, Withholding and Benefits	Local Distributions	Child Support	Department of Insurance	Other Agency Funds	Total
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 2,951	\$ 165,011	\$ 19,335	\$ 252,611	\$ 78,358	\$ 518,266
Receivables:						
Taxes	-	151,969	-	-	16,581	168,550
Other	-	-	-	-	54	54
<b>Total assets</b>	<b>\$ 2,951</b>	<b>\$ 316,980</b>	<b>\$ 19,335</b>	<b>\$ 252,611</b>	<b>\$ 94,993</b>	<b>\$ 686,870</b>
<b>Liabilities:</b>						
Accounts/escrows payable	\$ 2,951	\$ 316,980	\$ 19,335	\$ 252,611	\$ 78,412	\$ 670,289
Other liabilities	-	-	-	-	16,581	16,581
<b>Total liabilities</b>	<b>\$ 2,951</b>	<b>\$ 316,980</b>	<b>\$ 19,335</b>	<b>\$ 252,611</b>	<b>\$ 94,993</b>	<b>\$ 686,870</b>



**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2013**

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
<b>Employee Payroll, Withholding and Benefits</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 215	\$ 3,631,492	\$ 3,628,756	\$ 2,951
Total assets	<u>\$ 215</u>	<u>\$ 3,631,492</u>	<u>\$ 3,628,756</u>	<u>\$ 2,951</u>
Liabilities:				
Accounts / escrows payable	\$ 215	\$ 3,631,492	\$ 3,628,756	\$ 2,951
Total liabilities	<u>\$ 215</u>	<u>\$ 3,631,492</u>	<u>\$ 3,628,756</u>	<u>\$ 2,951</u>
<b>Local Distributions</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 29,285	\$ 1,704,515	\$ 1,568,789	\$ 165,011
Receivables	128,425	151,969	128,425	151,969
Total assets	<u>\$ 157,710</u>	<u>\$ 1,856,484</u>	<u>\$ 1,697,214</u>	<u>\$ 316,980</u>
Liabilities:				
Accounts / escrows payable	\$ 157,710	\$ 1,856,484	\$ 1,697,214	\$ 316,980
Total liabilities	<u>\$ 157,710</u>	<u>\$ 1,856,484</u>	<u>\$ 1,697,214</u>	<u>\$ 316,980</u>
<b>Child Support</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 18,201	\$ 1,451,301	\$ 1,450,167	\$ 19,335
Total assets	<u>\$ 18,201</u>	<u>\$ 1,451,301</u>	<u>\$ 1,450,167</u>	<u>\$ 19,335</u>
Liabilities:				
Accounts / escrows payable	\$ 18,201	\$ 1,451,301	\$ 1,450,167	\$ 19,335
Total liabilities	<u>\$ 18,201</u>	<u>\$ 1,451,301</u>	<u>\$ 1,450,167</u>	<u>\$ 19,335</u>

continued on next page

**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2013**

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
<b>Department of Insurance</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 257,832	\$ 7,310	\$ 12,531	\$ 252,611
Total assets	<u>\$ 257,832</u>	<u>\$ 7,310</u>	<u>\$ 12,531</u>	<u>\$ 252,611</u>
Liabilities:				
Accounts / escrows payable	\$ 257,832	\$ 7,310	\$ 12,531	\$ 252,611
Total liabilities	<u>\$ 257,832</u>	<u>\$ 7,310</u>	<u>\$ 12,531</u>	<u>\$ 252,611</u>
<b>Other Agency Funds</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 63,678	\$ 730,196	\$ 715,516	\$ 78,358
Receivables	15,211	16,635	15,211	16,635
Total assets	<u>\$ 78,889</u>	<u>\$ 746,831</u>	<u>\$ 730,727</u>	<u>\$ 94,993</u>
Liabilities:				
Accounts / escrows payable	\$ 63,731	\$ 730,250	\$ 715,569	\$ 78,412
Other liabilities	15,158	16,581	15,158	16,581
Total liabilities	<u>\$ 78,889</u>	<u>\$ 746,831</u>	<u>\$ 730,727</u>	<u>\$ 94,993</u>
<b>Total Agency Funds</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 369,211	\$ 7,524,814	\$ 7,375,759	\$ 518,266
Receivables	143,636	168,604	143,636	168,604
Total assets	<u>\$ 512,847</u>	<u>\$ 7,693,418</u>	<u>\$ 7,519,395</u>	<u>\$ 686,870</u>
Liabilities:				
Accounts / escrows payable	\$ 497,689	\$ 7,676,837	\$ 7,504,237	\$ 670,289
Other liabilities	15,158	16,581	15,158	16,581
Total liabilities	<u>\$ 512,847</u>	<u>\$ 7,693,418</u>	<u>\$ 7,519,395</u>	<u>\$ 686,870</u>



## NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

### GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

**Indiana Economic Development Corporation** – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana’s economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

### PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

**Indiana Stadium and Convention Building Authority** – The authority’s responsibility is to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

**Indiana Bond Bank** – The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments.

**Indiana Housing and Community Development Authority** – The authority’s purpose is to finance residential housing for persons and families of low and moderate incomes.

**Indiana Board for Depositories** – The board is responsible to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. It provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit.

**Indiana Secondary Market for Education Loans Inc.** – The company is responsible for purchasing education loans in the secondary market.

**White River State Park Development Commission** – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

**Ports of Indiana** – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

**State Fair Commission** – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

**Indiana Comprehensive Health Insurance Association** – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

**Indiana Political Subdivision Risk Management Commission** – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

**Indiana State Museum and Historic Sites Corporation** – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.

## COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University  
Indiana State University  
Ivy Tech Community College of Indiana  
University of Southern Indiana  
Vincennes University

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Indiana Economic Development Corporation	Totals
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and investments - unrestricted	\$ 151,575	\$ 151,575
Receivables (net)	1,015	1,015
Total current assets	152,590	152,590
Noncurrent assets:		
Loans	35,289	35,289
Capital assets:		
Capital assets being depreciated/amortized	427	427
less accumulated depreciation/amortization	(330)	(330)
Total capital assets, net of depreciation/amortization	97	97
Total noncurrent assets	35,386	35,386
<b>Total assets</b>	<b>187,976</b>	<b>187,976</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,540	2,540
Unearned revenue	16,222	16,222
Other liabilities	344	344
Current portion of long-term liabilities	236	236
Total current liabilities	19,342	19,342
<b>Total liabilities</b>	<b>19,342</b>	<b>19,342</b>
<b>NET POSITION</b>		
Net investment in capital assets	97	97
Restricted - expendable:		
Other purposes	317	317
Unrestricted	168,220	168,220
Total net position	<b>\$ 168,634</b>	<b>\$ 168,634</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Economic Development Corporation	Total
Indiana Economic Development Corporation	\$ 31,365	\$ 161	\$ 1,501	\$ -	\$ (29,703)	\$ (29,703)
Total component units	\$ 31,365	\$ 161	\$ 1,501	\$ -	(29,703)	(29,703)
General Revenues:						
Gaming tax					1,203	1,203
Investment earnings					207	207
Payments from State of Indiana					48,381	48,381
Total general revenues					49,791	49,791
Changes in net position					20,088	20,088
Net position - beginning					148,546	148,546
Net position - ending					\$ 168,634	\$ 168,634

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2013**

(amounts expressed in thousands)

	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories	Indiana Secondary Market for Education Loans Inc.
<b>Assets</b>					
Current assets:					
Cash, cash equivalents and investments - unrestricted	\$ 45,120	\$ -	\$ 65,706	\$ 168,833	\$ 145,863
Cash, cash equivalents and investments - restricted	-	89,340	178,935	-	4,022
Receivables (net)	1,682	260,847	14,512	324	4,347
Due from primary government	-	-	-	5,000	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	6	65
Loans	-	-	20,672	-	14,115
Investment in direct financing lease	660	-	-	-	-
Other assets	-	-	2,063	-	-
<b>Total current assets</b>	<b>47,462</b>	<b>350,187</b>	<b>281,888</b>	<b>174,163</b>	<b>168,412</b>
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	-	92,335	80,973	15,143
Cash, cash equivalents and investments - restricted	-	29,273	886,604	-	-
Receivables (net)	-	1,452,746	581	-	-
Due from primary government	-	-	-	45,000	-
Loans	-	-	38,686	-	154,136
Investment in direct financing lease	953,731	-	-	-	-
Other assets	-	16,500	-	-	-
Capital assets:					
Capital assets not being depreciated/amortized	-	-	-	-	-
Capital assets being depreciated/amortized	-	-	6,906	215	1,458
less accumulated depreciation/amortization	-	-	(4,386)	(192)	(1,297)
<b>Total capital assets, net of depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>2,520</b>	<b>23</b>	<b>161</b>
<b>Total noncurrent assets</b>	<b>953,731</b>	<b>1,498,519</b>	<b>1,020,726</b>	<b>125,996</b>	<b>169,440</b>
<b>Total assets</b>	<b>1,001,193</b>	<b>1,848,706</b>	<b>1,302,614</b>	<b>300,159</b>	<b>337,852</b>
<b>Deferred Outflows of Resources</b>					
Accumulated decrease in fair value of hedging derivatives	155,370	14,234	8,129	-	-
Deferred refunding costs	-	-	7,898	-	-
<b>Total deferred outflows of resources</b>	<b>155,370</b>	<b>14,234</b>	<b>16,027</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	67	1,265	12,523	17	7,486
Interest payable	8,711	21,654	12,063	-	50
Unearned revenue	-	-	24,879	-	-
Other liabilities	-	39,137	-	1	-
Current portion of long-term liabilities	660	292,155	18,470	-	750
<b>Total current liabilities</b>	<b>9,438</b>	<b>354,211</b>	<b>67,935</b>	<b>18</b>	<b>8,286</b>
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Net pension and OPEB liabilities	-	-	-	-	-
Unearned revenue	-	487	-	-	-
Revenue bonds/notes payable	976,301	1,475,348	826,104	-	189,381
Derivative instrument liability	155,370	14,234	8,129	-	-
Other noncurrent liabilities	835	-	-	-	2,022
<b>Total noncurrent liabilities</b>	<b>1,132,506</b>	<b>1,490,069</b>	<b>834,233</b>	<b>-</b>	<b>191,403</b>
<b>Total liabilities</b>	<b>1,141,944</b>	<b>1,844,280</b>	<b>902,168</b>	<b>18</b>	<b>199,689</b>
<b>Net Position</b>					
Net investment in capital assets	-	-	2,520	23	161
Restricted - nonexpendable:					
Grants/constitutional restrictions	-	-	-	-	-
Student aid	-	-	-	-	-
Other purposes	-	-	-	-	-
Restricted - expendable:					
Grants/constitutional restrictions	-	-	99,909	-	-
Future debt service	-	3,095	151,893	-	4,022
Endowments	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted	14,619	15,565	162,151	300,118	133,980
<b>Total net position</b>	<b>\$ 14,619</b>	<b>\$ 18,660</b>	<b>\$ 416,473</b>	<b>\$ 300,141</b>	<b>\$ 138,163</b>



White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Totals
\$ 4,473	\$ 20,296	\$ 6,742	\$ 4,760	\$ 9,506	\$ 4,409	\$ 475,708
-	-	5,601	-	-	-	277,898
117	688	812	8,534	5	720	292,588
-	-	-	-	-	-	5,000
22	-	88	-	-	229	339
101	271	95	-	-	50	588
-	-	-	-	-	-	34,787
-	195	-	-	-	-	855
-	-	-	-	-	-	2,063
<u>4,713</u>	<u>21,450</u>	<u>13,338</u>	<u>13,294</u>	<u>9,511</u>	<u>5,408</u>	<u>1,089,826</u>
226	-	-	-	-	-	188,677
-	-	-	-	-	1,057	916,934
-	-	-	-	-	296	1,453,623
-	-	-	-	-	-	45,000
-	-	-	-	-	-	192,822
-	86	-	-	-	-	953,817
-	-	-	-	-	226	16,726
79,801	26,217	8,487	-	-	-	114,505
40,503	128,243	94,654	-	-	1,197	273,176
(15,638)	(61,343)	(58,147)	-	-	(609)	(141,612)
<u>104,666</u>	<u>93,117</u>	<u>44,994</u>	<u>-</u>	<u>-</u>	<u>588</u>	<u>246,069</u>
<u>104,892</u>	<u>93,203</u>	<u>44,994</u>	<u>-</u>	<u>-</u>	<u>2,167</u>	<u>4,013,668</u>
<b>109,605</b>	<b>114,653</b>	<b>58,332</b>	<b>13,294</b>	<b>9,511</b>	<b>7,575</b>	<b>5,103,494</b>
-	-	-	-	-	-	177,733
-	-	-	-	-	-	7,898
-	-	-	-	-	-	<b>185,631</b>
385	988	900	18,486	50	654	42,821
-	-	-	-	-	-	42,478
-	200	181	13,069	-	206	38,535
-	771	6	1,013	-	226	41,154
-	-	2,849	-	-	-	314,884
<u>385</u>	<u>1,959</u>	<u>3,936</u>	<u>32,568</u>	<u>50</u>	<u>1,086</u>	<u>479,872</u>
-	-	126	-	-	-	126
-	-	68	-	-	-	68
-	-	-	-	-	-	487
-	-	-	-	-	-	3,467,134
-	-	-	-	-	-	177,733
-	-	8,219	-	-	8	11,084
-	-	8,413	-	-	8	3,656,632
<b>385</b>	<b>1,959</b>	<b>12,349</b>	<b>32,568</b>	<b>50</b>	<b>1,094</b>	<b>4,136,504</b>
104,667	92,315	33,833	-	-	588	234,107
57	-	-	-	-	777	834
157	-	-	-	-	-	157
686	-	-	-	-	-	686
-	-	5,402	616	-	1,217	107,144
-	-	-	-	-	-	159,010
-	-	-	-	-	244	244
-	-	200	-	-	1,094	1,294
-	-	-	-	-	376	376
<u>3,653</u>	<u>20,379</u>	<u>6,548</u>	<u>(19,890)</u>	<u>9,461</u>	<u>2,185</u>	<u>648,769</u>
<b>\$ 109,220</b>	<b>\$ 112,694</b>	<b>\$ 45,983</b>	<b>\$ (19,274)</b>	<b>\$ 9,461</b>	<b>\$ 6,481</b>	<b>\$ 1,152,621</b>



Net (Expense) Revenue and Changes in Net Position

	Indiana Secondary Market for Education Loans Inc.	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(1,466)
	-	-	-	-	-	-	-	(635)
	-	-	-	-	-	-	-	10,990
	-	-	-	-	-	-	-	(274)
29,313	(1,549)	-	-	-	-	-	-	29,313
	-	4,539	-	(4,000)	-	-	-	4,539
	-	-	-	-	(4,155)	-	-	(4,000)
	-	-	-	-	-	(63)	-	(4,155)
	-	-	-	-	-	-	(8,683)	(63)
29,313	(1,549)	4,539	(4,000)	(4,155)	(63)	(8,683)	(8,683)	24,017
794	8	42	11	10	33	152	2,319	
-	790	-	9,486	-	-	9,070	19,346	
794	798	45	9,497	10	33	9,222	21,688	
30,107	(751)	4,584	5,497	(4,145)	(30)	539	45,685	
108,056	109,971	108,110	40,486	(15,129)	9,491	5,942	1,106,936	
\$ 138,163	\$ 109,220	\$ 112,694	\$ 45,983	\$ (19,274)	\$ 9,461	\$ 6,481	\$ 1,152,621	

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2013**  
(amounts expressed in thousands)

	Ball State University	Indiana State University	Ivy Tech Community College	University of Southern Indiana	Vincennes University	Totals
<b>Assets</b>						
Current assets:						
Cash, cash equivalents and investments - unrestricted	\$ 167,560	\$ 51,148	\$ 268,120	\$ 39,800	\$ 25,320	\$ 551,948
Cash, cash equivalents and investments - restricted	-	-	-	-	38,543	38,543
Receivables (net)	42,207	16,607	37,525	14,898	8,269	119,506
Inventory	1,297	101	-	1,223	2,234	4,855
Prepaid expenses	3,288	1,547	294	19	228	5,376
Other assets	15,430	355	524	8,874	359	25,542
<b>Total current assets</b>	<b>229,782</b>	<b>69,758</b>	<b>306,463</b>	<b>64,814</b>	<b>74,953</b>	<b>745,770</b>
Noncurrent assets:						
Cash, cash equivalents and investments - unrestricted	2,470	111,657	-	-	-	114,127
Cash, cash equivalents and investments - restricted	293,157	46,047	107,697	137,341	126,411	710,653
Receivables (net)	9,579	8,143	35,708	-	583	54,013
Net pension and OPEB assets	9,080	14,238	-	-	8,901	32,219
Other assets	5,717	5,915	1,128	5,536	223	18,519
Capital assets:						
Capital assets not being depreciated/amortized	25,588	54,090	42,367	16,479	28,586	167,110
Capital assets being depreciated/amortized	910,537	566,127	836,134	300,827	285,149	2,898,774
less accumulated depreciation/amortization	(332,872)	(253,000)	(244,744)	(141,993)	(111,875)	(1,084,484)
Total capital assets, net of depreciation/amortization	603,253	367,217	633,757	175,313	201,860	1,981,400
<b>Total noncurrent assets</b>	<b>923,256</b>	<b>553,217</b>	<b>778,290</b>	<b>318,190</b>	<b>337,978</b>	<b>2,910,931</b>
<b>Total assets</b>	<b>1,153,038</b>	<b>622,975</b>	<b>1,084,753</b>	<b>383,004</b>	<b>412,931</b>	<b>3,656,701</b>
<b>Deferred Outflows of Resources</b>						
Accumulated decrease in fair value of hedging derivatives	-	-	-	2,084	127	2,211
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,084</b>	<b>127</b>	<b>2,211</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	26,727	9,038	26,163	7,733	9,457	79,118
Interest payable	-	-	-	1,601	-	1,601
Unearned revenue	851	1,251	20,546	1,572	2,771	26,991
Accrued liability for compensated absences	-	3,394	10,393	290	1,187	15,264
Other liabilities	7,248	6,445	6,580	3,208	3,635	27,116
Current portion of long-term liabilities	11,475	9,622	61,958	11,404	4,376	98,835
<b>Total current liabilities</b>	<b>46,301</b>	<b>29,750</b>	<b>125,640</b>	<b>25,808</b>	<b>21,426</b>	<b>248,925</b>
Noncurrent liabilities:						
Accrued liability for compensated absences	7,648	642	5,866	2,485	-	16,641
Other postemployment benefits	-	-	19,357	7,767	-	27,124
Unearned revenue	-	2	-	-	-	2
Funds held in trust for others	-	-	-	-	36,559	36,559
Advances from federal government	-	7,716	-	-	1,116	8,832
Revenue bonds/notes payable	184,644	135,384	329,101	123,459	61,341	833,929
Derivative instrument liability	-	-	-	2,084	127	2,211
Other noncurrent liabilities	11,466	4,189	340	41	13	16,049
<b>Total noncurrent liabilities</b>	<b>203,758</b>	<b>147,933</b>	<b>354,664</b>	<b>135,836</b>	<b>99,156</b>	<b>941,347</b>
<b>Total liabilities</b>	<b>250,059</b>	<b>177,683</b>	<b>480,304</b>	<b>161,644</b>	<b>120,582</b>	<b>1,190,272</b>
<b>Deferred Inflows of Resources</b>						
Deferred service concession arrangement receipts	-	1,941	-	-	-	1,941
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,941</b>
<b>Net Position</b>						
Net investment in capital assets	425,877	248,220	230,828	45,158	135,878	1,085,961
Restricted - nonexpendable:						
Permanent funds	-	36,957	-	-	-	36,957
Instruction and research	23,690	632	1,300	6,875	-	32,497
Student aid	40,054	2,174	21,616	23,741	18,528	106,113
Other purposes	8,048	1,943	2,515	6,460	4,295	23,261
Restricted - expendable:						
Grants/constitutional restrictions	3,475	4,660	7,545	-	59	15,739
Future debt service	6,448	-	-	123	-	6,571
Instruction and research	53,561	3,364	186	9,546	-	66,657
Student aid	45,746	-	4,146	22,066	6,742	78,700
Endowments	-	9,620	1,169	-	-	10,789
Capital projects	15,357	4,758	48,766	6,603	1,879	77,363
Other purposes	14,358	2,187	2,022	5,844	1,827	26,238
Unrestricted	266,365	128,836	284,356	97,028	123,268	899,853
<b>Total net position</b>	<b>\$ 902,979</b>	<b>\$ 443,351</b>	<b>\$ 604,449</b>	<b>\$ 223,444</b>	<b>\$ 292,476</b>	<b>\$ 2,466,699</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2013**  
(amounts expressed in thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Ball State University	Indiana State University	Ivy Tech State College	University of Southern Indiana	Vincennes University	Total
Ball State University	\$ 439,116	\$ 235,469	\$ 24,289	\$ 3,659	\$ (175,699)	\$ -	\$ -	\$ -	\$ -	\$ (175,699)
Indiana State University	223,301	105,078	15,616	407	-	(102,200)	-	-	-	(102,200)
Ivy Tech Community College	649,263	167,316	33,626	1,835	-	-	(446,486)	-	-	(446,486)
University of Southern Indiana	152,791	74,136	27,031	584	-	-	-	(51,040)	-	(51,040)
Vincennes University	122,409	46,163	16,376	-	-	-	-	-	(59,870)	(59,870)
<b>Total component units</b>	<b>\$ 1,586,880</b>	<b>\$ 628,162</b>	<b>\$ 116,938</b>	<b>\$ 6,485</b>	<b>(175,699)</b>	<b>(102,200)</b>	<b>(446,486)</b>	<b>(51,040)</b>	<b>(59,870)</b>	<b>(835,295)</b>
General revenues:										
Investment earnings					20,332	7,362	5,956	8,621	2,668	44,939
Payments from State of Indiana					139,513	76,468	217,160	51,965	41,960	527,066
Other					54,397	36,061	261,516	2,458	24,655	379,087
Total general revenues					214,242	119,891	484,632	63,044	69,283	951,092
Change in net position					38,543	17,691	38,146	12,004	9,413	115,797
Net position - beginning, as restated					864,436	425,660	566,303	211,440	283,063	2,350,902
Net position - ending					\$ 902,979	\$ 443,351	\$ 604,449	\$ 223,444	\$ 292,476	\$ 2,466,699



# STATISTICAL SECTION

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo provided by the Indiana State Library.



**QUAYLE, James Danforth (Dan)**, born in Indianapolis, Marion County, Ind., February 4, 1947; elected Vice President of the United States in 1988 with President George Herbert Walker Bush and was inaugurated January 20, 1989; is a resident of Paradise Valley, Ariz. Source: Biographical Directory of the U.S. Congress.

## STATISTICAL SECTION

The statistical section is presented to provide report users a historical perspective and assistance in assessing the current financial status and trends for the State.

<b>FINANCIAL TRENDS</b>
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These schedules contain trend information to assist users in understanding and assessing how the State's financial position has changed over time.

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**State of Indiana**  
**Net Position by Component**

(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 9,828,279	\$ 8,708,789	\$ 8,764,090	\$ 8,693,300	\$ 9,381,292	\$ 10,315,310	\$ 10,722,683	\$ 11,344,650	\$ 12,175,413	\$ 13,373,198
Restricted	580,918	534,646	1,040,953	1,077,585	719,791	1,323,587	1,461,966	573,115	883,877	899,224
Unrestricted	1,167,857	1,753,055	6,534,414	7,101,915	7,513,441	6,534,641	5,728,165	6,979,715	6,158,902	5,597,081
Total governmental activities net position	\$ 11,577,054	\$ 10,996,490	\$ 16,339,457	\$ 16,872,800	\$ 17,614,524	\$ 18,173,538	\$ 17,912,814	\$ 18,897,480	\$ 19,218,192	\$ 19,869,503
<b>Business-type activities</b>										
Net investment in capital assets	\$ 68,151	\$ 11,893	\$ 11,164	\$ 11,106	\$ 13,673	\$ 122	\$ 88	\$ 84	\$ 685	\$ 664
Restricted	834,010	452,708	448,929	342,192	301,054	-	-	-	-	-
Unrestricted	727,261	(4,278)	(1,336)	183	10,569	(785,205)	(1,610,178)	(1,690,540)	(1,551,507)	(1,211,916)
Total business-type activities net position	\$ 1,629,422	\$ 460,323	\$ 458,757	\$ 353,481	\$ 325,296	\$ (785,083)	\$ (1,610,090)	\$ (1,690,456)	\$ (1,550,822)	\$ (1,211,252)
<b>Primary government</b>										
Net investment in capital assets	\$ 9,896,430	\$ 8,720,682	\$ 8,775,254	\$ 8,704,406	\$ 9,394,965	\$ 10,315,432	\$ 10,722,771	\$ 11,344,734	\$ 12,176,098	\$ 13,373,862
Restricted	1,414,928	987,354	1,489,882	1,419,777	1,020,845	1,323,587	1,461,966	573,115	883,877	899,224
Unrestricted	1,895,118	1,748,777	6,533,078	7,102,098	7,524,010	5,749,436	4,117,987	5,289,175	4,607,395	4,385,165
Total primary government net position	\$ 13,206,476	\$ 11,456,813	\$ 16,798,214	\$ 17,226,281	\$ 17,939,820	\$ 17,388,455	\$ 16,302,724	\$ 17,207,024	\$ 17,667,370	\$ 18,658,251

**State of Indiana**  
**Changes in Net Position**  
*(accrual basis of accounting, dollars in thousands)*

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,133,636	\$ 4,198,272	\$ 2,969,671	\$ 4,764,681	\$ 5,163,869	\$ 4,166,273	\$ 1,659,190	\$ 2,261,226	\$ 2,642,907	\$ 1,476,098
Public safety	1,211,825	1,207,563	1,181,061	1,250,115	1,381,648	1,467,650	1,496,660	1,357,672	1,330,270	1,526,556
Health	413,339	426,531	333,740	343,586	387,354	369,434	394,570	344,115	305,202	409,262
Welfare	7,039,564	7,297,887	7,261,688	7,974,068	9,201,141	8,933,383	9,785,881	9,805,753	11,157,839	12,546,861
Conservation, culture, and development	511,773	507,990	546,489	534,983	581,548	673,972	590,275	529,963	589,351	555,650
Education	6,360,264	6,598,563	6,971,170	7,012,838	7,367,214	8,926,507	10,308,922	10,367,047	10,277,460	10,136,785
Transportation	1,641,740	1,658,504	1,726,735	1,770,703	1,297,521	1,267,572	1,907,655	1,748,590	1,533,603	1,729,731
Unallocated interest expense	94,881	750	787	724	724	732	592	796	662	216
Total governmental activities expenses	\$ 21,407,022	\$ 21,896,060	\$ 20,991,341	\$ 23,651,742	\$ 25,381,019	\$ 25,811,523	\$ 26,143,745	\$ 26,415,162	\$ 27,837,294	\$ 28,381,159
Business-type activities:										
Toll roads	75,697	-	-	-	-	-	-	-	-	-
Aviation technology bonds	685	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	13,036	-	-	-	-	-	-	-	-	-
State revolving fund	60,990	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	868,940	713,120	692,907	758,673	845,956	2,341,269	3,223,194	3,217,559	1,893,947	1,160,585
State lottery commission	599,117	-	-	-	-	-	-	-	-	-
Other	39,588	31,827	31,981	32,945	24,460	39,922	24,044	23,167	22,604	24,694
Total business-type activities expenses	\$ 1,658,033	\$ 744,947	\$ 724,888	\$ 791,618	\$ 870,436	\$ 2,381,191	\$ 3,247,238	\$ 3,240,726	\$ 1,916,551	\$ 1,185,279
Total primary government expenses	\$ 23,065,055	\$ 22,641,007	\$ 21,716,229	\$ 24,443,360	\$ 26,251,455	\$ 28,192,714	\$ 29,390,983	\$ 29,655,888	\$ 29,753,845	\$ 29,566,438
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 287,985	\$ 444,845	\$ 464,728	\$ 490,980	\$ 837,677	\$ 684,486	\$ 586,805	\$ 636,558	\$ 700,218	\$ 511,917
Public safety	621,619	604,438	516,316	484,667	461,330	413,815	483,421	446,055	467,599	473,665
Health	19,758	32,963	12,702	11,155	15,030	17,362	8,076	8,129	8,407	140,498
Welfare	165,544	113,249	157,221	100,540	180,314	45,226	23,344	179,991	861,089	919,557
Conservation, culture, and development	97,756	102,410	114,004	123,264	145,246	162,403	159,542	149,781	155,963	153,828
Education	9,627	1,637	3,045	3,724	3,967	4,518	4,489	4,202	4,381	7,950
Transportation	3,797	3,973	18,542	39,174	38,142	36,088	46,231	46,900	54,977	91,990
Operating grants and contributions	7,469,214	7,388,752	7,653,298	8,572,608	9,372,760	10,494,940	11,223,452	10,939,012	11,065,618	11,607,655
Capital grants and contributions	14,077	15,587	11,754	11,260	26,882	21,397	9	-	-	-
Total governmental activities program revenues	\$ 8,689,377	\$ 8,707,854	\$ 8,951,610	\$ 9,837,372	\$ 11,081,368	\$ 11,870,235	\$ 12,539,369	\$ 12,410,628	\$ 13,318,242	\$ 13,907,060
Business-type activities:										
Charges for services:										
Toll roads	92,661	-	-	-	-	-	-	-	-	-
Aviation technology bonds	711	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	12,916	-	-	-	-	-	-	-	-	-
State revolving fund	65,413	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	599,437	663,084	629,716	653,778	1,223,731	2,393,810	1,628,446	983,708	830,527
State lottery commission	734,872	-	-	-	-	-	-	-	-	-
Other	30,605	31,356	32,846	30,628	28,590	28,185	27,280	26,103	26,961	26,463
Operating grants and contributions	122,200	-	-	-	134,559	10,523	-	1,496,679	1,043,864	670,532
Capital grants and contributions	62,790	-	-	-	-	-	-	-	-	87
Total business-type activities program revenues	\$ 1,122,168	\$ 630,793	\$ 695,930	\$ 660,344	\$ 816,927	\$ 1,262,439	\$ 2,421,090	\$ 3,151,228	\$ 2,054,533	\$ 1,527,609
Total primary government program revenues	\$ 9,811,545	\$ 9,338,647	\$ 9,647,540	\$ 10,497,716	\$ 11,898,295	\$ 13,132,674	\$ 14,960,459	\$ 15,561,856	\$ 15,372,775	\$ 15,434,669
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,177,645)	\$ (13,188,206)	\$ (12,039,731)	\$ (13,814,370)	\$ (14,299,651)	\$ (13,941,288)	\$ (13,604,376)	\$ (14,004,594)	\$ (14,519,052)	\$ (14,474,099)
Business-type activities	(535,865)	(114,154)	(28,958)	(131,274)	(63,509)	(1,118,752)	(826,148)	(89,498)	137,982	342,330
Total primary government net expenses	\$ (13,263,510)	\$ (13,302,360)	\$ (12,068,689)	\$ (13,945,644)	\$ (14,363,160)	\$ (15,060,040)	\$ (14,430,524)	\$ (14,094,032)	\$ (14,381,070)	\$ (14,131,769)

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	Fiscal Year											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
<b>General Revenues and Other Changes in Net Position</b>												
Governmental activities:												
Taxes												
Income taxes	\$ 4,653,807	\$ 5,090,306	\$ 5,396,926	\$ 5,638,203	\$ 5,833,169	\$ 5,135,398	\$ 4,495,576	\$ 5,781,340	\$ 5,424,347	\$ 5,371,040		
Sales taxes	4,694,868	4,963,327	5,352,132	5,491,750	5,869,177	6,146,378	5,937,225	6,365,077	6,520,664	6,845,294		
Fuel taxes	827,525	831,010	879,313	707,354	677,084	763,994	799,356	754,839	762,563	771,434		
Gaming taxes	780,643	791,228	806,271	851,853	826,358	880,491	911,633	904,353	867,055	788,636		
Unemployment taxes	-	-	-	-	-	-	807	320	102	80		
Inheritance taxes	136,382	166,825	139,365	154,817	166,094	183,214	127,673	160,917	169,769	160,820		
Alcohol & Tobacco taxes	357,370	359,066	373,921	398,601	536,948	540,201	458,420	464,699	479,621	503,879		
Insurance taxes	180,705	190,253	181,501	197,064	203,110	187,329	179,024	189,948	206,793	211,987		
Financial institution taxes	81,181	70,067	79,018	59,003	37,419	26,264	55,611	84,743	71,467	121,369		
Other taxes	241,543	204,328	346,816	519,747	580,144	506,699	265,900	222,603	228,919	261,197		
Investment earnings	43,146	73,798	153,834	260,805	239,372	91,331	33,566	22,460	16,345	27,990		
Other	107,064	35,759	55,848	69,522	76,199	41,116	76,289	35,283	90,078	58,915		
Special item: Proceeds from lease of Toll Road	-	-	3,618,528	-	-	-	-	-	-	-		
Transfers within primary government	135,221	(958)	(818)	(1,006)	(3,699)	(2,113)	2,572	2,618	2,101	2,769		
Total governmental activities	12,239,455	12,775,009	17,382,655	14,347,713	15,041,375	14,500,302	13,343,652	14,989,200	14,839,764	15,125,410		
Business-type activities:												
Investment earnings	43,746	32,907	26,617	24,992	21,625	6,260	3,713	1,750	3,753	9		
Unemployment taxes	402,222	-	-	-	-	-	-	-	-	-		
Other	3,627	-	-	-	-	-	-	-	-	-		
Transfers within primary government	(135,221)	958	818	1,006	3,699	2,113	(2,572)	(2,618)	(2,101)	(2,769)		
Total business-type activities	314,374	33,865	27,435	25,998	25,324	8,373	1,141	9,132	1,652	(2,760)		
Total primary government	12,553,829	12,808,874	17,410,090	14,373,711	15,066,699	14,508,675	13,344,793	14,998,332	14,841,416	15,122,650		
<b>Changes in Net Position</b>												
Governmental activities	(478,190)	(413,197)	5,342,924	533,343	741,724	559,014	(260,724)	984,666	320,712	651,311		
Business-type activities	(221,491)	(80,289)	(1,523)	(105,216)	(28,185)	(1,110,379)	(825,007)	(80,366)	139,634	339,570		
Total primary government	\$ (699,681)	\$ (493,486)	\$ 5,341,401	\$ 428,067	\$ 713,539	\$ (551,365)	\$ (1,085,731)	\$ 904,300	\$ 460,346	\$ 990,881		

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

Income taxes

Sales taxes

Fuel taxes

Gaming taxes

Unemployment taxes

Inheritance taxes

Alcohol & Tobacco taxes

Insurance taxes

Financial institution taxes

Other taxes

Investment earnings

Other

Special item: Proceeds from lease of Toll Road

Transfers within primary government

Total governmental activities

Business-type activities:

Investment earnings

Unemployment taxes

Other

Transfers within primary government

Total business-type activities

Total primary government

**Changes in Net Position**

Governmental activities

Business-type activities

Total primary government

**State of Indiana  
Fund Balances, Governmental Funds,**  
*(modified accrual basis of accounting, dollars in thousands)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund (Pre-GASB 54)										
Reserved	\$ 400,937	\$ 395,316	\$ 396,736	\$ 409,227	\$ 616,861	\$ 73,682	\$ 304,233	\$ -	\$ -	\$ -
Unreserved	840,956	798,926	1,436,814	1,937,955	2,183,461	1,488,457	2,213,432	-	-	-
Total general fund	<u>\$ 1,241,893</u>	<u>\$ 1,194,242</u>	<u>\$ 1,833,550</u>	<u>\$ 2,347,182</u>	<u>\$ 2,800,322</u>	<u>\$ 1,562,139</u>	<u>\$ 2,517,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund (Per GASB 54)										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,990	\$ 363,212	\$ 378,559
Administration	-	-	-	-	-	-	-	71,990	363,212	378,559
Total Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	20,859	-
Administration	-	-	-	-	-	-	-	-	20,859	-
Economic development	-	-	-	-	-	-	-	-	-	6,030
Total Committed	-	-	-	-	-	-	-	-	20,859	6,030
Assigned	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	65,156	41,550	72,575
Corrections	-	-	-	-	-	-	-	6,717	11,680	46,195
Police & protection	-	-	-	-	-	-	-	1,679	2,920	11,277
Public health	-	-	-	-	-	-	-	-	-	22
Child services	-	-	-	-	-	-	-	77,285	73,302	205,713
Disability & aging	-	-	-	-	-	-	-	-	-	3
Economic development	-	-	-	-	-	-	-	26,044	9,733	862
Environmental	-	-	-	-	-	-	-	16,528	6,177	552
Natural resources	-	-	-	-	-	-	-	7,513	2,808	249
Secondary education	-	-	-	-	-	-	-	9,572	6,346	5,311
Roads & bridges	-	-	-	-	-	-	-	2,925	1,068	81
Capital outlay	-	-	-	-	-	-	-	84,855	54,112	92,884
Other purposes	-	-	-	-	-	-	-	1,515	966	1,762
Encumbrances	-	-	-	-	-	-	-	303,018	441,412	759,540
Total Assigned	-	-	-	-	-	-	-	602,807	652,074	1,197,026
Unassigned	-	-	-	-	-	-	-	2,358,283	2,354,999	1,756,635
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,033,080</u>	<u>\$ 3,391,144</u>	<u>\$ 3,338,250</u>

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**State of Indiana**  
**Fund Balances, Governmental Funds,**  
*(modified accrual basis of accounting, dollars in thousands)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All other Governmental Funds (Pre-GASB 54)	\$ 1,767,167	\$ 1,583,392	\$ 2,019,809	\$ 2,286,840	\$ 2,283,874	\$ 3,584,616	\$ 2,269,450	\$ -	\$ -	\$ -
Reserved										
Unreserved, reported in:										
Special revenue funds	(781,296)	(630,732)	3,473,447	3,160,707	2,807,884	2,514,631	2,184,021	-	-	-
Capital project funds	86,266	81,284	91,149	90,207	78,953	83,961	89,829	-	-	-
Permanent funds	200,749	124,005	590,233	607,815	628,534	661,509	740,778	-	-	-
Total all other governmental funds	\$ 1,272,886	\$ 1,157,949	\$ 6,174,638	\$ 6,145,569	\$ 5,799,245	\$ 6,844,717	\$ 5,284,078	\$ -	\$ -	\$ -
All other Governmental Funds (Per GASB 54)										
Nonspendable										
Permanent fund principal								\$ 501,125	\$ 520,665	\$ 520,665
Total Nonspendable								501,125	520,665	520,665
Committed										
Administration									580,245	7,426
Public health								3	306,793	316,290
Economic development									103	11,270
Environmental										561
Natural resources										468
Higher education								4		4
Secondary education								553,686	72	564,681
Roads & bridges								16,180	171,733	166,166
Other purposes										14,818
Total Committed								569,873	1,058,946	1,081,684
Assigned										
Administration								423,553	263,210	209,474
Corrections								14,976	26,945	10,676
Police & protection								284,551	511,947	190,802
Mental health								62,709	52,335	62,061
Public health								689,801	575,680	693,209
Child services								134,377	112,146	133,753
Disability & aging								8,958	7,476	9,445
Economic development								43,734	53,942	43,516
Environmental								94,757	116,874	96,334
Natural resources								104,476	128,861	105,755
Higher education								27,812	19,745	23,582
Secondary education								35,396	25,129	29,698
Roads & bridges								2,071,404	1,490,793	1,148,946
Capital outlay								138,978	86,366	70,015
Other purposes								99,270	61,690	48,600
Total Assigned								4,234,753	3,533,138	2,875,866
Unassigned								(248,233)	(258,550)	(176,649)
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,057,518	\$ 4,854,199	\$ 4,301,566



**State of Indiana**  
**Taxable Sales by Industry\***  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agricultural/forestry, fishing, and other	\$ 343,106	\$ 356,577	\$ 413,341	\$ 431,335	\$ 475,138	\$ 374,750	\$ 382,162	\$ 363,792	\$ 372,863	\$ 379,565
Construction	1,137,531	1,220,932	1,540,499	1,713,622	1,827,145	1,898,873	1,647,326	1,255,395	1,314,063	1,472,803
Finance, insurance, and real estate	900,459	870,350	946,265	964,544	1,000,612	1,049,043	1,058,010	948,291	935,015	994,822
Government	9,865	11,198	11,545	11,862	13,993	18,511	23,338	22,719	22,512	24,351
Manufacturing	2,076,227	2,159,586	2,719,729	2,928,781	3,133,406	3,229,466	2,699,025	2,284,778	2,684,744	2,922,975
Mining	35,774	42,613	54,431	56,697	58,879	55,152	51,740	49,250	84,869	89,994
Retail trade	16,265,898	16,375,391	20,590,246	20,954,520	21,527,722	21,127,367	18,227,083	17,459,027	18,530,189	19,471,712
Services	9,565,795	9,911,467	12,078,940	12,741,041	13,705,058	13,754,477	13,413,528	12,702,691	13,402,546	14,598,148
Transportation and public utilities	3,081,873	2,884,442	4,064,232	4,598,925	4,774,062	5,195,834	6,009,812	5,829,367	6,188,783	5,844,682
Wholesale trade	1,824,303	1,930,025	2,346,878	2,554,811	2,671,007	2,840,144	2,632,910	2,292,830	2,547,501	2,671,877
Unknown**	37,508,396	39,340,419	41,354,171	43,270,517	44,775,325	48,268,382	50,300,680	49,820,563	52,101,325	53,523,644
<b>Total</b>	<b>\$ 72,739,227</b>	<b>\$ 75,103,000</b>	<b>\$ 86,120,277</b>	<b>\$ 90,226,655</b>	<b>\$ 93,962,347</b>	<b>\$ 97,811,999</b>	<b>\$ 96,445,614</b>	<b>\$ 93,028,703</b>	<b>\$ 98,184,410</b>	<b>\$ 101,994,573</b>
Direct sales tax rate	5 - 6%	6%	6%	6%	6%	6 - 7%	7%	7%	7%	7%

**Source: Indiana Department of Revenue**

\* Indiana Code 6-8.1-7.1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

**State of Indiana**  
**Sales Tax Revenue Payers by Industry\***  
**Fiscal Years 2006 and 2012**  
*(in thousands of dollars)*

	Fiscal Year Ended June 30, 2006			Fiscal Year Ended June 30, 2012			
	Number of Filers	% of Total	Tax Liability	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural/forestry, fishing, and other	3,896	2.01%	\$ 25,880.13	4,000	2.22%	\$ 22,773.88	0.37%
Construction	11,334	5.84%	102,817.32	10,097	5.59%	88,368.18	1.44%
Finance, insurance, and real estate	4,883	2.52%	57,872.61	4,253	2.36%	59,689.30	0.98%
Government	497	0.26%	711.69	484	0.27%	1,461.06	0.02%
Manufacturing	17,695	9.12%	175,726.84	16,541	9.16%	175,378.50	2.87%
Mining	383	0.20%	3,401.79	354	0.20%	5,399.65	0.09%
Retail trade	64,901	33.45%	1,257,271.22	56,241	31.16%	1,168,302.69	19.09%
Services	62,792	32.37%	764,462.44	58,897	32.63%	875,888.89	14.31%
Transportation and public utilities	4,937	2.54%	275,935.52	4,477	2.48%	350,680.94	5.73%
Wholesale trade	10,136	5.22%	153,288.66	12,920	7.16%	160,312.63	2.62%
Unknown**	12,554	6.47%	2,596,231.00	12,230	6.78%	3,211,418.61	52.48%
<b>Total</b>	<b>194,008</b>	<b>100.00%</b>	<b>\$ 5,413,599.22</b>	<b>180,494</b>	<b>100.00%</b>	<b>\$ 6,119,674.33</b>	<b>100.00%</b>

**Source: Indiana Department of Revenue**

\* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form.

Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.



**State of Indiana**  
**Personal Income Tax Filers and Liability by Income Level**  
**Fiscal Years 2006 and 2012**  
*(in millions of dollars)*

Income Level	Fiscal YE 2006			Fiscal YE 2012			
	Number of Filers	% of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	% of Total
\$50,000 and under	2,167,182	70.73%	\$ 1,497.43	2,142,579	69.07%	\$ 1,634.75	26.49%
\$50,001 - \$100,000	658,885	21.50%	1,784.88	647,386	20.87%	1,892.76	30.67%
\$100,001 - \$250,000	205,819	6.72%	1,117.14	275,379	8.88%	1,624.60	26.32%
\$250,001 - \$1,000,000	28,381	0.93%	486.42	33,801	1.09%	632.62	10.25%
\$1,000,001 and over	3,758	0.12%	417.13	3,087	0.10%	387.31	6.28%
<b>Total</b>	<b>3,064,025</b>	<b>100.00%</b>	<b>\$ 5,303.00</b>	<b>3,102,232</b>	<b>100.00%</b>	<b>\$ 6,172.04</b>	<b>100.00%</b>

Source: Indiana Department of Revenue

**State of Indiana**  
**Personal Income by Industry**  
**Last Ten Fiscal Years**  
*(in millions of dollars)*

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Farm earnings	\$ 1,266	\$ 2,052	\$ 1,332	\$ 1,136	\$ 1,507	\$ 2,664	\$ 2,022	\$ 1,938	\$ 3,077	\$ 2,821
Agriculture, forestry, fishing, and hunting	361	392	413	506	511	491	426	502	363	394
Mining	510	579	626	662	597	716	567	693	1,000	1,089
Construction and utilities	10,854	11,338	11,547	12,152	12,247	12,091	10,670	10,963	11,788	12,692
Manufacturing	34,195	35,835	36,397	37,580	37,538	36,627	31,001	32,815	35,167	37,514
Wholesale trade	6,797	7,159	7,485	7,920	8,326	8,458	7,674	7,843	8,240	8,628
Retail trade	9,977	10,156	10,345	10,740	10,674	10,258	9,905	10,118	10,448	10,868
Transportation and warehousing	5,655	6,073	6,438	6,863	7,005	6,861	6,415	6,608	7,043	7,594
Information	2,287	2,412	2,385	2,411	2,546	2,559	2,511	2,363	2,361	2,605
Finance and insurance	6,501	6,709	6,881	7,208	7,293	7,303	6,934	7,118	7,381	7,697
Real estate and rental and leasing	2,366	2,309	2,211	2,131	1,843	1,944	1,847	1,912	2,149	2,267
Services	21,423	22,708	23,885	25,617	26,591	27,612	26,497	27,366	29,113	30,807
Management of companies and enterprises	2,246	2,312	2,315	2,518	2,656	2,657	2,542	2,588	2,831	3,016
Health care and social assistance	14,310	15,179	15,900	16,993	17,759	19,023	19,520	20,273	20,700	21,955
Arts, entertainment, and recreation	1,673	1,740	1,728	1,782	1,786	1,792	1,689	1,742	1,738	1,734
Government and government enterprises	18,914	20,016	20,852	21,239	22,061	23,070	23,621	23,881	24,101	24,257
<b>Total personal income</b>	<b>\$ 139,335</b>	<b>\$ 146,969</b>	<b>\$ 150,740</b>	<b>\$ 157,458</b>	<b>\$ 160,940</b>	<b>\$ 164,126</b>	<b>\$ 153,841</b>	<b>\$ 158,723</b>	<b>\$ 167,500</b>	<b>\$ 175,938</b>

Note: The Services industry includes professional, scientific, and technical services, administrative and waste management services, educational services, accommodation and food services, and other services, except public administration.

Source: U.S. Department of Commerce - Bureau of Economic Analysis, SA05N NAICS - Personal income by major source and earnings by NAICS industry (1990-2012).

## State of Indiana Personal Income Tax Rates Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Personal Income Tax Revenues (in millions)	\$ 3,644	\$ 3,808	\$ 4,213	\$ 4,382	\$ 4,580	\$ 4,826	\$ 4,305	\$ 3,864	\$ 4,584	\$ 4,765
Personal Income (in millions)	183,059	192,181	197,656	209,531	217,005	224,651	217,545	223,158	236,815	249,198
Average Effective Rate <sup>1</sup>	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.0%	1.7%	1.9%	1.9%

Tax Rates on the Portion of Taxable Income in Ranges <sup>2</sup>		
<b>Tax Years 2003-04</b>		
Tax Rate	1.2%	
Income Bracket (in thousands)	\$0-20	
	2.7%	3.1%
	\$21-40	\$61-80
		\$81-100
		\$101-120
		\$121+
<b>Tax Years 2005-08</b>		
Tax Rate	1.2%	
Income Bracket (in thousands)	\$0-20	
	2.7%	3.1%
	\$21-40	\$61-80
		\$81-100
		\$101-120
		\$121+
<b>Tax Years 2009-12</b>		
Tax Rate	1.1%	
Income Bracket (in thousands)	\$0-20	
	2.6%	3.1%
	\$21-40	\$61-80
		\$81-100
		\$101-120
		\$121+

<sup>1</sup> Average effective rate equals tax collections divided by income.

<sup>2</sup> This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's/homeowner's property tax deduction minus exemptions. The State income tax rate for the entire 10 years was 3.4%.

**Sources:** U.S. Department of Commerce - Bureau of Economic Analysis; Auditor of State Financial Records; U.S. Census Bureau; & Indiana Department of Revenue Tax Forms.

**State of Indiana**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Revenue bonds/notes payable	\$ 2,311,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital leases	24,953	1,271,258	1,307,072	1,333,099	1,321,593	1,286,107	1,269,809	1,225,312	1,209,977	1,156,910
<b>Total Governmental Activities</b>	<b>2,336,309</b>	<b>1,271,258</b>	<b>1,307,072</b>	<b>1,333,099</b>	<b>1,321,593</b>	<b>1,286,107</b>	<b>1,269,809</b>	<b>1,225,312</b>	<b>1,209,977</b>	<b>1,156,910</b>
<b>Business-type Activities</b>										
Revenue bonds/notes payable	411,930	-	-	-	-	-	-	-	-	-
<b>Total Business-type Activities</b>	<b>411,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 2,748,239</b>	<b>\$ 1,271,258</b>	<b>\$ 1,307,072</b>	<b>\$ 1,333,099</b>	<b>\$ 1,321,593</b>	<b>\$ 1,286,107</b>	<b>\$ 1,269,809</b>	<b>\$ 1,225,312</b>	<b>\$ 1,209,977</b>	<b>\$ 1,156,910</b>
<b>Debt as a Percentage of Personal Income</b>	1.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%
<b>Amount of Debt per Capita</b> <i>(in whole dollars)</i>	\$ 441	\$ 202	\$ 206	\$ 209	\$ 206	\$ 199	\$ 196	\$ 188	\$ 185	\$ 176

Note:  
(a) In 2005, Business-type activities had no revenue bonds/notes payable because of the reclassification of some funds from blended component units to discretely presented component units. Starting in 2005, governmental activities had no revenue bonds/notes payable because of the reclassification of some funds from internal service funds to discretely presented component units.

# State of Indiana

## State Facts

<b>AREA</b>	36,291 square miles, which includes 253 square miles of water. Length, 275 miles; width, 144 miles. Highest altitude, 1,257 feet in Wayne County; lowest altitude, 320 feet in Posey County.
<b>CLIMATE</b>	Four distinct seasons. Average temperatures in July can range from 73 and 78 degrees Fahrenheit; January averages range from 35 to 36 degrees Fahrenheit. Record high: 116 degrees at Collegeville in 1936. Record low: 35 below zero at Greensburg in 1951. Average annual precipitation is 40 inches.
<b>STATE CAPITAL</b>	Indianapolis (combination of Indiana and Greek word "polis" meaning city -- therefore, Indianapolis means "city of Indiana.")
<b>STATE MOTTO</b>	The Crossroads of America. Adopted 1937.
<b>STATE FLOWER</b>	Peony. Adopted 1957.
<b>STATE TREE</b>	Tulip tree (yellow poplar). Adopted 1931.
<b>STATE BIRD</b>	Cardinal. Adopted 1933.
<b>STATE SONG</b>	"On the Banks of the Wabash, Far Away" by Paul Dresser. Adopted 1913.
<b>STATE POEM</b>	"Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.
<b>STATE STONE</b>	Limestone. Adopted 1971.
<b>STATE SEAL</b>	The seal depicts a pioneer scene: a woodsman felling a tree, a bison fleeing from the sound of the axe and the sun gleaming over a distant hill. In use since 1801, the seal was officially adopted in 1963.
<b>STATE FLAG</b>	The Indiana flag displays 19 gold stars surrounding a gold torch centered on a rectangular field of blue. The torch stands for liberty and enlightenment. Thirteen stars in the outer circle represent the 13 original states; the five in the inner circle represent the five states next admitted to the Union. The star above the torch stands for Indiana, the 19th state. Adopted 1917.
<b>STATE NAME</b>	The name Indiana means "land of the Indians." It was coined in 1800 when Congress carved the new state of Ohio from the Northwest Territory and designated the remaining vast area as the Indiana Territory. The territorial name was retained when Indiana became a state in 1816.
<b>NICKNAME</b>	Residents of Indiana have long been referred to as "Hoosiers," and according to the Indiana Historical Bureau, the term came into general usage in the 1830s as a result of a poem entitled "The Hoosiers Nest" by John Finley of Richmond. On January 8, 1933, John W. Davis offered "Hoosier State" as a toast at the Jackson Dinner. The origins of the actual word have been in debate for well over a century. The earliest written documentation of Hoosier was in 1827 in a diary quoted by Sandford Cox. The oral tradition goes back much earlier.

**Source:** Here Is Your Indiana Government, 2013-2014, Indiana Chamber of Commerce.

# State of Indiana

## County Facts

County Name	2010 Total Population	Area Sq. Miles	2012 County Road Miles	2012 Municipal Street Miles	2012 County Bridges
Adams	34,387	345	697	89	160
Allen	355,329	671	1,296	1,265	387
Bartholomew	76,794	402	690	277	204
Benton	8,854	409	672	57	118
Blackford	12,766	167	325	61	59
Boone	56,640	427	748	228	189
Brown	15,242	319	392	8	84
Carroll	20,155	347	768	41	114
Cass	38,966	415	882	118	124
Clark	110,232	384	487	360	139
Clay	26,890	364	662	83	157
Clinton	33,224	407	785	86	160
Crawford	10,713	312	450	35	79
Daviess	31,648	430	800	107	126
Dearborn	50,047	306	505	81	102
Decatur	25,740	370	646	94	187
Dekalb	42,223	366	724	145	102
Delaware	117,671	396	803	454	193
Dubois	41,889	433	655	181	164
Elkhart	197,559	468	1,151	450	170
Fayette	24,277	215	382	65	86
Floyd	74,578	149	352	183	92
Fountain	17,240	397	667	75	143
Franklin	23,087	394	629	26	118
Fulton	20,836	368	788.95	55	57
Gibson	33,503	498	959	137	252
Grant	70,061	421	809.11	282	190
Greene	33,165	549	877	104	159
Hamilton	274,569	401	585	1,283	301
Hancock	70,002	305	666	180	157
Harrison	39,364	479	831	36	77
Hendricks	145,448	417	756	429	237
Henry	49,462	400	793	147	141
Howard	82,752	293	605	319	133
Huntington	37,124	369	683	125	114
Jackson	42,376	520	736	130	186
Jasper	33,478	562	943	78	126
Jay	21,253	386	745	84	163
Jefferson	32,428	366	542	81	101
Jennings	28,525	377	669	41	128
Johnson	139,654	315	604	410	158
Knox	38,440	516	881	176	211
Kosciusko	77,358	540	1,173	195	108
Lagrange	37,128	381	792	37	57
Lake	496,005	513	539	1,962	179
Laporte	111,467	607	1,041	363	119
Lawrence	46,134	459	670	132	128
Madison	131,636	453	906	519	212

County Name	2010 Total Population	Area Sq. Miles	2012 County Road Miles	2012 Municipal Street Miles	2012 County Bridges
Marion	903,393	392	1,802	1,641	527
Marshall	47,051	443	923	125	114
Martin	10,334	345	375	32	44
Miami	36,903	377	791	90	127
Monroe	137,974	386	708	261	149
Montgomery	38,124	507	844	94	172
Morgan	68,894	406	697	124	143
Newton	14,244	413	666	42	123
Noble	47,536	412	822.07	112	64
Ohio	6,128	87	137	10	21
Orange	19,840	405	602	66	106
Owen	21,575	390	630	24	111
Parke	17,339	445	742	46	176
Perry	19,338	384	492.7	63	99
Pike	12,845	335	548	30	110
Porter	164,343	425	800	511	126
Posey	25,910	412	714	66	149
Pulaski	13,402	433	874	33	74
Putnam	37,963	490	755.41	89	222
Randolph	26,171	457	864	83	219
Ripley	28,818	442	725	76	135
Rush	17,392	409	762	40	194
St Joseph	266,931	396	1,158	712	103
Scott	24,181	466	312.35	56	73
Shelby	44,436	193	842	100	189
Spencer	20,952	409	745	61	164
Starke	23,363	310	673	58	59
Steuben	34,185	309	623	92	49
Sullivan	21,475	457	873	90	179
Switzerland	10,613	221	360	11	37
Tippecanoe	172,780	500	859	399	203
Tipton	15,936	261	568	38	81
Union	7,516	168	268	15	42
Vanderburgh	179,703	241	578.23	539	156
Vermillion	16,212	263	397	82	77
Vigo	107,848	415	842	368	187
Wabash	32,888	398	730	112	154
Warren	8,508	368	555	24	95
Warrick	59,689	391	752.03	93	114
Washington	28,262	561	772	65	134
Wayne	68,917	405	722	257	234
Wells	27,636	368	713	78	131
White	24,643	497	922	78	166
Whitley	33,292	337	632	64	89
Totals	6,483,802	36,117	65,931	18,918	13,072

Source: Association of Indiana Counties 2013 County Fact Book, Indiana Department of Transportation,  
United States Department of Commerce, Bureau of Census 2010 Decennial Census,

**State of Indiana  
Demographic and Economic Statistics  
Last Ten Calendar Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Population</b>										
State (in thousands)	6,197	6,233	6,279	6,333	6,380	6,425	6,459	6,490	6,516	6,537
Percentage change	0.7%	0.6%	0.7%	0.9%	0.7%	0.7%	0.5%	0.5%	0.4%	0.3%
National (in thousands)	290,108	292,805	295,517	298,380	301,231	304,094	306,772	309,326	311,588	313,914
Percentage change	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%
<b>Total Personal Income</b>										
State (in millions)	\$ 183,059	\$ 192,181	\$ 197,656	\$ 209,531	\$ 217,005	\$ 224,651	\$ 217,545	\$ 223,158	\$ 236,815	\$ 249,198
Percentage change	2.8%	5.0%	2.8%	6.0%	3.6%	3.5%	-3.2%	2.6%	6.1%	5.2%
National (in millions)	\$ 9,479,611	\$ 10,043,284	\$ 10,605,645	\$ 11,376,460	\$ 11,990,244	\$ 12,429,284	\$ 12,073,738	\$ 12,423,332	\$ 13,179,561	\$ 13,729,063
Percentage change	3.6%	5.9%	5.6%	7.3%	5.4%	3.7%	-2.9%	2.9%	6.1%	4.2%
<b>Per Capita Personal Income</b>										
State	\$ 29,542	\$ 30,833	\$ 31,481	\$ 33,087	\$ 34,016	\$ 34,966	\$ 33,679	\$ 34,386	\$ 36,342	\$ 38,119
Percentage change	2.1%	4.4%	2.1%	5.1%	2.8%	2.8%	-3.7%	2.1%	5.7%	4.9%
National	\$ 32,676	\$ 34,300	\$ 35,888	\$ 38,127	\$ 39,804	\$ 40,873	\$ 39,357	\$ 40,163	\$ 42,298	\$ 43,735
Percentage change	2.8%	5.0%	4.6%	6.2%	4.4%	2.7%	-3.7%	2.0%	5.3%	3.4%
<b>Resident Civilian Labor Force and Employment</b>										
Civilian labor force (in thousands)	3,166	3,165	3,204	3,241	3,230	3,247	3,202	3,162	3,158	3,150
Employed (in thousands)	2,998	2,997	3,032	3,080	3,081	3,058	2,870	2,843	2,875	2,886
Unemployed (in thousands)	168	168	172	161	149	189	332	319	283	264
Unemployment rate	5.3%	5.3%	5.4%	5.0%	4.6%	5.8%	10.4%	10.1%	9.0%	8.4%
<b>State and Area Employment, Hours, and Earnings</b>										
<b>Goods-producing industries</b>										
Mining and logging	7,000	6,900	6,900	7,000	6,800	6,700	6,500	6,600	6,900	6,900
Construction	145,800	148,000	149,700	153,100	149,800	134,700	114,600	116,600	124,700	121,400
Manufacturing	569,500	572,700	571,200	556,800	544,800	487,100	436,200	454,200	470,800	488,900
Subtotal goods-producing industries	722,300	727,600	727,800	716,900	701,400	628,500	559,300	577,400	602,400	617,200
<b>Service-producing industries</b>										
Transportation and utilities	122,600	127,800	131,300	133,100	133,900	130,200	123,700	127,100	130,500	134,500
Wholesale trade	116,900	120,800	122,500	123,900	125,900	121,700	112,900	112,600	115,500	116,100
Retail trade	334,200	331,400	331,300	329,600	327,100	314,800	303,200	305,900	310,300	321,400
Services	729,000	753,400	771,300	785,400	804,800	800,600	793,400	817,100	835,300	849,300
State government	115,300	112,900	112,500	113,600	113,200	114,000	115,200	113,200	116,100	113,900
Federal government	36,700	36,100	36,500	36,800	37,300	37,800	39,100	38,700	37,900	37,500
Subtotal service-producing industries	1,454,700	1,482,400	1,505,400	1,522,400	1,542,200	1,519,100	1,487,500	1,514,600	1,545,600	1,572,700
<b>Total Nonfarm Wage and Salary Employment</b>	2,177,000	2,210,000	2,233,200	2,239,300	2,243,600	2,147,600	2,046,800	2,092,000	2,148,000	2,189,900

Sources: U.S. Department of Commerce - Bureau of Economic Analysis (BEA), U.S. Department of Labor - Bureau of Labor Statistics, and U.S. Census Bureau (via BEA data).

## State of Indiana

### Twenty Largest Indiana Public Companies

(ranked by 2011 revenue)

Ranking	Company	2011 Revenue in Millions	City
1	WellPoint Inc.	\$ 60,700	Indianapolis
2	Eli Lilly and Co.	24,300	Indianapolis
3	Cummins Inc.	18,000	Columbus
4	Steel Dynamics Inc.	8,000	Fort Wayne
5	NiSource Inc.	6,000	Merrillville
6	Brightpoint Inc.	5,200	Indianapolis
7	Zimmer Holdings Inc.	4,500	Warsaw
8	Simon Property Group Inc.	4,300	Indianapolis
9	CNO Financial Group Inc. (formerly Conseco Inc)	4,100	Carmel
10	Calumet Specialty Products Partners LP	3,100	Indianapolis
11	Republic Airways Holdings Inc.	2,900	Indianapolis
12	Vectren Corp.	2,300	Evansville
13	Allison Transmission Inc.	2,200	Indianapolis
14	HHGregg Inc.	2,100	Indianapolis
15	Kar Auction Services Inc.	1,900	Carmel
16	Wabash National Corp.	1,800	Lafayette
17	Hill-Rom Holdings Inc.	1,600	Batesville
18	ITT Educational Services Inc.	1,500	Carmel
19	The Finish Line Inc.	1,400	Indianapolis
20	Duke Realty Corp.	1,300	Indianapolis

SOURCE: Indianapolis Business Journal, 2013 Book of Lists.



## State of Indiana

### Twenty Largest Indiana Private Companies

(Ranked by 2011 Revenue)

Ranking	Company	2011 Revenue (in millions)	City
1	Berry Plastics Corp.	\$ 4,700	Evansville
2	Biomet Inc.	2,700	Warsaw
3	Do It Best Corp.	2,400	Fort Wayne
4	Petroleum Traders Corp.	2,300	Fort Wayne
5	Hunt Construction Group, Inc.	1,800	Indianapolis
6	CountryMark	1,600	Indianapolis
7	OneAmerica Financial Partners, Inc.	1,400	Indianapolis
8	Remy International	1,200	Pendleton
9	Co-Alliance LLP	1,000	Avon
10	Koch Enterprises Inc.	967	Evansville
11	Rea Magnet Wire Co. Inc.	955	Fort Wayne
12	The Bob Rohrman Auto Group	906	Lafayette
13	Atlas World Group Inc.	809	Evansville
14	LDI Ltd. LLC	780	Indianapolis
15	Federal Home Loan Bank of Indianapolis	703	Indianapolis
16	Hoosier Energy Rural Electric Cooperative Inc.	650	Bloomington
17	Swift Oil Co. Inc.	603	Seymour
18	Vertellus Specialties Inc.	600	Indianapolis
19	Telamon Corp.	568	Carmel
20	Jayco Corp.	555	Middlebury

SOURCE: Indianapolis Business Journal, 2013 Book of Lists.

**State of Indiana  
Principal Employers  
Current Year and Nine Years Ago**

	2012			2003		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Wal-Mart Stores, Inc.	38,419	1	1.33%	33,775	3	1.17%
U.S. Government	37,400	2	1.30%	37,187	2	1.29%
State of Indiana (1)	31,263	3	1.09%	37,889	1	1.31%
Indiana University Health	26,596	4	0.92%	N/A		
the Kroger Co.	18,128	5	0.63%	N/A		N/A
St. Vincent Health	17,398	6	0.60%	8,188	10	0.28%
Indiana University	16,910	7	0.59%	15,494	5	0.54%
Purdue University	14,722	8	0.51%	13,181	8	0.46%
Franciscan Alliance Inc.	12,063	9	0.42%	N/A		N/A
Eli Lilly and Co.	11,008	10	0.38%	16,000	4	0.55%
Community Health Network	9,663	11	0.34%	6,484	13	0.22%
Cummins Inc.	8,200	12	0.28%	5,000	19	0.17%
FedEx Corp.	8,000	13	0.28%	5,000	19	0.17%
city of Indianapolis/Marion County	7,964	14	0.28%	6,482	14	0.22%
Ivy Tech Community College	5,731	15	0.20%	N/A		N/A
University of Notre Dame	5,305	16	0.18%	N/A		N/A
CVS/Caremark	4,935	17	0.17%	N/A		N/A
Rolls-Royce Corp.	4,500	18	0.16%	4,500	21	0.16%
Indianapolis Public Schools	4,430	19	0.15%	6,000	17	0.21%
WeillPoint Inc.	4,400	20	0.15%	3,435	24	0.12%
<b>Total</b>	<b>287,035</b>		<b>9.97%</b>	<b>198,615</b>		<b>6.88%</b>

(1) full time State employees paid through the Auditor of State's Office as of June 2012 and June 2003.  
N/A = Not available

Sources: Indianapolis Business Journal, 2013 and 2003 Book of Lists; and Auditor of State payroll records.

**State of Indiana  
School Enrollment  
Last Ten Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Public School Enrollment, Grades K-12</b>										
Elementary (KG through Grade 6)	545,172	554,446	559,384	556,677	556,622	556,228	557,257	557,983	555,344	554,421
Secondary (Grades 7 through 12)	534,689	469,922	487,741	478,520	478,820	477,879	476,516	477,455	475,457	476,685
Total, all grades	<u>1,079,861</u>	<u>1,024,368</u>	<u>1,047,125</u>	<u>1,035,197</u>	<u>1,035,442</u>	<u>1,034,107</u>	<u>1,033,773</u>	<u>1,035,438</u>	<u>1,030,801</u>	<u>1,031,106</u>
<b>Public Higher Education Enrollment<sup>1</sup></b>										
Indiana University	71,853	73,367	73,494	74,717	77,178	81,261	82,830	83,228	82,671	84,786
Purdue University	54,648	55,167	56,194	57,010	57,891	60,241	59,526	59,186	58,704	57,284
Ball State University	18,918	18,415	18,167	17,919	18,247	19,202	19,965	19,526	18,831	18,340
Indiana State University	9,797	9,122	8,832	8,823	8,718	8,839	9,685	9,738	10,282	10,772
Ivy Tech Community College	36,891	36,188	38,072	42,193	50,104	63,351	67,588	65,957	58,719	56,024
University of Southern Indiana	8,180	8,180	8,284	8,230	8,438	8,789	8,971	9,031	8,740	8,215
Vincennes University	7,479	5,461	6,245	6,457	7,348	7,704	9,410	10,077	9,393	9,825
Total, public colleges and universities	<u>207,766</u>	<u>205,900</u>	<u>209,288</u>	<u>215,349</u>	<u>227,924</u>	<u>249,387</u>	<u>257,975</u>	<u>256,743</u>	<u>247,340</u>	<u>245,246</u>

<sup>1</sup> based on Fall full-time equivalent enrollment.

**Sources:** Indiana Commission for Higher Education (for Public Higher Education Enrollment); and Indiana Department of Education (for Grades K-12)

## State of Indiana Largest Indiana Private Colleges & Universities

(Ranked by Fall 2012 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2012 FTE Enrollment	Location
1	Indiana Wesleyan University	14,535	Marion
2	University of Notre Dame	12,004	Notre Dame
3	University of Indianapolis	6,406	Indianapolis
4	Harrison College	5,500	Indianapolis
5	Indiana Tech	5,313	Fort Wayne
6	Butler University	4,568	Indianapolis
7	Valparaiso University	3,661	Valparaiso
8	University of Evansville	3,488	Evansville
9	University of Phoenix	3,000	Indianapolis
10	WGU Indiana	2,760	Indianapolis
11	Anderson University	2,600	Anderson
12	Marian University	2,578	Indianapolis
13	DePauw University	2,307	Greencastle
14	Trine University	2,300	Angola
15	Rose-Hulman Institute of Technology	2,214	Terre Haute
16	Taylor University	2,114	Upland
17	University of Saint Francis	2,100	Fort Wayne
18	Bethel College	1,680	Mishawaka

SOURCE: Indianapolis Business Journal, 2013 Book of Lists

**State of Indiana  
Operating Indicators by Function of Government  
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Department of Revenue										
Number of Tax Returns Filed Electronically	<sup>1</sup> N/A	2,328,203	2,268,856	2,179,678	2,046,564	1,981,644	1,879,652	1,455,888	1,341,802	N/A
Number of Tax Returns Processed	<sup>1</sup> N/A	3,140,076	3,094,479	2,966,371	2,946,873	3,061,394	3,102,053	3,031,011	3,004,164	N/A
Percent of Tax Returns Filed Electronically	<sup>1</sup> N/A	74.1%	73.3%	73.5%	69.4%	64.7%	60.6%	48.0%	44.7%	N/A
Number of Taxpayers Assisted - Walk-in	<sup>2</sup> 12,969	18,748	21,784	23,752	24,853	13,787	14,792	14,528	14,149	14,583
Number of Taxpayers Assisted - Telephone	<sup>2</sup> 630,352	534,680	416,231	367,217	358,750	364,230	361,910	316,115	313,023	249,781
Number of Taxpayers Assisted - Total	<sup>2</sup> 643,321	553,428	438,015	390,969	383,603	378,017	376,702	330,643	327,172	264,364
Department of Administration										
Construction projects administered	33	67	38	72	79	105	61	69	73	94
Construction value excluding design fee (thousands)	\$27,448	\$31,161	\$22,265	\$25,585	\$31,817	\$53,977	\$63,191	\$36,491	\$35,806	\$53,453
<b>Public Safety</b>										
Department of Correction										
Department Active Personnel	6,256	6,198	6,064	6,768	7,071	7,417	7,423	7,051	8,130	8,743
Number of Adult Institutions	20	20	21	21	21	21	22	22	23	24
Incarcerated Offenders	<sup>3</sup> 29,156	28,378	28,307	29,278	29,314	27,412	25,849	24,431	24,244	23,760
Average Cost Per Diem	\$55.19	\$54.85	\$54.53	\$53.69	\$54.28	\$52.61	\$52.25	\$57.69	\$58.99	\$55.43
Contract Beds	333	399	294	167	317	225	156	293	88	655
Average Offender Age at Intake	32.7	32.7	32.6	32.5	32.4	32.4	32.3	32.1	31.8	31.7
Average Offender Age - Current	36.9	36.6	36.6	36.3	36.4	36.1	40.0	35.8	35.7	35.3
Supervised Offenders	<sup>4</sup> 10,385	9,581	10,606	9,037	8,383	11,138	8,108	7,248	5,308	5,696
State Police										
Active State Troopers	1,243	1,245	1,244	1,255	1,311	1,293	1,298	1,129	1,138	1,184
Number of Traffic Citations Issued	323,604	364,070	431,173	513,496	521,758	385,002	415,519	342,863	315,351	275,229
Number of Firearm Permits Issued	84,831	69,525	76,844	81,868	102,568	73,874	67,501	78,921	68,842	68,981
Number of Limited Criminal History Searches (fee)	247,458	270,547	255,845	243,130	254,309	271,922	260,164	245,479	227,170	217,315
Number of Limited Criminal History Searches (no fee)	396,197	390,912	370,857	371,964	407,318	362,069	306,615	246,604	216,488	187,535
<b>Health</b>										
Department of Health										
Number of Birth and Death Certificates Issued	42,076	49,208	61,884	46,236	49,420	52,300	51,428	57,467	78,300	58,988
Number of Adoption Records Received	1,831	3,402	2,186	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Marriage Records Received	41,301	48,756	39,586	32,000	18,270	35,770	42,570	N/A	N/A	N/A
<b>Welfare</b>										
FSSA										
Medicaid and Children's Health Insurance Program (CHIP) recipients	1,303,958	1,279,288	1,274,341	1,232,456	965,852	884,879	894,378	885,587	866,597	832,224
Temporary Assistant for Needy Families (TANF) recipients	28,285	37,591	63,278	119,957	124,765	127,267	130,285	140,673	145,489	155,549
Food Stamp recipients	924,180	908,511	882,716	823,818	684,280	607,989	582,972	570,627	550,416	516,360
<b>Conservation, Culture, and Development</b>										
Department of Natural Resources										
Hunting licenses sold	400,575	458,156	447,003	454,264	434,508	360,684	366,572	336,254	334,171	N/A
Fishing licenses sold	418,535	496,423	429,373	472,174	511,345	417,952	441,414	430,780	420,330	N/A
Trapping licenses sold	4,609	3,714	3,326	3,043	4,045	3,806	4,117	3,107	N/A	N/A
<b>Transportation</b>										
Department of Transportation										
Construction projects administered	379	425	443	819	467	480	368	496	453	473
Construction value excluding design fee (thousands)	\$ 248,003	\$ 282,352	\$ 253,751	\$ 479,562	\$ 233,888	\$ 195,062	\$ 181,390	\$ 177,961	\$ 103,352	\$ 166,605
Construction awarded amount (thousands)	\$ 1,018,335	\$ 996,806	\$ 1,443,156	\$ 1,410,254	\$ 1,280,037	\$ 1,067,548	\$ 992,722	\$ 973,954	\$ 565,633	\$ 911,805
<b>Business-type activities</b>										
Unemployment Insurance										
Number of payments made to claimants (thousands)	2,324	2,588	3,144	4,525	5,416	2,762	2,124	2,257	2,412	2,991
Percentage of unemployment	8.4%	8.7%	9.0%	10.0%	8.3%	5.9%	4.7%	5.1%	5.3%	5.2%

**Notes:**

- 1 Tax Year (January 1 - December 30)
- 2 Fiscal Year (July 1-June 30)
- 3 Includes inmates held in county jails and contract beds
- 4 Excludes Indiana parolees on parole in other states; includes other states parolees supervised by Indiana

Sources: Various state agencies.

**State of Indiana  
Capital Assets Statistics by Function of Government  
Last Ten Fiscal Years**

Function	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Conservation, Culture and Development</b>										
<i>Department of Natural Resources</i>										
Acres of land (parks, lakes, etc.) owned	410,817	406,243	385,950	381,267	378,411	383,755	379,408	376,385	365,512	361,731
Number of state parks	24	24	24	24	24	25	25	24	24	24
Number of reservoirs	8	8	8	9	9	9	9	9	9	9
Number of state forests	16	15	16	15	16	16	16	16	16	16
Number of historic sites	0	0	13	14	14	14	15	16	16	16
Number of fish & wildlife areas	26	25	22	21	21	21	21	21	21	20
Number of dams	133	134	134	129	129	129	129	129	129	129
Number of vehicles	2,071	2,073	2,049	2,067	2,278	2,534	2,833	2,911	3,278	Unavailable
Number of watercraft, registered	901	899	899	879	928	1,435	1,667	1,872	2,077	2,283
Number of watercraft, non-registered	210	212	212	201	196	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Number of aircraft	0	0	0	0	0	0	0	0	2	2
<b>Education</b>										
<i>Department of Education</i>										
Number of public schools, K-12	1,928	1,931	1,936	1,941	1,971	1,969	1,967	1,977	1,978	1,987
Number of non-public schools, K-12 *	304	294	293	304	309	298	302	281	287	292
<i>Commission for Higher Education</i>										
Number of public postsecondary institutions										
number of institutions	7	7	7	7	7	7	7	7	7	7
number of campuses	43	47	47	39	39	39	39	39	39	39
Number of non-public postsecondary institutions	31	32	32	32	31	31	31	31	31	31
<b>General Government</b>										
<i>Department of Administration</i>										
Number of buildings	10	7	7	7	7	7	7	7	7	7
Number of fleet service vehicles	285	257	259	270	332	28	32	32	154	150
Number of aircraft	0	0	0	7	10	12	13	0	0	0
<b>Public Safety</b>										
<i>Department of Correction</i>										
Number of adult facilities	20	20	21	21	21	21	22	22	23	24
Number of juvenile facilities	4	5	6	6	7	7	7	7	8	10
Number of parole facilities	10	9	9	9	10	10	10	10	9	9
Number of vans	299	291	294	310	313	318	332	338	328	442
<i>State Police</i>										
Number of state police posts	14	14	14	17	18	18	18	18	18	18
Number of state police cars	2,080	1,931	1,847	1,807	1,792	1,844	1,844	1,644	1,644	1,644
Number of aircraft	6	6	6	0	0	0	0	6	6	6
Number of trailers	120	116	108	108	98	94	82	Unavailable	Unavailable	Unavailable
<b>Transportation</b>										
<i>Department of Transportation</i>										
Number of interstate miles	1,238	1,014	1,014	1,014	1,185	1,013	Unavailable	Unavailable	Unavailable	Unavailable
Number of non-interstate miles	9,930	10,127	10,095	9,942	10,014	10,170	Unavailable	Unavailable	Unavailable	Unavailable
Number of interstate and non-interstate total miles	11,168	11,141	11,109	10,956	11,199	11,183	11,197	11,184	11,184	11,184
Number of interstate bridges	1,377	1,264	1,263	1,256	1,260	1,267	1,247	1,247	1,247	1,247
Number of non-interstate bridges	4,081	4,056	4,049	3,977	3,954	3,965	3,896	3,896	3,896	3,896
Number of interstate and non-interstate total bridges	5,458	5,320	5,312	5,233	5,214	5,232	5,143	5,143	5,143	5,143
Acreage from excess land	6,022	5,879	5,216	4,810	3,270	1,922	1,952	1,901	1,895	1,795
Acreage from fixed assets	2,262	2,298	2,286	2,289	2,343	2,232	2,232	2,232	2,188	2,190
Total acres of land owned	8,284	8,177	7,502	7,099	5,613	4,154	4,184	4,133	4,083	3,985
Number of heavy equipment owned	2,827	2,902	2,864	2,777	2,749	2,675	2,520	2,391	2,210	2,030
<b>Welfare</b>										
<i>Family and Social Services Administration</i>										
Number of hospitals owned	6	6	6	6	6	6	7	7	7	8
<b>Health</b>										
<i>Indiana State Department of Health</i>										
Number of pieces of laboratory equipment	757	742	777	751	631	535	505	351	318	299

Note: \* Includes only the accredited and freeway schools.

Sources: Various state agencies.

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

Function of Government	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
<b>General Government</b>			5,152	5,323	5,551	5,317	5,261	5,326	5,257	5,175
<b>Public Safety</b>	4,937	4,901	10,893	11,376	11,975	12,484	12,388	12,089	13,367	13,797
<b>Health</b>	10,936	11,162	802	835	932	1,495	1,479	1,457	1,690	1,655
<b>Welfare</b>	794	783	6,858	7,302	7,508	7,551	6,857	8,091	9,061	9,430
<b>Conservation, Culture and Development</b>	7,037	6,907	3,251	3,290	3,481	3,507	3,427	3,406	3,605	3,664
<b>Education</b>	3,366	3,275	706	766	671	760	755	684	750	728
<b>Transportation</b>	532	550	3,668	3,909	4,046	4,508	4,354	3,844	4,090	4,399
	3,532	3,685								
<b>Totals</b>	<b>31,134</b>	<b>31,263</b>	<b>31,330</b>	<b>32,801</b>	<b>34,164</b>	<b>35,622</b>	<b>34,521</b>	<b>34,897</b>	<b>37,820</b>	<b>38,848</b>
<b>G - Governor's Authority</b>			28,472	29,911	31,254	32,606	31,524	31,822	34,673	35,794
<b>J - Judiciary</b>	28,398	28,485	830	846	835	811	772	753	743	756
<b>O - Other Elected Officials</b>	831	835	1,067	1,056	1,093	1,139	1,123	1,102	1,058	1,020
<b>D - Disability Leave - in pay status</b>	1,049	1,049	610	647	624	727	789	941	1,077	1,012
<b>D2 - Disability Leave - in non-pay status</b>	511	545	351	341	358	339	313	279	269	266
	345	349								
<b>Total</b>	<b>31,134</b>	<b>31,263</b>	<b>31,330</b>	<b>32,801</b>	<b>34,164</b>	<b>35,622</b>	<b>34,521</b>	<b>34,897</b>	<b>37,820</b>	<b>38,848</b>

Note: Corrected June 2012 totals for Welfare from 6,947 to 6,907 and Governor's Authority from 28,525 to 28,485.

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

Function of Government	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
General Government	173	150	138	152	196	340	329	328	299	284
Public Safety	260	296	1,168	292	365	1,993	918	1,716	2,155	1,349
Health	3	-	-	-	6	107	114	145	174	143
Welfare	35	349	313	351	384	401	393	510	538	765
Conservation, Culture and Development	1,480	1,492	1,557	1,142	2,942	1,756	2,030	2,196	2,394	2,342
Education	105	109	112	110	160	183	167	173	180	154
Transportation	154	170	102	86	105	224	206	121	107	218
<b>Totals</b>	<b>2,210</b>	<b>2,566</b>	<b>3,390</b>	<b>2,133</b>	<b>4,158</b>	<b>5,004</b>	<b>4,157</b>	<b>5,189</b>	<b>5,847</b>	<b>5,255</b>
<b>G - Governor's Authority</b>	<b>2,103</b>	<b>2,476</b>	<b>3,292</b>	<b>2,036</b>	<b>4,015</b>	<b>4,731</b>	<b>3,880</b>	<b>4,896</b>	<b>5,562</b>	<b>4,982</b>
J - Judiciary	17	18	15	12	11	158	155	163	170	164
O - Other Elected Officials	90	72	83	85	131	110	117	125	110	102
D - Disability Leave - in pay status	-	-	-	-	-	4	4	4	4	5
D2 - Disability Leave - in non-pay status	-	-	-	-	1	1	1	1	1	2
<b>Total</b>	<b>2,210</b>	<b>2,566</b>	<b>3,390</b>	<b>2,133</b>	<b>4,158</b>	<b>5,004</b>	<b>4,157</b>	<b>5,189</b>	<b>5,847</b>	<b>5,255</b>



**Pension, Death Benefits, and Former Governors  
Number of People Paid Through The Auditor of State's Office**

Category	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
Governor's Widows	2	1	1	1	2	2	2	2	2	2
Death Benefits (Police)	30	30	31	33	31	31	28	27	27	27
Former Governors	2	3	3	2	2	2	2	2	2	2
Police Pension	1,622	1,550	1,536	1,531	1,499	1,490	1,482	1,460	1,413	1,415
<b>Total</b>	<b>1,656</b>	<b>1,584</b>	<b>1,571</b>	<b>1,567</b>	<b>1,534</b>	<b>1,525</b>	<b>1,514</b>	<b>1,491</b>	<b>1,444</b>	<b>1,446</b>



**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL AUDIT

OF

FEDERAL AWARDS

STATE OF INDIANA

July 1, 2012 to June 30, 2013



**FILED**  
03/26/2014



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# STATE OF INDIANA

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

TO: THE OFFICIALS OF THE STATE OF INDIANA

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 30, 2013. Our report includes a reference to other auditors who audited the financial statements of and certain component units of the State as discussed in Note I (A), as described in our report on the State's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Indiana Bond Bank, Indiana State Fair Commission, Indiana Political Subdivision Risk Management Commission, Indiana Public Retirement System, Indiana Finance Authority, and Indiana Housing and Community Development Authority were not audited in accordance with Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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, 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 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses:

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

<u>Finding #</u>	<u>Subject</u>
2008-CAFR-5	Medicaid
2009-CAFR-1	Unemployment Insurance
2012-CAFR-2	Tax Receipts

A significant deficiency is a deficiency or combination of deficiencies in internal control 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 to be a significant deficiency:

<u>Finding #</u>	<u>Subject</u>
2008-CAFR-1	Construction in Progress

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the State'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*.

State's Response to Findings

The State's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. The State's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

  
Paul D. Joyce, CPA  
State Examiner

December 30, 2013



# STATE OF INDIANA

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE STATE OF INDIANA

### Report on Compliance for Each Major Federal Program

We have audited the State of Indiana's 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 and material effect on each of its major federal programs for the year ended June 30, 2013. The State of Indiana's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. The State of Indiana's basic financial statements include the operations of Purdue University, Indiana University, Indiana State University, Ball State University, Vincennes University, University of Southern Indiana, Ivy Tech State College, Indiana Finance Authority, and Indiana Housing and Community Development Authority which expended a total of \$2,995,197,252 in federal awards that are not included in the schedule for the year ended June 30, 2013. Our audit, described below, did not include the operations of these units because they have separate audits performed in accordance with OMB Circular A-133. See Note 3 of the Notes to the Schedule of Expenditures of Federal Awards for federal funds expended by each unit.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the State of Indiana's major federal programs based on our audit of the types of compliance requirements referred to above. 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 State of Indiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
 (Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the State of Indiana's compliance with those requirements.

*Basis for Qualified Opinion on State Children's Health Insurance Program (CHIP) and Medical Assistance Program*

As described in Findings 2013-FSSA(503)-3 and 2011-FSSA(500,503)-7 in the accompanying Schedule of Findings and Questioned Costs, the State of Indiana did not comply with requirements regarding the following:

<u>Finding #</u>	<u>CFDA #</u>	<u>Program (or Cluster) Name</u>	<u>Compliance Requirement</u>
2013-FSSA(503)-3	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/Cost Principles; Reporting
2011-FSSA(500,503)-7	93.778	Medical Assistance Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

*Qualified Opinion on Children's Health Insurance Program (CHIP) and Medical Assistance Program*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Children's Health Insurance Program (CHIP) and the Medical Assistance Program for the year ended June 30, 2013.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the State of Indiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and questioned costs for the year ended June 30, 2013.

*Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items:

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
 (Continued)

Finding #	CFDA #	Program (or Cluster) Name	Requirement
2013-DCS(502)-1	93.563	Child Support Enforcement	Reporting
2013-DCS(502)-2	93.558	Temporary Assistance for Needy Families	Eligibility
2013-FSSA(500)-4	93.558	Temporary Assistance for Needy Families	Eligibility
2012-DWD(510)-2	17.225	Unemployment Insurance	Reporting
2012-FSSA(503)-4	93.767	Children's Health Insurance Program (CHIP)	Activities Allowed/Unallowed,
	93.778	Medical Assistance Program	Allowable Costs/Cost Principles, Eligibility
2012-FSSA(503)-5	93.778	Medical Assistance Program	Activities Allowed/Unallowed,
			Allowable Costs/Cost Principles
			Special Tests and Provisions
2011-FSSA(503)-6	93.778	Medical Assistance Program	Allowable Costs/Cost Principles, Reporting
2011-FSSA(500,503)-7	93.767	Children's Health Insurance Program (CHIP)	Eligibility
	93.778	Medical Assistance Program	
	93.558	Temporary Assistance for Needy Families	
2010-FSSA(503)-5	93.767	Children's Health Insurance Program (CHIP)	Activities Allowed/Unallowed,
	93.778	Medical Assistance Program	Allowable Costs/Cost Principles,
			Eligibility
2010-FSSA(503)-10	93.778	Medical Assistance Program	Allowable Costs/Cost Principles
2009-FSSA(503)-2	93.767	Children's Health Insurance Program (CHIP)	Reporting
2009-FSSA(503)-6	93.778	Medical Assistance Program	Allowable Costs/Cost Principles
2008-FSSA(503)-3	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/Cost Principles,
			Reporting
2008-FSSA(503)-7	93.778	Medical Assistance Program	Special Tests and Provisions
2004-FSSA(503)-6	93.767	Children's Health Insurance Program (CHIP)	Activities Allowed/Unallowed,
		Medical Assistance Program	Eligibility
2000- DCS(502)-1	93.659	Adoption Assistance Program	Eligibility

Our opinion on each major federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of the State of Indiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Indiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 State of Indiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
 (Continued)

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 follows to be material weaknesses:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-FSSA(503)-1	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/ Cost Principles
	93.778	Medical Assistance Program	
2013-FSSA(503)-2	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/ Cost Principles
	93.778	Medical Assistance Program	
2013-FSSA(503)-3	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/ Cost Principles; Reporting
2013-FSSA(500)-4	93.558	Temporary Assistance for Needy Families (TANF)	Eligibility
2011-FSSA(500,503)-7	93.778	Medical Assistance Program	Eligibility
2008-FSSA(503)-3	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/ Cost Principles, Reporting
2005-FSSA(503)-30	93.767	Children's Health Insurance Program (CHIP)	Allowable Costs/ Cost Principles
	93.778	Medical Assistance Program	

A significant deficiency in internal control over compliance is a deficiency, or 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 follows to be significant deficiencies.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
 (Continued)

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-DCS(502)-1	93.563	Child Support Enforcement	Reporting
2013-DCS(502)-2	93.558	Temporary Assistance for Needy Families (TANF)	Eligibility
2012-DCS(502)-1	93.558	Temporary Assistance for Needy Families (TANF)	Period of Availability
2012-DWD(510)-2	17.225	Unemployment Insurance	Reporting
2012-FSSA(503)-2	93.778	Medical Assistance Program	Activities Allowed/Unallowed, Allowable Costs/Cost Principles
2012-FSSA(503)-3	93.778	Medical Assistance Program	Activities Allowed/Unallowed, Allowable Costs/Cost Principles
2012-FSSA(503)-4	93.767 93.778	Children's Health Insurance Program (CHIP), Medical Assistance Program	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Eligibility
2012-FSSA(503)-5	93.778	Medical Assistance Program	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Special Tests and Provision
2011-FSSA(503)-5	93.778	Medical Assistance Program	Allowable Costs/Cost Principles
2011-FSSA(503)-6	93.778	Medical Assistance Program	Allowable Costs/Cost Principles, Reporting
2011-FSSA(500,503)-7	93.767 93.558	Children's Health Insurance Program (CHIP) Temporary Assistance for Needy Families (TANF)	Eligibility
2010-FSSA(503)-5	93.767 93.778	Children's Health Insurance Program (CHIP) Medical Assistance Program	Activities Allowed/Unallowed, Allowable Costs/Cost Principles Eligibility
2010-FSSA(503)-10	93.778	Medical Assistance Program	Allowable Costs/Cost Principles
2009-DCS(502)-1	93.563	Child Support Enforcement	Subrecipient Monitoring
2009-FSSA(503)-2	93.767	Children's Health Insurance Program (CHIP)	Reporting
2009-FSSA(503)-6	93.778	Medical Assistance Program	Allowable Costs/Cost Principles
2008-FSSA(503)-7	93.778	Medical Assistance Program	Special Tests and Provisions
2005-FSSA(503)-16	93.778	Medical Assistance Program	Special Tests and Provisions
2005-FSSA(503)-20	93.767 93.778	Children's Health Insurance Program (CHIP) Medical Assistance Program	Allowable Costs/Cost Principles Special Tests and Provisions
2004-FSSA(503)-6	93.767 93.778	Children's Health Insurance Program (CHIP) Medical Assistance Program	Activities Allowed/Unallowed, Eligibility
2003-FSSA(503)-16	93.778	Medical Assistance Program	Special Tests and Provisions
2000-DCS(502)-1	93.659	Adoption Assistance Program	Eligibility
2000-DCS(502)-2	93.659	Adoption Assistance Program	Activities Allowed/Unallowed

The State of Indiana's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The State of Indiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Indiana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 30, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Paul D. Joyce, CPA  
State Examiner

February 14, 2014

STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Supplemental Nutrition Assistance Program (SNAP)	10.551				
Food Stamp Assistance		500	N/A	\$ 1,465,142,471	\$ -
SNAP EBT - STATE EXCHANGE - 20		500	2IN400099	525	-
2012 SNAP EBT State Exchange		500	3IN400099	570	-
Total for Program				<u>1,465,143,566</u>	<u>-</u>
State Administrative Matching Grants for SNAP	10.561				
SNAP SAE / FOODS STAMPS IMPACT		500	2011IS251942	(244,265)	-
SNAP/E&T/Food Stamp Impact		500	2IN43009	477,287	-
FY11 SNAP State Exchange		500	2IN420126	662,306	-
SNAP - SAE - 2011 - 2011IS2514		500	2012IS251942	10,100	-
SNAP - SAE - 2010 - 2010IS2514		500	2012IS252042	102	-
2012 SNAP E&T 100% Grant.		500	21N430099	4,976,130	-
SNAP 100% E&T - FY11		500	2IN400099	282,542	-
SNAP 2yr Nutrition Education		500	2IN400099	22,154,625	-
Department of Defense grant		500	ESTIMATE	7,780	-
SNAP E&T 50% Grant		500	2IN420126	92,604	-
SNAP E&T 50% Part Reimbursement		500	2IN400099	309,697	-
SNAP SAE-(500FSA14_50_F12 & 50		500	2IN400099	23,741,657	-
SNAP State Exchange 2012		500	21N430099	1,744,264	-
SNAP E&T 50% PART. REIMB - fy1		500	ESTIMATE	272	-
SNAP E&T 50% OPER. FY11 - 2011		500	2013IS252042	914	-
Total for Program				<u>54,216,015</u>	<u>-</u>
Total for Cluster				<u>1,519,359,581</u>	<u>-</u>
Child Nutrition Cluster					
School Breakfast Program (SBP)	10.553				
School Breakfast Program		718	2IN300059	(700)	-
School Breakfast Program		718	2IN300260	12,115	12,115
Breakfast Program 2010-2011		718	2IN300260	(1,711)	-
Total for Program				<u>9,703</u>	<u>12,115</u>
National School Lunch Program (NSLP)	10.555				
2012 Child Nutrition 2011-2012		415	2IN300059	16,521	-
School Breakfast Program		450	2IN300059	7,870	-
National School Lunch Program		450	2IN300059	13,857	-
National School Lunch Program		450	2IN300059	19,236	-
National School Lunch Program		450	2IN300059	34,953	-
2012 Child Nutrition 2011-2012		550	2IN300059	12,450	-
School Food Program 2010-2011		550	2IN300059	7,800	-
School Food Program 2011-2012		550	2IN300059	26,000	-
School Food Program 2011-2012		550	2IN300059	50,000	-
2012 Child Nutrition 2011-2012		560	2IN300059	29,222	-
School Food Program 2009-2010		560	2IN300059	75,819	-
2012 Child Nutrition 2011-2012		615	2IN300059	866,932	-
National School Lunch Program		718	2IN300059	(24,011)	-
National School Lunch Program		718	2IN300260	425	-
National School Lunch Program		718	2IN300260	(3)	-
National School Lunch Program		718	2IN300260	(365,098)	-
National School Lunch Program		718	2IN300059	13,449,255	-
National School Lunch Program		718	2IN300059	15,105,754	-
National School Lunch Program		718	2IN300059	78,037	-
National School Lunch Program		718	2IN300059	7,774,240	7,774,240
National School Lunch Program		718	2IN300059	47,121,435	-
National School Lunch Program		718	2IN300059	50,047,967	50,047,967
National School Lunch Program		718	2IN300059	31,331,830	31,131,388
National School Lunch Program		718	2IN300059	99,742	99,742
National School Lunch Program		718	2IN300059	349,090	349,090
National School Lunch Program		718	2IN300060	180,707,212	180,707,212
Food Commodities		718	N/A	33,721,770	33,721,770
Total for Program				<u>380,558,307</u>	<u>303,831,410</u>

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

STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013  
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Child Nutrition Cluster (continued)					
Summer Food Service Program for Children (SFSPC)	10.559				
Summer Feeding Program 2010-2011		718	2IN300260	(81)	(81)
Food Commodities		718	N/A	55,729	55,729
Total for Program				55,648	55,648
Total for Cluster				380,623,658	303,899,173
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565				
USDA WIC Program		400	2IN810001-8	105,638	-
USDA WIC Program		400	2IN810001-8	162,293	153,511
Food Commodities		400	N/A	721,586	721,586
Total for Program				989,517	875,097
Emergency Food Assistance Program (Admin Costs)					
Emergency Food Assist	10.568	400	ESTIMATE	474,841	360,422
Emergency Food Assist		400	ESTIMATE	527,051	160,943
Total for Program				1,001,892	521,366
Total for Cluster				1,991,409	1,396,463
Plant and Animal Disease, Pest Control, and Animal Care					
Plant and Animal Disease, Pest Control	10.025	300	11-8218-0793-CA	378	-
Plant and Animal Disease, Pest Control		300	2307908	7,038	2,102
Plant and Animal Disease, Pest Control		300	2307908	8,804	6,036
Plant and Animal Disease, Pest Control		300	2307908	542	-
Plant and Animal Disease, Pest Control		300	11-9618-1029CA	297	-
Plant and Animal Disease, Pest Control		300	12-8218-0332-CA	85,269	85,269
Plant and Animal Disease, Pest Control		300	12-8218-0431-CA	24,585	16,734
Plant and Animal Disease, Pest Control		300	12-8218-0814-CA	10,729	-
Plant and Animal Disease, Pest Control		300	12-8218-0795-CA	25,817	-
Plant and Animal Disease, Pest Control		300	12-8218-0828-CA	17,901	-
Plant and Animal Disease, Pest Control		300	13-8218-0332-CA	2,067	-
Plant and Animal Disease, Pest Control		300	13-8218-0431-CA	2,817	-
Plant and Animal Disease, Pest Control		300	13-8218-0827-CA	1,356	-
Plant and Animal Disease, Pest Control		300	13-8218-0957-CA	575	-
Plant and Animal Disease, Pest Control		300	13-8218-0793-CA	4,443	-
Plant and Animal Disease, Pest		351	Estimated \$	44	-
Plant and Animal Disease, Pest		351	Estimated \$	18,575	-
Plant and Animal Disease, Pest		351	12-9618-1132CA	15,929	-
Plant and Animal Disease, Pest		351	12-9618-1212CA	40,752	-
Plant and Animal Disease, Pest		351	13-9618-1212CA	57,127	-
Plant and Animal Disease, Pest		351	13-9618-1259CA	25,116	-
Total for Program				350,159	110,141
Specialty Crop Block Grant					
Specialty Crop Block Grant	10.170	036	12-25-B-0922	2,163	(237)
Specialty Crop Block Grant		036	12-25-B1227	44,664	44,664
Specialty Corp Block Grant		036	12-25-B-1460	67,646	36,440
Total for Program				114,473	80,867
Organic Certification Cost Share Program					
Organic Cost Share Program	10.171	036	12-25-A-5496	9,908	9,908
Cooperative Agreements with States for Intrastate Meat & Poultry Inspection					
2012 Meat & Poultry Inspection	10.475	351	12-37A-310 FAIM	3,273	-
2012 PHDCIS State Program		351	12-37-A-310 BASE	441,379	-
FY11 Cooperative Meat & Poultry		351	ESTIMATE	1,039,869	-
2011 Public Health Data Communication		351	ESTIMATE	4,928	-
Cooperative Agreements with States		400	12-37-A-310 BASE	5,261	-
Total for Program				1,494,710	-

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

STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013  
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557				
WIC Breastfeeding Peer Counsel	400		2IN700012	445	-
WIC Breastfeeding Peer Counsel	400		2IN700012	703,731	703,716
WIC Breastfeeding Peer Counsel	400		2IN700012	660,468	660,465
WIC Breastfeeding Peer Counsel	400		2IN700012	35,625	-
WIC Contingency Food	400		2IN700002	(478,047)	(35,093)
WIC Senior Farmers Market Program	400		2IN810001	56,891	-
Special Supplemental Nutrition	400		ESTIMATED	30,102,639	9,574,308
USDA WIC Program	400		2IN810001-8	16,868,506	15,307,228
USDA WIC Program	400		2IN810001-8	52,778,483	-
Special Supplemental Nutrition	400		61900	8,387,896	2,667,816
Special Supplemental Nutrition	400		61900	(116,106)	-
Total for Program				<u>109,000,531</u>	<u>28,878,439</u>
Child and Adult Care Food Program	10.558				
Child Care food Service Program	718		2IN300059	(766)	-
Child Care food Service Program	718		2IN300260	(398)	-
Child Care food Service Program	718		2IN300260	(5,085)	-
Child Care food Service Program	718		2IN300059	518,298	-
Child Care food Service Program	718		2IN300068	1,063,610	1,063,610
Child Care food Service Program	718		2IN300260	1,538,251	1,538,251
Total for Program				<u>3,113,910</u>	<u>2,601,861</u>
State Administrative Expenses for Child Nutrition	10.560				
Child Nutrition SAE Program	718		2IN300260	6,094	-
Child Nutrition State Administration	718		2IN300059	2,037,413	-
Child Nutrition State Administration	718		2IN300059	21,232	-
Child Nutrition SAE Program	718		2IN300260	1,269,092	-
Total for Program				<u>3,333,831</u>	<u>-</u>
WIC Farmers' Market Nutrition Program	10.572				
WIC Farmers' Market Nutrition	400		FY12 ESTIMATE	225,879	-
CAP FM ADMIN EXPENSE	400		2IN810001	6,854	-
Total for Program				<u>232,733</u>	<u>-</u>
Team Nutrition Grants	10.574				
CNP Team Nutrition	718		8IN300001	933	466
CNP Team Nutrition	718		8IN300001	27,951	-
Team Nutrition Grant(non-comp)	718		8IN300001	7,964	4,000
Total for Program				<u>36,848</u>	<u>4,466</u>
Senior Farmers Market Nutrition	10.576				
Senior Farmers Market Nutrition	400		2IN810001#10	2,856	-
Total for Program				<u>2,856</u>	<u>-</u>
Child Nutrition Discretionary Grants	10.579				
2011 ART METHOD II IMPLEMENTATION	718		8IN310000	75,000	-
Total for Program				<u>75,000</u>	<u>-</u>
Fresh Fruit and Vegetable Program	10.582				
Fresh Fruit & Vegetable Prog 2010	718		2IN300059	477,977	477,977
Fresh Fruit & Vegetable Program 2011	718		2IN310059	2,276,343	2,276,343
Total for Program				<u>2,754,320</u>	<u>2,754,320</u>
Forestry Research	10.652				
Forestry Inventory and Analysis	300		08-CA-11242305-011	66,182	-
Forestry Inventory and Analysis	300		12-JV-11242305-087	79,860	-
Total for Program				<u>146,042</u>	<u>-</u>

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



STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013  
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE (continued)</u>					
Cooperative Forestry Assistance	10.664				
08 Forestry Assistance		300	08-DG-11420004-208	5,298	-
6000 13060		300	09-DG-11420004-155	75,271	75,271
Volunteer Fire Assistance		300	10-DG-11420004-194	12,699	12,699
Cooperative Forestry Assistance		300	10-DG-11420004-193	81,051	79,167
Cooperative Forestry Assistance		300	10-DG-11420004-193	44,023	-
S&PF Redesigne - Cooperative		300	10-DG-11420004-195	86,126	-
Trapping & Treatment Program		300	11/1/2004	825	-
2011 Volunteer Fire Assistance		300	11-DG-11420004-143	97,350	86,014
2011 Consolidated Award		300	11-DG-11420004-230	68,828	41,161
2011 Consolidated Award		300	11-DG-11420004-230	69,957	-
2011 Consolidated Award		300	11-DG-11420004-230	90,304	-
2011 Consolidated Award		300	11-DG-11420004-230	5,545	-
Cooperative Forestry Assistance		300	38322	56,448	-
Cooperative Forestry Assistance		300	12-DG-11420004-089	172,393	170,340
Cooperative Forestry Assistance		300	12-DG-11420004-090	13,356	-
Cooperative Forestry Assistance		300	12-DG-11420004-090	17,214	-
Cooperative Forestry Assistance		300	12-DG-11420004-090	159,500	-
Cooperative Forestry Assistance		300	ESTIMATE	9,821	-
Total for Program				<u>1,066,011</u>	<u>464,652</u>
Urban and Community Forestry Program	10.675				
Indiana Urban Tree Canopy		300	10-DG-11420004-273	36,500	36,500
Great Lakes Restoraton Initiative		300	11-DG-11420004-016	55,280	55,280
Great Lakes Restoraton Initiative		300	12-DG-11420004-009	17,700	17,700
Total for Program				<u>109,480</u>	<u>109,480</u>
Forest Legacy Program	10.676				
2007 Forest Legacy Administration		300	07-DG-11420004-326	30,000	-
Total for Program				<u>30,000</u>	<u>-</u>
Forest Stewardship Program	10.678				
Forest Stewardship (SPST)		300	09-DG-11420004-209	41,511	-
2011 Deer Impact Assessment		300	11-DG-11420004-144	196	-
Statewide Strategies		300	11-DG-11420004-344	18,180	-
Total for Program				<u>59,887</u>	<u>-</u>
Forest Health Protection	10.680				
Restoration of At Risk Trees		300	09-DG-11420004-365	4,345	-
EAB Delimitation Survey		300	10-DG-11420004-300	4,500	4,500
Forest Legacy Administration		300	10-DG-11420004-356	44,124	-
Forest Legacy Administration		300	12-DG-11420004-088	6,588	-
Total for Program				<u>59,557</u>	<u>4,500</u>
Wood Education and Resource Center	10.681				
Wood Education Resource Center		300	10-DG-11420004-158	18,892	-
Rural Business Enterprise Grant	10.769	038	B-07-DC-18-0001	48,538	-
Rural Business Enterprise Grant					
Soil and Water Conservation	10.902				
Soil and Water Conservation		036	69-5E34-07-77	16,221	-
Wildlife Habitat Incentive Program	10.914				
2009-2010-2011 Pest Management		300	WHIP7252KY08IBH	881	-
Total U.S. Department of Agriculture				<u>2,024,049,436</u>	<u>340,314,269</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>					
Economic Development Cluster	11.307				
Economic Adjustment Assistance		038	06-69-05610	23,961	-
Economic Adjustment Assistance					

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STATE OF INDIANA  
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July 1, 2012 to June 30, 2013  
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF COMMERCE (continued)</u>					
Coastal Zone Management Administration Awards	11.419				
Indiana Lake Michigan Coastal		300	NA09NOS4190079	110,513	30,065
Indiana Lake Michigan Coastal		300	NA09NOS4190079	12,977	12,984
Coastal Zone Management Admin		300	NA10NOS4190187	284,591	221,012
Coastal Zone Management Admin		300	NA10NOS4190187	49,743	-
2011 Coastal Zone Management		300	NA11NOS4190094	209,666	173,377
Coastal Zone Management Admin		300	NA12NOS4190092	224,890	33,367
Total for Program				<u>892,381</u>	<u>470,805</u>
Habitat Conservation - ARRA	11.463				
ARRA - Habitat Conservation		300	NA09NMF4630289	31,580	-
State Broadband Data and Development Grant Program -- ARRA	11.558				
ARRA - SBDD-Indiana Office of Technology		067	18-5-m09003	836,325	-
Total U.S. Department of Commerce				<u>1,784,246</u>	<u>470,805</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>					
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113				
Department of Defense		495	W912DY-10-2-0216	4,973	-
Department of Defense		495	W912DY-10-2-0216	1,327	-
Department of Defense		495	W912DY-10-2-0216	8,516	-
Department of Defense		495	W912DY-10-2-0216	1,177	-
Department of Defense		495	W912DY-10-2-0216	6,178	-
Department of Defense		495	W912DY-10-2-0216	657	-
Department of Defense		495	W912DY-10-2-0216	827	-
Department of Defense		495	W912DY-10-2-0216	1,687	-
Department of Defense		495	W912DY-10-2-0216	20,795	-
Department of Defense		495	W912DY-10-2-0216	3,196	-
Department of Defense		495	W912DY-10-2-0216	54	-
Department of Defense		495	W912DY-12-2-0216	3,780	-
Department of Defense		495	W912DY-12-2-0216	2,524	-
Department of Defense		495	W912DY-12-2-0216	14,878	-
Department of Defense		495	W912DY-12-2-0216	8,690	-
Department of Defense		495	W912DY-12-2-0216	25,665	-
Department of Defense		495	W912DY-12-2-0216	1,661	-
Department of Defense		495	W912DY-12-2-0216	4,296	-
Department of Defense		495	W912DY-12-2-0216	47,306	-
Department of Defense		495	W912DY-12-2-0216	2,416	-
Total for Program				<u>160,605</u>	-
Military Construction, National Guard	12.400				
Military Construction, National Guard		110	W912L904220010	-	-
Lafayette Armed Forces Reserve		110	W912L9-08-2-2001	27,888	-
Operational Readiness Training		110	W912L9-10-2-2002	13,974,872	-
Operational Readiness Training		110	W912L9-10-2-2003	12,334,448	-
Machine Gun Range at Camp Atterbury		110	W912L9-11-2-2001	3,531,150	-
JFHQ ADD/ALT STOUT FIELD		110	W912L9-11-2-2002	17,923,240	-
FMS Terre Haute		110	W912L9-11-2-2003	269,082	-
ARFC ADD/ALT SOUTH BEND		110	W912L9-11-2-2004	479,334	-
Military Construction, National Guard		110	W912L9-11-2-2006	2,754,840	-
Military Construction, National Guard		110	W912L9-11-2-2007	1,436,652	-
Total for Program				<u>52,731,505</u>	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401				
National Guard Military Operations		110	W912L9-09-2-9056	480,386	-
National Guard Military Operations		110	W912L909210020	-	-
National Guard Military Operations		110	W912L909210050	10,810	-
National Guard Military Operations		110	W912L909210050	1,949	-
National Guard Military Operations		110	W912L91021001	182,044	-
National Guard Military Operations		110	W912L91021002	5,706	-
National Guard Military Operations		110	W912L91021005	(1,749)	-
National Guard Military Operations		110	W912L91021005	-	-
National Guard Military Operations		110	W912L91021007	-	-

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STATE OF INDIANA  
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
<b>U.S. DEPARTMENT OF DEFENSE (continued)</b>					
National Guard Military Operations and Maintenance (O&M) Projects (continued)					
National Guard Military Operations		110	W912L9-11-2-1001	(12,461)	-
National Guard Military Operations		110	W912L9-11-2-1001	4,555	-
National Guard Military Operations		110	W912L9-11-2-1001	12,122	-
National Guard Military Operations		110	W912L9-11-2-1001	1,079	-
National Guard Military Operations		110	W912L9-11-2-1002	36,080	-
National Guard Military Operations		110	W912L9-11-2-1003	(43,209)	-
National Guard Military Operations		110	W912L9-11-2-1004	62	-
National Guard Military Operations		110	W912L9-11-2-1007	444,154	-
National Guard Military Operations		110	W912L9-11-2-1010	66	-
National Guard Military Operations		110	W912L9-11-2-1021	505	-
National Guard Military Operations		110	W912L9-11-2-1023F	(1,289)	-
National Guard Military Operations		110	W912L9-11-2-1024F	(3,049)	-
National Guard Military Operations		110	W912L9-11-2-1021T	512	-
National Guard Military Operations		110	W912L9-11-2-1023T	524	-
National Guard Military Operations		110	W912L9-11-2-1005	1,694	-
National Guard Military Operations		110	W912L9-11-2-1040	493	-
National Guard Military Operations		110	W912L9-12-2-1001	3,037,408	-
National Guard Military Operations		110	W912L9-12-2-1001	1,891,420	-
National Guard Military Operations		110	W912L9-12-2-1001	25,300	-
National Guard Military Operations		110	W912L9-12-2-1001	46,973	-
National Guard Military Operations		110	W912L9-12-2-1001	25,073	-
National Guard Military Operations		110	W912L9-12-2-1001	806,339	-
National Guard Military Operations		110	W912L9-12-2-1001	2,341	-
National Guard Military Operations		110	W912L9-12-2-1001	10,662	-
National Guard Military Operations		110	W912L9-12-2-1001	1,273	-
National Guard Military Operations		110	W912L9-12-2-1001	529	-
National Guard Military Operations		110	W912L9-12-2-1001	1,113	-
National Guard Military Operations		110	W912L9-12-2-1001	1,309,783	-
National Guard Military Operations		110	W912L9-12-2-1001	146,141	-
National Guard Military Operations		110	W912L9-12-2-1001	16,939	-
National Guard Military Operations		110	W912L9-12-2-1001	10,543	-
National Guard Military Operations		110	W912L9-12-2-1001	22,646	-
National Guard Military Operations		110	W912L9-12-2-1001	93	-
National Guard Military Operations		110	W912L9-12-2-1001	1,664	-
National Guard Military Operations		110	W912L9-12-2-1001	1,424,077	-
National Guard Military Operations		110	W912L9-12-2-1002	321,350	-
National Guard Military Operations		110	W912L9-12-2-1002	3,500	-
National Guard Military Operations		110	W912L9-12-2-1003	743,386	-
National Guard Military Operations		110	W912L9-12-2-1003	271,523	-
National Guard Military Operations		110	W912L9-12-2-1004	563,294	-
National Guard Military Operations		110	W912L9-12-2-1005	77,336	-
National Guard Military Operations		110	W912L9-12-2-1005	93,901	-
National Guard Military Operations		110	W912L9-12-2-1005	5,951	-
National Guard Military Operations		110	W912L9-12-2-1005	2,755	-
National Guard Military Operations		110	W912L9-12-2-1005	4,507	-
National Guard Military Operations		110	W912L9-12-2-1005	303,860	-
National Guard Military Operations		110	W912L9-12-2-1005	67,879	-
National Guard Military Operations		110	W912L9-12-2-1005	145,453	-
National Guard Military Operations		110	W912L9-12-2-1005	8,084	-
National Guard Military Operations		110	W912L9-12-2-1005	358	-
National Guard Military Operations		110	W912L9-12-2-1005	2,901	-
National Guard Military Operations		110	W912L9-12-2-1005	264,996	-
National Guard Military Operations		110	W912L9-12-2-1005	6,980	-
National Guard Military Operations		110	W912L9-12-2-1005	2,884	-
National Guard Military Operations		110	W912L9-12-2-1005	33,736	-
National Guard Military Operations		110	W912L9-12-2-1005	8,638	-
National Guard Military Operations		110	W912L9-12-2-1005	6,242	-
National Guard Military Operations		110	W912L9-12-2-1007	1,693,801	-
National Guard Military Operations		110	W912L9-12-2-1010	20,646	-
National Guard Military Operations		110	W912L9-12-2-1040	56,571	-
National Guard Military Operations		110	W912L9-12-2-1021F	35,051	-
National Guard Military Operations		110	W912L9-12-2-1021F	202,412	-
National Guard Military Operations		110	W912L9-12-2-1023F	244,726	-
National Guard Military Operations		110	W912L9-12-2-1024F	400,391	-
National Guard Military Operations		110	W912L9-12-2-1021T	33,116	-
National Guard Military Operations		110	W912L9-12-2-1021T	185,866	-
National Guard Military Operations		110	W912L9-12-2-1023T	241,258	-
National Guard Military Operations		110	W912L9-13-2-1001	214,121	-
National Guard Military Operations		110	W912L9-13-2-1001	726,078	-
National Guard Military Operations		110	W912L9-13-2-1001	2,919,574	-

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<b>U.S. DEPARTMENT OF DEFENSE (continued)</b>					
National Guard Military Operations and Maintenance (O&M) Projects (continued)					
National Guard Military Operations		110	W912L9-13-2-1001	2,591,436	-
National Guard Military Operations		110	W912L9-13-2-1001	55,212	-
National Guard Military Operations		110	W912L9-13-2-1001	114,970	-
National Guard Military Operations		110	W912L9-13-2-1001	53,633	-
National Guard Military Operations		110	W912L9-13-2-1001	1,887,606	-
National Guard Military Operations		110	W912L9-13-2-1001	36,993	-
National Guard Military Operations		110	W912L9-13-2-1001	23,752	-
National Guard Military Operations		110	W912L9-13-2-1001	728	-
National Guard Military Operations		110	W912L9-13-2-1001	2,395,273	-
National Guard Military Operations		110	W912L9-13-2-1001	43,803	-
National Guard Military Operations		110	W912L9-13-2-1001	5,639	-
National Guard Military Operations		110	W912L9-13-2-1001	27,656	-
National Guard Military Operations		110	W912L9-13-2-1001	33,142	-
National Guard Military Operations		110	W912L9-13-2-1001	137	-
National Guard Military Operations		110	W912L9-13-2-1001	1,710,046	-
National Guard Military Operations		110	W912L9-13-2-1002	587,204	-
National Guard Military Operations		110	W912L9-13-2-1003	874,381	-
National Guard Military Operations		110	W912L9-13-2-1003	597,254	-
National Guard Military Operations		110	W912L9-13-2-1003	377,283	-
National Guard Military Operations		110	W912L9-13-2-1004	36,096	-
National Guard Military Operations		110	W912L9-13-2-1005	170,789	-
National Guard Military Operations		110	W912L9-13-2-1005	143,160	-
National Guard Military Operations		110	W912L9-13-2-1005	12,051	-
National Guard Military Operations		110	W912L9-13-2-1005	8,670	-
National Guard Military Operations		110	W912L9-13-2-1005	3,921	-
National Guard Military Operations		110	W912L9-13-2-1005	271,298	-
National Guard Military Operations		110	W912L9-13-2-1005	144,295	-
National Guard Military Operations		110	W912L9-13-2-1005	119,657	-
National Guard Military Operations		110	W912L9-13-2-1005	168,409	-
National Guard Military Operations		110	W912L9-13-2-1005	10,947	-
National Guard Military Operations		110	W912L9-13-2-1005	2,145	-
National Guard Military Operations		110	W912L9-13-2-1005	8,952	-
National Guard Military Operations		110	W912L9-13-2-1005	827,095	-
National Guard Military Operations		110	W912L9-13-2-1005	6,616	-
National Guard Military Operations		110	W912L9-13-2-1005	2,867	-
National Guard Military Operations		110	W912L9-13-2-1005	2,744	-
National Guard Military Operations		110	W912L9-13-2-1005	13,298	-
National Guard Military Operations		110	W912L9-13-2-1005	39,610	-
National Guard Military Operations		110	W912L9-13-2-1007	873,483	-
National Guard Military Operations		110	W912L9-13-2-1010	54,848	-
National Guard Military Operations		110	W912L9-13-2-1040	119,868	-
National Guard Military Operations		110	W912L9-13-2-1023F	468,813	-
National Guard Military Operations		110	W912L9-13-2-1021T	122,318	-
National Guard Military Operations		110	W912L9-13-2-1021T	576,520	-
National Guard Military Operations		110	W912L9-13-2-1023T	523,545	-
National Guard Military Operations		110	W912L9-13-2-1021F	77,050	-
National Guard Military Operations		110	W912L9-13-2-1021F	699,687	-
National Guard Military Operations		110	W912L9-13-2-1024F	852,414	-
National Guard Military Operations		110	60900	6,230	-
National Guard Military Operations		110	60900	16,520	-
Total for Program				<u>37,614,485</u>	-
National Guard ChalleNGe Program	12.404				
MCA 09 HYCA		110	W912L909240000	(10)	-
Hoosier Youth Challenge		110	W912L9-10-2-4000	2,138	-
Hoosier Youth Challenge		110	W912L9-11-2-4000	4,623	-
Master Youth Programs Cooperat		110	W912L9-11-2-4002	-	-
National Guard ChalleNGe Program		110	W912L9-12-2-4002	90,166	-
National Guard ChalleNGe Program		110	W912L9-12-2-4003	10,269	-
National Guard ChalleNGe Program		110	W912L9-12-2-4001	2,710,608	-
National Guard ChalleNGe Program		110	W912L9-12-2-4001	1,700	-
National Guard ChalleNGe Program		110	W912L9-13-2-4002	154,980	-
Total for Program				<u>2,974,473</u>	-
Total U.S. Department of Defense				<u>93,481,069</u>	-

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
CDBG - State Administered CDBG Cluster					
Community Development Block Grant/State's Program	14.228				
2006 Community Development Block Grant		038	B-06-DC-18-0001	3,519	-
Supplemental CDBG Disaster Grant		038	B-08-DF-18-0001	7,808,732	7,808,732
Supplemental CDBG Disaster Grant		038	B-08-DF-18-0001	61,169	-
Supplemental CDBG Disaster Grant		038	B-08-DF-18-0001	750,969	-
Supplemental CDBG Disaster Grant		038	B-08-DF-18-0001	5,535	-
Disaster Recovery Assistance		038	B-08-DI-18-0001	28,372,120	28,372,120
Disaster Recovery Assistance		038	B-08-DI-18-0001	228,916	-
Disaster Recovery Assistance		038	B-08-DI-18-0001	9,268,254	7,505,444
Disaster Recovery Assistance		038	B-08-DI-18-0001	54,339	-
2009 Community Development Block Grant		038	B-09-DC-18-0001	96,249	-
2010 Community Development Block Grant		038	B-10-DC-18-0001	406,768	-
2010 Community Development Block Grant		038	B-10-DC-18-0001	8,403,709	8,403,740
2011 Community Development Block Grant		038	B-11-DC-18-0001	97,980	-
2011 Community Development Block Grant		038	B-11-DC-18-0001	16,167,260	16,167,260
2005 Community Development Block Grant		038	B-05-DC-18-0001	15,177	15,177
2006 Community Development Block Grant		038	B-06-DC-18-0001	166,056	166,056
2007 Community Development Block Grant		038	B-07-DC-18-0001	275,823	275,823
2008 Community Development Block Grant		038	B-08-DC-18-0001	528,633	528,633
2009 Community Development Block Grant		038	B-09-DC-18-0001	912,834	912,834
2012 Community Development Block Grant		038	B-12-DC-18-0001	1,037,714	1,037,714
Disaster Recovery Assistance		067	B-08-DI-18-0001	2,122,633	-
Disaster Recovery Assistance		300	B-08-DI-18-0001	333,069	92,383
Total for Cluster				<u>77,117,457</u>	<u>71,285,916</u>
Fair Housing Assistance Program - State and Local					
HUD-Fair Housing Assistance Program	14.401				
HUD-Fair Housing Assistance Program		258	FF205K065008	38,852	-
HUD-Fair Housing Assistance Program		258	6FPSLP0004	5,328	-
HUD-Fair Housing Assistance Program		258	6FPSLP0004	7,591	-
HUD-Fair Housing Assistance Program		258	6FPSLP0004	34,392	-
HUD-Fair Housing Assistance Program		258	FF205K055008	4,936	-
HUD-Fair Housing Assistance Program		258	IFF205K075008	7,572	-
HUD-Fair Housing Assistance Program		258	ESTIMATE	145,823	-
HUD-Fair Housing Assistance Program		258	FF205K 5008	192,925	-
HUD-Fair Housing Assistance Program		258	FF205K 5008	105,207	-
HUD-Fair Housing Assistance Program		258	FF205K 5008	18,455	-
Total for Program				<u>561,082</u>	<u>-</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing					
Lead Based Paint Hazard Control	14.900				
Lead and Healthy Homes		400	INLHB0450-09	359,239	338,479
		400	INLHB0450-09	2,206	2,078
Total for Program				<u>361,445</u>	<u>340,557</u>
Total U.S. Department of Housing and Urban Development				<u>78,039,985</u>	<u>71,626,473</u>
<b><u>U.S. DEPARTMENT OF INTERIOR</u></b>					
Fish and Wildlife Cluster					
Sport Fish Restoration Program	15.605				
Federal Aid Coordination		300	FW-14-C-57	2,538	-
Technical Assistance		300	FW-26-T-20	13,036	-
Indiana Aquatic Resources Education		300	F-24-E-15	122,406	-
Statewide Hatchery Operations		300	F-21-D-22	949,335	22,928
Fish and Wildlife Cluster		300	FW21D45	850,962	-
Statewide Fisheries Management		300	F-10-D-45	981,447	-
Lake Michigan Yellow Perch		300	F-27-R-3	74,158	74,158
Public Access for Fishing		300	F12AF00418	97,490	-
Statewide Hatchery Production		300	F12AF00416	335,820	-
Statewide Fisheries Management		300	F13AF00184	712,610	11,879
Statewide Public Access		300	F13AF00356	287,421	-
Total for Program				<u>4,427,224</u>	<u>108,965</u>
Wildlife Restoration					
Federal Aid Coordination	15.611				
Technical Assistance		300	FW-14-C-57	2,538	-
		300	FW-26-T-20	8,691	-

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<b>U.S. DEPARTMENT OF INTERIOR (continued)</b>					
Fish and Wildlife Cluster (continued)					
Wildlife Restoration (continued)					
Fish and Wildlife Area Development		300	FW-22-D-44	(567)	-
Private Lands Technical Assistance		300	W-34-T-3	626,900	-
Wildlife Restoration		300	F11AF00135	652,979	-
Waterfowl Marsh Repair and Restoration		300	W-43-D-1	3,975	-
Sugar Creek (Healthy Rivers IN)		300	FW-29-L-1	100	-
Muscatatuck (Healthy Rivers IN)		300	FW-30-L-2	5,200	-
Oka Ridge Archery Club		300	W-32-S-18	45,772	45,772
IN Wildlife Surveys and Monitor		300	W-36-R-2	303,123	-
Wildlife Survey & Monitoring-B		300	F12AF00455	4,483,067	-
Indiana Wildlife Surveys		300	F12AF00282	112,977	-
Wildlife Restoration Activities		300	W-37-D-2	89,527	-
Statewide Area Development		300	F12AF00348	420,682	-
National CP33 Monitoring Program		300	F12AF00352	503,510	-
Wildlife Restoration		300	F12AF00351	362,235	-
Wildlife Restoration		300	ESTIMATE	99,726	-
Wildlife Restoration		300	F12AF00985	109,172	-
Muscatatuck(HR) Land Acquisition		300	FW-27-L-12	383,048	-
Herre (Pheasants Forever)		300	W-42-L-6	730,001	-
Wildlife Restoration		300	ESTIMATE	415,000	-
Wildlife Restoration		300	ESTIMATE	410,207	-
PIGEON RIVER IN-HOLDINGS ACQUISITION		300	W-42-L-10	750,580	-
Wildlife Restoration		300	ESTIMATE	16,758	-
Private Lands Technical Assistance		300	F13AF00283	68,509	-
Indiana Wildlife Surveys		300	F13AF00284	176,154	-
Wildlife Restoration Activitie		300	F13AF00285	37,000	-
Wildlife Restoration		300	F13AF00307	95,000	-
Total for Program				10,911,862	45,772
Total for Cluster				15,339,086	154,737
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining FY 2012 Indiana A&E Grant	15.250	300	S12AP00003	565,752	-
Abandoned Mine Land Reclamation (AMLR) Program	15.252				
Abandoned Mine Land Reclamation		300	S10AF16264	841,334	28,124
Abandoned Mine Land Reclamation		300	Estimated \$	3,398,423	140,123
Abandoned Mine Land Reclamation		300	GR207180	1,030,683	154,559
Abandoned Mine Land Reclamation		300	GR207180	13,274,062	4,508,962
Abandoned Mine Land Reclamation		300	ESTIMATE	1,147,597	-
FY 2012 AML		300	S13AF20006	229,104	19,087
Abandoned Mine Land Reclamation		300	S13AF20006	145,300	-
FY 2010 Indiana AML Grant		300	S13AF20006	115	-
Total for Program				20,066,617	4,850,856
Fish and Wildlife Management Assistance	15.608				
Great Lakes Restoration Initiative		300	30181AG075	352,023	-
Great Lakes Restoration Initiative		300	30181AG075	283,865	-
Indiana Aquatic Nuisance Specimen		300	30181AG111	18,648	-
Electrical upgrade at Bodine		300	30181AG075	18,034	-
Total for Program				672,570	-
Cooperative Endangered Species Conservation Fund	15.615				
Indiana Bat Banding Registry		300	E-7-R-1	4,342	4,342
Habitat Conservation Plan		300	E-11-EP-1	84,871	50,510
Cooperative Endangered Species		300	E-13-R-1	10,853	-
Equipment Acquisition, Acoustics		300	E-14-HP-1	383,707	-
Indiana Bat Banding Registry		300	F12AP00840	7,352	-
Total for Program				491,124	54,852
Clean Vessel Act	15.616				
Clean Vessel Act Pumpout Seg 1		495	CV-1-15	64,664	-
Clean Vessel Act		495	CV-1-16	871	-
Total for Program				65,535	-

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<b>U.S. DEPARTMENT OF INTERIOR (continued)</b>					
Firearm and Bow Hunter Education and Safety Program	15.626				
Indiana Hunter Education Program		300	WR HE S10	37,683	-
Firearm and Bow Hunter Education		300	W-41-C-1	40,000	-
Hoosier Outdoor Heritage		300	W-40-E-1	188,445	-
Total for Program				266,128	-
State Wildlife Grants	15.634				
State Wildlife Grant Project		300	T-7-R-3	39,448	39,448
Wildlife Diversity Survey		300	T-7-R-6	12,122	12,122
Statewide Land Acquisition		300	T-7-R-7	35,157	35,157
Recovery of Allegheny Woodrats		300	T-7-R-8	7,792	7,792
State Wildlife Grants		300	T-7-R-9	4,021	4,021
State Wildlife Grants		300	T-7-R-10	137,796	132,900
Recovery Actions to Secure IN		300	F11AF00332	115,925	-
Role of Wild Mammals and Birds		300	T-7-R-11	145,237	145,237
Assessment of Eastern Hellbend		300	T-3-6	90,875	-
Assessment to Gene flow in Mammals		300	W-32-S-17	16,826	16,826
Red dace in Mill Creek Wabash		300	T-7-R-12	35,618	35,618
Local & Landscape Habitat Association		300	T-6-L-4	433,941	-
Timber Rattlesnake Investigation		300	T7R13	845	845
Box Turtle Investigations		300	ESTIMATE	42,096	-
Wells County Conservation Club		300	F13AF00182	72,852	-
Wells County Conservation Club		300	F13AF00183	78,438	-
Total for Program				1,268,989	429,965
Research Grants	15.650				
Research Grants		300	30181AG088	2,447	-
Landscape Conservation Cooperative		300	F12AP01055	331	-
Total for Program				2,778	-
Endangered Species Conservation Recovery Implementation Funds	15.657				
Endangered Species Conservation		300	S-1-TW-2	9,333	-
Indiana White Nose Syndrome		300	F12AP00543	3,692	-
Total for Program				13,025	-
Great Lakes Restoration	15.662				
Great Lakes Restoration		300	99310-B-0066	1,665	-
Great Lakes Restoration		300	F12AC01497	8,762	-
Total for Program				10,427	-
U.S. Geological Survey - Research and Data Collection	15.808				
Central Indiana LiDar and Hydr		067	G12AC20300	50,000	-
Gap Analysis Program	15.811				
Gap Analysis Program		300	G12AC20446	9,699	-
National Spatial Data Infrastructure Cooperative Agreements	15.809				
National Spatial Data Infrastructure		067	G12AC20138	7,473	-
Historic Preservation Fund Grants-In-Aid	15.904				
DHPA 2010 Federal Award		300	18-11-31921	246,083	225,211
DHPA 2011 Federal Award Estima		300	18-12-41921	520,673	211,971
DHPA 2012 Federal Award Estima		300	SHPO-2013-HPF	86,996	-
Total for Program				853,752	437,182
Outdoor Recreation - Acquisition, Development and Planning	15.916				
Harry H. Huston Sports Center		300	180546	67,723	67,723
Outdoor Recreation - Acquisition		300	18-00564	145,325	145,325
Outdoor Recreation - Acquisition		300	18-00566	840	-
Outdoor Recreation - Acquisition		300	18-00568	23,955	23,955
Outdoor Recreation - Acquisition		300	18-00567	173,891	173,891
Outdoor Recreation - Acquisition		300	18-00571	665,862	-
Indiana Statewide Outdoor Rec		300	18-00575	22,816	22,816
Pine Knob Park Phase 2		300	18-00574	160,037	160,037
Will Detmer Park		300	18-00572	108,841	108,841

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<b>U.S. DEPARTMENT OF INTERIOR (continued)</b>					
Outdoor Recreation - Acquisition, Development and Planning (continued)					
Beckenholdt Park Phase II		300	18-00579	35,161	35,161
3001000052		300	18-00583	894	-
Total for Program				1,405,346	737,750
Save America's Treasures	15.929				
Preserve America Mounds		300	18-10-AP-5010	53,542	35,896
Total U.S. Department of Interior				41,141,843	6,701,237
<b>U.S. DEPARTMENT OF JUSTICE</b>					
JAG Program Cluster					
Edward Byrne Memorial Justice Assistance Grant Program	16.738				
2009 Edward Byrne Memorial		022	2009-DJ-BX-0049	(24,233)	-
2011 Edward Byrne Memorial		022	2011-DJ-BX-2622	280,910	-
FY10 Justice Assistance Grant		022	2010-DJ-BX-0254	64,815	-
2009 Edward Byrne Memorial		026	2009-DJ-BX-0049	25,780	-
2011 Edward Byrne Memorial		026	2011-DJ-BX-2622	37,047	-
2012 Edward Byrne Memorial		026	2012-DJ-BX-0765	1,350	-
2008 Edward Byrne Memorial		032	2008-DJ-BX-0018	31,506	12,795
2009 Edward Byrne Memorial		032	2008-DJ-BX-0752	4,683	4,683
FY08 Justice Assistance Grant		032	2009-DJ-BX-0049	409,479	275,188
FY10 Justice Assistance Grant		032	2010-DJ-BX-0254	1,061,786	798,600
FY11 Justice Assistance Grant		032	2011-DJ-BX-2622	1,258,504	1,258,504
FY12 Justice Assistance Grant		032	2012-DJ-BX-0765	250,128	250,128
Edward Byrne Memorial Justice		100	2010-DJ-BX-0254	39,930	-
Edward Byrne Memorial Justice		100	2010-DJ-BX-0254	10,401	-
Edward Byrne Memorial Justice		100	2010-DJ-BX-0254	9,510	-
Edward Byrne Memorial Justice		100	2011-DJ-BX-2622	76,704	-
Edward Byrne Memorial Justice		100	2011-DJ-BX-2622	135,090	-
Edward Byrne Memorial Justice		100	2011-DJ-BX-2622	28,000	-
Edward Byrne Memorial Justice		100	2012-DJ-BX-0765	91,173	-
Edward Byrne Memorial Justice		100	2012-DJ-BX-0765	81,112	-
Edward Byrne Memorial Justice		100	2012-DJ-BX-0765	11,193	-
Edward Byrne Memorial Justice		115	2010-DJ-BX-0254	9,761	-
2011 Edward Byrne Memorial		510	2011-DJ-BX-2622	113,476	113,476
FY11 Justice Assistance Grant		610	2011-DJ-BX-2622	90,196	-
FY10 Justice Assistance Grant		610	2010-DJ-BX-0254	109,766	-
2009 Edward Byrne Memorial		615	2009-DJ-BX-0049	2,700	-
2009 Edward Byrne Memorial		615	2009-DJ-BX-0049	25,500	-
FY10 Justice Assistance Grant		615	2010-DJ-BX-0254	20,080	-
FY10 Justice Assistance Grant		615	2010-DJ-BX-0254	7,500	-
2011 Edward Byrne Memorial		615	2011-DJ-BX-2622	88,309	-
2011 Edward Byrne Memorial		615	2011-DJ-BX-2622	22,812	-
2011 Edward Byrne Memorial		615	2011-DJ-BX-2622	3,569	-
2011 Edward Byrne Memorial		615	2011-DJ-BX-2622	24,020	-
2012 Edward Byrne Memorial		615	2012-DJ-BX-0765	59,269	-
Total for Program				4,461,824	2,713,375
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803				
ARRA - FY 2009 Recovery Act		022	2009-SU-B9-0047	101,004	-
ARRA - FY 2009 Recovery Act		026	2009-SU-B9-0047	14,410	-
ARRA - FY 2009 Recovery Act		032	2009-SU-B9-0047	960,533	445,117
ARRA - FY 2009 Recovery Act		100	2009-SU-B9-0047	267,500	-
ARRA - FY 2009 Recovery Act		103	2009-SU-B9-0047	322,400	-
ARRA - FY 2009 Recovery Act		286	2009-SU-B9-0047	1,100,630	-
Total for Program				2,766,477	445,117
Total for Cluster				7,228,301	3,158,492
Sexual Assault Services Formula Program	16.017				
IN Sexual Assault Services		032	2009-KF-AX-0020	197	-
IN Sexual Assault Services		032	2009-KF-AX-0020	23,000	23,000
IN Sexual Assault Services		032	2010-KF-AX-0016	324	-
IN Sexual Assault Services		032	2010-KF-AX-0016	42,465	42,465
IN Sexual Assault Services		032	2011-KF-AX-0036	74,545	74,545
IN Sexual Assault Services		032	2012-KF-AX-0033	371	-
Total for Program				140,901	140,010

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<b>U.S. DEPARTMENT OF JUSTICE (continued)</b>					
Prisoner ReEntry Initiative Demonstration (Offender Reentry)	16.202				
Womens Family and Community Reentry		615	2010-RN-BX-0014	106,498	-
Prisoner ReEntry		720	2007-RE-CX-0018	(28,840)	-
Total for Program				77,658	-
Comprehensive Approaches to Sex Offender Management					
Discretionary Grant (CASOM)	16.203				
Indiana Sex Offender Management		615	2010-WP-BX-0013	41,427	-
Juvenile Accountability Block Grants	16.523				
Juvenile Accountability Block		032	2008-JB-FX-0044	54,043	19,064
FY 2009 Juvenile Accountability		032	2009-JB-FX-0066	105,365	105,365
FY10 Juvenile Accountability		032	2010-JB-FX-0086	417,387	411,266
FY11 Juvenile Accountability		032	2011-JB-FX-0017	(17,383)	-
FY12 Juvenile Accountability		032	2012-JB-FX-0004	21,976	-
Juvenile Accountability Block		615	2009-JB-FX-0066	3,590	-
Juvenile Accountability Block		615	2010-JB-FX-0086	25,000	-
Total for Program				609,978	535,695
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540				
Juvenile Justice and Delinquency Prevention - Allocation to States		026	2009-JF-FX-0022	234	-
Evidence-Based Programming		032	2009-JF-FX-0022	(10,644)	-
Evidence-Based Programming		032	2009-JF-FX-0022	18,769	18,769
OJJDP FY 09 Title Formula Grant		032	2010-JF-FX-0043	35,097	-
OJJDP FY 09 Title Formula Grant		032	2010-JF-FX-0043	143,627	143,627
Title II Formula Grants Program		032	2011-JF-FX-0009	40,032	-
Title II Formula Grants Program		032	2011-JF-FX-0009	396,585	396,585
2011 Title II Formula Grants		032	2012-JF-FX-0003	48,690	-
2011 Title II Formula Grants		032	2012-JF-FX-0003	190,433	190,433
2011 Title II Formula Grants		615	2011-JF-FX-0009	14,414	-
2011 Title II Formula Grants		719	2011-JF-FX-0009	14,516	14,516
Total for Program				891,753	763,929
Missing Children's Assistance	16.543				
Internet Crimes against Children		100	2008-MC-CX-K006	20,188	21,214
2010 Indiana Internet Crimes		100	2008-MC-CX-K006	43,299	41,323
2011 Indiana Internet Crimes		100	2011-MC-CX-K005	238,407	87,142
2011 Indiana Internet Crimes		100	2011-MC-CX-K005	46,521	15,037
Total for Program				348,415	164,716
Title V Delinquency Prevention Program	16.548				
08 OJJDP T-II Formula Grants		032	2008-JF-FX-0025	9,885	-
Evidence-based programming		032	2009-JP-FX-0076	7,358	7,358
Evidence-based programming		032	2010-JP-FX-0043	7,204	7,204
Total for Program				24,448	14,563
State Justice Statistics Program for Statistical Analysis Centers	16.550				
2011 STATISTICS PROGRAM		022	2011-BJ-CX-K064	50,000	-
Indiana Statewide Victimization		032	2012-BJ-CX-K038	15,778	15,778
Total for Program				65,778	15,778
National Criminal History Improvement Program	16.554				
2009 IN National Criminal History		022	2009-RU-BX-K030	(82,383)	-
2009 IN National Criminal History		022	2009-RU-BX-K030	29,179	-
FY2011 IN Criminal History		022	2011-MU-BX-K086	48,600	-
Total for Program				(4,604)	-
Crime Victim Assistance	16.575				
OVC FY2011 VOCA Victim Assistance		022	2011-VA-GX-0039	174,350	-
FY2009 VOCA Victim Assistance		032	2009-VA-GX-0049	79,544	-
FY2009 VOCA Victim Assistance		032	2009-VA-GX-0049	(42,229)	(42,229)
FY2010 VOCA Victim Assistance		032	2010-VA-GX-0049	252,544	-
FY2010 VOCA Victim Assistance		032	2010-VA-GX-0049	167,295	167,295
2011 VOCA VICTIMS ASSIST FUND		032	2011-VA-GX-0039	56,629	-
2011 VOCA VICTIMS ASSIST FUND		032	2011-VA-GX-0039	3,720,131	3,720,131
2012 VOCA VICTIMS ASSIST FUND		032	2012-VA-GX-0017	151,541	-
2011 VOCA VICTIMS ASSIST FUND		032	2012-VA-GX-0017	3,856,196	3,856,196

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<b>U.S. DEPARTMENT OF JUSTICE (continued)</b>					
Crime Victim Assistance (continued)					
Crime Victim Assistance		046	2011-VA-GX-0039	9,031	-
Crime Victim Assistance		046	2012-VA-GX-0017	26,804	-
FY2010 VOCA Victim Assistance		615	2011-VA-GX-0039	4,870	-
Total for Program				8,456,704	7,701,393
Crime Victim Compensation					
FY 2009 VOCA Victim Compensation	16.576	032	2009-VC-GX-0046	346	-
FY 2009 VOCA Victim Compensation		032	2009-VC-GX-0046	4,112	4,112
OVC FY 10 VOCA Victim Compensation		032	2010-VC-GX-0010	13,594	-
OVC FY 10 VOCA Victim Compensation		032	2010-VC-GX-0010	624	624
FY 2011 VOCA COMPENSATION FORM		032	2011-VC-GX-0052	(21,164)	-
FY 2011 VOCA COMPENSATION FORM		032	2011-VC-GX-0052	374,219	374,219
FY 2012 VOCA COMPENSATION FORM		032	2012-VC-GX-0035	8,228	-
FY 2012 VOCA COMPENSATION FORM		032	2012-VC-GX-0035	1,034,573	1,034,573
Total for Program				1,414,533	1,413,528
Drug Court Discretionary Grant Program					
Statewide Program to Provide	16.585	022	2010-DC-BX-0123	298,932	-
Understanding Domestic Violence		022	2010-WC-AX-0002	19,697	-
Total for Program				318,629	-
Violence Against Women Formula Grant					
Violence Against Women Formula Grant	16.588	022	2011-WF-AX-0010	47,516	-
Violence Against Women Formula Grant		022	2012-WF-AX-0035	18,972	-
ARRA - STOP Recovery Act Formula		032	2009-EF-S6-0020	115,889	400
ARRA - STOP Recovery Act Formula		032	2009-EF-S6-0020	102,914	102,914
FY10 STOP Violence Against Women		032	2010-WF-AX-0022	113,300	-
FY10 STOP Violence Against Women		032	2010-WF-AX-0022	54,238	54,238
2011 STOP FORMULA FUNDING		032	2011-WF-AX-0010	62,912	-
2011 STOP FORMULA FUNDING		032	2011-WF-AX-0010	604,546	604,546
2012 STOP FORMULA FUNDING		032	2012-WF-AX-0035	41,028	-
2012 STOP FORMULA FUNDING		032	2012-WF-AX-0035	1,689,435	1,689,435
ARRA - Violence Against Women		039	2009-EF-S6-0020	17,039	-
Total for Program				2,867,791	2,451,534
Residential Substance Abuse Treatment for State Prisoners					
2009 Indiana Residential Substance Abuse	16.593	032	2009-RT-BX-0052	72,313	72,313
2010 Indiana Residential Substance Abuse		032	2010-RT-BX-0011	682	682
2011 Residential Substance Abuse		032	2011-RT-BX-0062	487	-
2011 Residential Substance Abuse		032	2011-RT-BX-0062	156,772	156,772
2012 Residential Substance Abuse		032	2012-RT-BX-0053	10,869	10,869
Residential Substance Abuse		615	2011-RT-BX-0062	110,447	-
Residential Substance Abuse		615	2011-RT-BX-0062	22,918	-
Total for Program				374,489	240,637
Corrections Training and Staff Development					
NIC Cooperative Agreement Award	16.601	615	10M17GKF4	42,346	-
State Criminal Alien Assistance Program					
State Criminal Alien Assistance	16.606	615	2008-AP-BX-0204	25,550	-
State Criminal Alien Assistance		615	2008-AP-BX-1581	4	-
SCAAP GRANT		615	2009-G7115-IN-AP	4,833	-
Total for Program				30,387	-
Bulletproof Vest Partnership Program					
Vest program	16.607	032	2008BOBX08041759	1,761	1,761
Bulletproof Vest Partnership		300	2006BOBX06131629	2,950	2,950
Bulletproof Vest Partnership		300	2008BOBX08041759	25,163	25,163
Bulletproof Vest Partnership		300	ESTIMATED	(80,550)	-
Bulletproof Vest Partnership		300	2010BOBX10023373	15,635	15,635
Total for Program				(35,041)	45,509
Community Prosecution and Project Safe Neighborhood					
FY 2009 Project Safe Neighborhood	16.609	032	2009-GP-BX-0032	709	709
FY 2009 Project Safe Neighborhood		032	2009-GP-BX-0033	8,964	-
FY 2009 Project Safe Neighborhood		032	2009-GP-BX-0033	7,881	7,881

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<b>U.S. DEPARTMENT OF JUSTICE (continued)</b>					
Community Prosecution and Project Safe Neighborhood (continued)					
FY 2010 Project Safe Neighborhood		032	2010-GP-BX-0010	13,124	-
FY 2010 Project Safe Neighborhood		032	2010-GP-BX-0010	47,070	47,070
FY 2010 Project Safe Neighborhood		032	2010-GP-BX-0009	1,650	-
FY 2010 Project Safe Neighborhood		032	2010-GP-BX-0009	1,956	1,956
FY 2011 Project Safe Neighborhood		032	2011-GP-BX-0082	6,472	-
FY 2011 Project Safe Neighborhood		032	2011-GP-BX-0076	7,964	-
FY 2011 Project Safe Neighborhood		032	2011-GP-BX-0076	45,655	45,655
Total for Program				141,446	103,272
Public Safety Partnership and Community Policing Grants					
2007-Community Policing	16.710	032	2007CKWXK017	9,520	-
2007-Community Policing		032	2007CKWXK017	30,731	30,731
2006-COPS-Methamphetamine-498		100	2006CKWX0498	2,233	-
Methamphetamine Initiative		100	2007CKWX0298	2,400	-
Child Sexual Predator Program		100	2009CSWX0010	187,464	-
Total for Program				232,348	30,731
Enforcing Underage Drinking Laws Program					
2010 Enforcing the Underage Drinking	16.727	032	2010-AH-FX-0109	174	-
2011 Enforcing the Underage Drinking		032	2011-AH-FX-0027	14,892	-
2011 Enforcing the Underage Drinking		032	2011-AH-FX-0027	64,412	64,412
2009 Enforcing the Underage Drinking		230	2009-AH-FX-0088	703	-
2010 Enforcing the Underage Drinking		230	2010-AH-FX-0109	40,682	-
Total for Program				120,863	64,412
Protecting Inmates and Safeguarding Communities Discretionary Grant Program					
Protecting Inmates and Safeguarding	16.735	615	2011-RP-BX-0011	412,080	-
Indiana "Zero Tolerance" Culture		615	2012-RP-BX-0011	5,674	-
Total for Program				417,753	-
Statewide Automated Victim Information Notification (SAVIN)					
Statewide Automated Victim	16.740	615	2009-vn-cx-0015	1,700	-
Indiana SAVIN 2009		615	2010-VN-CX-0011	324,780	-
Indiana SAVIN 2010		615	2011-VN-CX-0010	57,273	-
Total for Program				383,753	-
Forensic DNA Backlog Reduction Program					
FY 2011 DNA Backlog Reduction	16.741	100	2011-DN-BX-K500	193,482	-
Forensic DNA Backlog Reduction		100	2012-DN-BX-0004	645,938	-
Total for Program				839,420	-
Paul Coverdell Forensic Sciences Improvement Grant					
FY2011 indiana Paul Coverdell	16.742	032	2011-CD-BX-0012	37,787	-
FY2012 indiana Paul Coverdell		032	2012-CD-BX-0039	1,298	-
FY2012 indiana Paul Coverdell		032	2012-CD-BX-0039	102,208	-
FY2010 indiana Paul Coverdell		100	2010-CD-BX-0005	110,122	-
FY2011 indiana Paul Coverdell		100	2011-CD-BX-0012	307,414	-
Total for Program				558,829	-
Anti Gang Initiative					
2008-PSN Comprehensive Anti-Gang	16.744	032	2008-PG-BX-0003	56,156	26,586
Support for Adam Walsh Act Implementation Grant Program					
Indiana Comprehensive Sex Offender	16.750	615	2008-AW-BX-006	139,495	-
Indiana Comprehensive Sex Offender		615	2009-AW-BX-0020	50,764	-
Indiana Comprehensive Sex Offender		615	2011-AW-BX-0033	183,952	-
Total for Program				374,211	-
Harold Rogers Prescription Drug Monitoring Program					
2009-PM-BX-0016	16.754	250	2010-PM-BX-0013	4,531	-
BJA FY 10 Harold Rogers Prescription Drug		250	2012-PM-BX-0009	445	-
Total for Program				4,976	-
Court appointed Special Advocate					
Court appointed Special Advocate	16.756	022	IN10911-12-1012-S	40,000	-

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<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>					
Recovery Act - Internet Crimes against Children Task Force Program (ICAC) ARRA - OJJDP FY09 Recovery Act	16.800	100	2009-SN-B9-K051	125,639	-
ARRA - Recovery Act - State Victim Assistance Formula Grant Program ARRA - OVC FY09 VOCA Victim Assistance	16.801	032	2009-SG-B9-0094	96,726	94,801
Second Chance Prisoner Reentry Initiative	16.812				
Second Chance Act Technology		515	2010-RV-BX-0004	3,758	-
Indiana Second Chance Juvenile		615	2010-CZ-BX-0062	311,208	-
2011 WON Aftercare Enhancement		615	2011-RN-BX-0003	66,246	-
Total for Program				381,211	-
NICS Act Record Improvement Pr	16.813				
NICS Act Record Improvement Pr		022	2012-MU-MU-K012	110,093	-
NICS Act Record Improvement Pr		100	2012-MU-MU-K012	765,186	-
Total for Program				875,279	-
John R. Justice Prosecutors and Defenders Incentive Act 2011 Indiana JRJ Student Loan	16.816	046	2011-RJ-BX-0041	64,675	-
Other Assistance - Drug Enforcement Administration					
2012 Marijuana Eradication	16.999	100	2012-72	382,818	-
2013 Marijuana Education		100	2013-75	52,578	-
Total for Program				435,396	-
Total U.S. Department of Justice				28,042,572	16,965,585
<u>U.S. DEPARTMENT OF LABOR</u>					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207				
Employment Service/Wagner-Peys		510	ES-22063-11-55-A-18	60,000	-
Employment Service/Wagner-Peys		510	ES-22063-11-55-A-18	6,208,119	119,940
Employment Service/Wagner-Peys		510	ES-22063-11-55-A-18	152,517	-
Employment Service/Wagner-Peys		510	ES-22063-11-55-A-18	22,468	-
Employment Service/Wagner-Peys		510	ES-22063-11-55-A-18	39,047	-
Employment Service/Wagner-Peys		510	ES-22995-12-55-A-18	8,614,725	688,094
Employment Service/Wagner-Peys		510	ES-22995-12-55-A-18	454,662	-
Employment Service/Wagner-Peys		510	DI-23800-12-75-A-18	108,141	77,488
US DOL ESRANT - Wagner-Peyser		720	ES-22063-11-55-A-18	30,000	30,000
Total for Program				15,689,679	915,522
Disabled Veterans' Outreach Program (DVOP)	17.801				
Disabled Veterans' Outreach Pr		510	DV-19650-10-55-5-18	(1,067)	-
Disabled Veterans' Outreach Pr		510	DV-19650-10-55-5-18	503,012	-
Disabled Veterans' Outreach Pr		510	DV-19650-10-55-5-18	923,273	-
Total for Program				1,425,218	-
Local Veterans Employment Representative Program (LVER)	17.804				
Local Veterans' Employment Rep		510	DV19621-10-55-5-16	607,393	6,291
Local Veterans' Employment Rep		510	DV-19650-10-55-5-18	1,175,878	80,977
Total for Program				1,783,272	87,268
Total for Cluster				18,898,169	1,002,790
WIA Cluster					
WIA Adult Program	17.258				
ARRA - WIA Adult Program		510	AA-17120-08-55-A-18	(1,620)	(1,620)
WIA Adult Program		510	AA-14674-05-55	(1,383)	(1,383)
WIA Adult Program		510	AA-20193-10-55-A-18	39,999	39,999
WIA Adult Program		510	AA-20193-10-55-A-18	360,001	360,001
WIA Adult Program		510	AA-20193-10-55-A-18	47,992	-
WIA Adult Program		510	AA-20193-10-55-A-18	289,547	(286,209)
WIA Adult Program		510	AA-21394-11-55-A-18	752,410	752,410
WIA Adult Program		510	AA-21394-11-55-A-18	3,885,415	3,885,415
WIA Adult Program		510	AA-21394-11-55-A-18	314,105	-
WIA Adult Program		510	AA-22934-12-55-A-18	677,274	677,274

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<b>U.S. DEPARTMENT OF LABOR (continued)</b>					
WIA Cluster (continued)					
WIA Adult Program (continued)					
WIA Adult Program		510	AA-22934-12-55-A-18	5,375,966	5,375,966
WIA Adult Program		510	AA-22934-12-55-A-18	32,652	-
Total for Program				<u>11,772,358</u>	<u>10,801,853</u>
WIA Youth Activities					
	17.259				
WIA Youth Activities		510	AA-18639-09-55-A-18	300	-
WIA Youth Activities		510	AA-18639-09-55-A-18	344,125	330,566
WIA Youth Activities		510	AA-20193-10-55-A-18	237,126	1,693
WIA Youth Activities		510	AA-20193-10-55-A-18	858,537	513,231
WIA Youth Activities		510	AA-21394-11-55-A-18	839,939	839,939
WIA Youth Activities		510	AA-21394-11-55-A-18	4,886,483	4,886,483
WIA Youth Activities		510	AA-21394-11-55-A-18	318,795	26,223
WIA Youth Activities		510	AA-22934-12-55-A-18	378,376	378,376
WIA Youth Activities		510	AA-22934-12-55-A-18	8,216,803	8,216,803
WIA Youth Activities		510	AA-22934-12-55-A-18	139,675	-
Total for Program				<u>16,220,159</u>	<u>15,193,314</u>
WIA Dislocated Worker Formula Grants					
	17.278				
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	120,232	120,232
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	182,445	182,445
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	549,548	549,548
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	806,435	897,844
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	47,303	-
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	469,681	-
WIA Dislocated Worker Formula Grants		510	AA-20193-10-55-A-18	1,759,864	707,261
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	1,446,913	1,446,913
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	2,003,874	2,003,874
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	6,125,992	6,125,992
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	430,900	430,900
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	21,224	-
WIA Dislocated Worker Formula Grants		510	AA-22934-12-55-A-18	569,674	569,674
WIA Dislocated Worker Formula Grants		510	AA-22934-12-55-A-18	3,962,034	3,962,034
WIA Dislocated Worker Formula Grants		510	AA-22934-12-55-A-18	6,300,667	6,300,667
WIA Dislocated Worker Formula Grants		510	AA-22934-12-55-A-18	360,000	360,000
WIA Dislocated Worker Formula Grants		510	AA-22934-12-55-A-18	935,878	-
WIA Dislocated Worker Formula Grants		510	AA-21394-11-55-A-18	5,810	-
Total for Program				<u>26,098,473</u>	<u>23,657,384</u>
Total for Cluster				<u>54,090,990</u>	<u>49,652,552</u>
ARRA - Department Of Labor					
	17.000				
ARRA - Department Of Labor		510	UIPL #1409	7,485,537	-
Labor Force Statistics					
	17.002				
Labor Force Statistics		510	LMI-21542-12-75-J-18	24,917	-
Labor Force Statistics		510	LMI-21542-12-75-J-18	40,832	-
Labor Force Statistics		510	LMI-21542-12-75-J-18	97,560	-
Labor Force Statistics		510	LMI-21542-12-75-J-18	107,405	-
Labor Force Statistics		510	LMI-21542-12-75-J-18	12,920	-
Labor Force Statistics		510	LMI-23124-13-75-J-18	88,076	-
Labor Force Statistics		510	LMI-23124-13-75-J-18	110,550	-
Labor Force Statistics		510	LMI-23124-13-75-J-18	320,702	-
Labor Force Statistics		510	LMI-23124-13-75-J-18	355,939	-
Labor Force Statistics		510	LMI-23124-13-75-J-18	54,895	-
Total for Program				<u>1,213,798</u>	<u>-</u>
Compensation and Working Conditions					
	17.005				
OSHS/BLS		225	ESTIMATE	9,441	-
Survey of Occupational Injuries		225	ESTIMATE	76,133	-
Total for Program				<u>85,573</u>	<u>-</u>
Unemployment Insurance					
	17.225				
Unemployment Insurance		510	UI-19581-10-55-A-18	109,733	-
Unemployment Insurance		510	UI-19581-10-55-A-18	11,638	-
Unemployment Insurance		510	UI-21098-11-55-A-18	(22,965)	-

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<b>U.S. DEPARTMENT OF LABOR (continued)</b>					
Unemployment Insurance (continued)					
Unemployment Insurance		510	UI-21098-11-55-A-18	8,970	-
Unemployment Insurance		510	UI-21098-11-55-A-18	423,708	-
Unemployment Insurance		510	UI-21098-11-55-A-18	24,074	-
Unemployment Insurance		510	70040	-	-
Unemployment Insurance		510	70040	610,000,211	-
Unemployment Insurance		510	70050	480,214,401	-
Unemployment Insurance		510	70050	11,968,247	-
Unemployment Insurance		510	70050	2,793,729	-
Unemployment Insurance		510	70050	-	-
Unemployment Insurance		510	70050	997,696	-
Unemployment Insurance		510	70050	23,166	-
Unemployment Insurance		510	UI-22275-12-55-A-18	16,908,956	-
Unemployment Insurance		510	UI-22275-12-55-A-18	717,255	-
Unemployment Insurance		510	UI-22275-12-55-A-18	3,142,539	-
Unemployment Insurance		510	UI-22275-12-55-A-18	1,693,592	-
Unemployment Insurance		510	UI-22275-12-55-A-18	4,984,423	-
Unemployment Insurance		510	UI-22275-12-55-A-18	325,168	-
Unemployment Insurance		510	UI-22275-12-55-A-18	76,639	-
Unemployment Insurance		510	UI-22275-12-55-A-18	2,237	-
Unemployment Insurance		510	UI-22275-12-55-A-18	1,767,120	-
Unemployment Insurance		510	UI-22275-12-55-A-18	382,622	-
Unemployment Insurance		510	UI-22275-12-55-A-18	664,063	-
Unemployment Insurance		510	UI-22275-12-55-A-18	1,876,829	-
Unemployment Insurance		510	UI-22275-12-55-A-18	2,589	-
Unemployment Insurance		510	UI-23890-13-55-A-18	21,282,948	31,078
Unemployment Insurance		510	UI-23890-13-55-A-18	3,149,014	-
Unemployment Insurance		510	UI-23890-13-55-A-18	420,214	-
Unemployment Insurance		510	UI-23890-13-55-A-18	99,715	-
Unemployment Insurance		510	UI-23890-13-55-A-18	42	-
Unemployment Insurance		510	UI-23890-13-55-A-18	584,679	-
Unemployment Insurance		510	UI-23890-13-55-A-18	532,670	-
Unemployment Insurance		510	UI-23890-13-55-A-18	316,948	-
Unemployment Insurance		510	UI-23890-13-55-A-18	439	-
Unemployment Insurance		510	UI-23890-13-55-A-18	857,513	-
Total for Program				<u>1,166,219,451</u>	<u>31,078</u>
Senior Community Service Employment Program	17.235				
Older Americans - State Agencies		498	AD-19978-10-60-A-18	287,495	510,144
Older Americans - State Agencies		498	AD-19978-10-60-A-18	2,040,173	1,989,151
Total for Program				<u>2,327,667</u>	<u>2,499,295</u>
Trade Adjustment Assistance	17.245				
Trade Adjustment Assistance		510	TA-19705-10-55-A-18	446	-
Trade Adjustment Assistance		510	TA-19705-10-55-A-18	809,090	-
Trade Training Adm & program		510	TA-21219-11-55-A-18	1,385,425	18,509
Trade Training Adm & program		510	TA-21219-11-55-A-18	885,040	312,081
TAA Admin FY12		510	TA-22655-12-55-A-18	551,911	-
Total for Program				<u>3,631,913</u>	<u>330,590</u>
WIA Dislocated Workers	17.260				
ARRA - WIA Dislocated Workers		510	AA-17120-08-55-A-18	(3,466)	-
ARRA - WIA Dislocated Workers		510	EM-20489-10-60-A-18	190,023	73,398
WIA Dislocated Workers		510	AA-14674-05-55	(23)	-
WIA Dislocated Workers		510	EM-17760-08-60-A-18	862	-
WIA Dislocated Workers		510	EM-17760-08-60-A-18	(81,621)	-
WIA Dislocated Workers		510	AA-18639-09-55-A-18	68,565	5,224
WIA Dislocated Workers		510	AA-18639-09-55-A-18	175	-
WIA Dislocated Workers		510	AA-18639-09-55-A-18	3,696	-
Total for Program				<u>178,211</u>	<u>78,622</u>
Work Incentive Grants	17.266				
Navigator Award		510	WI155600660	(8,180)	-
Navigator Award		510	WI155600660	(39,523)	-
Total for Program				<u>(47,703)</u>	<u>-</u>

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<u>U.S. DEPARTMENT OF LABOR (continued)</u>					
Work Opportunity Tax Credit Program	17.271				
ES NAT ACT - Work Opportunities		510	ES19201-09-55-A-18	27,118	-
ES NAT ACT - Work Opportunities		510	ES-20748-10-55-A-18	160,428	-
ES NAT ACT - Work Opportunities		510	ES-22063-11-55-A-18	411,364	39,600
Total for Program				598,911	39,600
Temporary Labor Certification for Foreign Workers	17.273				
ES NATL ACT - ALIEN LABOR CERT		510	ES-20748-10-55-A-18	55,557	-
FY12 ES NATL ACT - ALIEN LABOR		510	ES-22063-11-55-A-18	30,329	-
ES NATL ACT - ALIEN LABOR CERT		510	ES19201-09-55-A-18	916	-
Total for Program				86,801	-
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275				
ARRA - PROGRAM OF COMPETITIVE		510	GJ-19953-10-60-A-18	2,938,072	2,774,039
Occupational Safety and Health-State Program	17.503				
OSHA 23(G) Operational Program		225	SP-22358-SP2	576,145	-
OSHA 23(G) OPERATIONAL PROGRAM		225	SP-23679-SP3	1,373,937	-
Total for Program				1,950,082	-
Consultation Agreements	17.504				
OSHA 21 (d) Consultation Program		225	CS-22399-CS2	191,224	-
OSHA 21 (d) Consultation Program		225	CS-23635-CS3	602,199	-
Total for Program				793,424	-
OSHA Data Initiative	17.505				
Data Collection Program		225	DC-22563-DC2	52,875	-
ODI DATA COLLECTION PROGRAM		225	DC-23719-DC3	11,868	-
Total for Program				64,743	-
Homeless Veterans Reintegration Project Homeless Veterans	17.805				
		510	VW-19182-09-60-5-18	(2,018)	-
Total U.S. Department of Labor				1,262,653,917	56,503,366
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205				
154 Transfer Funds		100	NHTSA	326,545	-
FHWA - FY11 - Continuing Resolution		100	Estimated - \$	333,328	-
FHWA - FY11 - Continuing Resolution		100	ESTIMATE	77,495	-
Highway Planning and Construction		300	estimated \$	148,072	-
Highway Planning and Construction		300	Estimated \$	684	-
Highway Planning and Construction		300	Estimated \$	8,168	-
Highway Planning and Construction		300	Estimated \$	41,436	-
Highway Planning and Construction		300	Estimated \$	31,784	-
Highway Planning and Construction		300	Estimated - \$	2,406	-
Highway Planning and Construction		300	Estimated - \$	104,273	-
Highway Planning and Construction		300	Estimated - \$	44,113	-
Highway Planning and Construction		400	ESTIMATE	35,013	-
ARRA - ARRA INDOT Highway Cons		800	N 4510.705	2,489,634	-
Highway Planning and Construction		800	ESTIMATE	363,351,829	-
FHWA future federal years		800	Estimated \$	(66,786)	-
FHWA - FY11 - Continuing Resolution		800	Estimated \$	178,829,987	-
2010 FHWA funds		800	Estimated \$	37,210,957	-
2008 FHWA		800	Estimated \$	1,568,943	-
Highway Planning and Construction		800	Estimated - \$	443,785,508	-
2009 63200 FHWA funds		800	RTA-000-1661	31,281,020	-
Highway Planning and Construction		800	estimated \$	48,343,587	-
Total for Program				1,107,947,996	-
Recreational Trails Program	20.219				
Recreational Trails Program		300	RT07(005)	70,239	70,239
Recreational Trails Program		300	RT06(001)	47,138	-

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<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>					
Recreational Trails Program (continued)	20.219				
Recreational Trails Program	300		RT08(002)	19,773	19,773
Recreational Trails Program	300		RT08(006)	39,564	39,564
Recreational Trails Program	300		RT08(007)	3,965	3,965
Recreational Trails Program	300		RT08(008)	4,213	-
Recreational Trails Program	300		RT08(010)	7,350	-
Recreational Trails Program	300		RT08(001)	63,133	-
Recreational Trails Program	300		RT07(007)	17,601	17,601
Recreational Trails Program	300		RT09(002)	(1,228)	-
Recreational Trails Program	300		RT09(009)	30,865	30,865
Recreational Trails Program	300		RT09(006)	10,800	10,800
Interlake (Redbird OHV Area 1H)	300		RT09(003)	116	116
OHV Education	300		RT09(004)	112,754	112,754
Riverwalk Trail Perry Co	300		RT10(011)	150,000	150,000
Akron Hiking & Biking Trails	300		RT10(006)	83,837	83,837
Little Turtle Waterway	300		RT10(009)	86,523	86,523
Redbird OHV AREA	300		RT10(003)	24,398	-
2008 Outdoor Rec Tipton Park Trail	300		RT10(008)	117,302	117,302
2008 Outdoor Rec Covington Circle	300		RT10(012)	138,576	138,576
2008 Outdoor Rec Burkhart Creek	300		RT09(005)	22,832	22,832
Development of Interlake OHV/ INTERLAKE OHV/MULTI USE AREA,	300		RT10(004)	6,778	-
Administration of 2010 RTP Program	300		RT10(005)	111,476	-
Dubois Ruritan Trail Project	300		RT09(001)	44,022	-
Administration of RTP Program	300		RT10(001)	48,943	-
Trail Development, Maintenance	300		RT11(010)	3,750	3,750
Knobstone Trail Maintenance	300		RT11(007)	150,000	150,000
VA VARI, (MISC), State Motoriz	300		RT11(006)	22,633	22,633
Two Lakes Trail	300		RT11(005)	12,000	12,000
ST 1004, Rec Trail Project	300		RT11(004)	71,025	-
Blue River	300		RT11(003)	47,070	-
RTP Administration	300		RT10(002)	10,007	-
Interlake Recreation Area	300		RT10(013)	3,104	-
Redbird State Maintenance	300		RT11(001)	39,793	-
				2,800	2,800
Total for Program				1,505,775	1,025,690
Total for Cluster				1,505,775	1,025,690
Federal Transit Cluster					
Federal Transit -- Capital Investment Grants	20.500				
Federal Transit Capital Investment		800	estimated \$	27,348	27,348
Federal Transit -- Formula Grants	20.507				
FY2010 NE Corridor AA/DEIS		800	IN-95-X028-00	122,663	122,663
Total for Cluster				150,010	150,010
Transit Services Programs Cluster					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513				
Replacement/Expansion Vehicles		800	IN-16-X005-00	1,058,156	1,058,156
Replacement/Expansion Vehicles		800	IN-16-X006-00	72,350	-
Replacement/Expansion Vehicles		800	IN-16-X003-00	23,859	-
Total for Program				1,154,365	1,058,156
Job Access - Reverse Commute Program	20.516				
FY2011 Oper.Assist./Bus Acq./M		800	IN-37-X107-00	330,699	330,699
Job Access - Reverse Commute Program		800	IN-37-X107-00	171,304	171,304
Job Access - Reverse Commute Program		800	IN-37-X109-00	5,112	5,112
FY2011 Oper.Assist./Bus Acq./M		800	IN-37-X109-00	121,479	121,479
Job Access - Reverse Commute Program		800	IN-37-X099-00	81,575	81,575
Total for Program				710,169	710,169
Transit Services Programs Cluster (continued)					
New Freedom Program	20.521				
FY2010 Addition of Operating		800	IN-57-X063-00	36,690	36,690
FY2010/11 Oper.Assistance/Bus		800	IN-57-X063-00	421,866	421,866
New Freedom Program		800	IN-57-X064-00	163,421	163,421
Total for Program				621,977	621,977
Total for Cluster				2,486,511	2,390,302

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<b>U.S. DEPARTMENT OF TRANSPORTATION (continued)</b>					
<b>Highway Safety Cluster</b>					
State and Community Highway Safety	20.600				
NHTSA FFY 2012 410 ALCOHOL		032	NHTSA 402	3,916,972	3,024,319
NHTSA FFY 2012 402 FUNDS		039	NHTSA 402	162,801	-
NHTSA FFY 2012 402 FUNDS		100	NHTSA 402	419,109	-
FY11 NHTSA 402		100	ESTIMATE	249,694	-
<b>Total for Program</b>				<b>4,748,577</b>	<b>3,024,319</b>
<b>Alcohol Impaired Driving Countermeasures Incentive Grants</b>					
NHTSA FFY 2012 410 ALCOHOL	20.601	032	NHTSA 410	2,316,435	1,787,306
NHTSA FFY 2012 410 ALCOHOL		100	NHTSA 410	231,573	-
FY12 Alcohol SAFETEA -LU -410		100	ESTIMATE	284,909	-
NHTSA FFY 2012 410 ALCOHOL		103	NHTSA 410	76,773	-
FY11 Alcohol SAFETEA -LU -410		103	ESTIMATE	106,805	-
NHTSA FFY 2012 410 ALCOHOL		230	NHTSA 410	42,556	-
<b>Total for Program</b>				<b>3,059,051</b>	<b>1,787,306</b>
<b>Occupant Protection</b>					
NHTSA FFY 2012 405 FUNDS	20.602	032	NHTSA 405	429,117	429,117
NHTSA FFY 2012 405 FUNDS		100	NHTSA 405	8,237	-
Occupant Protection		100	ESTIMATE	9,767	-
<b>Total for Program</b>				<b>447,121</b>	<b>429,117</b>
<b>Safety Belt Performance Grants</b>					
NHTSA FFY 2012 406 FUNDS	20.609	032	NHTSA 406	569,509	425,929
<b>State Traffic Safety Information System Improvement Grants</b>					
State Traffic Safety Information	20.610	022	NHTSA 408	100,338	-
State Traffic Safety Information		022	ESTIMATE	1,145	-
NHTSA FFY 2012 408 FUNDS		032	NHTSA 408	251,199	155,557
NHTSA FFY 2012 408 FUNDS		400	NHTSA 408	68,294	-
FY11 data program SAFETEA 408		400	ESTIMATE	107,339	-
<b>Total for Program</b>				<b>528,316</b>	<b>155,557</b>
<b>Incentive Grant Program to Prohibit Racial Profiling</b>					
Incentive Grant Program to Prohibit	20.611	022	NHTSA	150,390	-
Incentive Grant Program to Prohibit		022	ESTIMATE	19,141	-
<b>Total for Program</b>				<b>169,531</b>	<b>-</b>
<b>Incentive Grant Program to Increase Motorcyclist Safety</b>					
NHTSA 2010	20.612	032	NHTSA 2010	123,221	48,221
Incentive Grant Program to Inc		100	100NHTSAMDAC012	42,633	-
<b>Total for Program</b>				<b>165,854</b>	<b>48,221</b>
<b>Child Safety and Child Booster Seat Incentive Grants</b>					
NHTSA FFY 2012 2011 CHILD SEATS	20.613	032	NHTSA 2011	365,115	365,439
<b>Total for Cluster</b>				<b>10,053,073</b>	<b>6,235,887</b>
<b>Airport Improvement Program</b>					
Development of PLV Approaches	20.106	800	80010AIR0600000	950	-
Development of PLV Approaches		800	80011AIR7800000	73,264	-
Development of PLV Approaches		800	80011AIR7800000	25,354	-
Development of PLV Approaches		800	3-18-0000-010-2012	145,800	-
<b>Total for Program</b>				<b>245,368</b>	<b>-</b>
<b>National Motor Carrier Safety</b>					
National Motor Carrier Safety	20.218	100	FM-MNE-0033-11-01-00	13,261	-
National Motor Carrier Safety		100	FM-MCG-0081-12-01-00	1,952,181	-
National Motor Carrier Safety		100	FM-MNE-0063-12-01-00	797,634	-
National Motor Carrier Safety		100	FM-MHP-0082-12-01-00	556,073	-
National Motor Carrier Safety		100	FM-MCG-0134-13-01	2,182,834	-
<b>Total for Program</b>				<b>5,501,983</b>	<b>-</b>

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<b>U.S. DEPARTMENT OF TRANSPORTATION (continued)</b>					
Performance and Registration Information Systems Management Performance and Registration	20.231	090	PZ09181000000	14,241	-
Commercial Driver's License Program Improvement Grant Commercial Driver's License Implement PHI Auto Knowledge	20.232	022 235	FM-CDL-0048-11-01-00 FM-CDL-0017-11-01-00	55,423 3,166	- -
Commercial Driver's License Program Improvement Grant CDLIS Modernization and enhancement		235	FM-CDL-0100-12-01-00	12,681	-
Total for Program				71,270	-
Commercial Vehicle Information Systems and Networks Core CVISN - related membership IFTA	20.237	090 090	FM-CVN-0008-11-01-00 FM-CVN-0041-12-01-00	35,400 140,315	- -
Total for Program				175,715	-
Railroad Development Flood Damage Repair	20.314	800	FR-RRR-0023-12-01-00	214,520	-
Formula Grants for Other Than Urbanized Areas ARRA - FTA's Non-Urbanized Areas Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas Operating, Capital, RTAP FY2010/11 Oper. Assistance Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas	20.509	800 800 800 800 800 800 800 800 800	IN-86-X001 Estimated \$ Estimated \$ IN-18-X028 IN-18-X028 IN-18-X029-00 IN-18-X031-00 IN-18-X030-00 IN-18-X030-00	4,701,493 50,402 81,575 - 185,060 11,171,499 40,229 194,636 3,223,027	- - - 30,365 - 11,148,197 40,229 194,636 3,223,027
Total for Program				19,647,920	14,636,454
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants Indiana FARS Fatality Analysis Reporting System	20.614	100 100	DTNH22-07-H-000126 DTNH22-12-H-00126	178 113,446	- -
Total for Program				113,624	-
Interagency Hazardous Materials Public Sector Training and Planning Grants Hazardous Materials Emergency Hazardous Materials Emergency Hazardous Materials Emergency Hazardous Materials Emergency Hazardous Materials Emergency Hazardous Materials Emergency	20.703	385 385 385 385 385 385	HM-HMP-0250-11-01-00 HM-HMP-0250-11-01-00 HM-HMP-0250-11-01-00 HM-HMP-0250-11-01-00 HM-HMP-0312-12-01-00 HM-HMP-0312-12-01-00	108,485 92,612 16,318 119,639 84,069 37,825	100,495 78,277 - 10,000 39,985 25,110
Total for Program				458,949	253,867
PHMSA Pipeline Safety Program One Call Grant 2011 ONE CALL GRANT 2012 ONE CALL GRANT	20.721	200 200	DTPH56-11-G-PHPC07 DTPH56-12-G-PHPC07	12,000 10,000	12,000 10,000
Total for Program				22,000	22,000
Surface Transportation Discretionary Grants for Capital Investment ARRA - FY 2009 ARRA TIGER Award ARRA - FY 2009 ARRA TIGER Award Surface Transportation Discretionary Surface Transportation Discretionary	20.932	800 800 800 800	Milton & Madison Indianapolis Indianapolis Indianapolis	3 1,924,279 205,808 1,854,542	- - - -
Total for Program				3,984,632	-
<b>Total U.S. Department of Transportation</b>				<b>44,645,592</b>	<b>24,714,211</b>

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<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Other Assistance	21.000				
Emergency Economic Stabilization		720	A161-11-HHF-001	797,894	779,356
State Small Business Credit IN		260	TD F 103.1.0	3,673,533	3,412,066
Total for Program				4,471,426	4,191,422
Total U.S. Department of the Treasury				4,471,426	4,191,422
<u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>					
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts ADA Charge Resolution	30.002				
		258	EECCN090026	148,194	-
Total Equal Employment Opportunity Commission				148,194	-
<u>GENERAL SERVICES ADMINISTRATION</u>					
Donation of Federal Surplus Personal Property Donation of Federal Surplus Personal Property -- Non cash assistance	39.003				
		061	N/A	4,323,605	4,323,605
HAVA Early Payments HAVA Early payments - Section 101	39.011				
		063	369940	(224,825)	(224,825)
Total for General Services Administration				4,098,780	4,098,780
<u>NATIONAL ENDOWMENT FOR THE ARTS AND HUMANITIES</u>					
Promotion of the Arts - Partnership Agreements	45.025				
Partnership grant		705	10-6100-2044	94,443	56,975
Partnership grant		705	11-6100-2026	232,774	187,985
To support Partnership Agreement		705	12-6100-2020	589,012	417,838
Total for Program				916,228	662,798
Promotion of the Humanities - Division of Preservation and Access National Digital Newspaper Program	45.149				
		730	PJ-50086-11	135,877	-
Grants to States	45.310				
2011 LSTA Grants		062	LS-00-11-0015-11	105,345	-
2012 LSTA Grants		062	LS-00-12-0015-12	41,941	-
2012 LSTA Grants		425	LS-00-12-0015-12	4,999	-
2012 LSTA Grants		615	LS-00-12-0015-12	22,238	-
2012 LSTA Grants		616	LS-00-12-0015-12	2,390	-
2012 LSTA Grants		620	LS-00-12-0015-12	3,125	-
2012 LSTA Grants		630	LS-00-12-0015-12	319	-
2012 LSTA Grants		635	LS-00-12-0015-12	3,835	-
2012 LSTA Grants		640	LS-00-12-0015-12	5,000	-
2012 LSTA Grants		650	LS-00-12-0015-12	3,000	-
2012 LSTA Grants		661	LS-00-12-0015-12	4,219	-
2012 LSTA Grants		667	LS-00-12-0015-12	4,672	-
2012 LSTA Grants		675	LS-00-12-0015-12	3,000	-
2011 LSTA Grants		680	LS-00-11-0015-11	(305)	-
2012 LSTA Grants		685	LS-00-12-0015-12	4,571	-
2012 LSTA Grants		690	LS-00-12-0015-12	4,497	-
2011 LSTA Grants		730	LS-00-11-0015-11	1,118,637	484,780
LSTA State Grants		730	LS-00-12-0015-12	1,652,693	464,822
Total for Program				2,984,173	949,602
Laura Bush 21st Century Librarian Program Librarian Leading in Diversity	45.313				
		730	RE-01-08-0049-08	6,150	-
Total National Endowment for the Arts and Humanities				4,042,429	1,612,400
<u>SMALL BUSINESS ADMINISTRATION</u>					
Small Business Development Centers	59.037				
Small Business Development Center		260	0-603001-Z-0015-25	6,733	-
Small Business Development Center		260	0-603001-Z-0015-26	39,850	-
Small Business Jobs Act Program		260	1-603001-Z-0122	330,320	65,321

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<b><u>SMALL BUSINESS ADMINISTRATION (continued)</u></b>					
Small Business Development Centers (continued)					
Indiana Small Business Develop		260	6-603001-Z-0015-21	233	-
2012 Small Business Development		260	SBAHQ-12-B-045	616,207	-
2012 Small Business Development		260	SBAHQ-12-B-067	1,408,335	-
Total for Program				<u>2,401,677</u>	<u>65,321</u>
Federal and State Technology Partnership Program					
Federal and State Technology Partnership Program	59.058	260	SBAHQ-11-G-0032	55,444	-
State Trade and Export Promotion Pilot Grant Program					
State Trade and Export Promotion Pilot Grant Program	59.061	260	SBAHQ-11-IT-0011	8,329	-
Total for Small Business Administration				<u>2,465,450</u>	<u>65,321</u>
<b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>					
Grants to States for Construction of State Home Facilities	64.005				
Remodeling, Nurse Call, Phone		570	ESTIMATE	100,611	-
All Volunteer Force Educational Assistance	64.124				
SAA FY10		160	V101 (223C)P-5017	8,245	-
SAA FY11		160	V101 (223C) P-5117	8,122	-
FY 2012 SAA Contract - Program		160	V101(223C)P-5217	422,704	-
Total for Program				<u>439,070</u>	<u>-</u>
Native American Veteran Direct Loan Program	64.126				
Native American Veteran Direct Loan		160	V101(223C)P-5317	78,618	-
Total Department of Veterans Affairs				<u>618,299</u>	<u>-</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>					
State Indoor Radon Grants	66.032				
State Indoor Radon Grant		400	K1-00E13104	3,138	-
State Indoor Radon Grant		400	K1-00E13106	69,748	22,821
Total for Program				<u>72,885</u>	<u>22,821</u>
Survey, Studies, Investigation Demonstration and Special Purpose Activities					
Relating to the Clean Air Act	66.034				
Survey, Studies, Investigation		400	XA -00E01159-0	10,952	-
Ambient Air PM 2.5 Monitoring		495	PM98577305	407,582	-
FY 2012 PM 2.5 Monitoring Network		495	PM98577306	763,723	-
Survey, Studies, Investigation		495	XA00E00986	43,178	-
Total for Program				<u>1,225,435</u>	<u>-</u>
State Clean Diesel Grant Program	66.040				
State Clean Diesel Grant Program		495	DS-00E66701	523,670	2,573
Congressionally Mandated Projects	66.202				
IFA grant SAP Special Appropriation		495	XP96570302	10,896	-
Water Pollution Control State, Interstate and Tribal Program Support	66.419				
Watershed Monitoring grant		495	I96555707	77,655	-
Water Pollution Control		495	I-96555708	14,517	-
Supplemental 106 Monitoring IN		495	I-00E00728	7,631	-
Watershed Monitoring		495	I96555709-0	18,949	-
Water Pollution Control State		495	I00E00987-0	59,422	-
Total for Program				<u>178,174</u>	<u>-</u>
State Underground Water Source Protection	66.433				
2011 Underground Injection		300	G99590112	21,106	-
2012 Underground Injection		300	ESTIMATE	84,618	-
Total for Program				<u>105,723</u>	<u>-</u>
Water Quality Management Planning	66.454				
ARRA - Water Quality Managemen		495	2P-00E74016	67,235	-
Water Quality Planning - FY 07		495	C6-00E38801	74,800	-

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<b>ENVIRONMENTAL PROTECTION AGENCY (continued)</b>					
Water Quality Management Planning (continued)					
2009 Water Quality Management		495	C6-00E72001	45,267	-
Water Quality Management Plan		495	C6-00E72010	71,236	-
Water Quality Management Plan		495	C600E72011-0	289,132	-
Water Quality Management Plan		495	C600E72012	34,492	-
Total for Program				582,163	-
Capitalization Grants for Clean Water State Revolving Funds	66.458				
Clean Water Grant		300	E24-2-ME149	30,154	30,154
Nonpoint Source Implementation Grants	66.460				
Nonpoint Source Implementation		036		119,621	-
Nonpoint Source Implementation		495	C9975482-08	631,780	-
NON-POINT Source Implementation		495	C997548205	7,932	5,176
NON-POINT Source Implementation		495	C997548205	224,905	-
Surface Water Grant		495	C9-97548209	1,072,788	-
Surface Water Grant. Nonpoint		495	C997548210	773,061	-
FY2011 Clean Water Act, Sec 31		495	C9-97548211-0	571,775	-
FY 2012 Clean Water Act sec 31		495	C9-97548212-0	1,158,138	-
Nonpoint Source Implementation		495	C9-97548213-0	15,872	-
Total for Program				4,575,872	5,176
Regional Wetland Program Development Grant	66.461				
FY 2011 Wetland program Development		495	CD-00E00962-0	16,958	-
Mapping Wetlands Impacts, Mitigation		495	CD00E39801-0	9,394	4,331
Total for Program				26,352	4,331
Capitalization Grants for Drinking Water State Revolving Funds	66.468				
SAFE DRINKING WATER STATE REVOLVING		495	FS-98548604	195,440	-
Great Lakes Program	66.469				
2011 TNC Subaward		300	GL-00E00490	64,161	-
Indiana Lake Beaches Sanitary		300	GL-00E00589	63,651	-
Grand Calumet River Area		300	GL-00E00724	115,474	-
Hoosier Prairie Restoration		300	050111-1	2,380	-
LAMP GRANT GL00E20401		495	GL-00E20401	(540)	-
Great Lakes Program		495	GL-00E00453	193,976	-
Great Lakes Program		495	GL-00E00490	453,207	-
Lake Michigan LaMP and AOC		495	GL-00E00724	153,815	-
Total for Program				1,046,123	-
Beach Monitoring and Notification Program Implementation Grants	66.472				
Beach Monitoring and Notification		300	CU01E73102	10,500	-
Beach Monitoring and Notification		495	CU-00E73102	30,603	-
Great Lakes Monitoring FY08		495	CU01E73102	154,604	-
Great Lakes Monitoring FY08		495	CU02E73102-0	29,761	-
Total for Program				225,468	-
Water Protection Grants to States	66.474				
FY07 COUNTER TERRORISM WP-00E0		495	WP-00E09601	72,487	-
FY2009 Counter Terrorism		495	WP-00E76501	62,565	-
Total for Program				135,052	-
Performance Partnership Grants	66.605				
2012 Performance Partnership Grant		495	BG985432-12	1,806,983	-
2012 Performance Partnership Grant		495	BG985432-12	2,104,714	-
2012 Performance Partnership Grant		495	BG985432-12	207,264	-
2012 Performance Partnership Grant		495	BG985432-12	2,146,752	-
2012 Performance Partnership Grant		495	BG985432-12	2,778,135	-
2012 Performance Partnership Grant		495	BG985432-12	39,679	-
2012 Performance Partnership Grant		495	BG985432-12	29,768	-
2012 Performance Partnership Grant		495	BG985432-12	43,805	-
Total for Program				9,157,100	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608				
Environmental Information Exchange		495	OS83608101-0	6,495	-

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<b>ENVIRONMENTAL PROTECTION AGENCY (continued)</b>					
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701				
IDEM Asbestos Hazard Emergency		495	K-00E00787	25,298	-
Toxic Substances Compliance		495	K01E00787-0	64,236	-
Total for Program				89,534	-
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707				
Indiana Lead Based Paint		400	PB-00E44705-1	109,802	-
Indiana Lead Based Paint Program		400	PB-00E44706-0	167,506	-
Total for Program				277,308	-
Pollution Prevention Grants Programs	66.708				
Reducing Toxics Through Pollution		495	NP-00E30902	30,000	-
Superfunds State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreement	66.802				
Galen Myers Remedial V965884-0		495	V-96588401	98,818	-
Continental Steel Superfund		495	V-98576802	25,236	-
Continental Steel Superfund		495	V-98576802	33,458	-
SUPERFUNDS-Management Assistance		495	V00E00779	20,091	-
Superfund State Political Subdivision		495	V-00E00780-3	15,467	-
Superfund State Political Subdivision		495	V-00E00780-3	15,317	-
Superfund State Political Subdivision		495	V-00E00780-3	7,839	-
Superfund State Political Subdivision		495	V-00E00780-3	5,378	-
Superfund State Political Subdivision		495	V-00E00780-3	10,887	-
Superfund State Political Subdivision		495	V-00E00780-3	10,771	-
Superfund State Political Subdivision		495	V-00E00780-3	8,350	-
Superfund State Political Subdivision		495	V-00E00780-3	1,813	-
Superfund State Political Subdivision		495	V-01E00780-0	134,043	-
Superfund State Political Subdivision		495	V-01E00780-0	10,278	-
Superfund State Political Subdivision		495	V-01E00780-0	43,250	-
Superfund State Political Subdivision		495	V-01E00780-0	41,074	-
Superfund State Political Subdivision		495	V-01E00780-0	110,763	-
Superfund State Political Subdivision		495	V-01E00780-0	120,917	-
Superfund State Political Subdivision		495	V-01E00780-0	23,460	-
Superfund State Political Subdivision		495	V00E00994	130,343	-
Superfund State Political Subdivision		495	V-01E00994-0	3,128	-
Superfund State Political Subdivision		495	V-02E00780-0	7,022	-
Total for Program				877,705	-
State and Tribal Underground S	66.804				
State and Tribal Underground S		495	L00E49703-0	39,532	-
State and Tribal Underground S		495	L00E49703-0	437,899	-
State and Tribal Underground S		495	L00E49703-0	52,224	-
State and Tribal Underground S		495	L00E49703-0	132,480	-
Total for Program				662,135	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805				
Leaking Underground Storage Tank		495	L-00E490702	11,837	3,284
Leaking Underground Storage Tank		495	L-00E490702	260,673	86,719
Leaking Underground Storage Tank		495	L-00E490702	7,574	2,698
Leaking Underground Storage Tank		495	L-00E490702	75,938	31,917
Leaking Underground Storage Tank		495	LS005981-18	440,438	-
Leaking Underground Storage Tank		495	LS005981-18	1,102,946	-
Leaking Underground Storage Tank		495	LS005981-18	2,115	-
Total for Program				1,901,521	124,618
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809				
Core Superfund State and Indian Tribe		495	V-00E00771-2	17,481	10,011
Core Superfund State and Indian Tribe		495	VC01E00771	124,483	-
Superfund State and Indian Tribe Core		495	VC-02E00771-0	517	-
Total for Program				142,481	10,011
State and Tribal Response Program Grants	66.817				
State and Tribal Response Program Grants		495	RP00E14605	218,250	-
State and Tribal Response Program Grants		495	RP00E14606	234,593	-

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<u>ENVIRONMENTAL PROTECTION AGENCY (continued)</u>					
Brownfields Assessment and Cleanup Cooperative Agreements (continued)	66.818				
ARRA - Brownfields Revolving Loan		495	2B00E96801	581	-
ARRA - Brownfields Revolving Loan		495	2B00E96801	10	-
ARRA - Brownfields Revolving Loan		495	2B00E96801	2,136	-
IFA RLF Loan Incentive		495	BL-00E48101	5,324	-
IFA RLF Loan Incentive		495	BL-00E48101	50	-
IFA RLF Loan Incentive		495	BL-00E48101	1,530	-
Total for Program				9,630	-
Total Environmental Protection Agency				22,540,160	199,683
<u>U.S. DEPARTMENT OF ENERGY</u>					
State Energy Program	81.041				
ARRA - SEP Formula Grants		038	DE-EE0000169	18,953	-
State Energy Grant		038	DE-FG26-07NT43163	212,697	526,001
Total for Program				231,650	526,001
Conservation Research and Development	81.086				
ARRA - Clean Cities ARRA Funds		038	DE-EE0002544	124,707	52,395
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106				
Radioactive Waste Transportation		385	CSG/RM-IN-2010-01	36,960	-
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117				
Priority State Wind Energy		300	AAM-7-77543.02	512	-
State Energy Program Special Projects	81.119				
Industrial Energy Efficiency		038	DE-EE000355	99,634	99,634
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122				
ARRA - Recovery Act - Energy A		038	DE-OE0000085	235	-
ARRA - State Electricity Regulations		200	DE-OE0000166	245,129	245,129
ARRA - Recovery Act - Energy A		385	DE-OE0000085	101,156	-
Total for Program				346,520	245,129
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128				
ARRA - STATE OF INDIANA ENERGY		038	DE-EE0000725	49,146	-
Total for U.S. Department of Energy				889,128	923,159
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	84.010				
Title 1 Grant to LEAS		700	S010A100014	108,635	106,750
Title 1 Grant to LEAS		700	S010A110014	98,652,878	96,967,022
Title 1 Grants to LEAs		700	S010A120014	160,807,890	159,493,055
Total for Program				259,569,402	256,566,827
Title I Grants to Local Education Agencies, Recovery Act	84.389				
ARRA - Title 1 Grant		700	S389A090014	226,777	226,777
Total for Cluster				259,796,179	256,793,605
Special Education Cluster (IDEA)					
Special Education Grants to States (IDEA, Part B)	84.027				
Special Education State Grants		550	H027A120084	121,767	-
Special Education State Grants		550	H027A120084	4,487	-
State Grant - Education Staff		560	H027A110084	126,340	-
Special Education State Grants		560	H027A120084	113,211	-
State Grant - Education Staff		615	H027A100084	964	-
Special Education State Grants		615	H027A110084	134,485	-
Individuals w/Disabilities FY0		700	H027A100084	17,164,349	16,267,453
State Grant - Education Staff		700	H027A110084	84,375,546	82,086,973
Special Education State Grants		700	H027A120084	156,809,154	156,631,350
Total for Program				258,850,303	254,985,775

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<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education Preschool Grants (IDEA Preschool)	84.173				
Special Education Preschool 09		700	H173A100104	472,725	472,725
State Grants		700	H173A110104	2,492,989	2,492,989
Special Education Pre School		700	H173A120104	5,879,189	5,879,189
Total for Program				<u>8,844,903</u>	<u>8,844,903</u>
Total for Cluster				<u>267,695,206</u>	<u>263,830,679</u>
Educational Technology State Grants Cluster					
Education Technology State Grants	84.318				
Educational Technology State Grant		700	S318X090014	596,714	529,837
Educational Technology State Grant		700	S318X100014	291,246	291,246
Total for Program				<u>887,960</u>	<u>821,083</u>
Total for Cluster				<u>887,960</u>	<u>821,083</u>
School Improvement Grants Cluster					
School Improvement Grants	84.377				
School Improvement Grants		700	S377A090015A	1,067,235	1,067,248
School Improvement Grants		700	S377A100015	1,999,402	1,999,402
Total for Program				<u>3,066,637</u>	<u>3,066,650</u>
School Improvement Grants, Recovery Act ARRA - School Improvement Grant	84.388				
ARRA - School Improvement Grant		700	S388A090015	24,170,714	21,107,323
Total for Cluster				<u>27,237,351</u>	<u>24,173,973</u>
Statewide Data Systems Cluster					
Statewide Data Systems	84.372				
State Longitudinal Data System		700	R372A120027	420,158	-
Total for Program/Cluster				<u>420,158</u>	<u>-</u>
Teacher Incentive Fund Cluster					
Teacher Incentive Fund	84.374				
Indiana's Teacher Incentive Fund		700	S374A100020	9,954,532	8,609,512
Total for Program/Cluster				<u>9,954,532</u>	<u>8,609,512</u>
Adult Education - Basic Grants to States	84.002				
FY12 ABE Adult Basic Education		510	V002A110014	461,465	-
Adult Education - State Administration		510	V002A110014	559,445	137,481
Adult Education - State Administration		510	V002A110014	4,446,707	4,428,142
ABE F11 Adult Basic Education		510	V002A110014	226,386	-
Adult Education - State Administration		510	V002A100060	(8,045)	-
ABE F11 Adult Basic Education		510	V002A100060	(21,645)	-
Adult Education - State Administration		510	V002A100060	(1,668)	-
Adult Education - State Administration		510	V002A120014	279,888	-
Adult Education - State Administration		510	V002A120014	611,230	608,000
ABE F10 Adult Basic Education		510	V002A120014	3,987,553	3,987,553
ABE F11 Adult Basic Education		510	V002A120014	214,895	214,895
ABE F11 Adult Basic Education		560	V002A110014	1,029	-
Adult Education - State Administration		615	V002A110014	1,155	-
Adult Education - State Administration		615	V002A120014	247,263	-
Total for Program				<u>11,005,658</u>	<u>9,376,070</u>
Migrant Education - State Grant Program	84.011				
Title I Language Acquisition		700	S011A09001	1,085,301	(23,847)
Title 1 - Part C Migrant Education		700	S011A100014	721,473	551,782
Migrant Education		700	S011A110014	6,447	-
Migrant Education		700	S011A120014	1,050,100	740,210
Migrant Education		720	S011A080014	60,000	60,000
Migrant Education		720	S011A09001	60,000	60,000
Migrant Education		720	S011A120014	30,000	30,000
Total for Program				<u>3,013,321</u>	<u>1,418,145</u>

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<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>					
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013				
Neglected and Delinquent FY09		615	S013A100014	608	-
Neglected and Delinquent		615	S013A110014	219,484	-
NEGLECTED AND DELINQUENT		615	S013A120014	355,493	-
Total for Program				575,586	-
Career and Technical Education - Basic Grants to States	84.048				
US DOE Perkins Basic Grant		036	V048A090014A	4,765	-
Vocational Education - Basic Grant		036	V048A110014	151,903	-
Career and Technical Education		385	V048A110014	1,983	-
Career and Technical Education		385	V048A110014	3,500	-
Career and Technical Education		385	V048A110014	2,458	-
Career and Technical Education		510	V048A110014	1,421,073	1,048,137
Career and Technical Education		510	V048A100014	348,564	348,564
Career and Technical Education		510	V048A120014	262,578	-
Career and Technical Education		510	V048A120014	111,340	-
Career and Technical Education		510	V048A120014	7,113,892	7,113,892
US DOE Perkins Basic Grant		615	V048A110014	37,935	-
Vocational Education - Basic Grant		615	V048A120014	148,038	-
US DOE Perkins Basic Grant		700	V048A110014	1,539,423	894,430
US DOE Perkins Basic Grant		700	V048A100014	3,131,716	3,131,716
Vocational Education - Basic Grant		700	V048A120014	10,464,944	10,464,944
Total for Program				24,744,111	23,001,683
Vocational Rehabilitation					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126				
Basic Voc. Rehab. State Grants		497	H126A100019B	181,123	-
VR Section 110 Basic Support 2		497	H126A100019B	44,963	-
Basic Voc. Rehab. State Grants		497	H126A100019B	(287,424)	-
Basic Voc. Rehab. State Grants		497	H126A110019-11C	29,890	-
Basic Voc. Rehab. State Grants		497	H126A100019B	116,401	-
Basic Voc. Rehab. State Grants		497	H126A110019	23,617,820	-
Basic Voc. Rehab. State Grants		497	H126A100019B	228,058	-
Basic Voc. Rehab. State Grants		497	H126A110019	25,719,635	-
VR Section 110 Basic Support 2		497	H126A110019	1,992,623	-
Total for Program				51,643,088	-
National Institute on Disability and Rehabilitation Research	84.133				
MOU with the University of Massachusetts		497	H133A090002	10,414	-
Rehabilitation Services - Client Assistance Program	84.161				
FY 11 Client Assistance Program		044	H161A110015-11D	2,998	-
CAP 2012 CLIENT ASSISTANCE PROGRAM		044	H161A120015	116,489	-
CAP 2013 CLIENT ASSISTANCE PROGRAM		044	H161A130015	64,778	-
Total for Program				184,265	-
Independent Living State Grants	84.169				
2011 State Independent Living Service		497	H169A110020-12B	361,913	343,982
Independent Living Services for Older Individuals Who are Blind	84.177				
Blind Independent Living		497	H177B110014-11D	174,677	72,944
Blind Independent Living		497	H177B120014-12B	536,276	464,288
Blind Independent Living		497	H177B120014-13	206,703	113,325
Total for Program				917,657	650,556
Special Education - Grants for Infants and Families	84.181				
Infants and Toddlers with Disabilities		497	H181A110030	8,684,021	-
Byrd Honors Scholarships	84.185				
Robert C. Byrd Honors Scholarship		715	PI85A100015	(34,679)	-
Safe and Drug Free Schools and Communities - State Grants	84.186				
Safe and Drug-Free Schools and Communities		700	Q186A090015	61,066	60,913

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<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>					
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187				
Supported Employment State Grant		497	H187A120020-12B	515,223	-
Supported Employment State Grant		497	H187A120020-13	476,244	-
Total for Program				991,467	-
Education for Homeless Children and Youth	84.196				
Education for Homeless Children		700	S196A100015	437,907	439,365
Education for Homeless Children		700	S196A110015	484,408	472,033
Education for Homeless Children		700	S196A120015	547,718	529,431
Total for Program				1,470,032	1,440,829
Even Start State Educational Agencies	84.213				
Even Start State Grants		700	S213C100015	8,751	-
Assistive Technology	84.224				
Assistive Technology Act 2010		497	H224A110014-11C	195,417	82,679
2011 - Assistive Technology Act		497	H224A120014	417,198	192,407
Total for Program				612,615	275,086
Program of Protection and Advocacy of Individual Rights	84.240				
Protection and Advocacy Program		044	H240A110015-11D	1,301	-
Protection and Advocacy Program		044	H240A120015	286,062	-
2012 Protection and Advocacy		044	H240130015	19,895	-
Total for Program				307,258	-
Tech-Prep Education	84.243				
US DOE Perkins Tech Prep Grant		700	V243A090014	383,551	383,551
Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	84.265				
FY2011 In - Service Training		497	H265A100048	35,996	-
Charter Schools	84.282				
Approv Charter Schools 2008		700	U282A070012	148,460	148,460
Indiana CSP project 2010-2015		700	U282D090013	2,384,017	2,384,017
Indiana Charter School Facilities		700	U282A100027	4,414,482	4,265,220
Total for Program				6,946,958	6,797,697
Twenty First Century Community Learning Center	84.287				
After School Learning Center		700	S287C100014	2,431,816	2,308,513
After School Learning Center		700	S287C110014	16,212,554	15,544,150
2011 After School Learning Center		700	S287C120014	1,749,613	1,463,722
Total for Program				20,393,984	19,316,386
Special Education - State Personnel Development	84.323				
State Personnel Development Grant		700	H323A090006	1,062,880	1,036,225
Advanced Placement Incentive Programs	84.330				
Advanced Placement Program		700	S330B110002	33,701	33,701
2012 Equity and Access for All		700	S330B120050	387,776	387,776
Total for Program				421,477	421,477
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331				
SPECTER US DOE		615	Q331A100015	110,859	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
GEARUP Award 2007		719	P334S050010	955,313	955,313
Assistive Technology-State Grants for Protection and Advocacy	84.343				
PAAT 2012 P&A ASSISTIVE TECHNOLOGY		044	H343A110015-11D	994	-
PAAT P&A ASSISTIVE TECHNOLOGY		044	H342A120015	57,556	-
PAAT P&A ASSISTIVE TECHNOLOGY		044	H343A130015	2,816	-
Total for Program				61,366	-

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<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Rural Education	84.358				
Rural Education Achievement Program		700	S358B100014	401,903	399,111
Rural and Low-Income Schools		700	S358B110014	581,465	570,609
Rural School Achievement Program		700	S358B120014	117,000	117,000
Total for Program				<u>1,100,368</u>	<u>1,086,720</u>
English Language Acquisition Grants	84.365				
English Language Acquisition		700	S365A100014	517,549	488,139
English Language Acquisition		700	S365A110014	1,725,977	1,602,433
English Language Acquisition		700	S365A120014	4,025,023	4,023,135
Total for Program				<u>6,268,550</u>	<u>6,113,707</u>
Mathematics and Science Partnerships	84.366				
Mathematics and Science Partners		700	S366B100015	2,099,780	998,891
Mathematics and Science Partners		700	S366B110015	1,129,993	2,085,600
MATHEMATICS & SCIENCE PARTNERS		700	S366B120015	170,875	170,875
Total for Program				<u>3,400,648</u>	<u>3,255,366</u>
Improving Teacher Quality State Grants	84.367				
Title II-A Improving Teacher Q		700	S367A100013	14,233,075	13,989,182
Improving Teacher Quality Stat		700	S367A110013	21,739,713	21,386,733
Improving Teacher Quality Stat		700	S367A120013	6,740,001	6,739,613
Improving Teacher Quality Gran		719	S367B120014	91,868	67,788
Improving Teacher Quality Gran		719	S367B100014A	68,452	68,452
Improving Teacher Quality Gran		719	S367B110014-11A	703,741	697,934
Total for Program				<u>43,576,851</u>	<u>42,949,701</u>
Grants for State Assessments & Related Activities	84.369				
State Assessments and Related		700	S369A100015	67,988	-
State Assessments and Related		700	S369A110015	638,014	-
State Assessments and Related		700	S369A120015	7,076,110	-
Total for Program				<u>7,782,112</u>	<u>-</u>
Striving Readers	84.371				
Striving Readers Literacy		700	S371B100013	40,774	-
College Access Challenge Grant Program	84.378				
College Access Challenge Grant		719	P378A100012	648,192	283,652
College Access Challenge Grant		719	P378A120012	673,294	94,975
College Access Challenge Grant		719	S378A110012	611,249	335,553
Total for Program				<u>1,932,735</u>	<u>714,180</u>
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act ARRA - State Fiscal Stabilization	84.394	057	S394S090015	34,608	34,608
State Fiscal Stabilization Plan Fiscal Stabilization Plan	84.395	719	S395B1000010	17,467	-
Education Jobs Fund ARRA - 2010 843410A Education	84.410	700	S410A100015	39,656,842	39,656,842
Total U.S. Department of Education				<u>804,731,270</u>	<u>713,517,887</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>					
Help America Vote Act Requirements Payments	90.401				
Title III - Help America Vote		063	IN0809RP01	969,415	969,415
HAVA		063	IN10RP01	315,605	315,605
HAVA		063	60300	(135,716)	(135,716)
HAVA		063	60300	223,274	223,274
Total for Program				<u>1,372,578</u>	<u>1,372,578</u>
Total U.S. Election Assistance Commission				<u>1,372,578</u>	<u>1,372,578</u>

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

STATE OF INDIANA  
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Aging Cluster</b>					
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	93.044				
TIII-B Supportive Services		498	11AAINT3SP	364	-
TIII-B Supportive Services		498	12AAINT3SP	3,327,506	3,186,195
TIII-B Supportive Services		498	13AAINT3SP	4,557,556	3,999,251
<b>Total for Program</b>				<b>7,885,426</b>	<b>7,185,446</b>
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045				
Congregate & Home Delivered		498	11AAINT3SP	196	-
Congregate & Home Delivered		498	11AAINT3SP	22	-
Congregate & Home Delivered		498	12AAINT3SP	3,129,340	2,875,347
Congregate & Home Delivered		498	12AAINT3SP	3,923,471	3,654,437
Congregate & Home Delivered		498	13AAINT3SP	3,749,203	3,500,989
Congregate & Home Delivered		498	13AAINT3SP	2,503,912	2,039,334
<b>Total for Program</b>				<b>13,306,145</b>	<b>12,070,107</b>
Nutrition Services Incentive Program	93.053				
Nutrition Svcs Incentive Program		498	12AAINNSIP	1,045,007	1,085,250
Nutrition Svcs Incentive Program		498	13AAINNSIP	665,753	667,791
<b>Total for Program</b>				<b>1,710,760</b>	<b>1,753,041</b>
<b>Total for Cluster</b>				<b>22,902,331</b>	<b>21,008,595</b>
<b>TANF Cluster</b>					
Temporary Assistance for Needy Families (TANF) State Programs	93.558				
Temporary Assistance for Needy		400	1202INTANF	247,170	247,170
Temporary Assistance for Needy		500	G-1002INTANF	784,294	-
Temporary Assistance for Needy		500	1102INTANF	13,460,637	-
2012 TANF		500	1202INTANF	30,049,855	-
Temporary Assistance for Needy		500	1302INTANF	9,513,531	-
2012 TANF		502	1202INTANF	17,305,152	-
FY 13 TANF EST\$ based on FY11		502	ESTIMATE	19,980,669	-
Temporary Assistance for Needy		720	G-1002INTANF	(243,193)	-
Temporary Assistance for Needy		720	1102INTANF	(660,956)	-
Temporary Assistance for Needy		720	1202INTANF	1,218,748	1,218,748
Temporary Assistance for Needy		720	ESTIMATE	658,721	641,581
<b>Total for Program/Cluster</b>				<b>92,314,628</b>	<b>2,107,499</b>
<b>CCDF Cluster</b>					
Child Care and Development Block Grant	93.575				
CCDF Discretionary 2010		500	G1001INCCDF	321	-
CCDF Discretionary 2011		500	G1101INCCDF	131,322	-
CCDF Discretionary 2012		500	G1201INCCDF	34,671,683	6,217,106
CCDF Discretionary 2012		500	G1301INCCDF	57,318,140	9,024,046
<b>Total for Program</b>				<b>92,121,466</b>	<b>15,241,152</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596				
CCDF Matching 2012		500	G1101INCCDF	75	-
CCDF Mandatory 2012		500	G1201INCCDF	18,269,633	-
CCDF Match/Mandatory 2011		500	G1301INCCDF	45,051,921	-
<b>Total for Program</b>				<b>63,321,629</b>	-
<b>Total for Cluster</b>				<b>155,443,095</b>	<b>15,241,152</b>
<b>Medicaid Cluster</b>					
State Medicaid Fraud Control Units	93.775				
Medicaid Fraud Control Unit		046	01-1101-IN-5050	2,347	-
Medicaid Fraud Control Unit		046	1201-IN-5050	1,011,090	-
Medicaid Fraud Control Unit		046	1301IN5050	2,337,185	-
2012 Medicaid Fraud Control Unit		046	60500	71	-
<b>Total for Program</b>				<b>3,350,693</b>	-

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Medicaid Cluster (continued)					
State Survey and Certification of Health Care Providers and Suppliers	93.777				
Medicare Grant		400	05-1105-IN-5000	623,898	-
Medicare Grant		400	05-1105-IN-5000	206,806	-
State Survey and Certification		400	Estimated	133,297	-
State Survey and Certification		400	Estimated	20,209	-
FY2012 Mission and Priority		400	05-1205-IN-5000	2,869,754	-
FY2012 Mission and Priority		400	05-1205-IN-5000	705,644	-
State Survey and Certification		400	ESTIMATE	59,442	-
State Survey and Certification		400	ESTIMATE	1,298,049	-
State Survey and Certification		400	ESTIMATE	284,402	-
State Survey and Certification		400	ESTIMATE	3,202,174	-
State Survey and Certification		400	ESTIMATE	78,167	-
State Survey and Certification		400	05-1305-IN-5002	118,929	-
State Survey and Certification		400	05-1305-IN-5000	2,603,177	-
State Survey and Certification		400	05-1305-IN-5000	832,647	-
State Survey and Certification		400	05-1305-IN-5000	9,257	-
State Survey and Certification		400	05-1305-IN-5000	196,896	-
State Survey and Certification		400	05-1305-IN-5000	19,279	-
State Survey and Certification		400	05-1305-IN-5000	171,194	-
State Survey and Certification		400	05-1305-IN-5000	12,150	-
State Survey and Certification		400	05-1305-IN-5000	14,877	-
State Survey and Certification		400	05-1305-IN-5000	11,057	-
State Survey and Certification		400	ESTIMATE	35,140	-
State Survey and Certification		400	ESTIMATE	686,527	-
State Survey and Certification		400	ESTIMATE	102,629	-
State Survey and Certification		400	ESTIMATE	1,977,487	-
State Survey and Certification		400	ESTIMATE	196,896	-
State Survey and Certification		400	ESTIMATE	7,750	-
State Survey and Certification		400	ESTIMATE	171,194	-
State Survey and Certification		400	ESTIMATE	17,359	-
State Survey and Certification		400	ESTIMATE	1,071	-
State Survey and Certification		400	ESTIMATE	12,154	-
FY12 Clinical Laboratory Improvement		400			-
Total for Program				16,679,512	-
Medical Assistance Program (Medicaid)	93.778				
ARRA - Medical Assistance Prog		503	HIT-INCTPAY13	43,389,905	-
ARRA - Medical Assistance Prog		503	HIT-IMP13	254,847	-
ARRA - Medical Assistance Prog		503	05-1205ININCT	10,616,704	-
ARRA - Medical Assistance Prog		503	05-1205INIMPL	225,522	-
Medical Assistance Program		503	1005in5map	15,934,446	-
Medical Assistance Program		503	1105-IN5MAP	4,203,782	-
Medical Assistance Program		503	1105IN5ADM	87	-
Medical Assistance Program		503	1205IN5ADM	1,700,130,994	-
Medical Assistance Program		503	1305IN5ADM	156,323,696	1,417,864
Medical Assistance Program		503	1305IN5MAP	4,187,727,045	-
Medical Assistance Program		503	05-1305INBIPP	9,310,669	-
Medical Assistance Program		700	ESTIMATE	645,422	-
Medicaid Administration 2012 E		700	1305IN5ADM	2,313,533	-
Total for Program				6,131,076,651	1,417,864
Total for Cluster				6,151,106,855	1,417,864
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041				
TVII - Elder Abuse Prevention		498	12AAINT7SP	98,793	-
Special Programs for the Aging - Title VII, Chapter 2 Long-Term Care Ombudsman	93.042				
Service for Older Individuals					
TVII - Ombudsman		498	12AAINT7SP	185,835	152,851
TVII - Ombudsman		498	13AAINT7SP	83,330	6,399
Total for Program				269,165	159,250
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043				
TIII-D Preventive Health		498	11AAINT3SP	2,451	16,046
TIII-D Preventive Health		498	12AAINT3SP	269,743	268,090
TIII-D Preventive Health		498	13AAINT3SP	174,830	168,919
Total for Program				447,024	453,055

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048				
Building a Community Living Project		498	90CD1200	362,440	356,019
Building a Community Living Project		498	90DR0007	281,088	283,883
IN ADRC Care Transitions Project		498	90CT0163	142,544	122,848
Indiana Aging and Disability		498	90DR0007/04	102,363	121,760
Total for Program				888,436	884,510
National Family Caregiver Support, Title III, Part E	93.052				
TIII-E NFCSP		498	11AAINT3SP	15,927	9,471
TIII-E NFCSP		498	12AAINT3SP	1,594,838	2,644,543
TIII-E NFCSP		498	13AAINT3SP	1,245,291	2,207,799
Total for Program				2,856,056	4,861,813
Public Health Emergency Preparedness	93.069				
Public Health Preparedness		400	1H75TP000339-01	(297)	-
2011 Public Health Preparedness		400	2U90TP517024-11	2,806,101	181,598
Total for Program				2,805,805	181,598
Environmental Public Health and Emergency Response - Addressing Asthma - 2010	93.070				
Environmental Public Health		400	FY12ESTIMATE	(488)	-
Environmental Public Health		400	FY12ESTIMATE	169,550	71,539
Environmental Public Health		400	FY12ESTIMATE	43,384	-
CDC-FRA-EH11-1102 Healthy Home		400	1UE1EH000877-01	256,816	20,376
Addressing Asthma Program		400	5U59EH000507-03	218,278	91,122
Total for Program				687,540	183,037
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074				
09AAINMIDR		400	09AAINMIDR	5,592,867	4,544,110
09AAINMIPP		400	09AAINMIPP	7,546,234	2,246,423
Total for Program				13,139,101	6,790,533
Systems Interoperability	93.075				
Systems Interoperability		405	90FQ0007	350,095	-
Emergency System for Advance Registration of Volunteer Health Professionals	93.089				
Emergency System for Advance		400	ESREP100014-01-00	12,638	12,348
Emergency System for Advance		400	ESREP100014-03-00	4,933	1,137
Total for Program				17,571	13,485
Food and Drug Administration - Research	93.103				
2011 Food Protection Task Force		400	5R13FD003960-02	2,426	-
Food and Drug Administration		400	1U18FD004441-01	56,787	-
Food and Drug Administration		400	1U18FD004644-01	27,990	-
Food and Drug Administration		400	1U18FD004465-01	142,005	-
Total for Program				229,208	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104				
Child Mental Health Initiative		410	U9SM58518A	902,025	902,023
Maternal and Child Health Federal Consolidated Programs	93.110				
Indiana Early Childhood Comprehensive		400	H25MC00263	8,129	-
Indiana Early Childhood Comprehensive		400	H25MC00263	134,175	-
Data Integration Program		400	5 H18MC00017-12-00	(33)	-
Data Integration Program		400	5 H18MC00017-12-00	(53)	-
State Implementation Grants		400	D70MC12842	74,614	74,594
Heritable Disorders		400	U22MC16507	302,428	24,875
First Time Motherhood/New Parent		400	H5MMC20281	98,817	65,288
2012 Health Data Linkage Grant		400	H18MC00017	105,901	-
2012 Health Data Linkage Grant		400	H18MC00017-17-00	34,689	-
Total for Program				758,668	164,757

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116				
Tuberculosis Cooperative Grant		400	5U52PS500520	27	-
Tuberculosis Elimination		400	5U52PS500520	3,141	-
Tuberculosis Elimination		400	5U52PS500520	275,043	232,453
Tuberculosis Elimination		400	5U52PS500520	135,249	109,793
Project Grants and Cooperative		400	5U52PS500520-31	221,643	146,379
Total for Program				635,103	488,624
Cooperative Agreements to States/Territories for the Coordination and Development of	93.130				
Primary Health Care Association		400	U68HP11487	(326)	-
Primary Health Care Association		400	U68HP11487	22	-
Primary Health Care Association		400	U68HP11487	20,876	-
STATE PRIMARY CARE OFFICES		400	U68HP11487-04-00	123,160	-
Cooperative Agreements to States		400	U68HP11487-05	1,737	-
Total for Program				145,469	-
Injury Prevention and Control Research and State and Community Based Programs	93.136				
Rape Prevention & Education Program		400	5VF1CE001115/3VF1CE00115	458,556	420,744
Rape Prevention & Education Program		400	5VF1CE001115/3VF1CE00115	(983)	-
Rape Prevention & Education Program		400	1VF1CE002222	295,976	171,479
Total for Program				753,549	592,223
Protection and Advocacy for Individuals with Mental Illness	93.138				
PAIMI FORMULA GRANT		044	2X98SM001897	75	-
DHHS PAIMI		044	2X98SM001897-12	380,794	-
PAIMI Formula Grant		044	2X98SM001897-13S1	104,659	-
Total for Program				485,528	-
Projects for Assistance in Transition from Homelessness	93.150				
PATH - Formula Grant		410	2X06SM060015-11	592,817	578,680
FY11 PATH Grant		410	2X06SM016015-12	334,909	334,268
Total for Program				927,726	912,948
Traumatic Brain Injury State Demonstration Grant Program	93.234				
Traumatic Brain Injury Implementation		497	H21MC06756	227,362	-
Abstinence Education Program	93.235				
Abstinence Education Program		400	1301INAEGP	211,827	167,272
State Rural Hospital Flexibility Program	93.241				
Rural Hospital Flexibility Program		400	H54RH00042	214,362	94,397
Rural Hospital Flexibility Program		400	H54RH00042	18,335	-
Rural Hospital Flexibility Program		400	H54RH00042-12-01	311,478	57,596
Total for Program				544,174	151,994
Substance Abuse and Mental Health Services	93.243				
Substance Abuse and Mental Health		400	1H79SM061285-01	2,941	-
Indiana Offender Reentry Program		410	1H79TI021948-03	137,089	-
SM58070A IN DIG III Project		410	HR1SM060353	193,731	-
H9SM58129A		410	IU79TI023449-01	1,448,516	921,094
Indiana Data Infrastructure Grant		410	IU79SP018653-01	296,583	-
Substance Abuse and Mental Health Services (continued)					
2011 Indiana SPF - SPE program		410	20111109085450100	75,000	-
State of Indiana Screening		410	1U79SP019419-01	345,090	-
NASMHPD - TTI		410	1U79TI024261-01	27,033	-
IN Strategic Prevention Frame		410	1H79SM061285-01	138	-
Total for Program				2,526,119	921,094
Universal Newborn Hearing Screening	93.251				
Universal Newborn Hearing Screening		400	H61MC23640-01-00	247,560	133,511
Universal Newborn Hearing Screening		400	ESTIMATE	20,619	-
Total for Program				268,178	133,511

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
State Grants for Protection and Advocacy Services	93.267				
Traumatic Brain Injury		044	X82MC16925	633	-
Protection Advocacy for Trauma		044	6X82MC16925-03-01	14,838	-
Traumatic Brain Injury Protect		044	5X82MC16925-04	38,950	-
Total for Program				<u>54,422</u>	<u>-</u>
Immunization	93.268				
Immunization and Vaccines for		400	5H23IP522522-10	2,500,878	723,445
Immunization and Vaccines for		400	5H23IP522522-10	480,864	-
Immunization and Vaccines for		400	5H23IP522522-10	328,116	-
Immunization and Vaccines for		400	5H23IP522522-10	117,422	-
Immunization and Vaccines for		400	1H23IP000723-01	1,291,835	161,381
Immunization and Vaccines for		400	1H23IP000723-01	60,474	-
Immunization and Vaccines for		400	1H23IP000723-01	43,991	-
Immunization - non cash assistance		400	N/A	2,703,747	2,703,747
Total for Program				<u>7,527,328</u>	<u>3,588,573</u>
Adult Viral Hepatitis Prevention and Control	93.270				
Adult Viral Hepatitis Prevention		400	1U51PS004048-01	23,969	-
Substance Abuse and Mental Health Services - Access to Recovery	93.275				
Indiana Access to Recovery 3		410	1H79TI023153	4,080,630	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283				
Epidem & Lab Capacity Infection		400	U50/CCU523777-02-2	-	-
Epidemiology & Laboratory		400	5U50CI523777-03	-	-
Centers for Disease Control		400	U58DP000838	(93)	-
Centers for Disease Control		400	U58DP000838	58,996	-
Centers for Disease Control		400	U58DP000838	(157)	-
Centers for Disease Control		400	U58DP000838	17,350	-
Centers for Disease Control		400	U58DP000838	19,840	-
Centers for Disease Control		400	U58DP000838	(9)	-
Centers for Disease Control		400	U58DP000838	138,710	-
Centers for Disease Control		400	U58DP000838	(206)	-
Centers for Disease Control		400	U58DP000838	(656)	-
Centers for Disease Control		400	U58DP000838	680,247	85,537
Centers for Disease Control		400	U58DP000838	(94)	-
Centers for Disease Control		400	U58DP000838	9	-
Centers for Disease Control		400	U90TP517024	2,436	-
Centers for Disease Control		400	3U50CI523777	1	-
Centers for Disease Control		400	U58DP001481-04	189	-
Centers for Disease Control		400	U58DP001481-04	23,868	-
Centers for Disease Control		400	U58DP001481-04	22,960	-
Centers for Disease Control		400	1U55DP003020-01	(33,790)	-
Centers for Disease Control		400	1U55DP003020-01	183,151	80,810
Centers for Disease Control		400	1U58SO000028-01	74	-
Centers for Disease Control		400	1U58SO000028-01	86,574	-
Centers for Disease Control		400	1UR3DD000790-01	15,413	-
Centers for Disease Control		400	1U50CK000231-01	197,928	48,399
Centers for Disease Control		400	1U50CK000231-01	2,342	-
Centers for Disease Control		400	ESTIMATE	722,454	29,167
Centers for Disease Control		400	ESTIMATE	241,550	4,998
Centers for Disease Control		400	5U58SO000028-02	355,405	308,489
Centers for Disease Control		400	5URDD000790-02	124,721	-
Centers for Disease Control		400	1U58DP003884 - 01	1,544,074	370,656
Centers for Disease Control		400	1U58DP003884 - 01	421,992	-
Centers for Disease Control		400	1U58DP003884 - 01	208,542	-
Centers for Disease Control		400	1U58DP003884 - 01	31,809	-
Centers for Disease Control		400	5U55DP003020-03	68,966	-
Centers for Disease Control		400	5U58DP001966-05	43,913	-
Centers for Disease Control		400	5U50CK000231-02	20,746	-
Total for Program				<u>5,199,253</u>	<u>928,055</u>
State Partnership Grant Program to Improve Minority Health	93.296				
State Partnership Grant Program		400	STTMP101057-02-00	-	-
State Partnership Grant Program		400	STTMP101057-02-00	65,566	-
State Partnership Grant Program		400	5 STTMP101057-03-00	75,320	24,485
Total for Program				<u>140,886</u>	<u>24,485</u>

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<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
Small Rural Hospital Improvement Grant Program	93.301				
Small Rural Hospital Improvement		400	H3HRH00003	281,463	281,463
Small Rural Hospital Improvement		400	H3HRH00003	32,808	32,808
Small Rural Hospital Improvement		400	H3HRH0003-11-00	13,027	13,027
Total for Program				327,298	327,298
ARRA - State Loan Repayment Program	93.402				
ARRA - State Loan Repayment Program		400	H5BHP16815	33,468	-
ARRA - State Primary Care Offices	93.414				
ARRA - State Primary Care		400	U6AHP16683	15,100	-
Pregnancy Assistance Fund Program	93.500				
Support for Pregnant Parents		400	6 SP1AH000003-02-01	1,880,726	1,227,676
Support for Pregnant Parents		400	6 SP1AH000003-02-01	283,199	279,275
Support for Pregnant Parents		400	SP1AH000003-03-00	830,269	742,908
Total for Program				2,994,193	2,249,858
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505				
ACA Maternal, Infant and Early Childhood		400	1 X02MC19401-01-00	134,678	-
ACA Maternal, Infant and Early Childhood		400	1 X02MC19401-01-00	432,421	-
FY11 ACA Maternal, Infant and Early Childhood		400	D89MC23147-01-00	1,251,869	-
Affordable Care Act (ACA)		400	61910	2,039	-
FY11 ACA Maternal, Infant and Early Childhood		400	D89MC23147-01-00	1,621,675	-
Affordable Care Act (ACA)		400	X02MC23103	226,520	-
Affordable Care Act (ACA)		502	1 X02MC19401-01-00	1,347,855	-
Affordable Care Act (ACA)		502	D89MC23147-01-00	2,021,787	-
Affordable Care Act (ACA)		502	D89MC23147-02-00	2,588,489	-
Total for Program				9,627,333	-
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507				
CD10-1011 Strengthening Public		400	1U58CD001308-01	22	-
CD10-1011 Strengthening Public		400	1U58CD001308-01	341,036	45,500
Strengthening Public Health		400	5U58CD001308-03	90,582	-
Total for Program				431,641	45,500
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511				
2010 Grants to States for Health Insurance Review		210	IPRPR100044-01-00	3,906	-
Rate Review Cycle II		210	1-PRPPR120010-01-00	1,122,368	-
Total for Program				1,126,274	-
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518				
ACA MIPPA		210	10AAINMAAA	210,563	-
ACA MIPPA		210	10AAINMADR	134,384	-
Total for Program				344,947	-
Centers for Disease Control and Prevention Affordable Care Act (ACA) Communities	93.520				
Putting Prevention to Work					
BRFSS, The Diabetes Prevention		400	U58DP001966	5	-
BRFSS, The Diabetes Prevention		400	U58DP001967	402,243	5,833
BRFSS, The Diabetes Prevention		400	U58DP001968	31,843	5,833
BRFSS, The Diabetes Prevention		400	U58DP001969	(6,276)	(6,171)
BRFSS, The Diabetes Prevention		400	U58DP001970	7,500	-
BRFSS, The Diabetes Prevention		400	U58DP001971	685	-
BRFSS, The Diabetes Prevention		400	U58DP001972	2,114	-
BRFSS, The Diabetes Prevention		400	U58DP001973	8,419	-
BRFSS, The Diabetes Prevention		400	U58DP001974	47,381	-
BRFSS, The Diabetes Prevention		400	U58DP001975	28,131	-
Total for Program				522,045	5,496
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems	93.521				
Building & Strengthening Epidemiology		400	5U50CI000870.02	662	-
Building & Strengthening Epidemiology		400	5U50CI000870.02	15,752	-
Building & Strengthening Epidemiology		400	5U50CI000870.02	74,275	-

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems (continued)	93.521				
Building & Strengthening Epidemiology		400	5U50CI000870.02	57,735	-
Building & Strengthening Epidemiology		400	5U50CI000870.02	480,442	-
Building & Strengthening Epidemiology		400	5U50CI000870.02	42,055	-
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems		400	3U50CI000870-02S1	738,086	-
Total for Program				1,318,319	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)	93.525				
Indiana Insurance Market, Inc.		210	1 HBEIE110065-01-00	235,236	-
Indiana Insurance Market, Inc.		405	1 HBEIE110065-01-00	1,046,369	-
Total for Program				1,281,604	-
Prevention and Public Health Fund (ACA) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Capacity Building Assistance	93.539				
		400	1H23IP000536-01	105,000	-
The Patient Protection and ACA of 2010 Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544				
BFRSS, THE DIABETES PREVENTION		400	3U58DP001966-03W2	67,342	-
BFRSS, THE DIABETES PREVENTION		400	3U58DP001966-03W2	116,685	57,633
Total for Program				184,027	57,633
The Patient Protection and ACA of 2010 Nutrition, Physical Activity and Obesity Program	93.548				
2009 Indiana State Nutrition, Obesity		400	5U58DP001481-04	81,231	-
2010 Indiana State Nutrition, Obesity		400	5U58DP001481-04	78,139	-
2011 Indiana State Nutrition, Obesity		400	5U58DP001481-04	195,697	-
2012 Indiana State Nutrition, Obesity		400	5U58DP001481-04	223,046	-
Total for Program				578,112	-
Promoting Safe and Stable Families	93.556				
Promoting Save and Stable Families		502	1101INF PSS	2,798,205	-
Promoting Save and Stable Families		502	1111INFPCV	424,621	-
Promoting Save and Stable Families		502	1201INF PSS	5,315,996	-
Promoting Save and Stable Families		502	1211INFPCV	413,933	-
Promoting Save and Stable Families		502	1301INF PSS	845,943	-
2010 Title IV-B Subpart 2 Promoting Safe and Stable Families		502	G-1011INFPCV	-	-
Total for Program				9,798,698	-
Child Support Enforcement	93.563				
Child Support Enforcement - St		022	1204IN4005	2,182,394	-
Child Support Enforcement - St		022	1304IN4005	1,039,612	-
Child Support Enforcement - St		022	1304IN4005	1,042,324	-
Healthy Marriages/Healthy Relations		502	0804INH MHR	116,514	-
Title IV-D Child Support Enforcement		502	1004IN400	(6,951,109)	-
Child Support Enforcement - St		502	1104IN4004	5,580,468	5,570,670
Child Support Enforcement - St		502	1204IN4005	11,149,455	3,742,444
Child Support Enforcement - St		502	1304IN4005	30,385,431	-
Child Support Enforcement		502	62300	25,299,678	-
Child Support Enforcement		502	62300	11,014,199	-
Healthy Marriages/Healthy Relations		615	0804INH MHR	78,112	-
Total for Program				80,937,078	9,313,114
Refugee and Entrant Assistance - State Admin	93.566				
2010 Refugee Cash and Medical		400	10AAIN5100	7,386	-
Refugee and Entrant Assistance		400	1301INRCMA	37,829	-
REFSS 00 REFUGEE SOC SVCS		500	10AAIN5100	317,099	-
2010 Refugee Cash and Medical		500	10AAIN5110	195,612	171,396
Refugee Social Services 2010		500	11AAIN5100	623,468	-
Refugee Cash and Medical Assistance		500	G-11AAIN5110	655,434	549,073
FY2012 Refugee Cash & Medical		500	12AAIN5100	484,365	333,699
		500	12AAIN5110	666,216	530,414
FY11 Refugee Social Services		500	1301INRCMA	439,709	95,947
Total for Program				3,427,117	1,680,528

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<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
Refugee and Entrant Assistance - Discretionary Grants	93.576				
Refugee and Entrant Assistance		400	90RX0219	61,710	48,225
Refugee Preventive Health		400	90RX0219/02	121,027	121,027
Refugee School Impact 2010		700	90ZE0142/02	203,038	189,897
Indiana Refugee Children School		700	90ZE0174/01	63,913	52,035
Total for Program				449,688	411,185
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584				
Refugee Targeted Assist. Program		500	1101NRRTA	209,501	148,269
2011 Refugee Targeted Assist. Program		500	1201NRRTA	147,296	129,684
Total for Program				356,797	277,954
State Court Improvement Program	93.586				
State Court Improv. Data Sharing		022	1101INSCID	169,972	169,972
State Court Improvement Program		022	1101INSCIP	119,480	119,480
Basic State Court Improve-Training		022	1101INSCIT	117,717	117,717
State Court Improvement - Data		022	1201INSCID	64,332	64,332
State Court Improvement - Basic		022	1201INSCIP	128,541	128,541
State Court Improvement - Training		022	1201INSCIT	109,992	109,992
Total for Program				710,034	710,034
Community Based Child Abuse Prevention Grant	93.590				
Community Based Child Abuse Project		502	1001INFRPG	234,357	-
Community Based Child Abuse Project		502	1101INFRPG	253,542	-
Total for Program				487,899	-
Grants to States for Access and Visitation Program	93.597				
Access 7 Visitation Program FY		502	1101INSAVP	52,288	-
FY 2012 State Access and Visit		502	1201INSAVP	119,070	-
Total for Program				171,358	-
Chafee Education and Training Vouchers Program (ETV)	93.599				
FY11 Adoption Incentive Paymen		502	1102INAIPP	603,378	-
FFY12 Adoption Incentive Payme		502	1202INAIPP	392,858	-
Total for Program				996,236	-
Head Start	93.600				
Indiana Head Start State		500	05CD0020/05	63,623	8,596
Head Start FFY11		500	05CD0027/2	79,340	17,588
Total for Program				142,963	26,184
Adoption Incentive Program Payments	93.603				
FY10 Adoption Incentive Paymen		502	1001INAIPP	347,931	-
FY11 Adoption Incentive Paymen		502	1102INAIPP	634,035	-
FFY12 Adoption Incentive Payme		502	1202INAIPP	62,864	-
Total for Program				1,044,830	-
Adult Health Care Quality Measures	93.609				
Adult Health Care Quality Measures		503	1F1CMS331113-01-00	19,537	-
Voting Access for Individuals with Disabilities - Grants to States	93.617				
Help American Vote Act		063	G-0603INVOTE	(74,012)	-
Voting Access for Individuals		063	G-0703INVOTE	39,945	69,945
Voting Access for Individuals		063	G-0803INVOTE	170,067	170,067
Voting Access for Individuals		063	G-0903INVOTE	(50,000)	(50,000)
Voting Access for Individuals		063	G-1103INVOTE	50,000	50,000
Total for Program				136,000	240,012
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618				
DHHS PAVA		044	2009G993290	2,060	-
FY11 PAVA Grant		044	G-1003INVOTP	45,738	-

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems (continued)					
DHHS PAVA - Protection and Advocacy		044	C1102INVOTP	213	-
FY2012 Help America Vote Act		044	G-1203INVOTP	13	-
Total for Program				<u>#REF!</u>	<u>#REF!</u>
Developmental Disabilities Basic Support and Advocacy Grants	93.630				
2009 Dept. of Health and Human		035	G-1001INBS15	227,238	-
2011 Developmental Disabilities		035	G-1101INBS15	843,533	-
2012 State Developmental Disabilities		035	G-1201INBS15	122,724	-
2013 State Developmental Disabilities		035	1301INBSDD	206,176	-
Protection and Advocacy grant		044	2X98SM001897-11	7,834	-
PADD 2012		044	G-122011INPA15	729,879	-
Total for Program				<u>2,137,384</u>	<u>-</u>
Children's Justice Grants to States	93.643				
Child Welfare Services Program		502	1101IN1400	150,125	-
Child Welfare Services Program		502	G-1002INCJA1	39,920	-
Total for Program				<u>190,046</u>	<u>-</u>
Child Welfare Services - State Grants	93.645				
CWSS - Child Welfare Social Se		502	1101IN1400	3,533,773	-
FY12 CWSS - Child Welfare Soci		502	1201IN1400	4,066,977	-
Total for Program				<u>7,600,751</u>	<u>-</u>
Foster Care - Title IV - E	93.658				
ARRA		502	0901IN1402	(23,557)	-
ARRA - Foster Care - Payment Reimb		502	1101IN1404	(2,760)	-
ARRA - FY 2012 Foster Care		502	1201IN1404	(89,725)	-
ARRA - FY 2013 Foster Care		502	1301IN1404	48,240	-
FY 2012 Foster Care - States P		502	1201IN1401	15,184,143	-
FY13 Foster Care - States Prog		502	1301IN1401	52,912,896	-
Total for Program				<u>68,029,237</u>	<u>-</u>
Adoption Assistance	93.659				
Adoption Assistance Program		502	1101IN1407	22,760	-
Adoption Assistance Program		502	1201IN1407	6,849,874	-
Adoption Assistance Program		502	1301IN1407	48,537,673	-
Total for Program				<u>55,410,307</u>	<u>-</u>
Social Services Block Grant	93.667				
SSBG BLOCK GRANT		032	G-1002INSOSR	18,287	18,287
Social Services Block Grant (SSBG)		032	2009G992342	4,238	4,238
Social Svc Block Grant (SSBG)		032	1102INSOSR	(4,238)	(4,238)
Social Svc Block Grant (SSBG)		032	1202INSOSR	5,366	5,366
SSBG BLOCK GRANT		400	1102INSOSR	216,008	216,008
Social Services Block Grant (SSBG)		400	ESTIMATE	192,108	192,108
SSBG BLOCK GRANT		410	1102INSOSR	824,268	-
Social Services Block Grant (SSBG)		410	1202INSOSR	596,341	596,341
Social Svc Block Grant (SSBG)		410	1302INSOSR	2,784,185	2,784,169
SSBG BLOCK GRANT		497	1202INSOSR	4,743,572	-
Social Services Block Grant (SSBG)		497	1302INSOSR	773,148	-
SSBG BLOCK GRANT		498	1202INSOSR	2,406,815	2,497,849
Social Services Block Grant (SSBG)		498	1302INSOSR	4,561,625	4,364,250
SSBG BLOCK GRANT		500	1102INSOSR	30,077	14,077
Social Services Block Grant (SSBG)		500	1202INSOSR	55,126	-
Social Svc Block Grant (SSBG)		500	1302INSOSR	49,536	-
SSBG BLOCK GRANT		502	1102INSOSR	14,116,258	-
Social Services Block Grant (S		502	1202INSOSR	11,506,531	-
FY13 Social Services Block Gra		502	ESTIMATE	2,333,093	-
Social Services Block Grant (SSBG)		615	1202INSOSR	855,497	-
Social Svc Block Grant (SSBG)		615	ESTIMATE	1,600,000	-
SSBG BLOCK GRANT		720	1102INSOSR	321,753	321,753
SSBG BLOCK GRANT		720	1202INSOSR	128,701	128,701
Total for Program				<u>48,118,296</u>	<u>11,138,910</u>

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Child Abuse and Neglect State Grants	93.669				
Child Abuse Prevention & Treatment		022	G-0701INCA01	1,977	-
CAPTA - Child Abuse Prevention		502	1101INCA01	542,620	-
CAPTA - Child Abuse Prevention		502	1202INCA01	553,300	-
Child Abuse Prevention & Treatment		502	G-1002INCA01	430,239	-
Total for Program				1,528,136	-
Shelter's Grants to States and Indian Tribes	93.671				
Family Violence Prevention & Shelter		032	G-1101INFPVS	458,561	459,664
2011 Family Violence Prevention & Shelter		032	G-1201INFPVS	1,162,477	1,106,061
Total for Program				1,621,038	1,565,725
Chafee Foster Care Independence Program	93.674				
Independent Living Program EST		502	1201IN1420	3,871,131	-
2013 Independent Living Program		502	1301IN1420	54,401	-
Independent Living Program		502	G-1101IN1420	(48,094)	-
Total for Program				3,877,438	-
ARRA - State Grants to Promote Health Information Technology	93.719				
ARRA - Indiana Health Information		400	A70-0-003009	156,501	-
ARRA - Survey and Certification Ambulatory Surgical Centers Healthcare Associated Infection Prevention Initiative ARRA	93.720				
		400	05-1005-IN-5ASC	53,099	-
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723				
ARRA - ARRA-BRFSS, Diabetes		058	3U58DP001966-01S3	308,044	-
ARRA - ARRA-BRFSS, Diabetes		400	3U58DP001966-01S2	(4)	-
Total for Program				308,040	-
ARRA - Prevention and Wellness-Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724				
ARRA - Community Putting Prevention to Work		400	1U58DP002410	127,063	(1,338)
ARRA - BRFSS, The Diabetes Prevention		400	3U58DP001966-02W1	115,282	-
Total for Program				242,345	(1,338)
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program ARRA - Indiana Living and Health	93.725				
		498	90RA0011	38,060	42,822
State Public Health Approaches for Ensuring Quiltline Capacity State Public Health Approaches for Ensuring	93.735				
		400	1U58DP004018-01	186,494	-
Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories Breast and Cervical Cancer Screening	93.744				
		400	1U58DP0004086-01	56,103	-
Rx Drug Monitoring Program Rx Drug Monitoring Program	93.748				
		250	1H79TI024479-01	2,682	-
Childrens Health Insurance Program	93.767				
Children's Health Plan (CHIP)		503	05-1105IN5021	17,637,443	-
Children's Health Plan (CHIP)		503	1205IN5021	98,606,149	-
Children's Health Insurance Program		503	1305IN5021	27,752,126	-
Total for Program				143,995,718	-
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities Work first: Building Indiana	93.768				
		497	1QACMS030530	446,108	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations STATE HEALTH INS ASSIST PROGRAM Medicare Improvements	93.779				
		210	11-P-20202-5/17	126,982	-
		210	1X0CMS330766-01-00	164,272	-

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (continued)	93.779				
2012 SHIP Basic Grant		210	1NOCMS020202-20-01	770,880	-
2012 SHIP Basic Grant		210	1NOCMS020202-21-01	69,850	-
State Health Insurance Assistance		210	INOCMS020202-18	-	-
State Health Insurance Assistance		503	0L0330889A	39,844	-
Total for Program				880,575	-
Alternatives to Psychiatric Residential Treatment Facilities for Children PRTF-Psych Res Treatment Facilities	93.789	410	1SOCMS300134/01	4,078,157	-
Money Follows the Person Rebalancing Demonstration Money Follows The Person Demo	93.791	498	1LICMS300150/01	8,284,789	-
National Bioterrorism Hospital Preparedness Program National Bioterrorism Hospital	93.889	400	U3REP090262-01	767,253	731,405
National Bioterrorism Hospital		400	U3REP090262-01	13,685	6,222
Total for Program				780,938	737,627
Grants to States for Operation of Offices of Rural Health State Office of Rural Health	93.913	400	H95RH00136-20-00	-	-
State Office of Rural Health		400	H95RH00136-20-00	52,000	4,170
State Office of Rural Health		400	H95RH00136-20-00	24,490	-
State Office of Rural Health		400	H95RH00136-20-00	1,703	-
Grants to States for Operation		400	5 H95RH136-21-00	128,953	107,493
Grants to States for Operation		400	5 H95RH136-21-00	1,390	-
Total for Program				208,536	111,663
HIV Emergency Relief Project Grants HIV Emergency Relief	93.914	400	A70-2-112251	249,118	-
HIV Care Formula Grants Ryan White HIV Care Grant	93.917	400	X07HA00033-21-00	30,691	-
Ryan White Part B Supp 400HCGS		400	X08HA19748	37,212	37,212
Ryan White HIV Care Grant		400	X07HA00033	6,908,577	329,208
Ryan White HIV Care Grant		400	X07HA00033	2,524,767	2,491
Total for Program				9,501,247	368,911
Cooperative Agreements for Sta Cooperative Agreements for Sta	93.919	400	61910	855	-
Cooperative Agreements for Sta		400	61910	61,009	-
Total for Program				61,864	-
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938				
IN. Program to Improve Health		400	5U87DP001178	33,915	-
IN. Program to Improve Health		700	5U87DP001178	22	-
IN. Program to Improve Health		700	5U87DP001178	139,477	-
Total for Program				173,414	-
HIV Prevention Activities - Health Department Based AIDS Prevention Program	93.940	400	3U62PS523488	287,651	28,774
HIV Prevention Activities		400	ESTIMATE	1,546,098	140,877
HIV Prevention Activities		400	ESTIMATE	94,250	6,941
HIV Prevention Activities		400	5U62PS003682-02	741,944	409,105
Total for Program				2,669,943	585,696
Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944				
HIV Surveillance Program		400	1U62PS001049-01	2,108	-
HIV Surveillance Program		400	1U62PS001049-01	33,567	-

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Human Immunodeficiency Virus/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance					
HIV Surveillance Program		400	1U62PS001049-01	184,669	-
HIV Surveillance Program		400	1U62PS001049-01	278,260	93,781
Morbidity and Risk Behavior		400	1U62PS001599	103,080	73,815
Morbidity and Risk Behavior		400	1U62PS001599	7,991	-
MEDICAL MONITORING PROJECT		400	5U62PS001599	369,445	22,040
Human Immunodeficiency Virus		400	1U62PS003967-01	341,144	11,736
Human Immunodeficiency Virus		400	5U62PS001599-05	23,148	-
Maternal and Child Health Services		615	B04MC23378-01-06	6,550	-
<b>Total for Program</b>				<b>1,349,963</b>	<b>201,372</b>
Block Grants for Community Mental Health Services	93.958				
Block Grant for Community Mental Health		410	3B09SM010019-11S4	2,844,639	2,586,955
FY 11 Block Grants for Community Mental Health		410	3B09SM010019-12S1	4,900,520	3,996,139
<b>Total for Program</b>				<b>7,745,159</b>	<b>6,583,094</b>
Block Grants for Prevention and Treatment of Substance Abuse	93.959				
Substance Abuse Prev & Treatment		400	3B08T1010019-11S1	111,900	111,866
Substance Abuse Prev & Treatment		400	2B08T1010019-12	466,219	171,014
Substance Abuse Prev & Treatment		410	3B08T1010019-11S1	1,814,914	-
Substance Abuse Prev & Treatment		410	2B08T1010019-12	25,994,609	18,875,965
Substance Abuse Prev & Treatment		410	2B08T1010019-13	1,552,346	1,552,346
<b>Total for Program</b>				<b>29,939,989</b>	<b>20,711,191</b>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977				
Preventive Health Svc_Sexually		400	H25PS001360	1,016	-
Preventive Health Svc_Sexually		400	H25PS001360	1,142,345	295,748
Preventive Health Svc_Sexually		400	5H25PS001360-05	488,138	234,919
<b>Total for Program</b>				<b>1,631,499</b>	<b>530,667</b>
Mental Health Disaster Assistance and Emergency Mental Health	93.982				
Mental Health Disaster Assistance		410	1H07SM000348-01	155,354	-
Preventive Health and Health Services Block Grant	93.991				
Preventive Health Services Block		032	3B01DP009019	18,374	18,374
Preventive Health Services Block		032	3B01DP009019	(1,088)	(1,088)
Preventive Health Services Block		032	2B01DP009019-12	89,973	89,973
Preventive Health Services Block		400	3B01DP009019	3,350	-
Preventive Health Services Block		400	3B01DP009019	674,833	160,292
Preventive Health Services Block		400	2B01DP009019-12	508,312	-
<b>Total for Program</b>				<b>1,293,753</b>	<b>267,550</b>
Maternal and Child Health Services Block Grant to the States	93.994				
Maternal and Child Health Services		400	B04MC21390-01-06	101	-
Maternal and Child Health Services		400	B04MC21390-01-06	4,215,094	2,777,745
Maternal and Child Health Services		400	B04MC21390-01-06	7,529,796	3,790,942
Maternal and Child Health Services		400	05-1305-in-5002 (COW)	17,540	-
Maternal and Child Health Services		615	B04MC21390-01-06	25,745	-
Maternal and Child Health Services		615	B04MC23378-01-06	6,550	-
<b>Total for Program</b>				<b>11,794,827</b>	<b>6,568,688</b>
<b>Total U.S. Department of Health and Human Services</b>				<b>7,001,762,391</b>	<b>127,035,323</b>
State Commissions	94.003				
Corporate National Community Service		720	04CAHIN001	(35,563)	-
Corporate National Community Service		720	07CAHIN001	61,821	-
Corporate National Community Service		720	10CAHIN001	(191,287)	-
Corporate National Community Service		720	13CAHIN001	109,742	-
<b>Total for Program</b>				<b>(55,286)</b>	<b>-</b>
Learn and Serve America - School and Community Based Programs	94.004				
Learn Service Indiana Comm 2006		700	09KSNIN001	21,180	-
AmeriCorps	94.006				
CNC AMER FORMULA - 2007-2011		300	06AFHIN001	49,839	-

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<b><u>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</u></b>					
AmeriCorps (continued)	94.006				
AmeriCorps		300	12AFHIN001	100,800	-
AmeriCorps		719	10FXHIN001	96,662	-
CNC AMER COMPETITIVE - 2007-2011		720	03AFHIN001	(5,926)	-
CNC AMER FORMULA - 2007-2011		720	06AFHIN001	751,128	815,780
AmeriCorps Competitive Program		720	09ACHIN001	577,001	577,001
AmeriCorps Competitive Program		720	10FXHIN001	298,197	298,197
AmeriCorps Competitive Program		720	12ACHIN001	674,619	674,619
AmeriCorps Competitive Program		720	12AFHIN001	825,095	825,095
2010 AmeriCorps Formula Fixed		720	12ESHIN001	332,032	332,032
Total for Program				<u>3,649,608</u>	<u>3,522,723</u>
Program Development and Innovation Grants	94.007				
CNC Disability - 2007		720	07CDHIN001	(34)	-
CNCS - 2010 DIS		720	10CDHIN001	17,482	2,520
Total for Program				<u>17,448</u>	<u>2,520</u>
Training and Technical Assistance	94.009				
National Service Program - ADM		720	09PTHIN001	(163)	-
National Service Program - ADM		720	12PTHIN001	24,498	-
Total for Program				<u>24,334</u>	<u>-</u>
Volunteers in Service to America					
AmeriCorps VISTA project	94.013	720	07VSNIN001	72	-
Total Corporation for National and Community Service				<u>3,707,194</u>	<u>3,525,243</u>
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>					
Disability Insurance/SSI Cluster	96.001				
Social Security-Disability Insurance					
CMIA SSA DD Soc Sec Adm/IN DDS		497	0904INDI00	(14)	-
CMIA SSA DD Soc Sec Adm/IN DDS		497	1104INDI00	12,705	-
CMIA SSA DD Soc Sec Adm/IN DDS		497	1204INDI00	17,065,690	-
FY 12 Disability Determination		497	1304INDI00	31,312,945	-
Total for Program/Cluster				<u>48,391,327</u>	<u>-</u>
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	96.009				
SOC SEC PABSS - 2009		044	5 PAB05020240-07-00	45,342	-
Total for Social Security Administration				<u>48,436,669</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
Boating Safety Financial Assistance	97.012				
USDA/US Coast Guard FY11		300	ESTIMATE	821,952	5,141
FY2009 Boating Safety Grant		300	ESTIMATE	849,889	123,001
Total for Program				<u>1,671,841</u>	<u>128,142</u>
Pre-Disaster Mitigation-Competitive	97.017				
FY07 Pre-Disaster Mitigation		385	EMC-2008-PC-0002	(99,767)	-
Community Assistance Program State Support Services Element	97.023				
Community Assistance Program		300	EMC-2012-CA-7002	50,154	-
Community Assistance Program		300	EMC-2013-CA-7002	110,301	-
Total for Program				<u>160,456</u>	<u>-</u>
Flood Mitigation Assistance	97.029				
Flood Mitigation Assistance		385	EMC-2010-FM-E007	(39)	-
FY 09 Mitigation Assistance		385	EMC-2010-FM-E001	7,718	7,718
Total for Program				<u>7,678</u>	<u>7,718</u>
Crisis Counseling	97.032				
Immediate Services Program		410	FEMA-4058-DR-IN	155,236	-

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<b>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</b>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036				
Disaster Grants - Public Assistance		100	ESTIMATE	264,941	-
Disaster Grants - Public Assistance		110	ESTIMATE	62,839	-
Public Assistance Disaster 174		300	1766DRINP00000001	25,401	-
Public Assistance - DR1766		300	1997DRINP00000001	149,618	-
Public Assistance - DR1766		300	ESTIMATE	169,994	-
Public Assistance - PA-1795		385	1766DRINP00000001	80,224	96,093
Public Assistance - PA-1795		385	1740DRINP00000001	217,321	205,305
Public Assistance - PA-1795		385	17951795DRINP00000001	3,244	6,534
Restoration of Disaster		385	1828DRINP00000001	9,840	-
Disaster Grants - Public Assis		385	1997DRINP00000001	2,190,013	664,477
Disaster Grants - Public Assis		385	ESTIMATE	3,526,881	1,939,527
Public Assistance Disaster		385	ESTIMATE	792,319	-
Disaster Grants - Public Assis		495	ESTIMATE	13,992	-
Disaster Grants - Public Assis		615	ESTIMATE	47,580	-
Total for Program				7,554,206	2,911,936
Hazard Mitigation Grant	97.039				
Hazard Mitigation		385	1662DRINP00000005	692	-
Hazard Mitigation - DR1740		385	1740DRINP00000005	65,478	52,059
HAZARD MITIGATION - HM1766		385	1766DRINP00000005	2,101,983	1,853,364
Hazard Mitigation grants		385	1795DRINP00000005	589,886	332,626
Hazard Mitigation grants		385	1828DRINP00000005	472,191	244,187
Hazard Mitigation grants		385	1832DRINP00000005	9,043	544
Hazard Mitigation grants		385	1997DRINP00000005	43,160	-
Hazard Mitigation grants		385	4058DRINP00000005	8,926	-
Total for Program				3,291,358	2,482,780
National Dam Safety Program	97.041				
FY 10 National Dam Safety Program		300	2010-RC-50-0009	7,324	-
2011 FEMA Dam Safety Program		300	EMW-2011-GR-00038-S01	14,296	-
National Dam Safety Program		385	2009-RC-55-0032	84,614	-
National Dam Safety Program		385	2010-RC-50-0009	81,000	-
Total for Program				187,233	-
Emergency Management Performance Grant	97.042				
Emergency Management Performan		067	2009-EP-E9-0012	26,455	-
Emergency Management Performan		110	EMW-2012-EP-00017-S01	21,295	-
Indiana FY 2010 EMPG EMPG Program		300	EMW-2011-EP-00036-S01	14,410	-
Emergency Management Performan		351	EMW-2011-EP-00036-S01	13,286	-
Emergency Management Performan		351	EMW-2012-EP-00017-S01	10,000	-
Emergency Management Performan		385	2007-EM-E7-0028	(65)	-
Emergency Management Performan		385	2007-EM-E7-0028	(1,440)	-
Emergency Management Performan		385	2009-EP-E9-0012	(370)	-
Emergency Management Performan		385	2009-EP-E9-0012	(0)	-
Emergency Management Performan		385	2009-EP-E9-0012	(988)	-
Emergency Management Performan		385	2009-EP-E9-0012	988	-
Emergency Management Performan		385	2009-EP-E9-0012	(75)	-
Emergency Management Performan		385	2009-EP-E9-0012	75	-
Emergency Management Performan		385	2010-EP-00-0005	352,832	-
Emergency Management Performan		385	2010-EP-00-0005	3,987	-
Emergency Management Performan		385	2010-EP-00-0005	94,082	-
Emergency Management Performan		385	2010-EP-00-0005	370	-
Emergency Management Performan		385	2010-EP-00-0005	786	-
Emergency Management Performan		385	2010-EP-00-0005	13,251	-
Emergency Management Performan		385	2010-EP-00-0005	334,318	18,000
Emergency Management Performan		385	2010-EP-00-0005	23,647	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	24,782	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	49,930	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	280,264	280,264
Emergency Management Performan		385	EMW-2011-EP-00036-S01	6,250	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	79,758	72,599
Emergency Management Performan		385	EMW-2011-EP-00036-S01	172,515	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	1,790	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	156,728	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	211	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	89,044	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	17,925	-

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<b>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</b>					
Emergency Management Performance Grant (continued)					
Emergency Management Performan		385	EMW-2011-EP-00036-S01	47,234	47,234
Emergency Management Performan		385	EMW-2011-EP-00036-S01	196,399	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	764	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	74,046	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	14,741	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	55,399	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	68,630	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	2,563	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	55,295	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	2,344,482	2,344,482
Emergency Management Performan		385	EMW-2011-EP-00036-S01	100,000	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	2,665	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	16,016	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	22,786	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	3,527	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	272,623	-
Emergency Management Performan		385	EMW-2011-EP-00036-S01	3,854	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	718	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	66,242	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	114,352	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	44,791	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	13,395	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	1,141	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	21,195	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	4,844	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	18,666	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	984	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	1,857	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	8,576	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	2,838	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	1,801,053	1,801,053
Emergency Management Performan		385	EMW-2012-EP-00017-S01	72,370	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	166,365	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	4,852	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	5,649	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	57,099	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	25,059	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	688,301	-
Emergency Management Performan		385	EMW-2012-EP-00017-S01	24,160	-
Total for Program				8,211,569	4,563,631
Cooperating Technical Partners		97.045			
Howland Ditch Project for Indiana		300	EMC-2005-GR7022	24,691	-
Cooperating Technical Partners		300	EMC-2006-CA-7016	96,657	-
FEDERAL97.045COOPERING TECH		300	EMC-2007-CA-7027	37,513	-
Cooperating Technical Partners		300	EMC-2008-CA-7017	208,383	18,050
Cooperating Technical Partners		300	EMC-2010-CA-7010	3,925	6,400
FY 2010 LOMC Project		300	EMC-2011-CA-7014	193,739	54,390
2011 Cooperating Technical Partners		300	EMC2012-CA-7008	40,554	-
Cooperating Technical Partners		385	EMC-2009-CA-7008	43,527	9,750
Cooperating Technical Partners		385	EMC-2008-CA-7017	190,665	38,453
Total for Program				839,655	127,043
Pre-Disaster Mitigation		97.047			
LPDMC- 2008-69-5760RB-9052-410		385	EMC-2008-PD-0002 (FY08)	281,120	281,001
FY 2009 Pre-Disaster Mitigation		385	EMC-2009-PC-0005	8,119	8,119
Total for Program				289,239	289,120
Interoperable Emergency Communications		97.055			
Interoperable Emergency Communications		100	2009-IP-T9-0013	34,470	-
Interoperable Emergency Communications		100	2010-IP-TO-0037	10,408	-
Interoperable Emergency Communications		103	2008-IO-T8-0025	29,862	-
Public Safety Interoperable Communications		286	2007-GS-H7-0041	4,282	-
Public Safety Interoperable Communications		286	2008-IO-T8-0025	(817)	-
Public Safety Interoperable Communications		286	2009-IP-T9-0013	59,121	-
Public Safety Interoperable Communications		300	2007-GS-H7-0041	11,075	-
Public Safety Interoperable Communications		385	2007-GS-H7-0041	132,322	14,000
Public Safety Interoperable Communications		385	2007-GS-H7-0041	155,279	155,279
Public Safety Interoperable Communications		385	2007-GS-H7-0041	2,464	-

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Interoperable Emergency Communications (continued)					
Public Safety Interoperable Communications		385	2008-IO-T8-0025	(504)	-
Public Safety Interoperable Communications		385	2008-IO-T8-0025	504	-
Public Safety Interoperable Communications		385	2008-IO-T8-0025	10,365	-
Public Safety Interoperable Communications		385	2009-IP-T9-0013	6,572	6,572
Public Safety Interoperable Communications		385	2009-IP-T9-0013	(29,172)	-
Public Safety Interoperable Communications		385	2009-IP-T9-0013	65,945	-
Public Safety Interoperable Communications		385	2009-IP-T9-0013	17,000	17,000
Public Safety Interoperable Communications		385	2010-IP-TO-0037	5,506	5,506
Public Safety Interoperable Communications		385	2010-IP-TO-0037	15,209	15,209
Public Safety Interoperable Communications		385	2010-IP-TO-0037	42,319	42,319
Public Safety Interoperable Communications		385	2010-IP-TO-0037	9,923	9,923
Public Safety Interoperable Communications		385	2010-IP-TO-0037	38,426	13,692
Public Safety Interoperable Communications		385	2010-IP-TO-0037	5,610	5,610
Public Safety Interoperable Communications		385	2010-IP-TO-0037	45,847	45,847
Public Safety Interoperable Communications		385	2010-IP-TO-0037	19,136	19,136
Public Safety Interoperable Communications		385	2010-IP-TO-0037	83,105	-
Public Safety Interoperable Communications		385	2010-IP-TO-0037	58,277	-
Public Safety Interoperable Communications		385	2010-IP-TO-0037	120,157	-
Public Safety Interoperable Communications		385	2010-IP-TO-0037	45,303	-
Public Safety Interoperable Communications		385	2010-IP-TO-0037	26,715	-
Public Safety Interoperable Communications		385	2010-IP-TO-0037	19,936	-
Interoperable Communications		615	2009-IP-T9-0013	22,467	-
Total for Program				1,067,112	350,093
Port Security Grant Program					
Port Security Grant Program	97.056	100	EMW-2012-PU-00093-S01	22,552	-
Port Security Grant Program		100	EMW-2012-PU-00096-S01	22,630	-
Port Security Grant Program		100	2009-PU-T9-K016	22,970	-
Lake MI - Burns Harbor		300	2010-PU-TO-K025	173,877	-
Port Security Grant		300	EMW-2011-PU-K00117-501	6,472	-
Port Security Grant Program		300	EMW-2011-PU-K00246	21,403	-
Port Security Grant Program		300	EMW-2011-PU-K00245	21,167	-
Port Security Grant Program		300	EMW-2012-PU-00141	45,095	-
Port Security Grant Program		300	EMW-2012-PU-00141	15,679	-
Port Security Grant Program		300	EMW-2012-PU-00470	108,637	-
Port Security Grant Program		300	EMW2011-PU-K00117 IJ	163,085	-
Port Security Grant Program		300	EMW2011-PU-K00117 IJ	265,775	-
Total for Program				889,342	-
Homeland Security Grant Program					
Homeland Security Grant Program	97.067	032	2009-SS-T9-0032	50,000	50,000
Homeland Security Grant Program		067	2009-SS-T9-0032	350,000	-
Homeland Security Grant Program		067	2010-SS-TO-0038	1,060,800	-
FY 2008 Homeland Security Grant		100	2008-GE-T8-0032	15,112	-
FY09 Homeland Security Grant Program		100	2009-SS-T9-0032	23,430	-
FY09 Homeland Security Grant Program		100	2009-SS-T9-0032	47,364	-
FY10 Homeland Security Grant Program		100	2010-SS-TO-0038	839,678	-
FY10 Homeland Security Grant Program		100	2010-SS-TO-0038	(2,707)	-
FY10 Homeland Security Grant Program		100	2010-SS-TO-0038	34,392	-
FY10 Homeland Security Grant Program		100	2010-SS-TO-0038	37,635	-
Homeland Security Grant Program		100	EMW-2011-SS-00058-S01	26,566	-
Homeland Security Grant Program		100	EMW-2011-SS-00058-S01	8,111	-
Homeland Security Grant Program		103	2010-SS-TO-0038	27,787	-
FY10 Homeland Security Grant Program		110	2010-SS-TO-0038	31,590	-
FY09 Homeland Security Grant Program		286	2009-SS-T9-0032	-	-
FY10 Homeland Security Grant Program		300	2010-SS-TO-0038	-	-
FY 2008 Homeland Security Grant		351	2008-GE-T8-0032	(10,000)	-
FY09 Homeland Security Grant Program		351	2009-SS-T9-0032	63	-
HOMELAND SECURITY GRANT		385	2007-GE-T7-0026	466	-
HOMELAND SECURITY GRANT		385	2007-GE-T7-0026	(46)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(13,952)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(14,988)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	133,258	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(19,210)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(44,737)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(38,526)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(29,267)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	51,087	51,087
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	(100,445)	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	1,930	-
HOMELAND SECURITY GRANT		385	2008-GE-T8-0032	4,918	-

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

STATE OF INDIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 July 1, 2012 to June 30, 2013  
 (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Homeland Security Grant Program (continued)					
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	(3,833)	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	84,309	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	37,213	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	3,861	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	152,745	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	15,055	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	11,930	11,930
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	32,341	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	(16,294)	2,902
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	284,976	284,976
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	398,573	406,978
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	117,155	118,639
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	56,104	-
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	5,388	5,388
HOMELAND SECURITY GRANT	385		2008-GE-T8-0032	82,352	82,677
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	3,667	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	4,433	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	14,932	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	14,988	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	1,840	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	4,829	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	17,079	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	19,210	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	44,737	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	39,100	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	335,232	335,232
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	31,710	31,710
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	195,786	56,056
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	1,779	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	121,082	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	125,394	125,394
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	426	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	8,869	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	12,685	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	4,764	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	2,776	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	786	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	179,473	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	43,109	43,109
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	34,841	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	35,717	35,717
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	2,828,601	2,828,601
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	330,624	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	209,679	209,679
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	432,038	432,038
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	32,703	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	13	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	(3,025)	-
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	26,396	26,396
HOMELAND SECURITY GRANT	385		2009-SS-T9-0032	83,506	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	2,426	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	25,481	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	303,433	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	9,474	1,974
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	1,214,589	1,027,272
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	(14,133)	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	406,689	151,080
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	59,556	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	874,058	105,418
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	23,553	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	121,824	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	39,416	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	14,223	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	86,642	52,959
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	813	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	(64,717)	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	14,998	14,998
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	(15,561)	3,782
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	(28,843)	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	144,477	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	(5,661)	-
HOMELAND SECURITY GRANT	385		2010-SS-TO-0038	38,704	-

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

STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Business Unit - Note 4	Grant Number	Federal Awards Expended	Passed Through To Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Homeland Security Grant Program (continued)					
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	14,326	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	92,431	36,798
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	(18,974)	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	(20,655)	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	39,172	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	67,196	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	284,778	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	(22,156)	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	38,253	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	290,906	290,906
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	1,898,990	1,898,990
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	15,135	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	200,000	200,000
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	524,267	524,267
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	68,853	-
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	375,000	375,000
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	189,437	189,437
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	63,725	63,725
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	15,477	15,477
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	714,682	714,682
HOMELAND SECURITY GRANT		385	2010-SS-TO-0038	19,715	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	7,391	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	(4,433)	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	19,566	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	25,397	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	15,397	15,397
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	46,674	40,424
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	70,172	70,172
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	79,569	79,569
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	1,936	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	26,437	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	35,399	35,399
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	795,759	701,357
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	12,342	12,342
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	22,139	22,139
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	46,688	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	31,172	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	(43,263)	(43,263)
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	63,315	63,315
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	69,678	60,000
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	15,224	15,224
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	50,000	50,000
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	46,782	33,211
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	11,117	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	1,585	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	42,000	-
HOMELAND SECURITY GRANT		385	EMW-2011-SS-00058-S01	107,132	-
HOMELAND SECURITY GRANT		385	EMW-2012-SS-00019-S01	46,649	15,829
HOMELAND SECURITY GRANT		385	EMW-2012-SS-00019-S01	490	-
FY 2008 Homeland Security Grant		400	2008-GE-T8-0032	-	-
FY09 Homeland Security Grant Program		400	2009-SS-T9-0032	(91)	-
HOMELAND SECURITY GRANT		410	41007SHSMENHLTH	(2,425)	-
HOMELAND SECURITY GRANT		410	410HMLSECMOUF12	(24,489)	-
HOMELAND SECURITY GRANT		410	41009SHSFSSA000	16,100	-
HOMELAND SECURITY GRANT		410	41009SHSNLEPLAN	2,828	-
Homeland Security Grant Progra		495	2010-SS-TO-0038	14,971	-
FY10 Homeland Security Grant Program		615	2010-SS-TO-0038	1,808	-
Homeland Security Grant Program		800	2009-SS-T9-0032	21,270	-
Homeland Security Grant Program		800	2010-SS-TO-0038	10,327	-
Total for Program				<u>18,756,580</u>	<u>11,976,388</u>
Buffer Zone Protection Program (BZPP)		97.078			
FY08 Buffer Zone Protection Program		385	2008-BZ-T8-0035	150,100	150,100
FY08 Buffer Zone Protection Program		385	2008-BZ-T8-0035	(10,316)	-
FY 2010 Buffer Zone Protection		385	2010-BF-TO-0018	490,323	439,832
FY09 Buffer Zone Protection Program		385	2009-BF-T9-0050	1,310	1,310
Total for Program				<u>631,418</u>	<u>591,243</u>

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

STATE OF INDIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
July 1, 2012 to June 30, 2013  
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Business Unit - Note 4</u>	<u>Grant Number</u>	<u>Federal Awards Expended</u>	<u>Passed Through To Subrecipients</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
Earthquake Consortium	97.082				
Earthquake Consortium		385	EMC-2011-CA-7008	676	-
Earthquake Consortium		385	EMC-2010-CA-7008	1,671	-
Earthquake Consortium		385	EMC-2012-CA-7016A	167	-
Total for Program				<u>2,514</u>	<u>-</u>
Driver's License Security Grant Program	97.089				
FY 2008 Real ID Demonstration		235	2008-ID-T8-0052	276,264	-
FY 2009 Driver's License Security		235	2009-ID-MX-0002	20,981	-
FY 2010 Driver's License Security		235	2010-DL-TO-0005	747	-
Driver's License Security Grant		235	EMW-2011-DL-00001-S01	722,534	-
Total for Program				<u>1,020,526</u>	<u>-</u>
Homeland Security Biowatch Program	97.091				
Homeland Security Biowatch Program		495	2006-ST091-000019-06	88,013	-
Homeland Security Biowatch Program		495	2006-ST-091-000019-07	147,362	-
Total for Program				<u>235,374</u>	<u>-</u>
National Incident Management	97.107				
National Incident Management		385	2006-ST-091-000019-07	8,534	5,000
Total U.S. Department of Homeland Security				<u>44,871,570</u>	<u>23,428,095</u>
Grand Total Federal Financial Assistance				<u>\$ 12,624,049,180</u>	<u>\$ 1,397,246,277</u>

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

STATE OF INDIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Schedule

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

Note 2. Basis of Presentation

- a. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the State of Indiana and is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of Federal Awards expended is based on when the activity related to the award occurs. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- b. The source of information for the schedule was obtained from the ENCOMPASS financial accounting system and certified by individual agency financial staff; the financial statements were also prepared from this system. Expenditures are separated within the federal programs by the Business Unit (BU) creating the expenditure to the State and by individual grants. See Note 4 for a listing of agencies and BUs.
- c. With regard to DOT advance projects, federal expenditures are not included until the U.S. Department of Transportation has confirmed their percentage of participation.

Note 3. Component Units

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

<u>Component Unit</u>	<u>Federal Funds Expended</u>
Purdue University	\$ 655,633,253
Indiana University	990,524,464
Indiana State University	95,841,767
Ball State University	155,207,313
Vincennes University	64,545,146
University of Southern Indiana	54,720,936
Ivy Tech State College	514,365,442
Indiana Finance Authority	47,312,815
Indiana Housing and Community Development Authority	<u>417,046,116</u>
Total	<u>\$ 2,995,197,252</u>

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

Note 4. State Agencies

The following State agencies and related business units (BUs) are included on the Schedule of Expenditures of Federal Awards.

Agency	BU	Agency Name
AC	705	Arts Commission
ADG	110	Adjutant General
AG	046	Attorney General, Office of the
ATC	230	Alcohol & Tobacco Commission
BA	057	Budget Agency
BMV	235	Bureau of Motor Vehicles
BOAH	351	Board of Animal Health
BS	550	School for the Blind
CHE	719	Commission for Higher Education
CJI	032	Criminal Justice Institute
CRC	258	Civil Rights Commission
CPR	062	Commission on Public Records
DOA	061	Department of Administration
DCS	502	Department of Child Services
DEM	495	Department of Environmental Management
DHS	385	Department of Homeland Security
DNR	300	Department of Natural Resources
DOC	615-614-616 to 687	Department of Correction
DOE	700-718	Department of
DOH	058-400	Education Department
DOI	210	of Health Department
DOL	225	Department of Labor
DOR	090	Department of Revenue
DS	560	School for the Deaf
DOT	800	Department of Transportation
DT	115	Department of Toxicology
DVA	160	Department of Veterans' Affairs
DWD	510	Department of Workforce Development
EC	063	Election Commission
EDC	260	Economic Development Corporation
FBCS	720	Office of Faith Based & Community Service
FSSA	405-410-415-425-450- 497-498-500-503	Family and Social Services Administration
GPC	035	Governor's Planning Council for People With
IOT	067	Office of Technology
IPSC	286	Integrated Public Safety Commission
JC	026	Judicial Center
LETB	103	Law Enforcement Training Board
LT.GOV	036-038	Lieutenant Governor – Dept. of Agriculture
PAC	039	Prosecuting Attorney's Council
PASC	044	Protection and Advocacy Services Commission
PDC	610	Public Defender Council
PEN	515	Prison Enterprises Network



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

Agency	BU	Agency Name
PLA	250	Professional Licensing Agency
SC	022	Supreme Court
SL	730	State Library
SP	100	State Police
SSAC	715	State Student Assistance Commission
URC	200	Utility Regulatory Commission
VH	570	Veterans' Home

Note 5. State Unemployment Insurance Benefits

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

Note 6. Supplemental Nutrition Assistance Program – SNAP (Food Stamps)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion of the Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual state level. Therefore, we cannot validly separate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 10.95 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

Note 7. Noncash Assistance

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

Program Title	Federal CFDA Number	Noncash Assistance Expended
National School Lunch Program (DOE)	10.555	\$ 33,721,770
Summer Food Service Program for Children (DOE)	10.559	55,729
Commodity Supplemental Food Program (DOH)	10.565	721,586
Donation of Federal Surplus Personal Property (DOA)	39.003	4,323,605
Immunization Grants (DOA)	93.268	2,703,747

STATE OF INDIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes  
Significant deficiency identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weaknesses identified? Yes  
Significant deficiencies identified? Yes

Type of auditor's report issued on compliance for major programs: Unmodified for all major programs except for the Children's Health Insurance Program (CHIP) and Medical Assistance Program, which were qualified.

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

Dollar threshold used to distinguish between Type A and Type B programs: \$30,000,000

Auditee qualified as low-risk auditee? No

Identification of major programs:.

CFDA No.	Program Title
10.557	Special Supplemental Nutrition Program for Women (WIC)
10.551	Supplemental Nutrition Assistance Program
12.400	Military Construction, National Guard
12.401	National Guard Military Operations and Maintenance Projects
17.225	Unemployment Insurance
SEC	Special Education Cluster (84.027, 84.173)
84.048	Vocational Education - Basic Grants to States
SIGC	School Improvement Grants Cluster (84.377, 84.388)
IDEA	Early Intervention Services Cluster (84.181)
93.563	Child Support Enforcement
TC	Temporary Assistance for Needy Families (93.558, 93.714)
93.659	Adoption Assistance
93.767	Children's Health Insurance Program (CHIP)
MC	Medicaid Cluster (93.775, 93.777, 93.778)

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

**Section II - Financial Statement Findings**

The audit of the State of Indiana's financial statements disclosed significant deficiencies and material weaknesses that are required to be reported. Management's response to these findings follows the section entitled PRIOR AUDIT FINDINGS – RESOLVED.

**FINDING 2008 - CAFR-1, CONSTRUCTION IN PROGRESS**

Auditee Contact Person: Steve Daniels  
Title of Contact Person: Deputy Auditor of Fiscal Operations  
Phone Number: 317-233-9817  
Internal Control: Significant Deficiency

The Indiana Department of Administration (IDOA) and the Indiana Department of Transportation (INDOT) maintain databases of the State's construction in progress activity. Procedures in place to report to the Auditor of State the activity and balances at year end were not adequate to ensure that construction in progress balances reported for external financial reporting were accurate. Our testing of construction in progress activity in the current audit again found errors. INDOT incorrectly overstated the amount of right of way capitalized by \$1.4 million for the year ending June 30, 2013. This error resulted in a correction to restate the beginning Right-of-Way construction in progress balance and a recalculation of the construction in progress balance for INDOT at year end for external financial reporting. Additionally, our testing of IDOA projects disclosed that 23 of the 24 capital construction projects completed in fiscal 2013 were removed from construction in progress but were not added to capital assets. This resulted in an understatement of capital assets of \$10.9 million for the year ending June 30, 2013.

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

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

**FINDING 2008 - CAFR-5, MEDICAID**

Auditee Contact Person: Steve Daniels  
Title of Contact Person: Deputy Auditor of Fiscal Operations  
Phone Number: 317-233-9817  
Internal Control: Material Weakness

As reported in the 2008 audit, adequate procedures were not in place to properly report the Medicaid Assistance Fund transactions made by the Medicaid fiscal agent for proper external financial reporting. The State accounting records post the net disbursement issued to fund the Medicaid checking account, with subsequent entries to recognize assessment fees. In the 2008 audit, adjustments were proposed and subsequently made to properly reflect this activity. In fiscal years 2009 through 2011, adjusting entries were

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

submitted by FSSA to properly recognize Medicaid Assistance Fund activity for external financial reporting; however, our audits identified various accrual errors for which adjustments were required to fairly state fund activity. Additionally, in the 2011 audit we found that FSSA transferred \$391.2 million in federal grant revenue from the Medicaid Fund to the ARRA Fund in error and also found that the ARRA Fund understated revenue and expenses of \$31 million when prior year overstated amounts were reversed. Adjustments were made to correct these financial reporting errors and, in January 2012, the transfer error was corrected by returning funds from ARRA to the Medicaid Fund; however, the budgetary system was not correspondingly adjusted with the budgetary balance for Medicaid ARRA remaining overstated at June 30, 2013.

During our current audit we again found that the adjusting entries submitted by FSSA did not include all adjustments necessary to properly present the Medicaid Assistance Fund for external financial reporting. Adjustments submitted by FSSA omitted the accounts payable for the new pharmacy fiscal agent claims and outstanding checks at June 30 which totaled \$ 27.1 million. The accounts payable for the Medicare premiums paid by Medicaid for qualifying recipients were also in error. Billings for part A and B coverage, totaling \$27.5 million, were included even though it was paid for within the covered month, and part D billings, totaling \$17.7 million which are paid in arrears, were omitted. We also identified a prior period adjustment which increased the fund balance for the Medicaid Assistance fund by \$41.9 million with a corresponding decrease in the US Health and Human Services fund due to an error made upon recording the return of federal administrative grant funds in 2011. Following our communication of the above noted errors, adjustments were recorded to correct the financial statements.

Adequate procedures should be in place to ensure accruals and other adjustments needed to fairly state Medicaid Assistance Fund activity and balances for external financial reporting in accordance with standards issued by the Governmental Accounting Standards Board. Risk assessment should be applied to the understanding of the environment and transaction source changes in order to ensure complete and accurate financial statements.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview)

FINDING 2009 - CAFR-1, UNEMPLOYMENT INSURANCE

Auditee Contact Person:	Steve Daniels
Title of Contact Person:	Deputy Auditor of Fiscal Operations
Phone Number:	317-233-9817
Internal Control:	Material Weakness

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The Indiana Department of Workforce Development (DWD) is responsible for the collection of unemployment taxes from Indiana employers and the payment of unemployment benefits to qualified citizens. When the tax is collected by DWD from an Indiana employer, DWD receipts the monies into the state's records and then transfers the funds to the US Department of the Treasury. The US Department of the Treasury maintains the funds in a Trust Fund. When an individual is eligible to receive unemployment compensation, DWD must draw down the funds from the US Department of the Treasury to pay those claims. These funds are drawn down on a daily basis. In February 2007, DWD no longer issued checks to claimants, but began issuing the unemployment compensation via a debit card. At that same time, DWD ceased reporting the draw downs and the payment of unemployment benefits in the Auditor of State's records. Additionally, in September 2009, DWD began recording the receipt of unemployment tax from Indiana employers and the distribution of the funds to the US Department of the Treasury as a net amount. The Unemployment Compensation Fund is the responsibility of the State of Indiana and is reported in the State's Comprehensive Annual Financial Report (CAFR) as a proprietary fund. DWD did not receive approval from either the Auditor of State or the State Budget Agency to cease reporting these monies within the Auditor of State's records.

In November 2011, DWD began again reporting the draw down of funds from the Trust Fund and the payments of unemployment benefits in the Auditor of State's records; however, this reporting in the State's ENCOMPASS accounting system was not consistently done. During state fiscal year 2013, DWD continued efforts to determine the necessary accounting entries to properly report Unemployment Insurance activity; however, prior and current year errors and omissions in the entries resulted in accounting records in the ENCOMPASS system that could not be relied on for financial statement preparation. The financial statements provided for audit were prepared using the best available information, which included the reconstruction of some transaction types and the use of federal and internal DWD records. Financial statements compiled and presented for audit were determined to include various material errors for which we recommended adjustments to fairly state the activity of the fund.

During our audit of the Unemployment Insurance Fund financial statements for the year ending June 30, 2013, we found that cash was understated by \$27.1 million, Accounts Payable was understated by \$4.4 million, Interest Payable was understated by \$34.1 million, Federal Revenue was understated by \$1 million, Unemployment Compensation Benefits Expenses were understated by \$17.8 million and Interest Expense was overstated by \$13.3 million. Our testing of bank reconciliations performed by DWD determined that adjusting entries for reconciling items noted in these reconciliations were not made in ENCOMPASS, resulting in the \$27.1 million understatement of Cash. Following our communication of the above noted errors, adjustments were recorded to correct the financial statements. This condition represents a lack of internal control over the reporting of the Unemployment Insurance Fund for external financial reporting.

Adequate procedures should be in place to ensure accruals and other adjustments needed to fairly state Unemployment Insurance Fund activity and balances for external financial reporting are in accordance with standards issued by the Governmental Accounting Standards Board.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

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(Continued)

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

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

FINDING 2012 - CAFR-2, INTERNAL CONTROLS OVER TAX RECEIPTS

Auditee Contact Person:	Valerie R. Hunt
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-2177
Internal Control:	Material Weakness

The Department of Revenue (DOR) administers and collects tax revenues for the State of Indiana. DOR has a number of standalone custom taxpayer account systems, spreadsheets and databases that were developed over time to support the core tax processes at DOR. DOR's Returns Processing System (RPS), implemented in the mid-1990s, processes a majority of the tax revenues collected by DOR but other standalone taxpayer account systems and databases are used by DOR to support the other tax types not maintained in RPS. As a result of not all of the taxes being maintained in a central taxpayer account system and since RPS was not designed as an integrated tax system (ITS), there have been challenges for DOR's technical staff in maintaining aging and incompatible technologies, while at the same time being responsible for updating RPS and the other taxpayer account systems to accommodate annual tax form and policy changes. Multiple taxpayer account systems have created difficulty or inability for DOR to trace all tax revenues maintained and collected by the agency throughout the entire depositing/reporting process. The taxpayer account system's inability to provide an audit trail for all revenues processed at DOR has created additional risk of DOR being able to ensure tax revenues are being properly reported in the ENCOMPASS financial accounting system for the State's financial statements. Also, DOR's taxpayer account systems are not interfaced with the ENCOMPASS financial accounting system, which has contributed to DOR being unable to reconcile some of the taxpayer account systems to the ENCOMPASS financial accounting system to ensure that DOR's internal records agree with the State's financial statements. DOR's finance section must manually create many of their tax revenue accounting entries based on reports and supporting documentation they receive from various sources. By having functions being manually performed there is a greater risk of errors occurring that could affect the State's financial statements. During the 2013 audit period and subsequent to it, DOR has implemented procedures to reduce and eliminate some of the manual processes performed by the finance staff, so once the entries are created they can be electronically uploaded to ENCOMPASS.

DOR utilizes a number of clearing (holding) funds to deposit tax revenues until the monies are later distributed to the proper fund(s)/accounts(s) in the general ledger. During the 2013 audit, it was determined that DOR has three clearing funds at the Motor Carrier Division that have a significant unaccounted for balance that have accumulated over a number of years and have not been properly reconciled. The International Registration Plan (IRP) Holding Account and the International Fuel Tax Agreement (IFTA) Holding Account both have accumulated balances while the Motor Carrier Fuel Tax (MCFT) Holding Account has a negative balance and may have been overdistributed. DOR is currently analyzing the activity in these

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accounts to determine where the revenues should have been properly posted in the general ledger. Adjusting journal entries will need to be prepared to correct the general ledger once the analysis has been completed. In order to reduce the risk of tax revenues not being posted properly in the general ledger, DOR should implement procedures to monitor and reconcile the holding accounts. A review of the usage of holding accounts should be made to determine if there are tax revenues that can be directly deposited and posted in the proper fund(s)/ account(s) in the general ledger without the use of clearing funds.

During the 2013 audit, several recording errors totaling \$8.5 million were detected affecting revenues. Motor Carrier Surtax revenues were affected when it was determined that the taxpayer account system was not detecting taxpayers reporting the wrong unit of measurement resulting in a system conversion issue that affected distributions. Motor Carrier Surtax revenues were also affected when penalties and interest on late payments were not being distributed out of the IFTA Holding Account and the MCFT Holding Account because the Transmittal report that is used to make distributions to the proper fund(s)/account(s) in the general ledger and to the other Foreign Jurisdictions (FJ) did not capture this activity. IRP revenue and Commercial Vehicle Excise Tax (CVET) revenue were affected when DOR made an adjusting entry to correct a prior fiscal year accounting error, but DOR did not post the entry as a prior period adjustment. IRP and CVET revenues were also affected when DOR used the wrong CVET rate causing CVET revenues to not be properly distributed into the IRP Fund/Account. Special Fuel Tax revenues were affected as a result of DOR not having proper controls in place to monitor revenue activity to ensure that when a tax type has met its maximum statute distribution threshold that the future distributions are properly updated to reflect what is stipulated in the Indiana Code.

During fiscal year 2013 and subsequent to it, DOR has implemented additional procedures to ensure tax revenues are being properly reported, operational results are monitored and reported, high risk areas are identified, strategic and operational performance measures are developed, and revenues trends are identified for specific tax types. DOR has implemented procedures to review and produce a monthly report of revenues processed beginning with activity for the month ending November 2012, so that it can monitor revenue processed on a monthly basis. The Finance section and Motor Carrier Division staff have implemented procedures to monitor all revenue account activity on a monthly basis for large variances to ensure that revenues processed under DOR's business unit were being properly recorded in the State's financials starting with activity for the month ending May 2013. Beginning with the month ending July 2013 activity, DOR began trending revenue using historical activity in order to project how much revenue DOR will receive on a monthly basis. DOR has also made management and organizational changes in order to address the internal control issues within the agency to ensure tax revenues are properly deposited and posted to the general ledger.

In May 2013 DOR created and filled a second internal audit position. A good internal audit function is necessary to ensure that: internal controls are operating as intended, objectives for effectiveness and efficiency of operations are being achieved, financial reporting is reliable, laws and regulations are complied with and assets are properly safeguarded.

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from the original source of entry into the system, through all system processing, through various levels of summarizations, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system

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processing and summarizations, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 14.3.5)

**Section III - Federal Award Findings and Questioned Costs**

The findings are numbered with the State fiscal year, then the initials of the State agency responsible followed by the business unit number (as defined in Note 4 of the Notes to the Schedule of Expenditures of Federal Awards) and a sequential number. Unless otherwise noted, prior report references are to the State of Indiana Single Audit Report for the period of July 1, 2010 to June 30, 2012.

**PRIOR FINDINGS -- UNRESOLVED**

Prior audit unresolved findings regarding procedures, compliance, or internal controls that continue to be findings in accordance with the criteria of OMB Circular A-133 during this audit period are disclosed in the Summary Schedule of Prior Audit Findings - Unresolved. These findings include:

2012-DCS(502)-1	TANF Period of Availability
2012-DWD(510)-2	Reporting
2012-FSSA(503)-2	Drug Rebate Balance Held
2012-FSSA(503)-3	Medicaid Credits Removed From Projects
2012-FSSA(503)-4	Monitoring Eligibility
2012-FSSA(503)-5	Long Term Care Facility Audit Appeals
2011-FSSA(503)-5	Managed Care Contracts
2011-FSSA(503)-6	Medicaid Administration Grant
2011-FSSA(500,503)-7	Missing Case Files
2010-FSSA(503)-5	Error in Reprocessed Eligibility Costs
2010-FSSA(503)-10	ARRA Expense Overstatements
2009-DCS(502)-1	Subrecipient Monitoring
2009-FSSA(503)-2	CHIP Package C Reporting
2009-FSSA(503)-6	Quality Assessment Fee Refunds - Intermediate Care and Nursing Facilities
2008-FSSA(503)-3	SCHIP Duplicate Expense
2008-FSSA(503)-7	Surveillance and Utilization Review Audit Files
2005-FSSA(503)-16	Tracking of Certification & Transmittal (C&T)
2005-FSSA(503)-20	Timely Follow-Up of License Termination
2005-FSSA(503)-30	Medicaid Bank Reconciliations
2004-FSSA(503)-6	Death Verifications
2003-FSSA(503)-16	Ongoing Verification of Provider Medical License
2000-DCS(502)-1	Lack of and Improper Supporting Documentation
2000-DCS(502)-2	Overpayment of Adoption Assistance Subsidies

**PRIOR FINDINGS -- RESOLVED**

Prior audit findings regarding procedures, compliance, or internal controls that were considered resolved and thus did not continue to be findings in accordance with the criteria of OMB Circular A-133 during this audit period are disclosed in the Summary Schedule of Prior Audit Findings - Resolved. These findings include:



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2012-DOE(700)-1	Special Reporting
2012-DOH(400)-1	Cash Management
2012-DWD(510)-1	Cash on Hand Internal Controls
2012-FSSA(500)-1	TANF IMPACT Program Costs
2011-CJI(032)-3	Special Tests and Provisions
2011-DCS(502)-3	SETS Information Technology (It) Security Controls
2010-FSSA(503)-6	Accounting for Special Hospital Payments
2010-SBA(057)-1	Special Tests and Provisions
2009-DOE(700)-6	Earmarking
2009-FSSA(503)-7	Medicaid Accounting Records
2008-FSSA(503)-10	OMPP AIM Access, Training, and Controls

Our test of the Summary Schedule of Prior Audit Findings found the schedule to be materially correct unless otherwise noted.

Responses to the findings are included after the SCHEDULE OF FINDINGS AND QUESTIONED COSTS – RESOLVED.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CURRENT**

**FINDING 2013 - DCS(502)-1, CHILD SUPPORT ENFORCEMENT  
 LACK OF TRANSPARENCY REPORTING**

Federal Agency:	Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93.563
Audited Contact Person:	Robin Degner
Title of Contact Person:	Controller
Phone Number:	317-234-5079
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

The Indiana Department of Child Services (DCS) has not established an effective internal control system to ensure DCS's compliance with the Federal Funding Accountability and Transparency Act (FFATA). Subawards granted through DCS were not properly reported by DCS to the FFATA Subaward Reporting System (FSRS). OMB Circular A-133, Part 3-L states that the recipient is required to demonstrate a "good faith" effort to comply with the submission process. DCS did not provide documentation to support a "good faith" effort as required by FFATA.

Lack of documentation for a "good faith effort" indicates noncompliance with the Transparency Act requirement as set forth by OMB. Furthermore, failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds.

2 CFR Part 170 Appendix A Award Term states in part: "Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery

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and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term). Paragraph d states: "If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report . . ."

We recommend that Department of Child Services develop and implement procedures and controls to demonstrate and to ensure that a "good faith" effort has been made to comply with the submission process.

FINDING 2013 - DCS(502)-2, TANF ELIGIBILITY-HEALTHY FAMILIES PROGRAM

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Robin Degner
Title of Contact Person:	Controller
Phone Number:	317-234-5079
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

During our audit of the Healthy Families Program, a program partially funded by the TANF Block grant and administered by the Indiana Department of Child Services (DCS), we determined that three of the 40 cases we tested did not comply with the eligibility guidelines established for the program. The errors were due to DCS not verifying that the household income was below 250 percent of the federal poverty level. For each application, eligibility is determined by first confirming that the household is currently receiving Medicaid, TANF, or SNAP. If the household is not receiving assistance, the households' income should be verified and the total household income compared to the federal poverty level. For these three cases, the eligibility process was not followed. Utilizing the Indiana Client Eligibility System (ICES), we determined that none of the three households received assistance during the application month and the household's income was not documented and verified.

The failure to establish internal controls could allow noncompliance to go undetected. Noncompliance with the State Plan that have a direct effect on the program could result in the loss of Federal funds to the State. Failure to determine and document the determination of financial eligibility for the program could result in federal grant money being disbursed for ineligible individuals.

45CFR 205.56 states in part: "A state plan under title I, IV-A, X, XIV, XVI (AABD) of the Social Security act must provide that: (a) The State Agency will use the information obtained under section 205.55, in conjunction with other information, for: (1) Determining individual's eligibility for assistance under the State Plan and determining the amount of assistance . . ."

45 CFR 205.60 states in part: "A State plan under title I, IV,-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that: (a) The State agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provision of financial assistance, and the use of any information obtained under sections 205.55, with respect to individual applications denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of these denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date of its disposition; facts essential to the determination of initial and continuing eligibility (including the individual's social security number, need for, and provision of financial assistance); and the basis for discontinuing assistance."

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Indiana's State Plan for Temporary Assistance For Needy Families (TANF) Block Grant states in part: "The Healthy Families Program is a voluntary, multifaceted home visitation program designed to promote healthy families and healthy children administered by the Indiana Department of Child Services . . . ." Services can begin for eligible families either prior to or at the time of birth and continue until the child is five years of age. This program is open to all Hoosier families regardless of income, but TANF state and federal funds will only be used for families with incomes below 250 percent of the federal poverty level.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommend that the Indiana Department of Child Services establish and implement controls over the eligibility determination for the Healthy Families Program and retain the case record of the determination and supporting documents. We also recommend that current eligibility on other allowable assistance programs be confirmed at the time of application.

FINDING 2013 - FSSA(503)-1, FISCAL AGENT ACCOUNTING AND OVERSIGHT

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767 and 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person	FSSA Agency Controller
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

As the fiscal agent contractor for FSSA's Indiana Medicaid Program, Hewlett Packard (HP) performs transaction processing. This includes adjudicating Medicaid claims submitted by providers within the Indiana AIM computer system, issuing payments, and collecting amounts identified as overpaid or fees established for the program. HP maintains bank accounts in its name which are solely used for the Indiana Medicaid program. FSSA remits the net amount to HP necessary each day to cover payments to providers presented to HP's bank accounts.

HP's accounting has no financial accounting system ledger to maintain a trial balance accumulation of transaction totals by service type and program for the fiscal year. Without these totals and their corresponding supporting detail for service types and programs, we were unable to ascertain the completeness, accuracy or consistency of their corresponding transaction flows. This control weakness also lowers the effectiveness and reliability of reconciliations.

Furthermore, FSSA has not designed procedures to ensure the full and complete monitoring of HP financial transactions. HP maintains a weekly financial balancing report (FIN 5) which has totals by transaction types and agrees to payments issued to providers by HP. Additional supporting detail reports exist for several transaction types. There was no evidenced monitoring by FSSA/OMPP of the weekly financial cycle for the supporting transactions appearing on the FIN 5, or the payment series issued. This would include HP's controls in place such as: payment logs and reports, manual check logs, AIM expenditure

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transactions, offsets applied and other supporting detail data or reports for claims extracted and capitation payments. Combined with the lack of a ledger, trial balance and lack of timely and accurate bank reconciliations there is risk to the program that errors or irregularities could occur and not be detected. We consider this a material weakness.

HP deducts state Medicaid fees from provider payments issued. HP produces a Medicaid fee transaction reports which is used to increase program expense upon recording Medicaid fee collections as state revenue. The transaction reports do not readily trace to the support for financial activity weekly batch reports. Additionally, there were incomplete balances and a lack of reference to collection dates, which is necessary for a complete audit trail. While certain system expenditures and manual payments require the prior approval of OMPP, there was no process to monitor transactions and logs to ensure such approval was obtained.

We found that controls over Electronic Funds Transfers (EFT) did not ensure the accurate EFT transaction count. Item counts on EFT files transmitted to the bank did not match the supporting report. Also, the bank processing confirmation was not received directly by HP finance.

Account receivable (A/R) reports were incomplete and inaccurate. A/R balances did not agree among the series of reports. The A/R aging report did not have full grand total fields and activity reports did not agree to other financial reports. Some A/R reports agreed to the total offsets applied from payments in the week examined, but did not agree to other A/R reports as to the balances of receivables, A/R setups input, cash receipts or offsets applied.

HP contract exhibit one, statement of work, states that "The objectives of the Financial Management function are as follows: Operate the Financial Management system in accordance with generally accepted accounting principles (GAAP) . . ." [section 5.7.1.4] Also, contract requirement 5.7.4.51 is that HP "Verify receipt and transmission of all financial files to and from the bank."

GAAP includes the following definitions from NCGA Statement 1, "1. A governmental accounting system must make it possible to both: (a) to present fairly and with full disclosure the funds of the governmental unit in conformity with generally accepted accounting principles; and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Governmental accounting systems should be organized and operated on a fund basis. 2. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. "

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

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

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We recommended that FSSA ensure that HP accounting include a financial accounting system ledger to maintain a trial balance accumulation of transactions with totals by type and program for the fiscal year.

Controls for EFT should be improved to ensure an accurate transaction count and direct communication to finance of the bank processing confirmation. Accounts receivable reports should be complete and accurate.

We recommended that FSSA design procedures to ensure the full and complete monitoring of the HP financial transactions. This would include evidenced monitoring of the weekly financial cycle, supporting transactions and reports, accounts receivable, the payment series issued, system expenditures and manual payments.

FINDING 2013 - FSSA(503)-2, CONTROLS OVER MANAGED CARE RATES

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness
Questioned Cost:	\$56,698

The FSSA Office of Medicaid Policy and Planning (OMPP) has state contracts with three managed care organizations to provide agreed upon medical services to Medicaid recipients. The managed care contract capitation rates are established based upon an actuary study. Prior to payment, the contracts receive federal approval by the Centers for Medicare and Medicaid Services (CMS) in accordance with 42 CFR 438.6. The payment rates, which are contract rates less contractual performance based withholdings, are submitted by OMPP to the fiscal agent, HP for manual entry into the Advanced Information Management System (AIMS) computer managed care rate tables. The computer rate tables correspond to the contracts, which each have nine regions with eighteen age and program categories, for a total of approximately 486 rates. The computer does not require an approval within the rate changing process. We found that FSSA and HP did not have a process in place to verify that the managed care rates were accurately recorded in the AIMS computer system. For the contract rates effective January 1, 2013, HP staff was unable to provide documentation showing that rates entered into AIMS were reviewed for accuracy by someone other than the person entering the rates.

HP issues payments to the managed care organizations on a monthly basis as calculated by AIMS from information as to each recipient for each capitation category and region. OMPP also did not adequately monitor the payments issued to the managed care organizations to ensure the rates applied were the approved CMS rates that were contained in the managed care contracts. We found that OMPP does not review managed care payments and calculations. While OMPP staff review summary level totals on the monthly financial reports that are prepared by HP, these do not contain sufficient detail in order to verify the rates paid.

We consider the lack of the evidenced internal controls at the fiscal agent, and monitoring by OMPP for managed care payments to be a material weakness for Medicaid and CHIP, as these payments are material to the programs.

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Indiana Medicaid also has two contractors for primary care case management serving the fee for service Medicaid recipients, entitled Care Select. These contracts are also paid from the managed care capitation subsystem of AIM. We were informed that these contracts had been overpaid in error, as a newly required contractual withholding was not made. In October 2013, OMPP discovered that incorrect rates were entered into the AIMS table that had been in effect since January 1, 2013. The error found was in the rate for two contractors for Care Select recipients for all regions of the state. The contract rate paid was \$12.00 per month per recipient, which was \$.60 over the approved rate after 5 percent withholding according to the MCE contract. These rates should have been communicated to HP with the 5 percent removed. FSSA chose to leave the 5 percent withholding in the rate for the remainder of 2013. There was no authority or basis to issue the performance based payments by June 2013. We consider the federal share of these payments issued to be questioned costs, which may be required to be repaid to the federal government. The entered rates remained in error through calendar year 2013.

Summary Schedule of Questioned Costs as of June 30, 2013:

Care Select Paid	Withhold not withheld	Fed Share of Questioned Costs
\$ 1,688,434.32	5.00% \$ 84,421.72	67.16% \$ 56,697.62

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

42 CFR 438.240 (a) (1) states: "The State must require, through its contracts, that each MCO and PIHP have an ongoing quality assessment and performance improvement program for the services it furnishes to its enrollees."

Section 7.8.2 of the Care Select CMO Contracts states: "Performance-Related Delayed Payments: Effective January 1, 2013, the CMO shall bill the State 95% of the CMO Fee shown in Exhibit B4 to the original Contract in accordance with IC 5-17-5, the invoice to the State shall include net 35 day payment terms. The remaining 5% of the CMO Fee shall be held back, to be paid according to the CMO's demonstrated and documented performance during the year, subject to the quality performance metrics and outcomes measures as set forth in Attachment 1 to Exhibit B4. The CMO will participate in a pay-for-performance program that focuses on rewarding the CMO's efforts to improve quality and outcomes for Indiana Care Select Program members. The CMO will design a program acceptable to OMPP, in consultation with OMPP, before the contract effective date."

We recommended that FSSA establish control procedures to ensure that the state contract rates and the AIMS managed care rate tables are compared to the approved rates. FSSA should also establish controls to verify that the monthly payments to managed care organizations accurately reflect rates as approved by CMS and in the contracts. Procedures performed should be documented, with results transmitted to management. FSSA should ensure the payment rates were accurately entered for calendar 2013. The performance evidence necessary to support the payments to the care select contractors should be reviewed and retained for audit. If performance measures were not fully met in accordance with the contract then repayment should be sought.

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

FINDING 2013 - FSSA(503)-3, CHIP ACCOUNTING

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person	FSSA Agency Controller
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/ Cost Principles; Reporting
Internal Control:	Material Weakness, Questioned Cost
Questioned Costs:	\$22,222,316

CHIP transactions are paid with Medicaid by the fiscal agent. Subsequently, the fiscal agent system runs programs to identify the costs specific to CHIP recipients, as coded with a program classification. There are two CHIP divisions: CHIP 1 (under 150 percent of the federal poverty level) and CHIP C (150 percent to 250 percent of the federal poverty level). CHIP 1 costs are accumulated on monthly reports. The monthly reports for CHIP 1 only provide a total amount. There are no detail level reports or transaction ledgers produced by the fiscal agent to support the totals charged to the CHIP program.

The monthly summary and total cost reports, respectively, are used by FSSA to support transfers of expense on the state accounting system, ENCOMPASS, from the Medicaid program to CHIP. During fiscal 2013, additional expense transfers were made based upon the difference between the expenses recorded during a quarter, and the federal quarterly reports, as provided by the fiscal agent.

FSSA did not have procedures designed to identify and monitor the expenses, even as quarterly reconciliation differences for CHIP 1 became material to the program in fiscal 2013. We also found that the internal controls for reconciliations did not evidence a review for accuracy and completeness of calculations supporting the associated ENCOMPASS entries.

We requested detailed data underlying the CHIP 1 expenses reported for the state fiscal year ended June 30, 2013, however the reported data for capitation costs lacked a sufficient audit trail to trace to the payments issued. A newly implemented managed care hospital increase was paid via system expenditures. The supporting calculation to allocate these costs to CHIP was not provided for audit. Therefore, we cannot determine the completeness or accuracy of the costs reported or charged to the program. These costs are material to the CHIP program and the federal share of these costs are considered questioned costs.

In addition, we found errors made in the FSSA calculations of the expense adjustment for CHIP 1 during fiscal 2013. The expense adjustments understated the costs recorded when compared to the quarterly CMS 21 reports, and we have offset the questioned costs by these amounts. Also, drug rebates began to be allocated to CHIP upon preparing the federal reports for the quarter ended March 31, 2013. The credit for drug rebates was omitted from the reconciliation process, and was not otherwise recorded in the grant ledgers. We consider the federal share of the drug rebates reported for CHIP, which was not credited to the program, to be questioned costs.

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

The following schedule is a summary of the questioned costs:

Summary of Questioned Costs					
Quarter Ended	Total Cost Reported in Question	Reconciliation Error Omitted from Entry	Drug Rebates Omitted	Total Costs Overstated	Federal Share
09-30-12	\$25,158,547.36	\$ (8,662,067.47)	\$	\$16,496,479.89	\$12,680,844.09
12-31-12	4,976,738.43			4,976,738.43	3,832,586.26
03-31-13	5,229,893.36	(226,795.88)	2,410,077.00	7,413,174.48	5,708,885.67
06-30-13	*5,106,314.65				
	<u>\$40,471,493.80</u>	<u>\$ (8,888,863.35)</u>	<u>\$2,410,077.00</u>	<u>\$28,886,392.80</u>	<u>\$22,222,316.02</u>

\*Not recorded by June 30, 2013.

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

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." (2 CFR 225.55 (C) (1))

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

We recommended that FSSA establish an accounting structure for CHIP to readily identify supporting transactions as assigned or allocated to the program. Calculations supporting the costs being questioned should be obtained and reviewed for completeness and accuracy. FSSA should further review the process in place for the reconciliations for completeness and accuracy. Accounting procedures should be written to include the allocations of drug rebates and ensure they are entered in the grant accounting records for CHIP. Reconciliations should evidence the review and approval of calculations.

FINDING 2013 - FSSA(500)-4, TANF ELIGIBILITY INCOME DETERMINATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Sunshine Beam
Title of Contact Person:	TANF Director
Phone Number:	317-234-8697
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness



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

During our audit of TANF, we tested 70 cases that received payments during fiscal year 2013. Of those cases we found 6 where the amount of the payment was incorrectly determined. Specifically, for 2 of the 6 cases, income was documented in the Indiana Client Eligibility System (ICES) but not coded correctly. In the first of these two cases, child support of \$10 per week was incorrectly coded as \$10 per month resulting in a \$23 overpayment. In the second, the partial paycheck of new employment was incorrectly used to project earnings resulting in an overpayment of \$92. It was also noted for this second case, that the State's Quality Control Unit (QC) pulled the case for review and noted the error in the projected income and also noted an error in household size. As a result of the QC review, FSSA issued a supplemental based on the correct household size, but did not adjust the projected earnings to determine the supplemental due to the recipient. Both of these cases were reviewed by a State Eligibility Consultant (SEC) but were not corrected. In a third case, it was determined that a recipient had received 51 months of TANF benefits in Illinois prior to moving to Indiana and receiving TANF. The recipient received her 60th month of TANF in 2011 but was not discontinued until 2013. The case narrative did not contain documentation as to why the prior assistance was not verified at the original application date. This resulted in an overpayment of \$229 in November 2012. In a fourth case, a person applying for TANF failed to verify information for her child by the due date for processing the application resulting in a fiscal sanction of \$90. She did provide the documentation requested in August 2012 and the worker awarded her a supplemental check of \$270 for June, July and August. The assistance should have increased for September when the applicant complied in August, but no supplemental was due for the earlier months resulting in an overpayment of \$270. Furthermore, the final two cases were higher dollar awards for which income was documented in ICES using manual budgets, however no budgets were provided for audit so it was not possible to determine if the award was determined correctly. There is currently no control in place to retain these manual budgets for review. The failure to establish internal controls could enable material noncompliance to go undetected.

Failure to process changes in income timely could result in inaccurate payments. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the State.

45 CFR 205.60 states: ". . . (a) The State agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determinations of eligibility, the provision of financial assistance, and the use of any information obtained under sections 205.55, with respect to applications denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of those denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date and basis of its disposition; facts essential to the determination of initial and continuing eligibility (including the individual's social security number, need for and provision of financial assistance) and the basis for discontinuing the assistance."

45 CFR 264.1 states: "(a)(1) Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in sections 260.31 of this chapter) to a family that includes as adult head-of-household who has received Federal assistance for a total of five years."

Per the ICES Program Policy Manual 2215.15.00 states: "Prompt action must be taken on all changes to determine if they affect eligibility. The case record must include the date the reported change was received, whether the change was reported by mail, telephone or personal visit, the nature of the change and any other appropriate information. The caseworker must take appropriate action on all reports of changed information promptly but no later than 10 days from the date of the receipt of the change."

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

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommend that FSSA establish internal controls related to the eligibility compliance requirements for TANF. We recommend that FSSA ensure that all changes are promptly and accurately processed to ensure that benefit amounts are in compliance with eligibility standards.

**STATE OF INDIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**

FINDING 2012 - DCS(502)-1, TANF PERIOD OF AVAILABILITY

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Auditee Contact Person:	Robin Degner
Title of Contact Person:	Controller, Department of Child Services
Phone Number:	317-234-5079
Internal Control:	Significant Deficiency - Period of Availability
Questioned Cost:	\$1,276,499

**Finding:**

The State Plan for the TANF Block Grant includes an Emergency Assistance Program for at risk children administered by the Department of Child Services. During our audit we found \$1.276M in federal reimbursements from 2011 TANF grant funds for Emergency Assistance expenditures incurred and paid by the state in fiscal years 2009 and 2010. DCS staff was not familiar with the Period of Availability requirements for the TANF grant. The FSSA staff monitoring TANF draw requests was not provided with adequate detail to determine when the underlying expenses were incurred and paid. Current-year TANF funds cannot be used for prior year expenses.

We consider the total identified excess federal expense of \$1,276,499 as questioned costs that may be required to be repaid to the federal government.

45 CFR 92.23(a) states: "Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

We recommend that DCS establish procedures to ensure only current expenses are submitted for federal reimbursement from the TANF grant.

**Status of Finding as of June 30, 2013:**

DCS acknowledges the misunderstanding and has rectified the issue by means of system reconciliation relative to the Assisted Guardianship (AG) Program payments. DCS has also collaborated with FSSA to shift these TANF allocations to other programs in the SFY 2013 and forward sharing of Federal awards. Relative to the Emergency Assistance (EA) Program, DCS is continuing to implement improvements to our claims and eligibility tracking systems to prevent such instances in the coming year. DCS deems to AG portion of this finding Closed and the EA portion remains open at this time.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FINDING 2012 - DWD(510)-2, REPORTING

Federal Agency:	U.S. Department of Labor
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Audited Contact Person:	Randy Gillespie
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-7675
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

The Department of Workforce Development (DWD) prepares the required Federal Financial Reports from information generated by the CADET/Mainframe system, an internal DWD system. These reports are not generated using ENCOMPASS (Enterprise Common Processing and Analytics System), the State's accounting system. DWD did not consistently report financial activity to the ENCOMPASS system and therefore could not perform a reconciliation between these systems to ensure that Federal financial reports correctly reflect the status of the federal funds as reported within ENCOMPASS.

The statewide financial accounting system officially became the State of Indiana "book of record" in September 2009. The mission of this implementation was to improve the transparency and reporting of accurate financial information to the officials and citizens of the State. Goals included were:

- To implement a single system that streamlines financial processing and reporting.
- To establish a common standard for accounting structures.
- To create greater financial visibility and better accountability for decisions across state agencies.
- To increase financial staff's ability to accomplish job goals.
- To make greater contributions in managing Indiana's finances.

29CFR97 states in 97.20(a): "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

DWD has yet not included UI Federal, State or TRA disbursements in ENCOMPASS sufficient to provide viable information. A \$50M+ adjustment was necessary to the Schedule of Expenditure of Federal Awards for fiscal year 2012 due to this failure to comply with State policy on recording financial information.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the State.

We recommended that the Department of Workforce Development's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***Status of Finding as of June 30, 2013:***

DWD has changed the Management in the Trust Fund Unit and the new Management has a thorough understanding of the need to create transparent auditable accounting records. The new management has set up a new system for entries into Encompass to begin in FY14. A reconciliation process has been established to insure that the entries in ENCOMPASS match the daily figures from the mainframe in the future and that the official book of record reconciles to the various federal and state reports that are submitted. This process is scheduled to be completed by December 31, 2013.

This finding remains open.

**FINDING 2012 - FSSA(503)-2, DRUG REBATE BALANCE HELD**

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person	Controller, FSSA
Phone Number:	317-233-3045
Internal Control:	Significant Deficiency - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Questioned Costs:	\$1,423,159

**Finding:**

The Family and Social Services Administration-Office of Medicaid Policy and Planning (FSSA-OMPP) collects drug rebates for the Medicaid program through an outside contractor, who maintains a bank account for these rebates. The drug rebates are transferred on a weekly basis to the Indiana Medicaid fiscal agent bank account. These transferred amounts are netted against the funds needed to cover Medicaid payments clearing, thereby reducing grant expenses. The drug rebate contractor is to provide deposit log records to the fiscal agent who then is to verify that the transfers received are complete. Details concerning these results are maintained in each bank account reconciliation file. Although FSSA-OMPP performed a review of this bank account

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

and returned the excess balance noted in prior finding 2010-FSSA-8, Drug Rebate Balance Held, we found that internal control procedures continued to be inadequate to detect excess balances being held. A material weakness in internal control as to the structure and oversight of the bank account process remains as stated in the prior finding 2005-FSSA-30 Medicaid Bank Reconciliations.

Our analysis of the balance held in the contractor's bank account found that a drug rebate deposit of \$1,900,073 belonging to the State of Indiana deposited on June 28, 2012, had not been transferred as of May 1, 2013. The federal share of this excess balance held is \$1,272,289 and is considered questioned costs.

Our analysis of the excess balance returned in response to finding 2010-FSSA-8, Drug Rebate Balance Held revealed that no ARRA rate was applied to this transfer. The drug rebates were deposited during quarters in which ARRA was in effect. The total excess balance transferred in October 2011 was \$3,029,522. The 2011 Medicaid ARRA share of these funds is \$150,870, and is considered questioned costs.

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

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." (2 CFR 225.55 (C) (1))

With respect to cash management, ". . . grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments." (45 CFR 92.21 (a)(2))

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

We recommended that FSSA monitor the drug rebate bank account balance and design procedures to ensure accurate and timely transfers of drug rebate receipts. The drug rebate deposit from 2012 should be remitted to the State and used to offset Medicaid program costs.

We further recommended that the FSSA refund to the federal government the ARRA share of the drug rebates received in response to the prior finding 2010-FSSA-8, Drug Rebate Balance Held.

**Status of Finding as of June 2013:**

FSSA disagree that there are any questioned costs. The federal and ARRA share of drug rebates are reported on the CMS-64 from dispositions of receipts in the bank account. The transfers from the bank account to the State were separate from CMS reporting. Drug rebate fiscal agent activities transferred to a new Vendor in June 2013 and the entire remaining balance of the ACS/Xerox bank account was transferred to the State in July 2013. A copy of the July bank statement shows the bank account balance at \$0.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FSSA considers this finding unresolved as of June 30, 2013, as monitoring processes for the new fiscal agent were not in place on that date. FSSA will review the necessity of returning the ARRA share mentioned in the finding.

FINDING 2012 - FSSA(503)-3, MEDICAID CREDITS REMOVED FROM PROJECTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson Title
of Contact Person:	Controller, FSSA
Phone Number:	317-233-3045
Internal Control:	Significant Deficiency - Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	\$30,150,642

**Finding:**

During fiscal 2012, the FSSA began the process of reconciling the state's expense for Medicaid to the quarterly federal reporting results as prepared from the Management and Administrative Reporting (MAR) system maintained by the fiscal agent. Adjustments to the state grant accounting records were recorded for the first time to recognize final quarterly reported federal grant classifications, including the full effect of prior period claim adjustments. By June 2012, adjustments had been recorded for the quarters ended September 30, 2011 and December 31, 2011.

The Medicaid expenses are recorded in the state accounting system (ENCOMPASS) upon transferring funds to the fiscal agent's bank account for payments clearing, less deposits received for the program, such as drug rebates and refunds. The MAR system reports are established on a modified accrual basis with recognition of expenses upon issuance and receivables as they are recorded.

In the process of reconciling the state's Medicaid expense to the MAR, all variances were recorded as adjustments to the Medicaid grant projects, with newly established adjustment projects used to record the other side of the debit/credit entry on the ENCOMPASS system.

One adjustment project had a credit expense balance at fiscal year-end of \$13,157,106. The adjustment project was not recognized as a part of the Medicaid federal grant. The adjustments were recorded as Medicaid expense for deposits, other than drug rebates and other variances such as net void EFTs and reissuances. We consider the net expenses recorded to the Medicaid grant projects for these adjustments to be questioned costs. Deposits received are credits to the program, and had already appropriately reduced the state's expense. Voided EFTs are returned to the bank and thus had reduced the state's Medicaid expense.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

The expenses were recorded to the following Medicaid grant projects:

Federal Medicaid Project	DR/(CR) from 503MWSMASC- ADJ	DR/(CR) from 503MEDMASAR- ADJ	Net Expense	Federal Share
503MASTRFMAP4F11	\$ 11,830,172	\$ (4,151,112)	\$7,679,060	\$ 5,108,111
503MASTRFMAP4F11	1,326,933	850,046	2,176,979	1,457,705
Totals	<u>\$ 13,157,106</u>	<u>\$ (3,301,065)</u>	<u>\$9,856,040</u>	<u>\$ 6,565,816</u>

We further found that the lengthy reconciliations, which were used as a basis to record expenses and credits on the ENCOMPASS system, did not have evidence of controls applied for review and approval of calculations and tracing to source documents or reports. We also could not readily agree or trace the above noted variances recorded to actual sources, such as bank deposits.

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

"To be allowable under Federal awards, costs must meet the following criteria . . . (i). Be the net of all applicable credits." [2 CFR 225.55 (C)(1)]

With respect to cash management, ". . . grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments." [45 CFR 92.21 (a)(2)]

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

We recommended that FSSA return the federal share of the questioned costs by properly applying the credits back to the Medicaid projects. FSSA should review the process in place for the reconciliations for completeness and accuracy. Other federal reports are completed for deposits and should be used to verify those transaction types. Certain timing differences, while important to identify in reconciliations, may not warrant state accounting recognition. All reconciliations should have evidenced review and approval indicated.

**SBOA UPDATE:**

During fiscal 2013, the FSSA continued the adjustments to the state grant accounting records to recognize final quarterly reported federal grant classifications as described in the 2012 finding above. During state fiscal year 2013, adjustments were recorded for quarters ended March 31, 2012 through March 31, 2013. In addition, we also reviewed an adjustment project, 503MEDMASAR-ADJ, with expense credits posted to the federal grant from the quarterly adjustment variances. Since these entries partially offset the grant expenses in question, we have documented the net questioned costs for 2013 and 2012. (See updated chart within 2012 finding.)



**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

We consider the federal share of the net expenses recorded to the Medicaid grant projects in SFY12 & 13 for these adjustments to be questioned costs. The total questioned costs are \$30,150,642. These include an expense adjustment recorded in August 2012 for the quarter ended March 31, 2012, which we traced to two voided checks totaling \$26,449,222. This expense was not subsequently reversed or credited, and is included in the calculation of questioned costs below.

The expenses were recorded to the following Medicaid projects in fiscal year 2013:

Federal Medicaid Project	DR/(CR) from 503MWSMASMC- ADJ	DR/(CR) from 503MEDMASAR- ADJ	Net Expense	Federal Share
503MASTRFMAPF12	\$ 128,920,796	\$ (95,802,915)	\$ 33,117,882	\$22,175,734
503MASTRFMAPF13	10,063,992	(7,965,879)	2,098,113	1,409,092
FSSA adjustment	<u>(90,348,487)</u>	<u>90,348,487</u>	-	-
Total fiscal 2013	<u>\$ 48,636,301</u>	<u>\$ (13,420,307)</u>	<u>\$ 35,215,994</u>	<u>\$ 23,584,826</u>

Summary Totals SFY12 and 13:

	DR/(CR) from 503MWSMASMC- ADJ	DR/(CR) from 503MEDMASAR- ADJ	Net Expense	Federal Share
SFY12 and SFY13 totals	<u>\$ 61,793,407</u>	<u>\$ (16,721,372)</u>	<u>\$45,072,035</u>	<u>\$30,150,642</u>

**Status of Finding as of June 2013:**

FSSA disagrees that there are any amount to be returned to the federal government from the reconciliation entries. The entries adjustment expenditures to align with the detail provided by the fiscal agent at the end of each quarter needed for CMS-64 reporting. FSSA will work with SBOA to identify the credit balances in question.

This finding remains open.

FINDING 2012 - FSSA(503)-4, MONITORING ELIGIBILITY

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Matt Cesnik
Title of Contact Person:	Eligibility Director, OMPP
Phone Number:	317-234-3394
Internal Control:	Significant Deficiency - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Finding:**

The control structure over monitoring eligibility for the Medicaid and Children's Health Insurance Programs was not adequately designed in order to provide control procedures and monitoring for processes which identify income and eligibility verifications. As a result, ineligible recipients could incur coverage costs to the program without timely detection and correction. Two distinct areas where we identified possible noncompliance with eligibility requirements are:

Data Exchange Process:

As required by 42 CFR 435.940 through 435.960 and Section 4.32 of the State Medicaid Plan, eligibility data in the Indiana Client Eligibility System (ICES) is periodically verified against independent information, including (but not limited to) information from the Social Services Administration (SSA), Internal Revenue Service (IRS) and Indiana's Department of Workforce Development (DWD). Data will not be automatically overwritten in ICES as the result of a data exchange except for Social Security (SS) benefits or Supplemental Security Income (SSI) verified by SSA. If a discrepancy is found, a data alert is to be generated by ICES and transmitted for work assignments, with final entries and approvals entered into ICES by caseworkers. If the caseworker does not enter a code indicating what type of action was taken and the date action was taken, an alert is generated by ICES to the supervisor.

Significant control deficiencies and program noncompliance were reported for this process as stated in our prior finding 2004-FSSA-5, Supervision of Local Offices of Family and Children. We continue to find that there is no evidenced monitoring of these transactions. In addition, there are no reports that identify the recipients matched in the data exchanges, and the outcome of processing.

A summary level report, GDE010RA, Initial Productivity Report, was provided for audit. It is generated monthly and reports the status counts of the past two sets of data matches and percentages processed within the 45 days required by 42 CFR 435.949(c). The June 29, 2012 report indicated percentages of match completion for social security as high as 99 percent of the December 2011 match and 93 percent of the April 2012 match. However, other matches were as much as 90 percent incomplete, Veterans Administration (270 of 299). The prison match indicated 26 percent incomplete (128 of 487) from December 2011, and 20 percent incomplete (446 of 2220) from April 2012. New hires and unemployment insurance matches were only 43 percent and 50 percent complete within the 45 days, with approximately 20 percent being incomplete from the match in December 2011.

Medicaid Fiscal Agent Eligibility Reports:

We identified reports generated by the Medicaid fiscal agent of which FSSA Eligibility managers were unaware. This included a report of AID categories with age/ time limits listing recipients that had exceeded time or age limit by over 90 days. The aid categories are used to classify program eligibility as well as managed care payment categories. This report was 63 pages long at June 2011 and 77 pages long by June 30, 2012. Many recipients were listed exceeding the time limit by over 1,000 days. Some recipients may no longer be eligible due to cutoff ages such as foster care recipients, and others may incur additional Medicaid program costs if they are placed in an incorrect managed care age category.

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

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

42 CFR 435.949 states: "(c) Except as specified in § 435.953 of this subpart and paragraph (d) of this section, for recipients, the agency must, within 45 days of receipt of an item of information, request verification (if appropriate), determine whether the information affects eligibility or the amount of medical assistance payment, and either initiate a notice of case action to advise the recipient of any adverse action the agency intends to take or make an entry in the case file that no further action is necessary."

We recommended that FSSA design the control structure over monitoring eligibility for the Medicaid and Children's Health Insurance Program in order to provide control procedures and monitoring for processes which identify income and eligibility verifications. This would include providing corresponding detail match transaction reports to identify the recipients and written procedures for central office processes of monitoring case work for completion and accuracy. Responsible managers should be assigned to oversight of these key processes to include the data match results as well as the Medicaid fiscal agent's exception reporting.

**Status as of June 30, 2013**

The Cognos Web Reporting is available on the Intranet for a variety of agency reporting for the Family and Social Services Administration (FSSA). There is a specific monthly report, "Overdue Compliance Tracking" GDE020RA that is available in Cognos under "DFR-ICES Reports" by month and by county. This report lists the case number, alert date, due date, the number of overdue days, and the source of the electronic data exchange. This report indicates that there is a data exchange match which has not been worked by the DFR and the number of overdue days. This report includes various sources of income and other eligibility data including BENDEX, SDX, UI, NEHIRE, SVES, PRISON, and FEDERAL. DFR Regional Managers will be responsible for ensuring that their staff members are aware of this report and will assign specific staff within their region/counties to work the cases that have been identified as being overdue from this report. A monthly report by region will be provided to the Office of Medicaid Policy and Planning (OMPP), Eligibility Director, no later than 60 days after the release of each monthly report, that indicates the number of cases on the specific monthly report, the number of cases worked, the number of cases that had been resolved prior to working of the report, and the number of cases that remained unresolved. A brief narrative may be provided which indicates the staff involved and the time consumed. The Eligibility Director will be responsible for the reviewing the monthly reports and monitoring the GDE020RA report monthly and provide any feedback to the DFR Deputy Directors on the progress/improvement in reducing the number of overdue data exchange matches that are not timely worked.

In order to address the possible issue of individuals who have "aged-out" out of a specific Medicaid or CHIP eligibility category, the OMPP Eligibility Director will complete an ICES enhancement charter request to create a monthly report by county that will identify cases/RIDs that have individuals that have aged out of certain Medicaid/CHIP categories. Those eligibility categories that will be included on the report will included MA Y, MA Z, MA 2, MA 9, MA 10, MA14, MA 14, MA O, MA T, MA 4, and MA 8. OMPP does not recommend using its fiscal contractor's report that was mentioned but instead create its own report within Cognos that can better capture specific eligibility criteria.

DFR Regional Managers will be made aware of this requirement by OMPP/DFR leadership at the next scheduled Regional Managers meeting on September 6, 2013, so they are in understanding of the requirements and provide feedback on the recommended action. Regional Managers will be responsible for providing any additional training to their staff prior to October 1, 2013. A Flash Bulletin will be issued through ICES on October 1, 2013, regarding the requirements to act on data exchange alerts in a timely manner. The OMPP Eligibility Director will begin monitoring the GDE020RA report on November 1, 2013, and will provide any necessary feedback to Regional Managers based on the GDE020RA report indicators and Regional Manager reports.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FSSA considers this finding open pending the completion of the October 2013 training and November 2013 report generation.

This finding remains open.

FINDING 2012 - FSSA(503)-5, LONG TERM CARE FACILITY AUDIT APPEALS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Special Requirement, Inpatient Hospital and Long-Term Care Facility Audits
Internal Control:	Significant Deficiency

**Finding:**

The Family and Social Services Administration-Office of Medicaid Policy and Planning (FSSA OMPP) provides for the filing of uniform cost reports for each participating long term care facility. These cost reports are used to establish payment rates. OMPP provides for the periodic audits of the financial and statistical records of the long term care facilities in accordance with 42 CFR 447.253.

Prior to July 1, 2011, the rate reductions identified as a result of long-term care facility audits could be appealed and the reduction would not be implemented pending the appeal decision, which often is a lengthy process. As a result, most audit results were appealed. The state law for these appeals, Indiana Code 12-15-13-3 was repealed in 2011, and replaced by Indiana Code 12-15-13-4, which incorporates repayment time limits within 300 days, pending results of the appeal.

In 2013 FSSA developed an appeal reduction plan. This was described in published FAQs as "OMPP is agreeing to permit reimbursement of certain historically denied nursing facility costs and resolve the liabilities associated with certain administrative audit appeals. To qualify for this arrangement, nursing facilities must withdraw both rate and audit appeals that relate to a Rate Effective Date (RED) prior to October 1, 2011 for rate appeals and prior to RED July 1, 2011 for audit appeals."

Approximately 5,000 annual facility audits, dating from 1990 to 2011, are pending appeals on a listing provided by the rate setting contractor; the contractor estimates that total overpayments to these facilities could possibly be in excess of \$20 million. An estimate of the federal share has not been calculated.

The appeal reduction plan is in the beginning stages. Following the submission of signed agreements to resolve administrative appeals, the FSSA Administrative Law Judge provides a dismissal order. The OMPP, by an accounting adjustment, will satisfy the liability identified in audit appeals on the providers' behalf using the state quality assessment fee funds and close the appeals files. It is estimated this process will be ongoing through 2014.

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(Continued)

42 CFR 433.312 (a) states: "Except as provided in paragraph (b) of this section, the State Medicaid agency has 1 year from the date of discovery of an overpayment to a provider to recover or seek to recover the overpayment before the federal share must be refunded to CMS."

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

42 CFR 447.253 (e) states: (*Provider appeals*) "The Medicaid agency must provide an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the agency determines appropriate, of payment rates."

We recommended that the FSSA maintain timely provider appeals in accordance with 42 CFR. The FSSA should implement the plan for the nursing facility appeal reduction and reimburse the federal share of Medicaid expenses overpaid.

**Status of Finding as of June 2013:**

FSSA continues to work through the appeals reduction plan as mentioned in the finding.

FINDING 2011 - FSSA(503)-5, MANAGED CARE CONTRACTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Internal Control:	Significant Deficiency - Allowable Costs/Cost Principles

**Finding:**

OMPP issued state contracts to three managed care organizations to provide Medicaid services to eligible recipients in exchange for specified monthly coverage rates. In response to previous audit findings, controls had been designed through the OMPP Care Programs Policies and Procedures Manual to ensure accurate contract rates. However, these controls were not updated when OMPP began the practice of contract rate withholdings for performance pay measures. The controls remained effective to ensure accurate payments at the withhold rates set, but no longer functioned to ensure accurate rates were entered into the contract documents. The following errors were noted as to the contracts with the managed care organizations effective January 1, 2011, for Hoosier Healthwise.

1. All three MCO contracts contained an error in the covered population --The MA – U Population is listed in Contract Exhibit 3, Program Descriptions and Covered Benefits, at section 2.1 for Hoosier Healthwise list of excluded from participation in Hoosier Healthwise managed care. Yet rates were calculated and paid for these. The contracts also do not define the MA-U rate category, which are paid at higher rates.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

2. All statewide rate categories (MA-U) (except maternity) were overstated in two contracts (Anthem and Managed Health Services). These contract rates exceeded the actuary certification submitted to and approved by CMS.
3. Anthem East Central Region Preschool rate was entered at \$700 more than the actuary listing. This was subsequently corrected in a letter signed by Pat Casanova and Anthem.
4. Separate contracts were in effect through December 31, 2010, with two managed care contract consideration maximums for the three year term, whereby payments were not to exceed \$562 million for Anthem and \$562.3 million for MdWise. Controls had not been designed to track the contract payments to ensure the maximum consideration was not exceeded.

"The CMS Regional Office must review and approve all MCO, PIHP, and PAHP contracts." [42 CFR 438.6 (a)] "All payments under risk contracts and all risk-sharing mechanisms in contracts must be actuarially sound." [42 CFR 438.6 (C)(2)(i)].

"Each agency, department, quasi, institution or office has the following accounting responsibilities:

- Operate within the confines of the established budget.
- Maintain an adequate internal control environment.
- Maintain adequate internal control procedures.
- Properly utilize the state accounting system as prescribed by the ENCOMPASS team.
- Maintain an effective and accurate accounting system for necessary subsidiary and supplementary records.
- Maintain, and make available for audit, documentation supporting the validity and accountability of monies received or disbursed.
- Perform duties in accordance with statute, regulations, state policy, contract provisions, and federal requirements as applicable."

(Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

We recommended that FSSA correct the managed care contracts and design internal control procedures to ensure contract terms are accurate. Controls should be implemented to ensure the contract maximum considerations are not exceeded.

**Status as of June 30, 2013**

OMPP continues to monitor procedures designed to receive quarterly payment data from the fiscal agent for both the HHW and HIP programs to cross check to the listed NTE MCE contract amounts. If a concern is noted during the quarterly review, it is immediately be noted in the contract amendment tracking tool in order to be properly addressed during the routine annual amendment process.

This finding remains unresolved.

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(Continued)

FINDING 2011 - FSSA(503)-6. MEDICAID ADMINISTRATION GRANT

Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program  
CFDA Number: 93.778  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/Cost Principles; Reporting  
Internal Control: Significant Deficiency

**Finding:**

FSSA receives an annual federal grant award for the Medicaid program administrative costs. When closing out the grant, the federal government reduces the grant award to the federal expenditures amount as reported by FSSA on the CMS-64. FSSA had not been reconciling the administrative costs reported to the grant accounting records it maintains. Several prior audit findings reported consistent underreporting of the administrative costs. The cumulative effect when compared to the state's accounting records is a shortage of federal funds.

The federal awards status as of February 2012 for closed grant periods is shown in the following table:

<u>Grant Period</u>	<u>Grant Award as of February 2012</u>	<u>Total Federal Expense -- Schedule of Federal Financial Assistance</u>	<u>Grant Award Over (Under) the Federal Expenses</u>
10-01-06 to 09-30-07	\$ 115,127,076	\$ 122,591,000	\$ (7,463,924)
10-01-07 to 09-30-08	166,922,433	175,389,777	(8,467,344)
10-01-08 to 09-30-09	170,873,738	232,330,607	(61,456,869)
10-01-09 to 09-30-10	188,017,908	140,132,408	<u>47,885,500</u>
Total Net Federal Administrative Grant Disbursements Exceeding Awards			<u>\$ (29,502,637)</u>

The full balance of the 2010 administration grant does not appear to be available to cover the 2009 deficit, as FSSA advance reported \$15,242,152 in school clinic administrative costs for the federal fiscal year ended 2010, but has not paid these, as this is an item awaiting federal approval.

FSSA did not prepare reconciliations for the administrative grant period ended September 30, 2010, but subsequently began reconciling the 2011 grant to the state's accounting records.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

Summary of prior report findings specifying administrative grant underreported:

Prior Finding:	Administrative Expense Understatement:
2007-FSSA-1	\$ (4,849,991)
2008-FSSA-4	(10,625,868)
2009-FSSA-8	(14,674,698)
Total Underreported	\$ (30,150,557)

The finding 2008-FSSA-4 also specified an error of unclaimed expense of \$3,265,517 which further understated federal Medicaid administrative expense. Due to this finding, in the quarter ended September 30, 2010, FSSA did report increasing administration cost adjustments of \$12,572,422.

FSSA typically matches its grant drawdowns to the state's accounting; therefore, the federal government's records also were overdrawn. On May 11, 2011, CMS notified FSSA that they discovered the negative balance of \$41,898,234 in the Payment Management System (PMS) for Indiana for its administration grant for the grant year ended September 30, 2009. The federal government suggested that this may be caused by the state having made draws from the MT subaccount that pertained to program year 2010 expenditures, as the first draw in the 2010 administration grant account was not until December 23, 2009, and stated: "The state would need to determine exactly how much they drew in the MT subaccount that should have been in the XIXADM-10 (based on expenditures that they claimed in FY 2010. Then Indiana would simply transfer those draws to XIX-ADM10." The available balance in the 2010 grant was \$45,071,011 at that time.

In response, FSSA returned the federal revenue on the federal PMS by recording a negative grant drawdown of \$41,898,234 to the MT (2009) administration grant, as well as returning \$2,742,306 to the 2010 administration grant. In the state accounting system, the negative federal drawdown of \$41,898,234 was recorded to the Medicaid Assistance grant project 503MDAST100FF09, instead of the 2009 administration grant.

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

"Each agency, department, institution or office has the following accounting responsibilities: 1. Operate within the confines of the established budget, 2. Maintain a control environment, 3. Maintain control procedures . . ." "The accounting system provides the basis for budgetary control. The operating budget should be viewed as a comprehensive planning and control device. Each agency must function within the budget limits." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)



**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

We continue to recommend that FSSA ensure that all costs reported be reconciled to the grant accounting records. FSSA should examine the grant reporting made and identify adjustments necessary to have the grant records correspond to the federal reports. They should review the 2009 grant costs that may have been properly associated to the 2010 grant period. Upon identifying any federal reporting corrections, requests to reinstate grant awards to their prior levels should be made. Adjustments should be recorded to the state accounting records to correct the error made in recording the federal revenue adjustment.

**Note: Unresolved sections of prior findings 2007-FSSA-1, 2008-FSSA-1, 2008-FSSA-4 and 2009-FSSA-8 are included as part of this current finding; thus, those prior findings are noted as resolved.**

**Status of Finding as of June 2013:**

FSSA utilizes projects to record each Medicaid Administrative expense to the specific grant. In FFY11 CMS issued new guidance stating that funds reported on the CMS-64 for a federal fiscal year should be drawn from that FFY grant. This was a change from previous grant funding where prior year adjustments were claimed against prior year grants. All Medicaid prior-year Medicaid Admin grants have a zero balance with the exception of FFY2010 which has a positive authorization balance of \$47,885,500. No funds are due to CMS for any prior grant years.

There are no questioned cost where the State may have over-claimed federal funds, therefore the cost portion of finding is resolved. The State will work with CMS to close-out all grant amounts and if any additional expenses related to the Med Admin grant are identified the State will work with CMS on a resolution. The research portion of the SBOA finding remains unresolved.

FINDING 2011 - FSSA(500,503)-7, MISSING CASE FILES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program, Children's Health Insurance Program, Temporary Assistance to Needy Families
CFDA Number:	93.778, 93.767, 93.558
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Eligibility
Internal Control:	Material Weakness (MED), Significant Deficiency (CHIP, TANF)

**Finding:**

The Family and Social Services Administration (FSSA) was unable to provide 23 percent (14 of 60) of TANF case files, 16 percent (19 of 122) of the Medicaid case files, and 18 percent (7 of 40) of the CHIP case files we requested in order to verify certain eligibility information in the Indiana Client Eligibility System (ICES). All files requested should have included documentation supporting residency, citizenship, family relationships, income and resources of recipients of benefits or medical services during State fiscal year 2011.

Numerous files had been moved from offices in the various counties into one of several centralized storage facilities, but were not inventoried and catalogued prior to storage, thus making it very difficult for FSSA employees to locate specific files. At least 1500 file cabinets containing uncatalogued case files are in one storage facility.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

One Medicaid and one CHIP case not provided were processed in counties that were to have had the case documents retained as scanned into the Family Assistance and Care through Technology Services (FACTS) System; however, documents in the FACTS system were either nonexistent or incomplete. Other errors were discovered in TANF records that are noted in prior unresolved findings 2006-FSSA-11, 2006-FSSA-12, and 2006-FSSA-14.

42 CFR 435.907, which applies to Medicaid and CHIP states in part: "(a) The agency must require a written application from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant. (b) . . . the application must be on a form prescribed by the agency and signed under penalty of perjury." 42 CFR 435.913 states in (a): "The agency must include in each applicants case record facts to support the agency's decision on his application."

45 CFR 205.60, which applies to TANF, states in (a): "The state agency will maintain or supervise the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determinations of eligibility, the provisions of financial assistance, and the use of any information obtained under section 205.55, with respect to individuals denied, recipients whose benefits have been terminated, recipients whose benefits have been modified, and the dollar value of those denials, terminations and modifications. Under this requirement, the agency will keep individual records which contain pertinent facts about each applicant and recipient. The records will include information concerning the date of application and the date and basis of its disposition; facts essential to the determination of initial and continuing eligibility; and the basis for discontinuing assistance."

US OMB Circular A133, Subpart C, .300) states in part: "The Auditee shall: . . ."b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs."

We recommended that control procedures be implemented to protect the retention and accessibility of case files.

**SBOA UPDATE:**

The Family and Social Services Administration (FSSA) was unable to provide 9 percent (8 out of 90) of the Medicaid recipient case files requested in order to verify certain eligibility information in the Indiana Client Eligibility System (ICES). All files requested should have included documentation supporting residency, citizenship, family relationships, income and resources of recipients of benefits or medical services during State fiscal year 2013.

**Status of Finding as of June 2013:**

Prior to the beginning of SFY12 all eligibility documentation files were maintained in paper form. FSSA/DFR recognized the challenges of storing and retrieving the numerous paper files for in excess of one million applicants and clients. As such, FSSA/DFR began the roll out of the Family Assistance and Care through Technology Services (FACTS) system, an electronic document imaging system. Whereas the final county was completed by March 2012, all documents supporting residency, citizenship, family relationships, income and resources of recipients should now be available in FACTS for cases initiated after this time, and retrievable through ICES.

FSSA considers this finding open for cases initiated prior to the implementation of FACTS.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FINDING 2010 - FSSA(503)-5, ERROR IN REPROCESSED ELIGIBILITY COSTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP); Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Eligibility; Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

**Finding:**

During our audit of FSSA, we found that the Office of Medicaid Policy and Planning (OMPP) was required by the Centers for Medicare and Medicaid Services (CMS) to report detailed costs per Medicaid waiver and demonstrate the required cost effectiveness since inception, to retain federal approval. In so doing, OMPP discovered an enrollment classification error had occurred for children with incomes up to 150 percent of poverty, who are classified as CHIP I. Children with insurance coverage had been enrolled as CHIP I members, when plans had been designed for their coverage in the Medicaid care select waiver.

According to section 4.1.7 of the approved plan for CHIP, Access to or coverage under other health coverage: "Children cannot have other creditable health care coverage. A three-month waiting period from the date the child was last covered will be imposed."

In order to correct the error, the Medicaid fiscal agent reran reports back to 2007, in a clone system environment. Comparative analysis was also made to the expected results as projected by the actuary. The CMS 64 federal reports were adjusted by the total expense change calculated in this process of \$33,073,594 for the federal fiscal years ended September 30, 2008 and 2009, which increased the Medicaid program and decreased the CHIP.

The information provided for audit omitted any searches for insured CHIP C members, whose incomes are up to 250 percent of poverty level, who may then be ineligible.

In June 2010, the accounting entry was recorded which corresponded to the retroactive reclassifications as had been reported. We found that the entry incorrectly duplicated the costs for the quarters ended June and September 2009, by \$9.3 million, and overstated the ARRA costs directly recorded by \$585 thousand. In addition, we found that the ARRA costs were further overstated when the 2009 ARRA grant costs were subsequently calculated in full from the total 2009 Medicaid expenses posted, which included this adjusting entry at the total cost of \$42.4 million. The federal share of the errors is summarized in the table below:

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

Description	Grant Number	Federal Costs Over (Under) Charged:
Medicaid Assistance charged 2 quarters twice	5 09 05 IN 5028	\$ 5,983,707
ARRA cost included as 2009 grant calculation	0905INARRA	4,217,338
Excess ARRA posted directly	1005INARRA	<u>585,039</u>
<b>Total Overstated Medicaid Costs</b>		<b><u>\$ 10,786,084</u></b>
Children's Health Insurance Program credited for 2 quarters' cost twice	5 09 05IN 5021	<u>\$ (7,090,869)</u>
<b>Total Net Federal Costs Over Charged</b>		<b><u>\$ 3,695,215</u></b>

We consider the total identified excess federal expense recorded of \$10,786,084 as questioned cost that may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost- type contractors . . ." 45 CFR 92.22 (a)

The Children's Health Insurance Program was authorized under section 21 of the Social Security Act. Sec. 2101. [42 U.S.C. 1397aa] "(a) Purpose.—The purpose of this title is to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children." (emphasis added)

"The agency must – (a) Have methods to keep itself currently informed of the adherence of local agencies to the State plan provisions and the agency's procedures for determining eligibility; and (b) Take corrective action to ensure their adherence." 42 CFR 435.903

We recommended that FSSA implement control procedures to regularly identify insured CHIP members who may thus be ineligible for coverage. We also recommended that preventative and detective internal controls for preparing and approving transactions be formally designed and implemented. The questioned costs identified above may have to be returned to the federal government.

**Status of Finding as of June 2013:**

- #1 Medicaid assistance charged 2 quarters twice. Federal costs overcharged \$5,983,707.
- #3 ARRA costs directly recorded were calculated incorrectly. Federal costs overcharged \$585,039.
- #4 Children's Health Insurance Program credited for 2 quarters twice. Federal costs under charged \$7,090,869.

This correction was made in the General Ledger on June 16, 2011, on JE # 0002650758.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

On June 25, 2011, the following entries were made in the FETS system to adjust Federal Draws:

503MASFMPF09F10	\$	(5,983,706.77)	reduction of expenses
503CHIP7615_F10		7,090,869.45	increase of expenses
503MASARRAQ1F10		1,571,178.94	increase of expenses
503MASARRAQ3F10		(2,156,218.49)	reduction of expenses

We disagree with this finding as follows:

#2 ARRA costs included in 2009 Grant calculation (FMAP split project). Federal costs over charged \$4,217,338.

We agree that total computable should be split between FMAP project and ARRA project.

However, the impact of including the total computable in the FMAP was not 4.2 million overcharged federal costs. The journal applied 64.26 percent against federal (\$27,236,798.28) FMAP and a separate calculation (see audit point #3) for ARRA. The \$4,217,338.05 was not included in federal charges.

Internal Controls:

This particular instance was a case of human error on two parts. A spreadsheet was prepared to move costs from one program to another with sections showing the monetary impact on each program. A formula was created that included all of the amounts showing, duplicating two costs. Current internal controls are for the Accounting Supervisor to review the work of the Accountant before submitting.

Current internal controls are for the Accounting Supervisor to review the work of the Accountant before submitting the journal to the Controller. The Controller then reviews the entry and its backup and either Approves or Recycles the entry. These controls were in place at the time the Journal entry was created. In this case, neither the Supervisor or the Controller detected the formula error on the spreadsheet and the entry was processed with the duplicated costs.

As of June 2013, FSSA and SBOA agree that the financial portions of the finding have been resolved and current questioned cost balance is zero.

Currently HP provides quarterly reports (MAR 7215-Q, 7225-Q, 7235-Q and 7245-Q) detailing changes in prior period Chip eligibility by quarter, which are reviewed by HP and FSSA after the close of each quarter. These reports are used to ensure accounting is completed at the appropriate federal rate for the time period.

This finding remains open to provide to SBOA tracing of credible insurance coverage to CHIP reports.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FINDING 2010 - FSSA(503)-10, ARRA EXPENSE OVERSTATEMENTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency, Questioned Cost
Costs Balance:	\$3,538,382

**Finding:**

Section 5001 of the American Recovery and Reinvestment Act (ARRA) provides States with an increased Federal Medical Assistance Percentage (FMAP) for 27 months between October 1, 2008 and December 31, 2010, with subsequent extensions. The ARRA specifies the eligible expenditures and conditions under which the State may claim the increased FMAP. As stated in FINDING 2009 - FSSA-4, ARRA GRANT ACCOUNTING, the material weaknesses of internal control which remained in place for the Medicaid grant accounting are also considered to apply to the ARRA Medicaid, as it was accounted for within those records. This includes 2008-FSSA-5 GRANT ACCOUNTING INTERNAL CONTROL ENVIRONMENT.

In response to the identified increased risk from material weaknesses in internal controls, we performed additional audit procedures, which identified the following ARRA expense overstatements:

Description	Fed. Expense Overstated ARRA 2009	Fed. Expense Overstated ARRA 2010
August 2009 expense credits were not recorded to credit the ARRA project.	\$ 401,145	\$
September 22, 2009 daily wire to fund Medicaid of \$479,908 was also recorded fully to the ARRA '09 grant. The ARRA portion was \$47,751.	432,157	
October 30, 2009 Medicaid expense credit totaling \$2,796,892 for cost transfers to other programs was not recorded as a credit share to ARRA.		272,977
ARRA expense for the November 6, 2009 bank account transfer was duplicated, when included in an adjusting entry and also recorded directly.		163,111

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

October 15, 2009 Medicaid expense credit for CHIP package C costs transferred for August and September, did not have the ARRA credit recorded	557,810	
CHIP package A costs transferred from Medicaid for the period June through December 2009 totaling \$52,482,171 were not credited to ARRA.	<u>2,980,572</u>	<u>2,198,603</u>
<b>TOTALS</b>	<u><u>\$ 4,371,684</u></u>	<u><u>\$ 2,634,691</u></u>

The total ARRA expense overstatements identified of \$7,006,375 is considered questioned costs which may be required to be refunded to the federal government. These errors also overstated the expenses reported for the ARRA grants in the Schedule of Federal Financial Assistance.

"As indicated in the fourth attestation under the grant award, the State must ensure that claims for the increased FMAP include only those expenditures for which it is applicable. Under section 5001(e); the increased FMAP is applicable generally to title XIX, but is not applicable to certain enumerated expenditures. The following list includes those expenditures and certain others to which the increased FMAP is inapplicable for other reasons:

1. Expenditures for disproportionate share hospital (DSH) payments;
2. Expenditures for payments made under title XXI;
3. Expenditures that are claimed based on the enhanced FMAP (described in section 2105(b) of the Social Security Act);
4. Expenditures that are not paid based on the FMAP, such as family planning services . . ." (Center for Medicaid and State Operations, SMD #09-005, ARRA #5)

"Each agency, department, institution or office has the following accounting responsibilities: . . . 5. Maintain an effective and accurate accounting system for supplementary records, 6. Maintain and make available for audit, documentation supporting the validity and accountability of monies received or disbursed . . ." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended that FSSA finance implement procedures to analyze in a timely manner all entries in the grant accounting records to ensure that requests for ARRA funds are accurate and complete. Adjustments should be recorded to correct identified errors and to return the federal share of questioned costs.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Status of Finding as of June 2013:**

	ARRA 2009	ARRA 2010
1. August 2009 expense credits not recorded to credit the ARRA project.	\$ (401,144.65)	\$
2. September 2009 daily wire to Fund Medicaid overstated the ARRA portion.	(432,156.94)	
3. October 2009 Medicaid expense credit not recorded as credit to ARRA.		(272,977.00)

No General Ledger entries were required.

On June 25, 2011, entries were made to the FETS system to adjust the Federal Draw by the amounts above.

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| 4. ARRA expense for November 6, 2009, duplicated in General Ledger.<br>An adjustment was made to the General Ledger on June 16, 2011, by JE # 0002650782. No Adjustment to the FETS System was required. |  | 163,111.17 |
| 5. October 15, 2009 Medicaid expense credit for CHIP package C costs transferred for August and September, did not have the ARRA credit recorded.  |  |            |

We disagree with this finding as follows:

FFY09	503MDAST6426F09	503CHIP7615_F08	Other Projects	Net
	\$ (5,606,130.39)	\$ 4,739,053.12	\$ 867,077.27	\$ -

The amount noted for FFY09 ARRA is arrived at by multiplying the total credit to Med Assistance by .0995 instead of the CHIP amount.

	\$ 557,809.97		\$ 471,535.79
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These amounts are the total computable amount, which includes Federal, ARRA and State shares. They were booked to 503MDAST6426F09. Until June of 2010, 503MDAST6426F09 contained the Federal FMAP, ARRA and the State share in the same project. By crediting the total computable, Federal, ARRA and State amounts were transferred to CHIP.

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| 6. CHIP Package A costs transferred from Medicaid for the period June through December 2009 totaling \$52,482,171 were not credited to ARRA. ARRA 09 (2,980,572) |  |  |
|--|--|--|



**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

We disagree with this finding as follows:

These amounts are the total computable amount, which includes Federal, ARRA and State shares. They were booked to 503MDAST6426F09. Until June of 2010, 503MDAST6426F09 contained the Federal FMAP, ARRA and the State share in the same project. By crediting the total computable, Federal, ARRA and State amounts were transferred to CHIP.

FFY09	Package A amount
Jun-09	\$ 7,958,326.07
Jul-09	7,132,516.95
Aug-09	7,400,768.05
Sep-09	7,463,870.14
	29,955,481.21

7. ARRA 10 (2,198,603)

We agree with this finding as follows:

These amounts are the total computable amount, which includes Federal, ARRA and State shares. They were booked to 503MASTRFMAPF10 which includes the Federal and State Share. While the total amount is correct, the credit to ARRA was left in the 503MASTRFMAPF10 project instead of in the ARRA Project so they give back to the Feds was all FMAP instead of ARRA and FMAP.

FFY10	Package A amount
Oct-09	\$ 7,318,744.78
Nov-09	7,457,615.84
Dec-09	7,750,308.85
	22,526,669.47
Total	52,482,150.68

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

An adjustment was made to the General Ledger on June 16, 2011, by JE # 0002650782.

On June 25, 2011, entries were made to the FETS system to adjust the Federal Draw by the amounts below:

503MASTRFMAPF10	\$ 1,449,538.92	increase in expense
503MASARRAQ1F10	(2,198,602.94)	reduction of expense

Internal Controls:

In SYF10 there were many debates within the Agency with SBA and AOS of the proper accounting for ARRA funds and the proper segregation of that accounting. This resulted in transactions originally being booked one way and then moved as new methods were implemented. Errors occurred during these changes in coding and processes. Staff was trained in each method as it was implemented but it was near the end of the Fiscal Year before stability was achieved in ARRA Accounting Initial procedures to analyze in a timely manner all entries in the grant accounting records were implemented near the end of calendar 2009 and the staff trained on the reconciliation process. As a new process and procedures, the staff needed time and experience to fully understand and master them and was reaching that goal near the end of SFY10. These procedures and instructions have continued to be updated regularly since their inception as potential internal control issues are brought to light and as new tools for review are developed. The basic process remains the same - to match General Ledger expenditures to those entered as expenses to be charged to the Federal Grant and to likewise match the corresponding revenues as well as to review all transactions for legitimacy accuracy of coding and appropriateness for the Grant being charged. In addition to the formal documented reconciliations prepared by Accounting Operations, the Controller's Groups and Federal Funding analysis for each business unit do separate and independent reviews for the same issues.

A reduction to expenditures in the amount of \$163,117 was entered into FETS with a date of June 16, 2012, to return the federal share.

Accounting Operations and SBOA met and reviewed the audit documentation and support. It is now agreed that the SBOA finding holds. Accounting Operations is working to put together the needed correcting entry and will work with Federal Funding to return and Federal amounts needed. Anticipated date of completion is September 2013.

This finding remains open.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FINDING 2009 - DCS(502)-1, SUBRECIPIENT MONITORING

Federal Agency:	Department of Health and Human Services - ACF
Federal Program:	Child Support Enforcement Program (IV-D)
CFDA Number:	93.563
Auditee Contact Person:	Cynthia Longest
Title of Contact Person:	Deputy Director, Child Support Bureau
Phone Number:	317-233-4482
Internal Control:	Significant Deficiency - Subrecipient Monitoring

**Finding:**

During our audit of the DCS Child Support Program, we noted that DCS does not adequately monitor the counties' use of Title IV-D Child Support incentive funds. Although DCS receives monthly statements detailing the disbursements of incentive funds and maintains a register for each county based on the monthly statements received, DCS does not require the counties to submit a statement for the months that incentive funds were not expended. Also, DCS does not perform a final accounting or reconciliation of each county's incentive funds expended at least annually. Under its current system, DCS does not have adequate assurance as to the actual incentive funds expended for each county and consequently cannot attest to the completeness, existence, and propriety of the incentive funds transactions conducted by the counties. This is a significant deficiency.

31 USC 7502(f)(2)(B) states: "Each pass-through entity shall monitor the subrecipient's use of federal awards through site visits, limited scope audits, or other means; . . ."

We recommended that DCS perform a final accounting or reconciliation of each county's incentive funds expended at least annually.

**Status of Finding as of October 31, 2013:**

DCS considers this finding as remaining open. Activities ongoing since the previous update are:

1. All County Offices (Prosecutors, Clerks, IV-D Courts) are required to report expenditures of incentive funds on a quarterly basis to DCS. If incentive funds are not used during a quarter, the office is required to complete a report identifying no funds were spent.
2. All County Auditors are required to report the balance of each incentive fund, also on a quarterly basis.
  - a. Offices not submitting a balance form timely are contacted with reminders until the report is received
3. The CSB Audit Team reviews each incentive fund, confirming each fund balance is as expected considering to the prior quarter's ending balance of the fund, newly distributed incentives and the current quarter's expenditures. All data is maintained in worksheets and CSB Auditors follow-up on a quarterly basis until variances are resolved. Slow responses from counties are escalated to CSB Management and appropriate county officials.
4. The Monitoring Core Team continues monthly meetings to review monitoring issues, training needs and overall IV-D policies.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

5. The automated tool, now referred to as 'IV-D Expenditure Online Forms', is being rolled out to county IV-D offices. All offices are expected to be using the online tool for reporting of monthly county expenditures and quarterly incentive expenditures in the 1st Quarter of 2014.

FINDING 2009 - FSSA(503)-2, CHIP PACKAGE C REPORTING

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program
(CHIP) CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

**Finding:**

The following conditions were identified as related to CHIP package C:

Balancing Package C Expenditures

CHIP Package C expenditures are reported to FSSA from their Fiscal Contractor, Hewlett Packard (HP), formerly known as EDS, on a weekly basis. FSSA uses these financial reports to record CHIP C expenditures in the State's financial system. Package C expenditures are reported on the quarterly CMS 21 reports to the federal government based upon HP issued reports from the reporting subsystem MAR. Neither HP, nor FSSA performs a balancing or reconciliation of the FIN and MAR reports specifically for the Package C. We compared the financial reports (FIN) to the MAR reports for the fiscal year ended June 30, 2009, and found the MAR report to be greater by \$1,707,483. Timing differences between weekly report dates in the financial system and the monthly dates in the reporting system were not readily identifiable. We further questioned the accuracy of the expenses classified for CHIP due to an inconsistent recognition source for Package A, which uses monthly MAR reports. This causes uncertainty as to the accuracy and completeness of expenses claimed.

Premiums Reported

During state fiscal year 2009, we found that premiums were incorrectly reported during two quarters for CHIP II (Package C). Premiums are paid for children, whose parents make greater than 150 percent of poverty level. These premiums are recorded as a negative expenditure in accounting records and on the CMS 21 Federal Report to reflect a reduction of expenses for the program. Premiums are recorded in the CHIP Expend/Allots worksheets. These are totaled quarterly and given to the reporting staff for input on the CMS 21. The total premiums reported for quarter ending December 31, 2008, were underreported by \$33,854, with the federal share underreported by \$25,384. Total premiums for quarter ending June 30, 2009, were underreported by \$54,953, with the federal share underreported by \$41,204. The total federal share was underreported for the fiscal year by \$66,588. Our testing found that incorrect amounts were provided to the reporting staff. Reporting staff did not verify formulas in the accounting records to ensure accurate amounts were reported.

The inaccurate reporting results in a significant control deficiency. The accounting activity for totaling premiums were not verified or reviewed by accounting staff, nor checked for accuracy by reporting staff.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

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

We recommended that FSSA Finance staff review the totals provided to the reporting staff for accuracy and have proper approval processes for ensuring all records provided for reporting are accurate. We also recommended the reporting staff review any grant accounting worksheet formulas for accuracy prior to preparing federal reports. Appropriate reporting adjustments should be made to reflect the reporting errors that were found. FSSA Finance should also balance or reconcile the FIN to MAR reports on a quarterly basis.

**Status of Finding as of June 2013:**

FSSA has developed processes to adjust for retroactive eligibility changes. Current CHIP package C expenditures are accurately claimed against the CHIP by entering adjusting journal entries to account for eligibility changes between the time of payment and the end of quarter CMS-21 reporting.

A reconciliation is underway to adjust prior differences and adjusting entries will be discussed with CMS.

This finding remains open.

FINDING 2009 - FSSA(503)-6, QUALITY ASSESSMENT FEE  
REFUNDS - INTERMEDIATE CARE AND NURSING FACILITIES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency Questioned
Cost Balance:	\$1,198,888

**Finding:**

Intermediate Care facilities and Nursing facilities pay the State of Indiana quality assessment fees (QAF) as part of a program approved by the federal government. These fees are a source of state funding to provide for increased rates for recognized quality measures. Most of these fees are collected as deductions from Medicaid payments issued. Upon recording Medicaid expenditures, the net payment amount is recorded in the agency's grant records. The following quarter, the state records an adjustment to recognize the state fees collected, and increases the federal share to that of the gross payments issued. The adjustment amounts for both Intermediate Care facilities and Nursing facilities are taken from Accounts Receivable Reports provided by EDS, the Medicaid claims contractor. As reported in our prior finding 2007-FSSA-3, Quality Assessment Fee Refunds, the total adjustment each quarter should include total quality assessments, less assessment overpayments

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

refunded by the state. It was brought to the attention of EDS, that the Intermediate Care Facility reports provided to the State through the end of SFY 2008 did not include the associated refunds. In SFY 2009, EDS reissued the Intermediate Care facility reports from SFY 2006 to current to include refunds issued. Due to a lack of communication regarding this change, FSSA finance did not deduct the refund amounts from Intermediate Care facility total assessments. The total effect of not accounting for the Intermediate Care facility refunds from SFY 2006 through SFY 2009 is an overstatement of federal share of \$772,090 to the Medicaid program, with the Medicaid ARRA overstated by \$5,879. Additionally, clerical errors caused incorrect refund amounts to be subtracted from the Nursing Facility assessments resulting in a further overstatement of federal share of \$420,919 to the Medicaid program. (See 2009-FSSA-4, ARRA GRANT ACCOUNTING, for explanation that ARRA was unclaimed for Nursing Facility assessment adjustments.)

We consider the total overstatement of federal expenditures of \$1,198,888 (\$1,193,009 for Medicaid and \$5,879 for Medicaid ARRA), to be questioned costs which may be required to be repaid to the federal government.

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

We recommended that FSSA record the Intermediate Care facility and Nursing facility QAF adjustments net of the refunds issued. The identified questioned costs should be returned to the federal government.

**Status of Finding as of June 2013:**

No additional work was completed in 2013. Finding 2009-FSSA-6 remains open solely pending the return of the federal share.

This finding remains open.

**FINDING 2008 - FSSA(503)-3, SCHIP DUPLICATE EXPENSE**

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles; Reporting
Internal Control:	Material Weakness
Questioned Cost Balance:	\$5,223,868

**Finding:**

The State Children's Health Insurance Program (SCHIP) claims are processed and paid together with Medicaid claims by EDS, the Medicaid fiscal contractor. At the end of the month, EDS issues a summary report of the SCHIP expense. FSSA Finance uses the summary report to reduce the Medicaid fund expenses and increase the SCHIP fund expenses, in order to properly classify the program expenses as well as to apply the higher SCHIP federal match rate. Adjusting entries to move SCHIP expenses from Medicaid Assistance to

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

SCHIP Assistance were not made during the first five months of the state fiscal year 2008. When adjusting entries were made in December 2007, the May 2007 adjustment, which had already been made in June 2007, was duplicated. As a result, federal expenses in the SCHIP Assistance fund are overstated by \$5,210,759. An additional \$13,109 is also in question as the federal expense recorded for the months of June through September 2007 had the higher matching rate applied which became effective October 1, 2007. The overstated federal expenses of SCHIP total \$5,223,868. The overstated expenses were also included in the total reported in the Schedule of Federal Financial Assistance as of June 30, 2008.

We consider the duplicate expense amount overcharged to the federal government to be material to the program. The error was neither prevented nor detected by an internal control. Controls were not present to ensure timely entries, with application of cutoff procedures to ensure prior period costs are not recorded twice in error.

The overstated federal SCHIP expenses of \$5,223,868 are considered questioned costs which may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors . . ." (45 CFR 92.22 (a))

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

We recommended that FSSA Finance reconcile and review supporting grant accounting records on a regular and timely basis during the fiscal year. Internal controls should be designed in order to apply cutoff procedures to ensure prior period costs are not recorded twice in error. FSSA should process the necessary accounting adjustments to correct the identified errors.

**Status of Finding as of June 2013:**

FSSA has developed processes to adjust for retroactive eligibility changes. Current expenditures are accurately claimed against the proper Medicaid or CHIP grant matching the CMS-64 and CMS-21 reporting. A reconciliation is underway to adjust prior differences and adjusting entries will be discussed with CMS.

This finding remains open.

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(Continued)

FINDING 2008 - FSSA(503)-7, SURVEILLANCE AND UTILIZATION REVIEW AUDIT FILES

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions 1 – Utilization Control and Program Integrity
Internal Control:	Significant Deficiency

**Finding:**

The FSSA Office of Medicaid Policy and Planning (OMPP) contracted with Health Care Excel (HCE) to conduct the required Surveillance and Utilization Review (SUR) audits. The contractor was to perform claims utilization analysis to identify aberrant behavior as an indication of potential fraud and abuse. On-site audits of provider medical records were also then performed. Following the contract expiration, December 31, 2008, all files, databases and records were transmitted to OMPP. While these were generally made available to us, the staff was no longer available when we tested this function in 2009. As such, we were unable to make appropriate inquiries of contractor staff to verify the continuance of prior controls.

We tested a sample of audits to ensure the reports issued were accurate and complete and that the audits had consistently applied control procedures and appropriate methodology. There were 263 audits started during our audit period, of which 15 were selected for testing. Several documents or information necessary to support the work performed and the effectiveness of the contractor's services were missing from files tested, as described below.

- Recoupment files were missing for 5 of 13 (38 percent) cases tested that were identified for recoupment. Recoupment files generally contain a case activity log, a Provider Repayment Election Form (PREF) completed and signed by the provider to indicate provider's intentions with regard to repayment of the identified overpayments and interest, copies of the check and the daily check log, and a date stamp indicating the date that payment is received.
- There was no evidence of internal supervisory review for 4 of 15 cases (27 percent). For one closed case, there was no supervisory review documented for any part of the case. For two cases, there was no documentation of supervisory review to approve closure of the case. For one case, there was no evidence of supervisory review for the final determination letter.
- Indiana Medicaid Fraud Control Unit (MFCU) releases were not documented for 2 of 15 cases (13 percent). The MFCU is a unit of the Office of the Indiana Attorney General. MFCU releases are obtained to allow HCE to proceed with a specified course of action (on-site audit, preliminary findings, recoupment, etc.) at each case milestone so that MFCU investigative activities are not jeopardized. According to the Memorandum of Understanding between FSSA's OMPP and the Office of the Indiana Attorney General, if HCE does not receive a response from MFCU within 10 business days after a list of proposed actions are sent, HCE may continue with the specified course of action. However, this practice is rare. There was no documentation in the files that this approach was taken.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

- There was no evidence of the interest calculation to support the final determination letter for 3 of 13 cases (23 percent) which were identified for recoupment. For one of those cases, an OMPP employee also allowed the provider to change the interest due from \$6,891.86 to \$6,631.56 without any calculation or basis stated.
- One case did not contain evidence that the case objectives were met despite the case having been closed. The objectives of this type of case include the examination of medical records for early intervention of errors for new providers. There was no evidence that any medical records were either requested or reviewed. The extent of the information contained in the case file was a fax which stated that there was a phone interview to gain basic information regarding the operations and that the reviewer drove by the location after office hours.

At June 30, 2008, the contractor's records show a total of \$24.4 million as outstanding balances for 145 providers. These include 99 provider cases listed as awaiting state hearings and appeals dating back to 1999. OMPP is currently conducting follow-up with cases which were active as of when the contract ended. Furthermore, the federally mandated SUR function was contracted to EDS, the Medicaid fiscal agent, which only required SUR review of only 1 audit per month beginning in January 2009.

42 CFR 456.3 states that: "The Medicaid agency must implement a statewide surveillance and utilization control program that— (a) Safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments; . . ."

42 CFR 456.4 states that: "(a) The agency must— (1) Monitor the statewide utilization control program; (2) Take all necessary corrective action to ensure the effectiveness of the program; (3) Establish methods and procedures to implement this section; (4) Keep copies of these methods and procedures on file; and (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program."

Per Indiana Code 12-15-13-3(g): "If interest on an overpayment to a provider is due from the provider, the secretary [defined in IC 12-7-2-172 as the Secretary of FSSA] may, in the course of negotiations with the provider regarding an appeal filed under subsection (b), reduce the amount of interest due from the provider."

Per Indiana Code 12-15-23-5: "If the administrator and a provider fail to enter into an agreement not more than sixty days after the administrator's discovery of an overpayment, the administrator shall immediately certify the facts of the case to the Medicaid fraud control unit established under IC 4-6-10."

We recommended that FSSA develop and document a full control structure for the required surveillance and utilization review function. The open case files should be reviewed to identify the accuracy of the information and action necessary to collect amounts due the program or properly document uncollectable amounts. Interest calculations should be in accordance with Indiana Code 12-15-13-3 and documented. Outstanding audit cases that are not awaiting appeal should be certified to the Medicaid Fraud Control Unit in accordance with Indiana Code 12-15-23-5.

**Status as of June 30, 2013:**

Program Integrity SUR will continue to work collaboratively with the FADS data staff to validate all information is entered into the appropriate fields within the i-Sight case management tracking system. Regular meetings between PI managers and pertinent FADS staff will continue to occur to review reports of current cases. Additionally, PI has designated staff within the FADS contract and /or PI SUR to review information for aged cases

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

in i-Sight. Regular meetings with the Office of General Counsel will take place to address aged, outstanding audit cases in the Hearings & Appeals status to determine provider intention to continue to appeal or withdraw appeal. Any discrepancies will be discussed with management and corrections of the case data will be pursued.

FSSA considers this finding unresolved.

FINDING 2005 - FSSA(503)-16, TRACKING OF CERTIFICATION & TRANSMITTAL (C&T)

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

**Finding:**

In order to be eligible to receive Medicaid payments, long-term care facilities must meet prescribed health and safety standards. The Indiana State Department of Health (ISDH) is responsible for the issuance of Certification & Transmittal (C&T) documents. Among other purposes, C&Ts inform the Medicaid fiscal agent whether or not facilities have met prescribed health and safety standards. EDS may receive several C&Ts for each facility in the course of a year. Not all of the C&Ts received will be for the purpose of recertification. Other than Intermediate Care Facilities for the Mentally Retarded (ICF/MR), EDS does not have a system in place to ensure that only those facilities certified by the Indiana State Department of Health as having met prescribed health and safety standards receive Medicaid payments.

There is a lack of controls in place to ensure that all providers being paid have a current and satisfactory C&T. Upon receipt, C&T documents are logged in the Document Tracking System at EDS and filed in hardcopy facility files. No information is entered into AIMS for long-term care facilities other than ICF/MR. The papers inside provider files are loose-leaf, not in any specific order, and are not indexed. There is no process in place to ensure that all required C&Ts are received and to follow-up on those that are missing. The lack of controls increases the risk of paying providers who do not have a current and satisfactory C&T.

42 CFR 442.12 states: "Provider agreement: General requirements. (a) Certification and recertification. Except as provided in paragraph (b) of this section, a Medicaid agency may not execute a provider agreement with a facility for nursing facility services nor make Medicaid payments to a facility for those services unless the Secretary or the State survey agency has certified the facility under this part to provide those services."

The Social Security Act §1919 (g)(2)(A)(iii)(I) states: "Each nursing facility shall be subject to a standard survey not later than 15 months after the date of the previous standard survey conducted . . ."

We recommended that FSSA ensure that a process is implemented to make certain that the most current C&T is in the provider files and to examine files for completeness. If a provider's file does not have a recent C&T, follow-up should be performed with ISDH. The communication process should be enhanced to ensure that C&Ts are received in a timely manner. A list of finished surveys from ISDH should be periodically obtained and compared to hardcopy provider files.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Status as of June 30, 2013:**

OMPP continues to monitor documentation from ISDH and CMS regarding the compliance of providers subject to survey. The objective of this process is to ensure that payment is not made to providers who do not meet the requirements for participation. OMPP also continues to meet the ISDH regularly to discuss concerns of either agency. OMPP will meet with appropriate agency staff to ensure the development and implementation of a process to match Medicaid data against ISDH data.

This finding remains open pending development of a process to match Medicaid data against ISDH data.

FINDING 2005 - FSSA(503)-20, TIMELY FOLLOW-UP OF LICENSE TERMINATION

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program
(SCHIP) CFDA Number:	93.778; 93.767
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility; Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Cost Balance:	\$192,269

**Finding:**

AIMS does not provide a computer field to record the license termination date of providers. For providers with a license that is no longer valid, the end date of the license is not the end date used in AIMS. The end date used in AIMS is the date that the termination letter is sent out and may be several months after the date that the license became invalid.

As the system does not provide license termination dates, identification of services performed after a provider's license became invalid is not readily determinable. Manual processes are relied upon when making the determination as to whether the provider has performed services after the date that his or her license became invalid.

In our review of the license termination process, two providers were identified who received payments for services performed after the date which the provider's license became invalid. Action had not been initiated to recover the overpayments.

The first provider's eligibility was not terminated from AIMS until more than three months had passed after receiving an emergency suspension. The provider was identified in a newspaper article which stated that the provider was under a 90 day emergency suspension for committing possible fraud against Medicaid and private insurers. The emergency suspension has since been extended an additional 90 days. We are questioning claims which were paid for services performed after the date of the provider's emergency suspension in the amount of \$2,356.14.

The second provider's eligibility was not terminated from AIMS until more than 16 months had passed after the date of the company's license expiration. The delays in terminating the eligibility of this provider in AIMS resulted in \$298,604.37 paid for claims with dates of service subsequent to the license expiration.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

42 CFR §440.50 states that the services of physicians and dentists must be "(2) By or under the personal supervision of an individual licensed under State law to practice medicine or osteopathy."

45 CFR §92.22 state that: "Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type Contractors. . . ."

Under OMB Circular A-87, a cost must meet the following general criteria to be allowable under Federal awards: be necessary and reasonable for proper and efficient performance and administration of Federal awards and be authorized or not prohibited under State or local laws or regulations.

The total paid to these providers for services claimed beyond the date of license expiration or termination of \$300,960.51 is considered a questioned cost. The federal share may be required to be repaid to the federal government with State funds.

We recommended that FSSA require that AIMS maintain the date on which a provider's license becomes invalid. FSSA should perform monitoring procedures to ensure that license changes are recorded in a timely manner. FSSA should also develop information and communication procedures to ensure timely AIMS eligibility terminations occur.

**Status as of June 30, 2013:**

Repayment of federal share of provider #2 payments has not yet taken place. According to HP, the original claims paid in Apr/May of 2004 so those dollars would have hit the CMS64 for QE 200406. The adjustments paid in Oct of 2010 and appear to be straight voids so the prior period decreasing dollars would have hit the CMS64 for QE 201012, or at least on the CMS64 detail table. When the CMS64 cycle was run for QE 201012 the CMS64 hard reports did not include prior periods older than 5 years (current-year + 4) so these adjustments would not have been reported. These ARs were all mass adjustments (56) so an AR was created when the adjustment occurred. No monies have been offset so there are not dispositions. The prior period adjustments older than 4-5 years were not on the hard reports because it is a reconciling item in our balancing documentation. OMPP SUR will work with the OMPP Controller and all other pertinent staff to address the issue and appropriately refund the federal share.

This finding remains open pending verification of return of the federal share of provider #2 payments.

FINDING 2005 - FSSA(503)-30, MEDICAID BANK RECONCILIATIONS

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Finding:**

Indiana has a contracted fiscal agent for the Medicaid and SCHIP programs, EDS Corporation. The fiscal agent operates the AIMS, adjudicates and pays claims to providers, and maintains a bank account. We reviewed the bank statements and reconciliations performed by EDS for the period March through June 2005. The reconciliations were only of the monthly transactions and were not complete reconciliations using the total general ledger balance, outstanding checks and showing reconciliation to the bank balance. As a result, while monthly transactions are shown as compared between source records and the bank, we cannot ascertain that the records in total are in balance with the bank, or what the variance would be.

We further found that there is no process in place for FSSA to compare the state accounting transaction records maintained for the Medicaid program to the bank statements.

Reviews of bank statements were performed by FSSA budget section, but were not formally documented. In March 2006, we were informed that the EDS bank statements and reconciliations had not been reviewed since July 2005.

There are no written procedures for the process of monitoring the EDS bank and financial reporting.

"A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost type contractors, must be sufficient to –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes." (45 CFR 92.20(a))

"In addition to supporting documentation required for the state accounting system, some agencies maintain additional subsidiary records. These records may be so extensive as to constitute the agency's accounting system, particularly for financial reporting requirements. The agency provision of an effective accounting system would entail internal control structure elements, as well as accurate and functional forms and reports. An agency's accounting system, forms, and records must be approved by the State Board of Accounts. It should be noted that the Auditor of State system and reports issued constitutes the official record of the budget, cash receipts and disbursements. As such, the agency's own accounting system should operate congruently with the state system with reconciliations of as much information as is practicable. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree . . ." (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

We recommended to FSSA that complete bank reconciliations be performed for the account maintained by the fiscal agent. Written procedures should be developed regarding the review of the bank statements and reconciliations which include timely performance, documenting such reviews, assuring that identified errors are corrected, and comparisons to state accounting records for the Medicaid program.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Status of Finding as of June 2013:**

EDS has modified and strengthened their reconciliation process. They have provided FSSA with documentation, updated at least annually, for all of their processes including the bank reconciliation process (Finance Operating Procedures Manual Volume 2, Chapter 2). This procedure outlines how the reconciliation is done and how outstanding issues are handled for each type of transaction. The reconciliation balances back to the bank balance, variances are identified and procedures followed to correct them.

HP staff worked with Accounting Operations to ensure State staff had an adequate understanding and confidence that the bank reconciliation accounted for all payments. FSSA has created detailed procedures for review of bank reconciliations by FSSA staff.

At this time written procedures are developed and in place regarding the review of the bank statements and comparison to the state accounting records. Bank reconciliations are performed for the account maintained by the fiscal agent and have been completed for SFY 2012 and SFY2013 upon received from HP. Reviews of the monthly bank reconciliations are documented with signoff by Accounting Operations reviewer and by OMPP Controller.

FSSA continues to work on improving the timeliness for completion of reconciliations and all related reviews and assuring that identified errors are corrected.

FSSA considers this finding unresolved.

**FINDING 2004 - FSSA(503)- 6, DEATH VERIFICATIONS**

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767 and 93.778
Auditee Contact Person:	Ron Hendrickson
Title of Contact Person	DFR Director of Internal Operations and Policy
Phone Number:	317-233-0719
Compliance Requirement:	Activities Allowed/Unallowed, Eligibility
Internal Control:	Significant Deficiency

**Finding:**

On a daily basis, the Family and Social Services Administration (FSSA) submits the Social Security numbers of new applicants for programs served by the local Offices of Family and Children (OFCs) to the Social Security Administration (SSA) for verification that the number is valid, has been assigned to the corresponding name, and the number/name are not in the SSA death registry. In addition, FSSA verifies data for active household members against the SSA death registry on a quarterly basis for all recipients above 13 years of age.

If SSA records indicate that a recipient has died, an alert is generated to the caseworker. The Indiana Client Eligibility System (ICES) permits caseworkers to authorize file changes once daily. Most changes can be batched prior to authorization, but death information must be authorized in two sequential steps for the recipient to be properly removed from the household and the remaining household members' eligibility to be recalculated.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

If a recipient is properly removed, the recipient's case should become inactive and, therefore, not be included in the next quarter's death verification request. We requested a query of the ICES data to determine if any death matches were returned for the same recipient from one quarter to the next. A query was generated to compare results for the 4th quarter of 2004 to results for the 4th quarter of 2005. We found 133 matches statewide. Of these matches, 38 indicated some kind of benefit had been provided in 2005. Of these matches, 10 indicated a date of death prior to June 2002.

For these 10 matches, we obtained payment data for the audit period. Out of the 10 matches, 6 recipients were identified who received a combined total of more than \$200,000 in services during SFY04. We also tested a match for a date of death from 1957 and discovered that Medicaid payments had been provided through 2001.

These results are not conclusive until additional research is conducted. For example, if services were provided under a stolen identity, the sum of inappropriate payments could potentially span a longer time-frame than SFY04. Even if each instance of discrepant data can be traced to an error rather than the intentional misuse of an identity, the failure to detect and correct the discrepancies in a timely manner indicates control weaknesses over the payment function. In addition, failure to fully complete the two-step authorization required by ICES for death data affects the accuracy of eligibility determinations for remaining household members.

42 CFR 430.0 states: "Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low income persons who are age 65 or older, blind, disabled, or members of families with dependent children or qualified pregnant women or children." Medical assistance cannot be provided to a person who is deceased.

We recommended that research be conducted to determine the cause of discrepant death verification data for repetitive data alerts. In addition, we requested that the ultimate disposition of each instance of discrepant data, whether correction of erroneous data, recoupment or referral to an appropriate investigative or law enforcement authority, be documented and reported to us.

We also recommended that adequate oversight be exercised to ensure timely and appropriate resolution of discrepant death data by local OFCs.

**Status of Finding as of June 2013:**

Findings of a 2004 audit completed by SBOA have indicated that there are actions which have not been taken as far back as 2006 current for clients whom are deceased. Some are the result of possible system issues, but 54 percent of cases as of the end of May are due to failure to complete all steps necessary as the result of a SRED TASK.

System support is forthcoming in MR35 which will be released on September 13, 2013. At that point verification of death will be received from the Indiana State Department of Health (ISDH). The data from the ISDH will be more timely and accurate as compared to reports from the SSA. Two new alerts 231 and 233 and tasking support will also be available as the result of this change.

In the interim Cognos report GRP687RA (List of Deceased Individuals Participating in an Open/Pending Assistance Group) are worked manually by the ICES team at least monthly to ensure all cases receiving benefits are correct. This monitoring by the ICES began May 2013. The ICES team is notifying the Regional Manager (RM) of specific cases that should be researched as soon as the Cognos Report is generated each month. As a result of this monitoring the number of cases on the GRP687RA has reduced. The RM'S will also review the GRP687RA report monthly for each of their regions to determine if their staff have taken the appropriate action.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

All management staff (Regional Managers, Deputy Regional Managers, State Eligibility Managers) were retrained on this process on July 18, 2013. A Flash bulletin is scheduled for release on Friday, July 19, 2013. This bulletin reaches all staff when they open ICES. In addition to a flash bulletin reminding the workers of the steps which are needed, the Management team will conduct a refresher training with their staff to ensure they fully understand the process. This additional refresher training will be implemented for all staff with a completion date of August 9, 2013.

FSSA considers this finding unresolved at June 30, 2013, as the completion dates for the corrective action plan will occur in August and September.

FINDING 2003 - FSSA(503)-16, ONGOING VERIFICATION OF PROVIDER MEDICAL LICENSE

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

**Finding:**

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

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

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

**Status as of June 30, 2013:**

PI staff will continue to work collaboratively with OMPP and HP Provider Enrollment staff to review and validate the activity related to verification of IHCP-enrolled provider's possession of a current and valid medical license.

This finding remains open pending refinement of the documentation process of actions taken on enrollments as a result of the IPLA data.



**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

FINDING 2000 - DCS(502)-1, LACK OF AND IMPROPER SUPPORTING DOCUMENTATION

Federal Agency:	Department of Health and Human Services
Federal Programs:	Adoption Assistance Program
CFDA Numbers:	93.659
Auditee Contact Person	Rick Peterson
Title of Contact Person:	Assistant Deputy Director, CEU
Phone Number:	317-234-6910
Compliance Requirement:	Eligibility
Internal Control:	Significant Deficiency

**Finding:**

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

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

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

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

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

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

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – UNRESOLVED**  
(Continued)

**Status of Finding as of June 2013:**

DCS continues to consider this finding open. The DCS Central Eligibility Unit (CEU) now initiates new adoption subsidy payments in DCS' KidTraks financial system upon finalization of adoptions. CEU ensures that the subsidy agreement does not reflect anything more than the standard foster care per diem. While DCS currently considers this finding open for cases initiated prior to January 2009, DCS requests future consideration of complete closure as more of the caseload is becoming comprised of cases opened after January of 2009.

FINDING 2000 - DCS(502)-2, OVERPAYMENT OF ADOPTION ASSISTANCE SUBSIDIES

Federal Agency:	Department of Health and Human Services
Federal Programs:	Adoption Assistance Program
CFDA Numbers:	93.659
Auditee Contact Person	Rick Peterson
Title of Contact Person:	Assistant Deputy Director, CEU
Phone Number:	317-234-6910
Internal Control:	Significant Deficiency -- Activities Allowed or Unallowed

**Finding:**

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

We found that two (2) of the twenty-five (25) payments tested were in excess of the 75 percent allowable amount. One, a case in Jennings County, was overpaid by \$248.02 during the month tested, and another, a case in Vigo County, was overpaid by \$142.97. Neither of these overpayments exceeded 100 percent of the foster care maintenance payment. We expanded our testing of payments in these two counties. In Jennings County we found the same amount of overpayment for the same child for the additional month tested. In Vigo County we found a different child was overpaid \$775.07 for the additional month tested. This overpayment was a violation of both the State 75 percent policy and the 100 percent Federal requirement. The allowable foster care maintenance payment at 100 percent was \$571.91 and so the overpayment exceeded the Federal threshold by \$203.16.

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

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

**Status of Finding as of June 2013:**

DCS continues to consider this finding open. The DCS Central Eligibility Unit (CEU) now initiates new adoption subsidy payments in DCS' KidTraks financial system upon finalization of adoptions. CEU ensures that the subsidy agreement does not reflect anything more than the standard foster care per diem. While DCS currently considers this finding open for cases initiated prior to January 2009, DCS requests future consideration of complete closure as more of the caseload is becoming comprised of cases opened after January of 2009.

**STATE OF INDIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**

FINDING 2012 - DOE(700)-1, SPECIAL REPORTING

Federal Agency:	U.S. Department of Education
Federal Program:	Special Education Cluster
CFDA Number:	84.027, 84.173, 84.391, 84.392
Auditee Contact Person:	Beverly S. Flanagan
Title of Contact person:	Chief Financial Officer, DOE
Phone Number:	317-232-0514
Compliance Requirement:	Earmarking
Internal Control:	Significant Deficiency

**Finding:**

The Department of Education's Report of Children with Disabilities Receiving Special Education under Part B of the Individuals With Disabilities Education Act was submitted with incomplete data. The number of private (non-public) students was erroneously not included in their December 1, 2011, Educational Data Exchange Network Report (EDEN C089 and C002). Such an omission could affect a school's eligibility for funding special education and related services for children enrolled in private schools.

34 CFR 300.640, Annual report of children served-report requirement, states: "(a) The SEA must annually report to the Secretary on the information required by section 618 of the Act at the times specified by the Secretary." 34 CFR 300.644, Annual report of children served-criteria for counting children, states: "The SEA may include in its report children with disabilities who are enrolled in a school or program that is operated or supported by a public agency, and that-(a) Provides them with both special education and related services that meet State standards; (b) Provides them only with special education, if a related service is not required, that meets State standards; or (c) In the case of children with disabilities enrolled by their parents in private schools, counts those children who are eligible under the Act and receive special education or related services or both that meet State standards under §§ 300.132 through 300.144."

We recommended that DOE ensure that all non-public (private school) students are included in their annual EDEN report submission to the federal government.

**Status of Finding as of October 31, 2013:**

IDOE has taken appropriate steps to review child count data both at the program office and at the data retrieval and reporting levels to validate its comprehensiveness. Retrieved data has also been verified from both the database pull and from the SE reports available through the STN Application Center.

The IDOE considers this finding resolved for FY 2012.

FINDING 2012 - DOH(400)-1, CASH MANAGEMENT

Federal Agency:	U.S. Department of Agriculture
Federal Program:	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA Number:	10.557
Auditee Contact Person:	Daniel Lavenberg
Title of Contact Person:	Controller
Phone Number:	317-234-8313
Compliance Requirement:	Cash Management
Internal Control:	Significant Deficiency

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

**Finding:**

For several expenditures tested, the Department of Health (DOH) could not provide documentation identifying which draw(s) included those expenditures. Expenditures in the State's ENCOMPASS system did not consistently support the reimbursement draw documentation. Therefore, DOH may have drawn down federal funds prior to payment of related expenditures.

7 CFR 246.13(b) states: "*Internal control.* The State agency shall maintain effective control over and accountability for all Program grants and funds. The State agency must have effective internal controls to ensure that expenditures financed with Program funds are authorized and properly chargeable to the Program."

7 CFR 246.13(c) states: "*Record of expenditures.* The State agency shall maintain records which adequately identify the source and use of funds expended for Program activities. These records shall contain, but are not limited to, information pertaining to authorization, receipt of funds, obligations, unobligated balances, assets, liabilities, outlays, and income."

We recommended that the DOH establish procedures to ensure draws are based on paid expenditures and that the supporting documentation is maintained and available at time of audit.

**Status of Finding as of June 2013:**

The status of the finding as of June 30, 2013 is resolved. The Department of Health has established policies and procedures to prevent the drawing of cash prior to expenditure. All accounting staff has been trained on the new policies and procedures. Accounting staff are required to prepare bi-monthly reconciliations and to use these as backup documentation for their cash draws. These reconciliations are retained and will be available for audit. During state fiscal year 2014, management will be conducting sampling of reconciliations to ensure compliance and to identify additional training needs. If additional training is needed, it will be provided promptly to ensure understanding and compliance with the established policies and procedures.

FINDING 2012 - DWD(510)-1, CASH ON HAND INTERNAL CONTROLS

Federal Agency:	U.S. Department of Labor
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Audited Contact Person:	Randy Gillespie
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-7675
Compliance Requirement:	Cash Management
Internal Control:	Significant Deficiency

**Finding:**

The Department of Workforce Development (DWD) administers the Trade Readjustment Act (TRA) as a part of the Unemployment Insurance (UI) program. These funds are maintained in a checking account separate from the account maintained to pay UI benefits. DWD maintains a balance in this checking account due to the extended amount of time it takes to receive reimbursement for an expenditure.

**STATE OF INDIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

During fiscal year 2012, DWD increased the amount of funds maintained in the account to \$500,000. However, the balance of the TRA checking account never decreased below \$350,000, resulting in DWD maintaining 24 days' worth of needed cash on hand. DWD did not perform an analysis to determine the proper balance to maintain in the TRA checking account.

Also, DWD does not have adequate internal control procedures to ensure that federal fund draw down requests were properly reviewed prior to the submission of the request. DWD's "Daily AM Drawdown Report" requires two signatures that verify one individual prepared the report and a different individual reviewed the report prior to the request for those funds. During fiscal year 2012, there were several instances when the Daily AM Drawdown Reports did not contain a reviewer's signature or initials.

31 CFR 205.11 (a) states in part: "A state and Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds. (b) A State and a Federal Program Agency must limit the amount of funds transferred to the minimum required to meet a State's actual and immediate cash needs."

31 CFR 205.12(b)(4) states: "Cash advance (pre-issuance or post-issuance) funding means that a Federal Program Agency transfers the actual amount of Federal funds to a State that will be paid out by the State, in a lump sum, not more than three business days prior to the day the State issues checks or initiates EFT payments."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to DWD.

We recommend that DWD evaluate its cash needs and ensure that not more than three days cash needs are maintained in the TRA checking account. We also recommended that DWD's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

**Status of Finding as of June 30, 2013:**

Without funds on hand, it would be the 3rd or 4th day in some cases, before funds could be transferred to claimants' debit cards. This delay in making funds available would create an undue burden on the residents of the State of Indiana that have been displaced in their employment and are eligible for TRA benefits.

An analysis completed in early May determined that current cash needs are lower than has been experienced in prior years and that \$145,000 cash on hand was sufficient to cover the maximum funds transferred for any given three day period. As of May 13, 2013, the TRA bank account balance was reduced to a maximum of \$145,000. The TRA bank account balance will be adjusted as needed to only maintain the cash on hand that is required for current benefit expenditure levels as determined by an analysis done at least once every six months.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

Additionally, DWD has changed the management in the UI Trust Fund Unit and the new management has a thorough understanding of the need to insure that these draws are reviewed and approved prior to the draw being completed. The new procedure requires the draw to be submitted to the Manager of Trust Fund accounting for review and signature prior to the draw being completed. In the Manager's absence, the draw request will be reviewed and signed by the Director of Trust Fund Accounting.

FINDING 2012 - FSSA(500)-1, TANF IMPACT PROGRAM COSTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number	93.558
Auditee Contact Person:	David Smalley
Title of Contact Person:	Acting TANF and Impact Director
Phone Number:	232-2010
Internal Control:	Significant Deficiency – Allowable Cost/Cost Principles
Questioned Costs:	\$2,878,705

**Finding:**

FSSA contracts with ResCare Workforce Services to operate the Indiana Manpower and Comprehensive Training (IMPACT) program. The contracted services of the IMPACT program cover services provided to both TANF and SNAP (Supplemental Nutritional Assistance Program) recipients. Although the previous contract for IMPACT program services was a fee-for-service based contract, under the current contract, ResCare is reimbursed at actual cost for lease and furniture expenses, and is paid a "base fee" to administer the IMPACT program. Total costs are not to exceed a yearly "award amount" per the contract attachments. The base fees charged for the TANF and SNAP IMPACT programs, respectively, on the July-December 2011 invoices were \$793,140 and \$427,075, for a total base fee cost of \$1,220,215. The base fees charged for the TANF and SNAP IMPACT programs respectively on the January – June 2012 invoices were \$1,210,115 and \$0, for a total base fee cost of \$1,210,115. The total number of TANF IMPACT cases declined from 12,358 in July 2011 to 4,567 in June 2012, while base fees charged to the TANF grant in the same period increased 52.6 percent. TANF base fees for IMPACT should correlate, at least in part, to IMPACT services rendered. During the audit period TANF base fees increased 52.6 percent, while the TANF clients served by IMPACT decreased by 63 percent. The total amount the TANF IMPACT base fee paid increased during the audit period while IMPACT case load decreased was \$2,459,010.

Additionally, the contract with ResCare has a "gain share" provision, under which ResCare reduces invoice totals by one half the amount of ResCare Impact revenues less ResCare Impact costs, as calculated by unaudited internal ResCare financial statements. Gain share reductions on ResCare invoices paid in SFY12 totaled \$510,977. Gain share reductions were made from invoice amounts reimbursed by the SNAP grant (\$347,299), the Medicaid grant (\$72,396) and the cost allocation total, which is applied to all three grants (\$91,282). TANF grant expenses were reduced by a fraction of the cost allocation total, but did not otherwise benefit from the gain share reduction. No documentation was provided to support this distribution of the credit. The improper allocation of this credit resulted in an overstatement of TANF expenditures.

We consider the total identified excess federal expense of \$2,878,705 as questioned cost that may be required to be repaid to the federal government.

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(Continued)

2CFR225, C(2) states in part: "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally funded. In determining reasonableness of a given cost, consideration shall be given to: c) Market prices for comparable goods or services."

2CFR225, C(3)(c) states: "Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons."

2CFR225, C(4)(a) states: "Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate."

We recommend that FSSA monitor the costs of operating the IMPACT program and allocate to the TANF grant reasonable costs and cost reductions associated with TANF recipients.

We recommend that DCS establish procedures to ensure only current expenses are submitted for federal reimbursement from the TANF grant.

**Status as of June 30, 2013**

FSSA has reviewed the allocation expenditures and gain share credits applied between the applicable federal funding sources. Correcting journals will be completed thereby adjusting federal draws and grant expenditures. The Rescare contract has been restructured to a pay for performance contract effective January 1, 2013. The vendor now only provides IMPACT services without base fees included. Payments for these services are based on specific fees established within the contract amendment. The vendor is required to provide supporting documentation for each payment point. A sub-sample of billings submitted is pulled for review by operations to ensure the expense is allowable and service has been rendered satisfactorily.

FSSA considers this finding resolved.

**FINDING 2011 - CJI(032)-3, SPECIAL TESTS AND PROVISIONS**

Federal Agency:	U.S. Department of Justice
Federal Program:	Edward Byrne Memorial Justice Assistance Grant
CFDA Number:	16.738, 16.803
Auditee Contact Person:	Mary Allen
Title of Contact Person:	Deputy Director
Phone Number:	317-232-1229
Compliance Requirement:	Special Tests and Provisions
Internal Control:	Significant Deficiency

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(Continued)

**Finding:**

The Criminal Justice Institute (CJI) did not separately identify the Federal award number and CFDA number at the time of disbursement of funds to their subrecipients. This is considered a significant deficiency in internal controls.

Although CJI outsourced its finance division functions to the State Budget Agency's internal service fund effective March 26, 2010, CJI is still responsible for monitoring the contractor's work for maintenance of accurate grant records and compliance with applicable grant requirements. This would include informing American Recovery and Reinvestment Act (ARRA) subrecipients of the federal award and CFDA numbers at the time of each disbursement.

2 CFR 176.210(c) states: "Recipients agree to separately identify to each subrecipient and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds."

We recommended that the CJI implement internal control procedures to ensure the Federal award and CFDA numbers are identified to each ARRA subrecipient at the time of disbursement of funds. Such communication should be done at the time of each disbursement through the State's Encompass Accounts Payable ACH Payment Method box in accordance with the State Budget Agency's June 23, 2010, memo.

**Status of Finding as of June 2013:**

As of June 30, 2013, this finding was resolved. Effective, July 1, 2012, a list of accounts payable documents processed with Recovery Act funds will be presented, at the end of each quarter, to the Deputy Director of ICJI. He/she will choose 10 percent of the total number randomly and SBA staff will make copies of the accounts payable document to show that said information had been entered.

FINDING 2011 - DCS(502)-3, ISETS Information Technology (IT) Security Controls

Federal Agency:	Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93.563
Auditee Contact Person:	Cynthia Longest
Title of Contact Person:	Deputy Director, Child Support Bureau, Department of Child Services
Phone Number:	317-234-4482
Internal Control:	Material Weakness -- Special Tests and Provisions

**Finding:**

The Indiana Support Enforcement Tracking System (ISETS) is the computer system used to administer the collection and distribution of child support payments and manage other support enforcement activities. Our review of this system found that FSSA has not designated an ADP Security Manager nor has a risk analysis been performed for ISETS. These and other information technology control deficiencies within ISETS security implementation were communicated to FSSA management in a letter dated March 27, 2000, based upon the results of an Information Technology Services audit performed by the Indiana State Board of Accounts.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

45 CFR 95.621(f) states that: ". . . state agencies shall determine the appropriate ADP security requirements based on recognized industry standards or standards governing security of Federal ADP systems and information processing." 45 CFR 95.621(h) also requires the designation of an Agency ADP Security Manager and the performance of periodic risk analyses.

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

**Status of Finding as of October 31, 2013:**

DCS considers this security finding to be closed due to the following processes that have been put in place:

DCS/CSB generates ISETS reports on a quarterly basis for each County IV-D Prosecutor and Clerk. These reports are sent to the County Security Administrator (CSA) to review user's ISETS access and worker profiles for their respective offices. DCS/CSB also reviews the state user's ISETS access and worker profiles on the same quarterly schedule. The review of the reports may result in access either being modified or disabled/deleted.

A new ISETS program was implemented on August 20, 2012. This new program automatically disables user accounts for workers who have not accessed ISETS for a period of 90 days. The program runs weekly and the CSA receives a report listing the disabled accounts. After an additional 60 days of inactivity, the user accounts are automatically deleted and the CSA receives a report listing the deleted user accounts.

FINDING 2010 - FSSA(503)-6, ACCOUNTING FOR SPECIAL HOSPITAL PAYMENTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

**Finding:**

The Medicaid program regulations provide for additional calculated payments to qualifying hospitals, such as disproportionate share or for upper limit charges as per Medicare payment principles, as outlined generally in 42 CFR 447.272. The state plan provides for estimated payments to be issued for these types of payments, with later settlements based on final claims filed for the period. Calculations are made by the Medicaid rate setting contractor, and when approved by Office of Medicaid Policy and Planning (OMPP), the fiscal agent issues manual checks. The state generally receives the state share of these payments. Also, in place of settlements at a net amount owed, the state receives full repayment of the estimated check issued and then reissues back the state share originally received. Meetings are held to exchange the checks. On September 22, 2009, a volume of such exchange transactions occurred, with a state deposit of \$83.9 million from the hospitals' checks received. We found that these were all deposited with an accounting entry to classify them as 100 percent state receipts. However, two payments received were refunds of prior estimated payments received. As such, credit was owed to the federal Medicaid and American Recovery and Reinvestment Act (ARRA) grant. In addition, the state's manual checks to refund the original state share received were included as grant expenses issued. The total effect was to overcharge the federal grant program as follows:

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(Continued)

Description	Total Amount	Medicaid F09 Federal Share Overcharged	Medicaid ARRA 09 Federal Grant Overcharged
1. Hospital Refunds Received of Estimated payment previously charged to Grants. Deposited as 100% state.	\$ 42,902,891	\$ 27,569,398	\$ 4,148,741
2. Payments Issued as Refunds of State Share originally received that were recorded as grant payments issued.	11,184,752	<u>7,187,322</u>	<u>1,069,960</u>
Total Federal Grant Overcharged		<u>\$ 34,756,719</u>	<u>\$ 5,218,701</u>

We could not readily ascertain if settlements processed at other times during the year resulted in refunds that may have been misclassified as well. However, all transactions were not tested.

It also did not appear that an adequate segregation of duties was present regarding the deposits, as the same receipting supervisor had custody of the payments as well as the responsibility for approving transactions.

We consider the total identified excess federal expense recorded of \$39,975,420 as questioned cost that may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors . . ." 45 CFR 92.22 (a)

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

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

We recommended that FSSA ensure that the identified errors are corrected and that FSSA further review the fiscal 2010 activity to identify other settlement refund accounting transactions to ensure they were recorded in an accurate manner. Documented accounting entry examples for the Medicaid exception accounting such as settlement refunds should be developed. FSSA should then implement control procedures of training and adequate supervisory review to ensure accurate transaction description and accounting entries.

**Status of Finding as of June 2013:**

The correction was made in the General Ledger on June 16, 2011, on JE # 0002650770.

On June 25, 2011, the following entries were made in the FETS system to adjust Federal Draws:

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

503MASFMPF09F10	\$ (26,793,779.56)	reduction of expenses
503MASFMPF09F10	(775,618.20)	reduction of expenses
503MASARRAQ1F10	(4,148,741.15)	reduction of expenses

Internal controls:

FSSA has processes in place where the list of checks to be received is sent to Accounting Operations from OMPP and/or the contractor calculating the supplemental/DSH payments, refunds and IGTs. The list of checks is provided to both the accountant receiving the checks and the Account Receivable Manager to verify that all checks expected to be received have been deposited. The FSSA – Accounting Operations Procedure Guide includes a section documenting the process and controls for supplemental payments.

**Update:**

As of June 2013, FSSA and SBOA agree that the financial portions of the finding have been resolved and current questioned cost balance is zero. At the time the correcting entries were prepared in 2011 a review was completed of other settlements and no additional misclassified transactions were discovered. Additionally, FSSA has created and implemented a procedure for check distributions that addresses reviews of IGT processing and segregation of duties.

FSSA considers this finding resolved.

FINDING 2010 - SBA(057)-1, SPECIAL TESTS AND PROVISIONS

Federal Agency:	U.S. Department of Education
Federal Program:	State Fiscal Stabilization Fund Cluster
CFDA Number:	84.394, 84.397
Auditee Contact Person:	Deanna Oware
Title of Contact Person:	Deputy Director, State Budget Agency
Phone Number:	317-232-5604
Compliance Requirement:	Special Tests and Provisions, R3
Internal Control:	Material Weakness

**Finding:**

During our audit of the State Fiscal Stabilization Fund cluster, the Indiana State Budget Agency (ISBA) did not separately identify the Federal award number and CFDA number at the time of the award or at the time of disbursement of funds to their Government Services program subrecipients. This is a significant deficiency in the internal control design and operation.

The ISBA did not provide documentation for audit that indicated the federal award and CFDA numbers were included in the contracted grant agreements when the subgrants were awarded or at the time of disbursement of funds. Prior to June 23, 2010, there was no state guidance issued on how to inform American Recovery and Reinvestment Act (ARRA) subrecipients of the federal award and CFDA numbers at the time of each disbursement. The State Fiscal Stabilization cluster is 100 percent ARRA funds.

2 CFR 176.210(c) states: "Recipients agree to separately identify to each subrecipient and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number and amount of Recovery Act funds."

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(Continued)

We recommended that the ISBA identify the Federal award and CFDA numbers to each Government Services program subrecipient at the time of each award and at the time of disbursement of funds. Such communication should be done at the time of award with the grant agreement or award notification letter and at the time of disbursement through the State's Encompass Accounts Payable ACH Payment Method box in accordance with the State Budget Agency's June 23, 2010, memo.

**Status of Finding as June 2013:**

The Budget Agency implemented policies consistent with our corrective action plan noted above. We believe that this finding is resolved since this grant is now finalized, we no further entries were made.

FINDING 2009 - DOE(700)-6, EARMARKING

Federal Agency:	U.S. Department of Education
Federal Program:	Special Education Cluster
CFDA Number:	84.027, 84.173, 84.391, 84.392
Auditee Contact Person:	Beverly S. Flanagan
Title of Contact person:	Chief Financial Officer, DOE
Phone Number:	317-232-0514
Compliance Requirement:	Earmarking
Internal Control:	Significant Deficiency

During our audit of the Special Education Cluster (IDEA), we found that the Indiana Department of Education (IDOE) did not ensure that Local Education Agencies (LEAs) identified as having a significant disproportionality reserve the maximum amount of Special Education Part B funds (CFDA number 84.027) in order to provide coordinated early intervening services (CEIS) for children in the LEAs within those groups. Of the seven LEAs required to reserve the funds, we found that five did not set aside the maximum amount. IDOE approved LEA applications that did not allocate the required 15 percent for CEIS. This is a significant control deficiency.

34 CFR 300.646(b) states: "In the case of a determination of significant disproportionality with respect to the identification of children as children with disabilities, or the placement in particular educational settings of these children, in accordance with paragraph (a) of this section, the State or the Secretary of the Interior must . . . (2) Require any LEA identified under paragraph (a) of this section to reserve the maximum amount of funds under section 613(f) of the Act to provide comprehensive coordinated early intervening services to serve children in the LEA, particularly, but not exclusively, children in those groups that were significantly over identified under paragraph (a) of this section . . ."

We recommended that DOE integrate the significant disproportionality identification process with the application approval process and adequately monitor these procedures to ensure that the necessary LEAs are meeting the federal requirement.

**Status of Finding as of October 31, 2013:**

Previously, the federal Office of Special Education Programs (OSEP) conducted an onsite visit of the Indiana DOE Office of Special Education and had issue with a number of practices. As a result of OSEP's findings, the FY 2010 application process was revised so that LEAs include any CEIS dollars budgeted, whether those dollars were required due to significant disproportionality or the LEA's choice. This is evidenced in the current application's CEIS page, which requires the LEA to list the percentage and dollars budgeted, the measurable objectives, means for monitoring implementation, and means for tracking progress.

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FINDING 2009 - FSSA(503)-7, MEDICAID ACCOUNTING RECORDS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles; Reporting
Internal Control:	Significant Deficiency

**Finding:**

As discussed in our prior finding 2008-FSSA-5, Grant Accounting Internal Control Environment, controls have not been designed to prevent or detect material errors in the accounting records. No review process or monitoring was in place to prevent or detect errors.

In our tests of the fiscal 2009 grant accounting we identified the following errors:

Understated Federal Expense:

First Steps is a State of Indiana program which through February 2009 used the Medicaid fiscal contractor, EDS, for claims payments and shared the Medicaid bank account. The electronic funds transfers issued for First Steps expenses were not included in the calculation of Medicaid federal expense used to draw federal funds. These were posted as 100 percent state expense. State accounting entries to transfer the First Steps expenses from Medicaid Assistance to the First Step program were made weekly. As reported in Finding 2008-FSSA-2 Medicaid Program Grant Accounting Records, part 6, during State Fiscal Year 2008, all the First Steps state transfer entries associated with the 2008 Medicaid grant, incorrectly divided the reversing expense entry between federal and state expense. However, no portion of the transfer received was owed to the federal government, as the expense was originally recorded correctly as state expense. Although a correction was made to the grant records for the error as calculated through June 30, 2008, the same error continued in State Fiscal Year 2009. Due to this error, at June 30, 2009, federal expenses were understated and state expenses were overstated by \$12,504,528.90.

Overstated Federal Expense

During fiscal 2009, two refunds were received for the settlements for the Faculty Physician Access to Care payments. We found that the refunds received were incorrectly classified as IGT payments and then recorded in the grant records as 100 percent state receipts. However, the refunds are for the total computable amount, which includes federal share refunded. Also, manual checks were issued to repay the IGT share of the refunds, which is 100 percent state. However, no entries were made to recognize this, and the disbursements then were included in regular program bank settlements with the federal share applied (plus ARRA). The total effect was to overcharge the Medicaid program grant expense by \$1,015,800 and the ARRA grant expense by \$21,694, for a total federal grant expense overcharge of \$1,037,494. The calculations are shown in the following chart:

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(Continued)

CALCULATION OF FEDERAL EXPENSE CREDIT DUE

<u>Date</u>	<u>Description</u>	<u>Total Amount</u>	<u>Federal Expense Credit Share</u>
08-06-08	Refund Deposit for 2006	\$ 591,928	\$ 370,606
04-09-09	Refund Deposit for 2007	584,371	366,342
08-21-08	Manual Check issued for state share	221,322	138,747
04-07-09	Manual Check issued for state share ARRA expense portion	218,029	140,105
			<u>21,694</u>
	Total Unrecorded Federal Expense Credit		<u>\$ 1,037,494</u>

We could not readily ascertain if other settlements resulted in refunds that may have been misclassified as well.

We consider the total identified excess federal expense recorded of \$1,037,494 as questioned cost that may be required to be repaid to the federal government.

"Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors . . ." 45 CFR 92.22 (a)

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

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

We recommended that FSSA ensure that the identified errors be corrected and that FSSA further review the fiscal 2009 activity to identify other settlement refund accounting transactions to ensure they were recorded in an accurate manner. Documented accounting entry examples for the Medicaid exception accounting such as settlement refunds should be developed. FSSA should then implement control procedures of training and adequate supervisory review to ensure accurate transaction description and accounting entries.

**Status of Finding as of June 2013:**

FSSA returned \$1,037,494 in federal funds through project 503MAS100F\_PY12 in JE 0003080215 September 10, 2012. This amount was included in FETS amount shown on September 26, 2012. (Total amount in FETS of 7,622,272.22 includes this audit adjustment along with non-audit related transactions as detailed in the federal calculation worksheet for September 2012).

FSSA considers this finding resolved.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – RESOLVED**  
(Continued)

FINDING 2008 - FSSA(503)-10, OMPP AIM ACCESS, TRAINING AND CONTROLS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Internal Control:	Significant Deficiency

**Finding:**

We found that the authorization forms for access to the claims processing system, AIM, were not retained by OMPP prior to May 2008. The former state employee who processed these was contacted and indicated that the AIM Request Access forms were shredded, without maintaining an electronic copy. The forms are to document the system access as authorized by the employee's supervisor, and list the employee's social security number and mother's maiden name. According to the OMPP HIPAA Security Policy and Procedure Manual, the forms are to be signed by the supervisor, submitted to the security coordinator and retained. They also are to have the signed confidentiality policy agreement attached. Without the forms, the access granted through OMPP is not evidenced as properly authorized. This primarily includes OMPP staff as well as some contractor's staff access as managed by OMPP.

The forms we observed as retained subsequent to May were not all signed by supervisors as they had been emailed from off-site contractors. The email was not retained with the forms. Also, there is no complete listing of all supervisors, for the state and contractors, who are approved to grant system authorizations. An improper request would not be detected under this process.

OMPP also maintains a system for privacy and security training courses which can be accessed on the internet. OMPP policy requires the training. The system used retains a record of those entered for accessing the courses, and the completion status. There is no control in place to verify the required training has been successfully completed prior to granting AIM access. There also is no follow up or comparison to ensure the training is completed. We compared eight staff listed with AIM access to the training system and found one who had never been entered to access the training courses. Another two staff had only completed one training segment each. On a regular basis, only two of the four on-line courses are now required.

OMPP did not have an officially named security administrator for the Medicaid program. After March 5, 2008, following a resignation, there was no longer a dedicated position assigned as privacy and security coordinator either. The duties were assumed by the Controller and a fiscal analyst, with the training administered by the receptionist.

"State agencies are responsible for the security of all ADP projects under development, and operational systems involved in the administration of HHS programs. State agencies shall determine the appropriate ADP security requirements based on recognized industry standards or standards governing security of Federal ADP systems and information processing." (45 CFR 95.621 (f) (1))

"State ADP security requirements shall include the following components: (i) Determination and implementation of appropriate security requirements as specified in section (f) (1) of this section. (ii) Establishment of a security plan and, as appropriate, policies and procedures to address the following area of ADP security: . . . C) Software and data security; D) Telecommunications security; E) Personnel security; . . . and H) Designation of an Agency ADP Security Manager." (45 CFR 95.621 (f) (2))

**STATE OF INDIANA**  
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(Continued)

"A covered entity must train all members of its workforce on the policies and procedures with respect to protected health information required by this subpart, as necessary and appropriate for the members of the workforce to carry out their function within the covered entity." (45 CFR 164.530(b) (1))

The OMPP HIPAA Security Policy and Procedure Manual specifies the following:

- "Access to electronic PHI will be granted to authorized OMPP staff members. Prior to receiving access, approval must be obtained by the appropriate management, and all authorizations will be maintained by the OMPP Security Coordinator (and/or Privacy Coordinator)." (Section 5)
- "The OMPP Security Coordinator will be responsible for ensuring that all staff, including existing staff and new staff that will join OMPP in the future, participates in a security awareness and training program, and receive a passing score on the post-training evaluation. Training components will address, in detail, all components contained in this manual.
- New staff members will be required to receive training within the first two weeks of employment." (Section 6)
- "All OMPP staff will be trained and certified on the security policies and procedures as contained in this manual. The OMPP Security Coordinator will maintain records of such training. . . . Documentation will be maintained by the OMPP Security Coordinator for six years from the date of its creation or the date when it last was in effect, whichever is later. (Section 14)

We recommended that FSSA obtain and retain the security access forms and confidentiality agreements for all who have been granted access to AIM or its related software reporting or test systems. This would include a process to identify and confirm those supervisors who may properly authorize such requests. A procedure should be implemented to ensure that all staff with access have completed the required training in privacy and security policies. Furthermore, an agency ADP Security Manager should be officially designated for the Medicaid program in accordance with 45 CFR 95.621. Such manager should be sufficiently qualified not only to develop and monitor the state's own policies and procedures, but also to oversight the risk assessment process for the security of the entire AIM system as managed by contractors.

**Status as of June 30, 2013**

OMPP completes a Security Access Quarterly Reconciliation at the end of each three month period of the calendar year. The reconciliation consists of all staff members, including contractors, who have been granted security access through OMPP. The log is divided by agency and/or unit name, and contract name. The Security Coordinator or HIPAA analyst completes the log by obtaining reports from various business areas, such as Indiana AIM, ICES, Badging, and IOT/FSSA Account Control, to get the most current list of users and their access types. Every user is included in this log. Once the log is complete, the HIPAA analyst sends, to each agency and/or unit manager, and contract manager, their corresponding log. The manager reviews the log and indicates whether each staff member listed, is authorized to have access, or if the staff member no longer needs access or is terminated. The manager must provide a confirmation, certifying that all the access for their staff is accurate and has been thoroughly reviewed.

OMPP retains the original request forms, and created new forms for any users that did not have a form on file.

The OMPP Privacy and Security manual update with new processes are currently in review with FSSA Privacy Office, and will be published upon approval, and are contingent upon any organizational changes.

FSSA considers this finding resolved.





## AUDITOR OF STATE

Suzanne Crouch

Telephone (317) 232-3300  
Fax (317) 234-1916  
<http://www.in.gov/auditor>  
<http://www.in.gov/itp>

March 20, 2014

Mr. Paul D. Joyce, CPA, State Examiner  
Indiana State Board of Accounts (SBOA)  
302 W. Washington Street  
Indiana Government Center South, Suite E418  
Indianapolis, IN 46204

Dear Mr. Joyce:

This letter provides official responses for the financial statement findings for inclusion in the State's Single Audit Report for the fiscal year ended June 30, 2013.

### **FINDING 2008 - CAFR-1, CONSTRUCTION IN PROGRESS**

Auditee Contact Person: Steve Daniels  
Title of Contact Person: Deputy Auditor of Operations  
Phone Number: 317-233-9817  
Internal Control: Significant Deficiency

The Indiana Department of Administration (IDOA) and the Indiana Department of Transportation (INDOT) maintain databases of the State's construction in progress activity. Procedures in place to report to the Auditor of State the activity and balances at year end were not adequate to ensure that construction in progress balances reported for external financial reporting were accurate. Our testing of construction in progress activity in the current audit again found errors. INDOT incorrectly overstated the amount of right of way capitalized by \$1.4 million for the year ending June 30, 2013. This error resulted in a correction to restate the beginning Right-of-Way construction in progress balance and a recalculation of the construction in progress balance for INDOT at year end for external financial reporting. Additionally, our testing of IDOA projects disclosed that 23 of the 24 capital construction projects completed in fiscal 2013 were removed from construction in progress but were not added to capital assets. This resulted in an understatement of capital assets of \$10.9 million for the year ending June 30, 2013.

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

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

**Status of Finding as of March 2014:**

**IDOA:**

At the beginning of fiscal year 2014, after discussions with the Auditor of State's staff, it was decided that IDOA would enter all completed capital projects into the ENCOMPASS Asset Management system. As projects are completed, IDOA will total all costs associated with the completed project and make an entry in the ENCOMPASS Asset Management system for the capital project. IDOA will then transfer the completed asset to the appropriate state agency. At fiscal year end, IDOA will compare the current capital projects in process with the listing from the previous fiscal year end. Any capital projects that are no longer on the current listing will be verified that the project was entered into the ENCOMPASS Asset Management system.

IDOA will continue to use the procedures they developed during fiscal year 2012 and revised in fiscal year 2013 to review each individual project for determining if it is a capital project.

**INDOT:**

The overstatement of Right of Way was due to INDOT not using the revised FY2012 Right of Way Beginning Balance. There was a hand off of duties in the Land Acquisition section and the new staff member was not provided with the latest change. The final review missed this error.

The following plan to address the finding is submitted:

1. The AOS Excel worksheet that lists beginning and ending balances for each FY will be sent by the Fiscal Analysis Accountant on a quarterly basis to the Land Acquisition section that provides the GASB 34 report (attachment "A").
2. The Fiscal Analysis Accountant prepared a ROW WIP control schedule that will be distributed to the Land Acquisition section on a quarterly basis. This schedule will be used to verify the beginning balance, additions, and the ending balance. This is similar to the worksheet that is used for roads and bridges (attachment "B").
3. The final review will include verification of beginning & ending balances in accordance with the AOS Excel balances and the 2 WIP control schedules (1 for Roads & Bridges, 1 for Land Acquisition).
4. As a follow up to audit findings from prior years pertaining to CIP discrepancies, a new application has been developed that will facilitate improved internal control. The "Project Close Out" database application will be used to assist identification of contracts that need to be capitalized based on the "Final Relief of Maintenance" date.

**FINDING 2008 - CAFR-5, MEDICAID**

Auditee Contact Person: Steve Daniels  
Title of Contact Person: Deputy Auditor of Operations  
Phone Number: 317-233-9817  
Internal Control: Material Weakness

As reported in the 2008 audit, adequate procedures were not in place to properly report the Medicaid Assistance Fund transactions made by the Medicaid fiscal agent for proper external financial reporting. The State accounting records post the net disbursement issued to fund the Medicaid checking account, with subsequent entries to recognize assessment fees. In the 2008 audit, adjustments were proposed and subsequently made to properly reflect this activity. In fiscal years 2009 through 2011, adjusting entries were submitted by FSSA to properly recognize Medicaid Assistance Fund activity for external financial reporting; however, our audits identified various accrual errors for which adjustments were required to fairly state fund activity. Additionally, in the 2011 audit we found that FSSA transferred \$391.2 million in federal grant revenue from the Medicaid Fund to the ARRA Fund in error and also found that the ARRA Fund understated revenue and expenses of \$31 million when prior year overstated amounts were reversed. Adjustments were made to correct these financial reporting errors and, in January 2012, the transfer error was corrected by returning funds from ARRA to the Medicaid Fund; however, the budgetary system was not correspondingly adjusted with the budgetary balance for Medicaid ARRA remaining overstated at June 30, 2013.

During our current audit we again found that the adjusting entries submitted by FSSA did not include all adjustments necessary to properly present the Medicaid Assistance Fund for external financial reporting. Adjustments submitted by FSSA omitted the accounts payable for the new pharmacy fiscal agent claims and outstanding checks at June 30 which totaled \$ 27.1 million. The accounts payable for the Medicare premiums paid by Medicaid for qualifying recipients were also in error. Billings for part A and B coverage, totaling \$27.5 million, were included even though it was paid for within the covered month, and part D billings, totaling \$17.7 million which are paid in arrears, were omitted. We also identified a prior period adjustment which increased the fund balance for the Medicaid Assistance fund by \$41.9 million with a corresponding decrease in the US Health and Human Services fund due to an error made upon recording the return of federal administrative grant funds in 2011. Following our communication of the above noted errors, adjustments were recorded to correct the financial statements.

Adequate procedures should be in place to ensure accruals and other adjustments needed to fairly state Medicaid Assistance Fund activity and balances for external financial reporting in accordance with standards issued by the Governmental Accounting Standards Board. Risk assessment should be applied to the understanding of the environment and transaction source changes in order to ensure complete and accurate financial statements.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview)

**Status of Finding as of March 2014:**

The Family and Social Services Administration (FSSA) has been in discussions with both Catamaran and Optum concerning the needed CAFR accruals and other adjustments so that these can be captured and reported at the end of SFY 14. FSSA will continue to work with SBOA to develop a reasonable solution to this finding.

FSSA will follow-up to request additional information from the State Budget Agency on the budgetary balance noted as remaining overstated at June 30, 2013. If adjustments are needed, FSSA will request the assistance of the State Budget Agency to correct the Medicaid ARRA budgetary balance.

**FINDING 2009 - CAFR-1, UNEMPLOYMENT INSURANCE**

Auditee Contact Person:	Steve Daniels
Title of Contact Person:	Deputy Auditor of Operations
Phone Number:	317-233-9817
Internal Control:	Material Weakness

The Indiana Department of Workforce Development (DWD) is responsible for the collection of unemployment taxes from Indiana employers and the payment of unemployment benefits to qualified citizens. When the tax is collected by DWD from an Indiana employer, DWD receipts the monies into the state's records and then transfers the funds to the US Department of the Treasury. The US Department of the Treasury maintains the funds in a Trust Fund. When an individual is eligible to receive unemployment compensation, DWD must draw down the funds from the US Department of the Treasury to pay those claims. These funds are drawn down on a daily basis. In February 2007, DWD no longer issued checks to claimants, but began issuing the unemployment compensation via a debit card. At that same time, DWD ceased reporting the draw downs and the payment of unemployment benefits in the Auditor of State's records. Additionally, in September 2009, DWD began recording the receipt of unemployment tax from Indiana employers and the distribution of the funds to the US Department of the Treasury as a net amount. The Unemployment Compensation Fund is the responsibility of the State of Indiana and is reported in the State's Comprehensive Annual Financial Report (CAFR) as a proprietary fund. DWD did not receive approval from either the Auditor of State or the State Budget Agency to cease reporting these monies within the Auditor of State's records.

In November 2011, DWD began again reporting the draw down of funds from the Trust Fund and the payments of unemployment benefits in the Auditor of State's records; however, this reporting in the State's ENCOMPASS accounting system was not consistently done. During state fiscal year 2013, DWD continued efforts to determine the necessary accounting entries to properly report Unemployment Insurance activity; however, prior and current year errors and omissions in the entries resulted in accounting records in the ENCOMPASS system that could not be relied on for financial statement

preparation. The financial statements provided for audit were prepared using the best available information, which included the reconstruction of some transaction types and the use of federal and internal DWD records. Financial statements compiled and presented for audit were determined to include various material errors for which we recommended adjustments to fairly state the activity of the fund.

During our audit of the Unemployment Insurance Fund financial statements for the year ending June 30, 2013, we found that cash was understated by \$27.1 million, Accounts Payable was understated by \$4.4 million, Interest Payable was understated by \$34.1 million, Federal Revenue was understated by \$1 million, Unemployment Compensation Benefits Expenses were understated by \$17.8 million and Interest Expense was overstated by \$13.3 million. Our testing of bank reconciliations performed by DWD determined that adjusting entries for reconciling items noted in these reconciliations were not made in ENCOMPASS, resulting in the \$27.1 million understatement of Cash. Following our communication of the above noted errors, adjustments were recorded to correct the financial statements. This condition represents a lack of internal control over the reporting of the Unemployment Insurance Fund for external financial reporting.

Adequate procedures should be in place to ensure accruals and other adjustments needed to fairly state Unemployment Insurance Fund activity and balances for external financial reporting are in accordance with standards issued by the Governmental Accounting Standards Board.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

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

**Status of Finding as of March 2014:**

Significant personnel changes were made in mid FY 2013 and an overhaul of all standard operating procedures was instituted for implementation in FY 2014.

DWD believes it has made the necessary corrections to their internal controls and ENCOMPASS compliance issues after multiple meetings with appropriate personnel from State Board of Accounts, State Budget Agency, Treasurer of State and Auditor of State. All transactions are currently posted in a

routine and timely manner as required. The Agency applies rigorous checks and balances to assure that compliance measures are effectively enforced.

In addition to the prospective improvements instituted, a retroactive review of all reporting and accounts was completed and has been submitted for review to the State Budget Agency and Treasurer of State.

In regards to the overstatements and understatements in the originally submitted FY 2013 Unemployment Insurance financial statements, as the FY 2012 statements had been audited, and the review with proposed corrections to prior year reports is still pending, the agency preparer took the approach that the beginning balances should not be modified and that the FY 2013 activity should be reported as actual activity which produced incorrect ending balances. As a result, the FY 2013 Unemployment Insurance financial statements were submitted based on the incorrect beginning balances which on review formed the basis for significant changes from the initial to the final submission. While there were substantive changes in the manner in which certain activity was classified, the overall change to the activity as originally prepared would have been classified as inconsequential in our opinion were it not for the change in the beginning balances.

DWD appreciates that all numbers on the Unemployment Insurance financial statements must be factually correct and supported by ENCOMPASS. We continue to work diligently with the State Budget Agency and Treasurer of State to post the necessary and proper corrections to prior period reporting in ENCOMPASS. These corrections will be posted to ENCOMPASS prior to the end of FY 2014.

DWD believes that the FY 2014 audit will substantiate that the asserted improvements have been instituted and we are confident that the FY 2014 Unemployment Insurance financial statements will have no significant deviation from ENCOMPASS as the book of record except as is necessary to capture the activity associated to the prior year corrections.

The Agency also believes that the on-going nature of these findings and the extensive nature of the proposed corrections may be more effectively substantiated if the FY 2014 Unemployment Insurance financial statements are independently prepared. DWD will determine the feasibility of engaging appropriate external preparation services for this annual report submission.

#### **FINDING 2012 - CAFR-2, INTERNAL CONTROLS OVER TAX RECEIPTS**

Auditee Contact Person: Valerie R. Hunt  
Title of Contact Person: Chief Financial Officer  
Phone Number: 317-232-2177  
Internal Control: Material Weakness

The Department of Revenue (DOR) administers and collects tax revenues for the State of Indiana. DOR has a number of standalone custom taxpayer account systems, spreadsheets and databases that were developed over time to support the core tax processes at DOR. DOR's Returns Processing System (RPS), implemented in the mid-1990s, processes a majority of the tax revenues collected by DOR but other standalone taxpayer account systems and databases are used by DOR to support the other tax types not maintained in RPS. As a result of not all of the taxes being maintained in a central taxpayer account system and since RPS was not designed as an integrated tax system (ITS), there have been challenges for DOR's technical staff in maintaining aging and incompatible technologies, while at the same time being responsible for updating RPS and the other taxpayer account systems to

accommodate annual tax form and policy changes. Multiple taxpayer account systems have created difficulty or inability for DOR to trace all tax revenues maintained and collected by the agency throughout the entire depositing/reporting process. The taxpayer account system's inability to provide an audit trail for all revenues processed at DOR has created additional risk of DOR being unable to ensure tax revenues are being properly reported in the ENCOMPASS financial accounting system for the State's financial statements. Also, DOR's taxpayer account systems are not interfaced with the ENCOMPASS financial accounting system, which has contributed to DOR being unable to reconcile some of the taxpayer account systems to the ENCOMPASS financial accounting system to ensure that DOR's internal records agree with the State's financial statements. DOR's finance section must manually create many of their tax revenue accounting entries based on reports and supporting documentation they receive from various sources. By having functions being manually performed there is a greater risk of errors occurring that could affect the State's financial statements. During the 2013 audit period and subsequent to it, DOR has implemented procedures to reduce and eliminate some of the manual processes performed by the finance staff, so once the entries are created they can be electronically uploaded to ENCOMPASS.

DOR utilizes a number of clearing (holding) funds to deposit tax revenues until the monies are later distributed to the proper fund(s)/account(s) in the general ledger. During the 2013 audit, it was determined that DOR has three clearing funds at the Motor Carrier Division that have a significant unaccounted for balance that have accumulated over a number of years and have not been properly reconciled. The International Registration Plan (IRP) Holding Account and the International Fuel Tax Agreement (IFTA) Holding Account both have accumulated balances while the Motor Carrier Fuel Tax (MCFT) Holding Account has a negative balance and may have been overdistributed. DOR is currently analyzing the activity in these accounts to determine where the revenues should have been properly posted in the general ledger. Adjusting journal entries will need to be prepared to correct the general ledger once the analysis has been completed. In order to reduce the risk of tax revenues not being posted properly in the general ledger, DOR should implement procedures to monitor and reconcile the holding accounts. A review of the usage of holding accounts should be made to determine if there are tax revenues that can be directly deposited and posted in the proper fund(s)/account(s) in the general ledger without the use of clearing funds.

During the 2013 audit, several recording errors totaling \$8.5 million were detected affecting revenues. Motor Carrier Surtax revenues were affected when it was determined that the taxpayer account system was not detecting taxpayers reporting the wrong unit of measurement resulting in a system conversion issue that affected distributions. Motor Carrier Surtax revenues were also affected when penalties and interest on late payments were not being distributed out of the IFTA Holding Account and the MCFT Holding Account because the Transmittal report that is used to make distributions to the proper fund(s)/account(s) in the general ledger and to the other Foreign Jurisdictions (FJ) did not capture this activity. IRP revenue and Commercial Vehicle Excise Tax (CVET) revenue were affected when DOR made an adjusting entry to correct a prior fiscal year accounting error, but DOR did not post the entry as a prior period adjustment. IRP and CVET revenues were also affected when DOR used the wrong CVET rate causing CVET revenues to not be properly distributed into the IRP Fund/Account. Special Fuel Tax revenues were affected as a result of DOR not having proper controls in place to monitor revenue activity to ensure that when a tax type has met its maximum statute distribution threshold that the future distributions are properly updated to reflect what is stipulated in the Indiana Code.

During fiscal year 2013 and subsequent to it, DOR has implemented additional procedures to ensure tax revenues are being properly reported, operational results are monitored and reported, high risk areas are identified, strategic and operational performance measures are developed, and revenues trends are identified for specific tax types. DOR has implemented procedures to review and produce a monthly report of revenues processed beginning with activity for the month ending November 2012, so that it can monitor revenue processed on a monthly basis. The Finance section and Motor Carrier

Division staff have implemented procedures to monitor all revenue account activity on a monthly basis for large variances to ensure that revenues processed under DOR's business unit were being properly recorded in the State's financials starting with activity for the month ending May 2013. Beginning with the month ending July 2013 activity, DOR began trending revenue using historical activity in order to project how much revenue DOR will receive on a monthly basis. DOR has also made management and organizational changes in order to address the internal control issues within the agency to ensure tax revenues are properly deposited and posted to the general ledger.

In May 2013 DOR created and filled a second internal audit position. A good internal audit function is necessary to ensure that: internal controls are operating as intended, objectives for effectiveness and efficiency of operations are being achieved, financial reporting is reliable, laws and regulations are complied with and assets are properly safeguarded.

System controls are in effect on the ENCOMPASS financial accounting system, which is the official book of record for the State; however, each agency is responsible for controls in any subsidiary systems used or other records maintained. At all times, the agency's manual and subsidiary ledgers should reconcile with ENCOMPASS. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview Chapter)

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from the original source of entry into the system, through all system processing, through various levels of summarizations, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing and summarizations, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 14.3.5)

**Status of Finding as of March 2014:**

The Department of Revenue (DOR) has conducted a review of its standalone applications used to administer a number of ancillary fees and revenues in an effort to identify opportunities for consolidation into one system as a longer-term solution. As of March, 2014 the DOR has reduced the number of standalone systems by 37%. Additionally, the DOR is currently retiring three standalone outdated legacy systems supporting three significant special tax types (Cigarette Tax, Other Tobacco Products, and Alcohol Beverage Control Tax) and converting them to one modern integrated tax system.

The DOR has two significant projects underway to address the FY2013 CAFR findings to address 1) the manual process in place resulting from a lack of an interface between the ENCOMPASS financial accounting system and DOR's taxpayer account systems, and 2) the Motor Carrier Division related holding account issues. To address the first issue, the DOR has a project underway to improve its traceability and recording of transactions from point of origin to the state's General Ledger. This systematic transfer of payment data between our Returns Processing System and General Ledger will reduce the risk of error due to multiple manual transfers of data. The 1<sup>st</sup> phase of this project was completed at the end of July 2013. The 2<sup>nd</sup> phase is underway and expected to be completed by April 2014. Reconciliation controls are also continuing to be enhanced and incorporated into an agency Compliance program that will monitor the operating effectiveness of related processes and controls on a scheduled basis. To address the second issue, the DOR has resolved the calculation error for Special Fuels Transfers in November 2013 to prevent additional errors. The DOR is in the process of determining the appropriate adjustment required to correct the historical error, and is on target to complete this review



and make the appropriate adjustment by June 2014. Additionally, the DOR is on pace to complete the required adjustments for the IRP, MCFT, and IFTA holding accounts, implement new reporting, streamlined accounting procedures, and have enhanced reconciliations to have improved controls to prevent future errors in these holding accounts of like nature by June 2014.

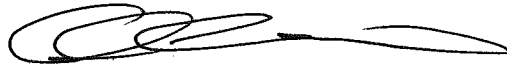
The Department of Revenue (DOR) recognizes the CAFR findings denoted by the State Board of Accounts (SBOA) in their audit of our financial records for fiscal years 2012 and 2013, and all material adjusting entries have been made to the state's General Ledger in accordance to protocols prescribed by the Auditor of State's office. The SBOA's concerns expressed within this audit regarding our internal controls, processes, systems, and resources are similar to those issues brought forth in an audit conducted by Deloitte & Touche during 3<sup>rd</sup>/4<sup>th</sup> quarter of 2012. The DOR has incorporated these findings and recommendations into a formal, comprehensive project plan and has begun to implement this plan to improve our capability and accuracy in properly accounting for receipt and disbursement of revenues. As of March 2014, the DOR has completed projects to address 42% of the Deloitte & Touche audit findings and have additional projects underway that will address an additional 42% of the issues by December 2014.

If you have any questions or require further information, please contact Steve Daniels, Deputy Auditor of Operations, at 233-9817 or via email at [sdaniels@auditor.in.gov](mailto:sdaniels@auditor.in.gov).

Sincerely,



Suzanne Crouch  
Auditor of State  
State of Indiana



Chris Atkins  
Director  
Office of Management and Budget

Attachments

Attachment A: Finding 2008-CAFR-1, Construction in Progress

INDOT INFRASTRUCTURE STATUS FOR JUNE 30, 2013														
Asset No.	Profile ID	Description	6-30-12 Inventory Balance	Prior Period Adjustments	6-30-12 Inventory Balance As Restated	Adds 9-30-12	Retirements 9-30-12	Adds 12-31-12	Retirements 12-31-12	Adds 3-31-13	Retirements 3-31-13	Adds 6-30-13	Retirements 6-30-13	Net Inventory Balance at 6-30-13
800001	10102	Right of Way	1,523,952,808	-	1,523,952,808	-	-	-	-	-	-	83,760,148	f	1,607,712,956
800101		Right of Way in Progress	82,006,604	-	82,006,604	32,572,449	a	30,051,771	b	26,421,486	c	15,943,075	f	103,537,237
800201	60100	Interstate Roads	1,369,562,568	-	1,369,562,568	6,136,607	a	171,978	b	30,062,646	c	83,659,151	d	1,490,612,950
800301	60200	NHS roads	1,369,061,939	-	1,369,061,939	41,372,793	a	737,434	b	3,346,369	c	36,810,668	d	1,447,592,654
800401	60300	Non-NHS Roads	4,204,125,138	-	4,204,125,138	14,186,923	a	21,899,042	b	(7,306,922)	c	54,905,801	d	4,287,613,639
800501	60400	Interstate Bridges	722,289,232	-	722,289,232	17,428,451	a	30,070	b	5,029,152	c	2,950	d	744,760,655
800601	60500	NHS Bridges Non-Interstate	536,201,567	-	536,201,567	2,245,054	a	401,781	b	(108,639)	c	14,404,562	d	555,333,563
800701	60600	Non-NHS Bridges	715,865,792	-	715,865,792	2,181,036	a	8,475,106	b	(68,150)	c	1,498,669	d	731,668,577
800801	60700	Roads at State Institutions and Properties	3,476,904	-	3,476,904	-	a	4,941	b	-	c	-	e	6,519,808
800901	60800	Bridges at State Institutions and Properties	4,542,146	-	4,542,146	1,972,721	a	-	b	-	c	755,822,297	e	1,996,939,908
800901	60900	Work-in-Progress	1,629,719,576	-	1,629,719,576	-	a	-	b	-	c	-	d	-
		Total	12,159,846,276	-	12,159,846,276	120,399,034	(9,539,350)	61,772,123	(11,240,250)	88,311,585	(688,632)	1,046,808,321	(479,580,336)	12,976,088,741
		a. Email from Larry 10-29-12.												
		b. Email from Larry 1-29-13.												
		c. Email from Larry 4-30-13.												
		d. Email from Larry 6-9-13.												
		e. Email from Larry 6-13-13.												
		f. Email from Larry 6-16-13.												

### ROW WIP CONTROL SCHEDULE

ROW WIP 6/30/2013	\$ 103,537,237.00
Q1 ADDITIONS	\$ 23,162,171.00
Q2 ADDITIONS	\$ 21,101,779.00
Q3 ADDITIONS	\$ -
Q4 ADDITIONS	\$ -
ROW CAPIITALIZED FOR 2014	\$ -
ROW CAPIITALIZED FOR 2014	\$ -
ROW WIP 6/30/2014	\$ 147,801,187.00

This form is to be sent to Land Acq each quarter when compiling GASB 34 info.



Michael R. Pence, Governor  
Mary Beth Bonaventura, Director

**Indiana Department of Child Services**  
Room E306 – MS47  
302 W. Washington Street  
Indianapolis, Indiana 46204-2738

317-234-KIDS  
FAX: 317-234-4497

www.in.gov/dcs

**Child Support Hotline: 800-840-8757**  
**Child Abuse and Neglect Hotline: 800-800-5556**

March 11, 2014

Mr. Paul Joyce, State Examiner  
IN State Board of Accounts  
302 W. Washington St, Rm E418  
Indianapolis, IN 46204

RE: Annual A-133 Audit, SFY 2013 Agency response

Dear Mr. Joyce,

The Department of Child Services thanks you for the opportunity to respond to your Fiscal Year 2013 Audit Findings. We value your oversight and appreciate your identification of these issues and hope you will find our corrective action plan appropriate for the identified concerns.

Finding 2013-DCS(502)-1, Child Support Enforcement Lack of Transparency Reporting – DCS continues to investigate and collaborate on roles and actions to obtain compliance with this reporting requirement, as was reported to the audit team during the audit activities. DCS will be working toward obtaining additional clarifications between our Federal and Local partners to introduce a compliant action plan.

Finding 2013-DCS(502)- 2. TANF Eligibility - Healthy Families Program – DCS is currently in the process of expanding a programmatic monitoring and compliance initiative to assist providers in enhancing records maintenance to support eligibility for various funding streams, including TANF. Additional investigation of the noted client records will be executed and reported to FSSA and State Board of Accounts for future corrective actions and planning.

#### **Previous Findings-Updated**

Finding 2012-DCS (502)-1 – TANF Period of Availability – DCS acknowledges the misunderstanding of eligible periods for payments using TANF funding. DCS is re-examining Emergency Assistance claims and clients to ensure appropriate expenditures for TANF allocations have been identified relative to eligible periods of funding availability. DCS considers this finding to remain open relative to Emergency Assistance funding and will be continuing to collaborate with FSSA to bring this to a close.

Finding – 2009-DCS (502)-1 – Sub Recipient Monitoring - DCS considers this finding as remaining open. Activities ongoing since the previous update are:

- 1) Training for the ‘IV-D Expenditure Online Forms’ for all IV-D offices is ongoing. There have been delays in training due to weather which have impacted the date the Child Support Division expects to have every county utilizing the automated tool. Our current anticipated timeframe for all offices to be utilizing the automated tool is the 4th Quarter of 2014.
- 2) DCS is currently performing quarterly reconciliations of county incentive balances.

Finding – 2000 –DCS (502)-1 Lack of and Improper Supporting Documentation - DCS will be pursuing a response from DHHS/ACF for closure of this finding based on our resolution of the conditions which prompted the initial finding. As a part of this request DCS has proposed to ACF a potential direction that should be followed in future audits relative to this aspect of Adoption Assistance compliance. DCS accepts that this finding is open for cases initiated prior to January 2009 pending action



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by DHHS/ACF to accept the solution proposed in the attached draft communication. However, based on DCS' demonstration of additional controls and corrective action, no further process changes are needed at this time.

Finding – 2000 –DCS (502)-2 Over Payment of Adoption Assistance Subsidies - DCS will be pursuing a response from DHHS/ACF for closure of this finding based on our resolution of the conditions which prompted the initial finding. As a part of this request DCS has proposed to ACF a potential direction that should be followed in future audits relative to this aspect of Adoption Assistance compliance. DCS accepts that this finding is open for cases initiated prior to January 2009 pending action by DHHS/ACF to accept the solution proposed in the attached draft communication. However, based on DCS' demonstration of additional controls and corrective action, no further process changes are needed at this time.

Sincerely,



Rick Peterson  
Chief Financial Officer





Michael R. Pence, Governor  
Mary Beth Bonaventura, Director

**Indiana Department of Child Services**  
Room E306 – MS47  
302 W. Washington Street  
Indianapolis, Indiana 46204-2738

317-234-KIDS  
FAX: 317-234-4497

[www.in.gov/dcs](http://www.in.gov/dcs)

**Child Support Hotline: 800-840-8757**  
**Child Abuse and Neglect Hotline: 800-800-5556**

March 31, 2014

To Whom It May Concern,

RE: Audit Finding

Pursuant to statutory authority, the State of Indiana Department of Child Services (DCS) has been audited in conjunction with the statewide audit of federal funds in compliance with the U.S. Office of Management and Budget (OMB) circular A-133. The findings of this audit have yielded a recommendation of the Department completing and processing forms in compliance with the Child Welfare Manual, maintaining proper documentation to support the Adoption Assistance Program, and that documentation be filed in such a way that allows for an adequate audit trail.

In January 2009, the Department centralized their eligibility practice for the Adoption Assistance Program. The Central Eligibility Unit (CEU) since that time has made the determinations related to eligibility as well as initiating the new adoption subsidy payments in KidTraks, DCS' financial system, upon finalization of the adoption. CEU ensures that the policies and requirements of the Child Welfare manual are met and all proper documentation to support the Adoption Assistance Program is maintained appropriately. Additionally at the time of centralization, a quality assurance process was added to ensure the accuracy of determinations made by CEU.

While DCS currently considers these findings to be open for cases initiated prior to January 2009, DCS requests future consideration of cases initiated prior to January 2009 be closed as more of the caseload is becoming comprised of cases opened after the creation of CEU in 2009.

Thank you for your consideration.

Sincerely,

Rick Peterson  
Chief Financial Officer  
Department of Child Services



*Protecting our children, families and future*



INDIANA  
**WORKFORCE**  
DEVELOPMENT  
AND ITS **WorkOne** CENTERS

March 14, 2014

Bruce Hartman, State Examiner  
State Board of Accounts  
302 West Washington Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis, IN 46204

Re: **OFFICIAL REPONSE**

**Audit Period: Federal Programs: 07/01/12 through 06/30/13**

Dear Mr. Hartman:

Please find attached the Department of Workforce Development's response to the 2013 audit findings in the SBOA report issued March 2014. We believe these responses are an accurate and honest assessment of the status of these issues and the actions we have and will take to reach resolution to these findings. We appreciate the professional and cooperative manner in which your auditors performed their duties and the assistance they provide in completing this audit.

Please contact either myself at 232-7675 or Scott Sanders, IDWD Commissioner, at 232-7676 if you have additional comments or questions regarding this response.

Regards,

Charles R. Gillespie  
Chief Financial Officer

DEPARTMENT OF WORKFORCE DEVELOPMENT

SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS - UNRESOLVED

FINDING 2012 – DWD(510)-2. REPORTING

Federal Agency:	U.S. Department of Labor
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Audited Contact Person:	Randy Gillespie
Title of Contact Person:	Chief Financial Officer
Phone Number:	317-232-7675
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

The Department of Workforce Development (DWD) prepares the required Federal Financial Reports from information generated by the CADET/Mainframe system, an internal DWD system. These reports are not generated using ENCOMPASS (Enterprise Common Processing and Analytics System), the State's accounting system. DWD did not consistently report financial activity to the ENCOMPASS system and therefore could not perform a reconciliation between these systems to ensure that Federal financial reports correctly reflect the status of the federal funds as reported within ENCOMPASS.

The statewide financial accounting system officially became the State of Indiana "book of record" in September 2009. The mission of this implementation was to improve the transparency and reporting of accurate financial information to the officials and citizens of the State. Goals included were:

- To implement a single system that streamlines financial processing and reporting
- To establish a common standard for accounting structures
- To create greater financial visibility and better accountability for decisions across state agencies
- To increase financial staff's ability to accomplish job goals
- To make greater contributions in managing Indiana's finances.

29CFR97 states in §97.20(a): "A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—

(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

The DWD has yet not included UI Federal, State or TRA disbursements in ENCOMPASS sufficient to provide viable information. A \$50M+ adjustment was necessary to the Schedule of Expenditure of Federal Awards for fiscal year 2012 due to this failure to comply with State policy on recording financial information.

OMB Circular A-133, Subpart C, section .300 (b) states: The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the State.

NOT FOR PUBLIC RECORD  
NOT FOR PUBLIC RELEASE



DEPARTMENT OF WORKFORCE DEVELOPMENT

We recommended that the Department of Workforce Development's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

**Status of Finding as of June 30, 2013:**

DWD has changed the Management in the Trust Fund Unit and the new Management has a thorough understanding of the need to create transparent auditable accounting records. The new management has set up a new system for entries into Encompass to begin in FY14. A reconciliation process has been established to insure that the entries in ENCOMPASS match the daily figures from the mainframe in the future and that the official book of record reconciles to the various federal and state reports that are submitted. This process is scheduled to be completed by December 31, 2013.

**Status of Finding as of March 4, 2014:**

*DWD has corrected this finding and has been including UI Federal and TRA disbursements into Encompass prior to the beginning of FY14. Sufficient internal controls are in place as required and reconciliations between Encompass and the associated bank accounts for UI and TRA are performed daily. Information for federal reports and the Schedule of Expenditures of Federal Awards will be queried from the official record going forward. Correcting entries for FY13 are in process, with help from the Auditor of State's and State Treasurer's office, and will be completed prior to the end of the fiscal year.*



" People  
helping people  
help  
themselves"

Michael R. Pence, Governor  
State of Indiana

*Indiana Family and Social Services Administration*

402 W. WASHINGTON STREET, P.O. BOX 7083  
INDIANAPOLIS, IN 46207-7083

Debra F. Minott, Secretary

March 10, 2014

Paul Joyce, SBOA State Examiner  
Indiana State Board of Accounts  
302 W. Washington St., Rm. E418  
Indianapolis, IN 46204

Dear Mr. Joyce:

Thank you for your work in preparing the SFY 2013 A-133 Audit report and for closing four of the Prior Year Findings.

Attached you will find FSSA's response to the current SFY 2013 and prior year findings.

If you have any questions or comments, please feel free to contact us.

Regards,

Paul Bowling  
Chief Financial Officer

Attachments: Corrective Action Plans for Fiscal Year 2013 Findings  
Corrective Action Plans for Prior Year FSSA Findings



STATE OF INDIANA  
FSSA  
FISCAL YEAR 2013 AUDIT FINDINGS

FINDING 2013-FSSA(503)-1, FISCAL AGENT ACCOUNTING AND OVERSIGHT

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767 and 93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	FSSA Agency Controller
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness

**Corrective Action Plan**

FSSA will review this finding with the fiscal agent, HP, to determine if additional internal controls and needed reports are available, and to ensure the new system includes all information needed by FSSA.

FINDING 2013-FSSA(503)-2, CONTROLS OVER MANAGED CARE RATES

Federal Agency:	Department of Health and Human Services
Federal Program:	State Children's Health Insurance Program (SCHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Material Weakness
Questioned Cost:	\$56,698

**Corrective Action Plan**

The FSSA Care Programs Operations Supervisor will be responsible for the development of control policies and procedures ensuring correct rates are forwarded to the fiscal intermediary for data entry into IndianaAIM. The policies and procedures will include a thorough quality review to be performed to ensure per payments are made to the Managed Care Organizations and Managed Entities. Multiple entities will review the rates at the fiscal agent for quality. The fiscal agent will forward the rates back to the FSSA who will then review the rates for accuracy.

FINDING 2013-FSSA(503)-3, CHIP ACCOUNTING

Federal Agency: Department of Health and Human Services  
Federal Program: State Children's Health Insurance Program (SCHIP), Medical Assistance Program  
CFDA Number: 93.767  
Auditee Contact Person: David Nelson  
Title of Contact Person: FSSA Agency Controller  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/ Cost Principles; Reporting  
Internal Control: Material Weakness  
Questioned Costs: \$22,222,316

**Corrective Action Plan**

FSSA disagrees with this finding.

FSSA will review the support documents from SBoA to determine if any cost were incorrectly reported and/or recorded. The State is in the process of establishing a data warehouse and replacing the MMIS to allow more timely transfers of CHIP 1 expenditures from Medicaid.

FINDING 2013-FSSA(500)-4, TANF ELIGIBILITY INCOME DETERMINATIONS

Federal Agency: Department of Health and Human Services  
Federal Program: Temporary Assistance for Needy Families (TANF)  
CFDA Number: 93.558  
Auditee Contact Person: Sunshine Beam  
Title of Contact Person: TANF Director  
Phone Number: 317-234-8697  
Compliance Requirement: Eligibility  
Internal Control: Material Weakness

**Corrective Action Plan**

In an effort to decrease errors in budgeting earned and unearned income DFR issued some quality tips (Q-Tips) on 10/21/2013. These are located in our Online Performance Support Tool (OPS). They are available to all DFR workers and vendor staff. There are six Q-tips that provide guidelines and direction for budgeting income and entering it into ICES.

On 3/10/2014 DFR will begin issuing a series of Flash Bulletins addressing these issues:

- Use of beginning as a budget method for new employment
- Correcting a case when QC finds an error
- Verifying out of state benefits for TANF and entering those months in ICES correctly.
- Documenting use of manual budgets when determining supplemental benefits.

The bulletins will be issued one a week for four weeks. The series will be issued again in September 2014.

DFR does not agree with the finding on the fourth case referenced in the report. At application point, DFR should not penalize a client for not providing school records or immunization records. The client also has 30 days from the date of authorization to sign the PRA agreement. Not knowing what item the client did not provide that resulted in the sanction makes it difficult for DFR to address the finding. If we penalized the client for something we should not have requested then the supplemental issued back the first month of benefits would be correct. To address the issue, a reminder via Flash Bulletin will be issued to staff regarding the necessary verifications at application point for TANF.

STATE OF INDIANA  
FSSA – SFY 2013  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

FINDING 2012–FSSA(503)-2, DRUG REBATE BALANCE HELD

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Costs:	\$1,423,159

**Corrective Action Plan**

FSSA disagree that there are any questioned costs. The federal and ARRA share of drug rebates are reported on the CMS-64 from dispositions of receipts in the bank account. The transfers from the bank account to the State were separate from CMS reporting. Drug rebate fiscal agent activities transferred to a new Vendor in June 2013 and the entire remaining balance of the ACS/Xerox bank account was transferred to the State in July 2013. A copy of the July bank statement shows the bank account balance at \$0.

FSSA will provide a status update to State Board of Accounts describing the monitoring process for the new fiscal agent.

FINDING 2012–FSSA(503)-3, MEDICAID CREDITS REMOVED FROM PROJECTS

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency
Questioned Costs:	\$8,757,945

**Corrective Action Plan**

FSSA disagrees that there are any amount to be returned to the federal government from the reconciliation entries. The entries adjustment expenditures to align with the detail provided by the fiscal agent at the end of each quarter needed for CMS-64 reporting.

FSSA researched the two voided checks mentioned in the SBoA Update and did not find any evidence that the \$26,449,222 mentioned in the update was overstated.

FSSA will work with SBoA to identify and explain the credit balances in question.

**FINDING 2012-FSSA(503)-4, MONITORING ELIGIBILITY**

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP), Medical Assistance Program
CFDA Number:	93.767, 93.778
Auditee Contact Person:	Matt Cesnik
Title of Contact Person:	Eligibility Director, OMPP
Phone Number:	317-234-3394
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Internal Control:	Significant Deficiency

**Corrective Action Plan**

Staff training did occur in October 2013 and the OMPP Eligibility Director monitors the GDE020RA report on a monthly basis, and provides updates to OMPP managers on a quarterly basis.

**FINDING 2012-FSSA (503)-5, LONG TERM CARE FACILITY AUDIT APPEALS**

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Joy Heim
Title of Contact Person:	Policy & Planning, OMPP
Phone Number:	317-234-4753
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Special Requirement, Inpatient Hospital and Long-Term Care Facility Audits
Internal Control:	Significant Deficiency

**Corrective Action Plan**

FSSA continues to process the appeals mentioned in the finding. As time permits, the Office of the General Counsel sends out additional withdrawal requests to providers, usually in batches of 20 – 30 letters. As of 1/1/2014 FSSA has logged the following results:

- Appeals Included in the Plan (efforts continue to identify appeals that may be included in this program)
  - o 380 audit appeals (which may include more than one RED date or facility)
  - o 366 rate appeals (which also may include more than one RED date or facility)
- Appeals Dismissed by an Administrative Law Judge
  - o 72 audit appeals
  - o 40 rate appeals
- Pending Provider Response
  - o 168 audit appeals
  - o 207 rate appeals

**FINDING 2011-FSSA(503)-5 MANAGED CARE CONTRACTS**

Federal Agency: Department of Health and Human Services  
Federal Program: Medicaid Assistance Program  
CFDA Number: 93.778  
Auditee Contact Person: James Waddick  
Title of Contact Person: Program Integrity Manager, OMPP  
Phone Number: 317-234-2129  
Compliance Requirement: Allowable Costs/Cost Principles  
Internal Control: Significant Deficiency

**Corrective Action Plan**

The Care Programs Operations Supervisor will be responsible for establishing control policies and procedures to ensure the verification of monthly payments to the Managed Care Entities (MCE) and the Care Management Organizations (MCO). The fiscal agent will perform a monthly quality review of the capitation of PMPM rate payments. The fiscal agent will submit reports to the FSSA Care Programs Operations on a routine basis for review.

**FINDING 2011-FSSA(503)-6, MEDICAID ADMINISTRATION GRANT**

Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program  
CFDA Number: 93.778  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/Cost Principles; Reporting  
Internal Control: Significant Deficiency



**Corrective Action Plan**

There are no questioned costs where the State may have over-claimed federal funds. The State will work with CMS to close-out all grant amounts and will work with CMS and SBoA on a resolution.

**FINDING 2011 – FSSA(500,503)-7, MISSING CASE FILES**

Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program, Childrens' Health Insurance Program, Temporary Assistance to Needy Families  
CFDA Number: 93.778, 93.767, 93.558  
Auditee Contact Person: David Smalley  
Title of Contact Person: Policy Director – SNAP/TANF/IMPACT/EBT  
Phone Number: 317-232-2010  
Compliance Requirement: Eligibility  
Internal Control: Material Weakness

**Corrective Action Plan**

All case files from March 2012 forward are available in the FACTS system. All hard copy case records available have now been processed through the internal database. There are approximately 755,000 records in the warehouse. Staff is fully aware that FACTS is the case management system used in managing eligibility files and operational procedures are in place to instruct staff on the process of ensuring that information received is indexed to case records appropriately in FACTS. In addition, ICES remains the system of record for eligibility determinations and would obviously have information available on the eligibility determination made for applicants and recipients.

All files requested should have included documentation supporting residency, citizenship, family relationships, income and resources of recipients of benefits or medical services during State fiscal year 2013. FSSA/DFR does address verification requirements for TANF in the policy manual as well as in eligibility training provided to staff. As noted above, the information requested is maintained in the FACTS system (case management) as well as in ICES (eligibility system).

**FINDING 2010–FSSA-5, ERROR IN REPROCESSED ELIGIBILITY COSTS**

Federal Agency: Department of Health and Human Services  
Federal Program: Children's Health Insurance Program (CHIP); Medical Assistance Program  
CFDA Number: 93.767, 93.778  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Eligibility; Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Internal Control: Significant Deficiency

**Corrective Action Plan**

FSSA and SBOA agree that the financial portions of the finding have been resolved and current questioned cost balance is zero.

FSSA will work with the SBoA to explain the CHIP reporting process to achieve a resolution.

**FINDING 2010–FSSA-10, ARRA EXPENSE OVERSTATEMENTS**

Federal Agency:	Department of Health and Human Services
Federal Program:	Medicaid Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

**Corrective Action Plan**

FSSA will make an adjusting entry in the amount of \$557,809.97 and \$2,980,570.38 into the State accounting system to resolve the remaining questioned costs. With this adjusting entry, FSSA considers this finding closed.

**FINDING 2009-FSSA-2, CHIP PACKAGE C REPORTING**

Federal Agency:	Department of Health and Human Services
Federal Program:	Children's Health Insurance Program (CHIP)
CFDA Number:	93.767
Auditee Contact Person:	David Nelson
Title of Contact Person:	Agency Controller, FSSA
Phone Number:	317-233-3045
Compliance Requirement:	Reporting
Internal Control:	Significant Deficiency

**Corrective Action Plan**

FSSA will make an adjusting entry into the State accounting system for the differences between what has been recorded for CHIP and the amount reported on the CMS-64 derived from the Medicaid fiscal agent.

FINDING 2009-FSSA-6, QUALITY ASSESSMENT FEE REFUNDS -  
INTERMEDIATE CARE AND NURSING FACILITIES

Federal Agency: Department of Health and Human Services  
Federal Program: Medicaid Assistance Program  
CFDA Number: 93.778  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/Cost Principles  
Internal Control: Significant Deficiency

**Corrective Action Plan**

FSSA will make an adjusting entry in the amount of \$1,198,888 federal share into the State accounting system to resolve the remaining questioned costs. With this adjusting entry, FSSA considers this finding closed.

FINDING 2008-FSSA-3, SCHIP DUPLICATE EXPENSE

Federal Agency: Department of Health and Human Services  
Federal Program: State Children's Health Insurance Program  
CFDA Number: 93.767  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/Cost Principles; Reporting  
Internal Control: Material Weakness

**Corrective Action Plan**

FSSA will make an adjusting entry into the State accounting system for the differences between what has been recorded for CHIP and the amount reported on the CMS-64 derived from the Medicaid fiscal agent.

FINDING 2008-FSSA-7, SURVEILLANCE AND UTILIZATION REVIEW AUDIT FILES

Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program  
CFDA Number: 93.778  
Auditee Contact Person: James Waddick  
Title of Contact Person: Program Integrity Manager, OMPP  
Phone Number: 317-234-2129  
Compliance Requirement: Special Tests and Provisions 1 – Utilization Control and Program Integrity  
Internal Control: Significant Deficiency

**Corrective Action Plan**

Program Integrity SUR continues to work collaboratively with the FADS data staff to validate all information is entered into the appropriate fields within the i-Sight case management tracking system. Regular meeting between PI managers and pertinent FADS staff continue, and will continue, to occur to review reports of current cases. PI and FADS staff are currently working to review information for aged cases in i-Sight and enter/update information as appropriate. Regular meetings with the Office of General Counsel will take place to address aged, outstanding audit cases in the Hearing & Appeals status to determine provider intention to continue to appeal or withdraw the appeal. Any discrepancies will be discussed with management and corrections of the case data will be pursued.

**FINDING 2005-FSSA-16, TRACKING OF CERTIFICATION & TRANSMITTAL (C&T)**

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	Joy Heim
Title of Contact Person:	Policy & Planning, OMPP
Phone Number:	317-234-4753
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Internal Control:	Significant Deficiency

**Corrective Action Plan**

OMPP continues to monitor documentation from ISDH and CMS regarding compliance of providers subject to survey. OMPP continues to meet with ISDH regularly to discuss concerns of either agency. OMPP will continue to meet with appropriate agency staff to ensure development and implementation of process to match Medicaid data against ISDH data.

**FINDING 2005-FSSA-20, TIMELY FOLLOW-UP OF LICENSE TERMINATION**

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program; State Children's Health Insurance Program (SCHIP)
CFDA Number:	93.778; 93.767
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility; Allowable Costs/Cost Principles
Internal Control:	Significant Deficiency

**Corrective Action Plan**

The federal share of the questioned cost was returned to CMS for QE 12/31/2010. The State considers this finding closed.

FINDING 2005-FSSA-30, MEDICAID BANK RECONCILIATIONS

Federal Agency: Department of Health and Human Services  
Federal Program: State Children's Health Insurance Program (SCHIP), Medical Assistance Program  
CFDA Number: 93.767, 93.778  
Auditee Contact Person: David Nelson  
Title of Contact Person: Agency Controller, FSSA  
Phone Number: 317-233-3045  
Compliance Requirement: Allowable Costs/Cost Principles  
Internal Control: Material Weakness

**Corrective Action Plan**

FSSA will work with the SBoA to receive clarification on need of general ledger. FSSA will work with HP on clearing prior year reconciling items.

FINDING 2004-FSSA-6, DEATH VERIFICATIONS

Federal Agency: Department of Health and Human Services  
Federal Program: State Children's Insurance Program (SCHIP), Medical Assistance Program  
CFDA Number: 93.767 and 93.778  
Auditee Contact Person: Ron Hendrickson  
Title of Contact Person: Deputy Director DFR, FSSA  
Phone Number: 317-233-0719  
Compliance Requirement: Allowability, Eligibility  
Internal Control: Significant Deficiency

**Corrective Action Plan**

The MR35 release did occur on the scheduled date in September and from this date forward FSSA/DFR has the functionality in place to process regular matches with the Indiana State Department of Health. The data from ISDH is certainly timelier than SSA data. The actual first match with ISDH occurred on 10/2/13. The alerts and tasking support were part of the implementation of MR 35 and are functioning as planned.

FSSA/DFR has confirmed that the management staff was retrained on the July 18, 2013. As well, the flash bulletin noted for release was actually released on July 26, 2013. Management staff did follow through on the refresher training for staff and was completed by the deadline date.

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

Federal Agency:	Department of Health and Human Services
Federal Program:	Medical Assistance Program
CFDA Number:	93.778
Auditee Contact Person:	James Waddick
Title of Contact Person:	Program Integrity Manager, OMPP
Phone Number:	317-234-2129
Compliance Requirement:	Special Tests and Provisions – Provider Eligibility
Internal Control:	Significant Deficiency

**Corrective Action Plan**

Requirement for ongoing monitoring of license status is met by HP's receipt and processing of monthly reports from IPLA and LexisNexis that includes information on license status for all providers that are required to have a license to support their enrollment as an IHCP provider. The process of receiving and working reports from IPLA has been in practice for several years for Indiana providers. HP added the license reports from LexisNexis to address monitoring of licenses for out-of-state providers in 2012.