



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 16, 2015

Ms. Julie L. Voorhies
Marion County Auditor
200 East Washington St., Suite 801
Indianapolis, IN 46204

We have reviewed the audit reports prepared by KPMG LLP, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. In our opinion, the audit reports were prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Marion County, as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the OMB Circular A-133 Single Audit Report on pages 10-27. Findings 11-01 and 11-02 are significant deficiencies in internal control over financial reporting and are referenced in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. They are also included in Section 3 of the Schedule of Findings and Questioned Costs as significant deficiencies in internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to each of the major federal and are referenced in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 (Major Program Report).

The remaining findings are in Section 3 of the Schedule of Findings and Questioned Costs and are also referenced in the Major Program Report. Noncompliance with the requirements of laws, regulations, contracts, and grants applicable to each of the major federal programs was detailed in Findings 11-03 through 11-10 and 11-12. Significant deficiencies (Findings 11-01, 11-02, 11-09, and 11-10) and material weaknesses (Findings 11-03 through 11-08, 11-11, and 11-12) are reported in internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to each of the major federal.

The following table shows the major federal programs that were qualified due to noncompliance as described in the referenced findings with those types of compliance requirements that could have direct or material effect on the major federal program:

<u>Major Federal Program</u>	<u>Applicable Finding(s)</u>
Crime Victim Assistance CFDA 16.575	11-03
Edward Byrne Memorial Justice Assistance Grant Cluster CFDA 16.673, 16.803, and 16.804	11-04, 11-05, and 11-06
Conservation Research and Development – ARRA- Recover Act CFDA 81.086	11-08
Child Support Enforcement CFDA 93.563	11-04 and 11-12

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

Paul D. Joyce, CPA
State Examiner



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

OMB Circular A-133
Single Audit Report

For the year ended December 31, 2011

(With Independent Auditors' Reports Thereon)

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

OMB Circular A-133
Single Audit Report

For the year ended December 31, 2011

Table of Contents

	Page(s)
Schedule of Expenditures of Federal Awards – Modified Cash Basis	1 – 2
Notes to Schedule of Expenditures of Federal Awards – Modified Cash Basis	3
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4 – 5
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	6 – 9
Schedule of Findings and Questioned Costs	10 – 27

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis
For the Year Ended December 31, 2011

Federal grantor U.S. Department of Housing and Urban Development	Pass-through grantor Indianapolis Housing Agency	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
U.S. Department of Justice	Indianapolis Housing Agency	NA	Section 8 Housing Choice Vouchers	14.871	\$ —	80,000
	City of Indianapolis, Indiana	2005-VI-BX-1160	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	—	31,854
		08-IB-012	Services for Trafficking Victims	16.320	—	30,000
		08-IB-013	Juvenile Accountability Block Grants	16.523	—	116,747
		09-IB-017	Juvenile Accountability Block Grants	16.523	—	14,917
			Total 16.523		—	96,390
					—	228,054
		09-JF-015	Juvenile Justice and Delinquency Prevention - Allocation to States - Reception, Assessment, and Intervention	16.540	—	70,631
		09-FS-002	National Institute of Justice Research, Evaluation, and Development Project Grants - Paul Coverdell Forensics Science Grant 09	16.560	—	17,600
	City of Indianapolis, Indiana	2009-DN-BX-K045	National Institute of Justice Research, Evaluation, and Development Project Grants - Cold Case Initiative 09	16.560	—	43,831
			Total 16.560		—	61,431
		10-VAPR-148	Crime Victim Assistance - Child Interviewer 10/11	16.575	—	61,622
		10-VAPR-149	Crime Victim Assistance - Victim Advocate 10/11	16.575	—	145,861
		10-VAPR-189	Crime Victim Assistance - Child Interviewer 2011	16.575	—	22,165
		10-VAPR-190	Crime Victim Assistance - Victim Advocate 2011	16.575	—	59,389
		11-VAPR-154	Crime Victim Assistance - Victim Advocate 11/12	16.575	—	37,479
		11-VAPR-153	Crime Victim Assistance - Child Interviewer 2012	16.575	—	20,856
			Total 16.575		—	347,382
	Indiana Supreme Court	2010-DC-BX-0123	Drug Court Discretionary Grant Program - Family Drug Treatment Court	16.585	—	140,013
			Drug Court Discretionary Grant Program	16.585	—	35,228
			Total 16.585		—	175,241
	City of Indianapolis, Indiana	2010-WE-AX-0009	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	—	96,418
			State Criminal Alien Assistance Program	16.606	—	12,545
			State Criminal Alien Assistance Program 05/06	16.606	—	41,202
			State Criminal Alien Assistance Program 07/08	16.606	—	48,385
			Total 16.606		—	102,132
			Bulletproof Vest Partnership Program 2009	16.607	—	12,051
			Bulletproof Vest Partnership Program 2010	16.607	—	20,317
			Total 16.607		—	32,368
		08-GFS-008	Project Safe Neighborhoods - Firearms Reduction A	16.609	—	3,477
		09-GFS-005	Project Safe Neighborhoods - Firearms Reduction B	16.609	—	36,563
			Total 16.609		—	40,040
			Public Safety Partnership and Community Policing Grants - Child Sexual Predator Program	16.710	—	81,604
			Forensic DNA Backlog Reduction Program 11	16.741	—	25,944
			Forensic DNA Backlog Reduction Program 10	16.741	—	253,492
			Forensic DNA Backlog Reduction Program 09	16.741	—	197,917
			Forensic DNA Backlog Reduction Program 08	16.741	—	137,563
			Total 16.741		—	614,916
			Paul Coverdell Forensic Sciences Improvement Grant Program 2010	16.742	—	24,000
			Paul Coverdell Forensic Sciences Improvement Grant Program 2011	16.742	—	617
			Total 16.742		—	24,617
		09-DJ-021	Edward Byrne Memorial Justice Assistance Grant Program - Metro Drug Task Force 2010	16.738	—	3,012
		10-DJ-019	Edward Byrne Memorial Justice Assistance Grant Program - Metro Drug Task Force 2011	16.738	—	86,801
		2009-DJ-BX-0765	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile Prosecutors	16.738	—	144,887
		08(DJ)-014	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile/Adult Alternative Placement	16.738	—	54,864
		09-DJ-032	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile/Adult Placement 2010	16.738	—	5,650
		2010-DJ-BX-0812	Edward Byrne Memorial Justice Assistance Grant Program - Juvenile JAG 2010	16.738	—	51,557
		09-DJ-035	Edward Byrne Memorial Justice Assistance Grant Program - Burglary Enforcement Team	16.738	—	155,133

Edward Byrne Memorial Justice Assistance Grant Cluster:

City of Indianapolis, Indiana
City of Indianapolis, Indiana
City of Indianapolis, Indiana
City of Indianapolis, Indiana
City of Indianapolis, Indiana
City of Indianapolis, Indiana

(continued)

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis - Marion County)
Schedule of Expenditures of Federal Awards - Modified Cash Basis
For the Year Ended December 31, 2011

Federal grantor	Pass-through grantor	Pass-through grantor number	Program title	CFDA number	Amount passed through to subrecipients	Total federal expenditures
	ICJI ***	10-DJ-041	Edward Byrne Memorial Justice Assistance Grant Program - Drug Treatment Diversion 2011	16.738	---	85,195
	ICJI ***	10-DJ-042	Edward Byrne Memorial Justice Assistance Grant Program - Re-entry Court 2011	16.738	---	125,000
	ICJI ***	09-DJ-034	Edward Byrne Memorial Justice Assistance Grant Program - Davell Residential Addictions Treatment Program 2010	16.738	---	11,633
	ICJI ***	10-DJ-047	Edward Byrne Memorial Justice Assistance Grant Program - Davell Residential Addictions Treatment Program 2011	16.738	---	42,761
	ICJI ***	09-DJ-027	Edward Byrne Memorial Justice Assistance Grant Program - Indianapolis IDAI Project 2010	16.738	---	33,055
	ICJI ***	10-DJ-016	Edward Byrne Memorial Justice Assistance Grant Program - Indianapolis IDAI Project 2011	16.738	---	34,375
	ICJI ***	09-DJ-029	Edward Byrne Memorial Justice Assistance Grant Program - Community Court 2010	16.738	---	5,626
	ICJI ***	10-DJ-034	Edward Byrne Memorial Justice Assistance Grant Program - Community Court 2011	16.738	---	56,014
	ICJI ***	10-DJ-014	Edward Byrne Memorial Justice Assistance Grant Program - 2011 Justice Asset Backlog Reduction	16.738	---	130,371
	ICJI ***	09-DJ-078	Edward Byrne Memorial Justice Assistance Grant Program - Grand Jury Recording Equipment	16.738	---	10,000
	ICJI ***	09-DJ-091	Edward Byrne Memorial Justice Assistance Grant Program - Mobile Audio/Video Equipment	16.738	---	16,000
			Total 16.738			1,045,934
	ICJI ***	09-JRA-025	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	---	96,225
	City of Indianapolis, Indiana	2009-SU-89-0047	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	---	723
	City of Indianapolis, Indiana	09-JRA-017	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	---	149,360
			Total 16.803			245,308
	City of Indianapolis, Indiana	2009-SB-89-1482	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	16,400	931,909
			Total Edward Byrne Memorial Justice Assistance Grant Cluster		16,400	2,224,151
	Total U.S. Department of Justice				16,400	4,164,819
	National Highway Traffic Safety Administration					
	State and Community Highway Safety Program Cluster:					
	ICJI ***	PT11-04-04-06	State and Community Highway Safety - Big City County Belts 10/11	20.600	---	131,543
	ICJI ***	PT12-11-04-06	State and Community Highway Safety - Big City County Belts 11/12	20.600	---	5,506
	ICJI ***	PT-2010-10-03-02	State and Community Highway Safety - OFO Equipment Award 2010	20.600	---	19,373
			Total 20.600			154,422
	ICJI ***	K8-2011-03-02-05	Alcohol Impaired Driving Countermeasures Incentive Grants - Fatal Alcohol Crash Team 10/11	20.601	---	108,597
	ICJI ***	K8-2011-03-02-05	Alcohol Impaired Driving Countermeasures Incentive Grants - Fatal Alcohol Crash Team 11/12	20.601	---	18,341
	ICJI ***	CA-2011-08-01-13	Alcohol Impaired Driving Countermeasures Incentive Grants - Aggressive Driving Enforcement 10/11	20.601	---	120,061
	ICJI ***	K8-2011-03-03-21	Alcohol Impaired Driving Countermeasures Incentive Grants - DUI Task Force Enforcement 10/11	20.601	---	225,833
	ICJI ***	K8-2012-03-03-22	Alcohol Impaired Driving Countermeasures Incentive Grants - DUI Task Force Enforcement 2012	20.601	---	4,038
			Total 20.601			477,460
	Total National Highway Traffic Safety Administration					631,882
	U.S. Department of Energy					
	City of Indianapolis, Indiana	A302-11-CCR-905	ARRA - Recovery Act - Conservation Research and Development - Clean Cities Project	81.086	---	115,500
	U.S. Department of Health and Human Services					
	State of Indiana	NA	Substance Abuse and Mental Health Services Projects of Regional and National Significance - Women's Assistance Program	93.243	---	105,529
	Indiana Department of Child Services	NA	Temporary Assistance for Needy Families - Community Initiatives 2011	93.558	---	4,990
	State of Indiana	CIP-10/11B	Child Support Enforcement	93.563	---	5,069,603
	State of Indiana	CIP-08/10T	State Court Improvement Program - Juvenile 10/11	93.586	---	46,395
	State of Indiana	MARION-CIP-2011B	State Court Improvement Program - Workshop 10/11	93.586	---	11,250
	State of Indiana		State Court Improvement Program - Juveniles 11/12	93.586	---	15,369
			Total 93.586			73,014
	Total U.S. Department of Health and Human Services					5,253,136
	Total Expenditures of Federal Awards			\$	16,400	10,245,337

See accompanying notes to schedule of expenditures of federal awards and independent auditors' reports.
*** Indiana Criminal Justice Institute (ICJI)
NA Pass-through grantor number not available

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

Notes to Schedule of Expenditures of Federal Awards – Modified Cash Basis

For the year ended December 31, 2011

(1) Basis of Presentation

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

(2) Basis of Accounting

The accompanying schedule has been prepared on a modified cash basis of accounting as permitted by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under the modified cash basis of accounting, expenditures are reported when paid by the County.



KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 8, 2012. Our report on the basic financial statements was modified to include references to the County's preparation of the basic financial statements on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, modified to include reference to a note in the basic financial statements for which we expressed no opinion, and modified to include reference to the exclusion of Management's Discussion and Analysis, which is required supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material



weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and that are described in the accompanying schedule of findings and questioned costs as findings 11-01 and 11-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the audit committee, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Indianapolis, Indiana
June 8, 2012



KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited Marion County, Indiana (County), a component unit of the Consolidated City of Indianapolis – Marion County, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct or material effect on each of the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in finding 11-03 in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient documentation supporting the compliance of the County with the Crime Victim Assistance program regarding reporting, nor were we able to satisfy ourselves as to the County's compliance with those requirements by other auditing procedures. In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the County's compliance with the requirements of the Crime Victim Assistance program regarding reporting, the County complied, in all material respects, with the compliance



requirements referred to above that could have a direct and material effect on the Crime Victim Assistance program for the year ended December 31, 2011.

As described in findings 11-04, 11-05, and 11-06 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding activities allowed or unallowed; allowable costs/cost principles; reporting; or matching, level of effort, earmarking that are applicable to its Edward Byrne Memorial Justice Assistance Grant Cluster program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Edward Byrne Memorial Justice Assistance Grant Cluster program for the year ended December 31, 2011. The results of our auditing procedures also disclosed an other instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 11-07.

As described in finding 11-08 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding equipment and real property management that are applicable to its Conservation Research and Development – ARRA – Recovery Act program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Conservation Research and Development – ARRA – Recovery Act program for the year ended December 31, 2011.

As described in findings 11-04 and 11-12 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding activities allowed or unallowed; allowable costs/cost principles; or procurement and suspension and debarment that are applicable to its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program. In our opinion, except for the noncompliance described in this paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Support Enforcement program for the year ended December 31, 2011.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on the Forensic DNA Backlog Reduction Program for the year ended December 31, 2011. However, the results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 11-09 and 11-10.



Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 11-03, 11-04, 11-05, 11-06, 11-07, 11-08, 11-11, and 11-12 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 11-09 and 11-10 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2011, and have issued our report thereon dated June 8, 2012 which contained unqualified opinions on those financial statements. Our report on the basic financial statements was modified to include references to the County's preparation of the basic financial statements on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, modified to include reference to a note in the basic financial statements for which we expressed no opinion, and modified to include reference to the exclusion of Management's Discussion and Analysis, which is required supplementary information. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 8, 2012. 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 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 statements or to the 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

This report is intended solely for the information and use of management, the audit committee, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Indianapolis, Indiana
September 28, 2012, except for our report on the
schedule of expenditures of federal awards, for
which the date is June 8, 2012

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

(1) Summary of Auditors' Results

(a)	The type of report issued on the basic financial statements:	Unqualified opinions
(b)	Significant deficiencies in internal control were disclosed by the audit of the basic financial statements:	Yes
	Material weaknesses:	No
(c)	Noncompliance which is material to the basic financial statements:	No
(d)	Significant deficiencies in internal control over major programs:	Yes
	Material weaknesses:	Yes
(e)	The type of report issued on compliance for major programs:	
	Crime Victim Assistance (CFDA No. 16.575)	Qualified
	Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments Cluster (CFDA Nos. 16.738, 16.803, and 16.804)	Qualified
	Forensic DNA Backlog Reduction Program (CFDA No. 16.741)	Unqualified
	Conservation Research and Development – ARRA – Recovery Act (CFDA 81.086)	Qualified
	Child Support Enforcement (CFDA No. 93.563)	Qualified
(f)	Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:	Yes
(g)	Major programs:	
	Crime Victim Assistance, U.S. Department of Justice passed through Indiana Criminal Justice Institute (CFDA No. 16.575)	
	Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories, and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants	

MARION COUNTY, INDIANA
 (A Component Unit of the Consolidated
 City of Indianapolis – Marion County)
 Schedule of Findings and Questioned Costs
 For the year ended December 31, 2011

to Units of Local Governments Cluster, U.S. Department of Justice passed through
 Indiana Criminal Justice Institute and City of Indianapolis, Indiana
 (CFDA Nos. 16.738, 16.803, and 16.804)

Forensic DNA Backlog Reduction Program, U.S. Department of Justice
 (CFDA No. 16.741)

Conservation Research and Development – ARRA – Recovery Act,
 U.S. Department of Energy passed through City of Indianapolis, Indiana
 (CFDA No. 81.086)

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

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$307,360**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

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

11-01 Financial Reporting and Year-End Closing – Significant Deficiency

Comment and Recommendation

The County's financial reporting and year-end closing processes does not include enough financial personnel to establish thorough review procedures over all of the account reconciliations and financial schedules that are prepared as part of the closing and financial reporting process. Additionally, when the process is considered across all County agencies, there is not a process or methodology that is followed consistently across all of the agencies outside of the Office of Finance and Management (OFM). A specific example is that agencies that have custodial responsibility over cash accounts should perform internal reviews that include correcting variances and aged items prior to submitting cash reconciliations to the OFM for inclusion into the basic financial statements. Management of those agencies should work cooperatively with the OFM to critically review the year-end reporting process and implement procedures to ensure that year-end information submitted to the OFM is appropriate, complete, and accurate. Also, all cash accounts should be recorded on the same general ledger system. Finally, we recommend that financial reporting and accounting policies and procedures should be formally documented in a detailed accounting procedures manual to allow for consistent implementation across all County agencies.

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

Views of Responsible Officials

The Office of Finance and Management will continue to work with all County agencies to establish appropriate review processes in the agency to ensure year-end information being submitted for financial reporting is complete and accurate. The Office of Finance and Management will continue to improve our review processes as available human resources allow. As part of the overall implementation of the Enterprise Resource Planning system we plan to formally document accounting procedures and policies.

11-02 IT System Program Change Management and User Access – Significant Deficiency

Comment and Recommendation

Through the end of the year ended December 31, 2011, the County contracted with two third-party contractors for their information technology (IT) needs, which included managing and updating the County's IT systems. For each IT system program change that is made, a Siebel ticket is created and a Production Implementation Plan is created and updated by the developer. Key components of the Production Implementation Plan are who requested, prepared, reviewed, approved, and implemented the requested program change. However, many times, the components of who reviewed, approved, and implemented the plan are not completed. Additionally, developers have access to migrate changes to source code into production using batch processing by e-mailing a change request directly to Production Analysts. The Production Analysts place the code in a staging library, and a job is run automatically to move to production. No formal authorization is obtained for this process and evidence of approvals is not obtained and reviewed by the Production Analysts prior to making the change.

We recommend that within the County's new Enterprise Resource Planning (ERP) system, to be implemented in 2012, the County reviews policies and procedures with the IT system third-party contractors to ensure that all program changes made to the system are properly reviewed and approved prior to migration into production. This is especially critical given the system developers ability to move program changes into production. These approvals should be formally documented on the Production Implementation Plan. All change management policies should also be formally documented to provide guidance to both of the third-party contractors regarding the County's approval, testing, and implementation procedures. Furthermore, restrictions should be implemented to prevent developer's ability to directly move program changes into production.

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

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

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

have left the County from the Mainframe in a timely manner, retain sufficient evidence supporting periodic review of user access rights, and identify and eliminate segregation of duties conflicts.

Lastly, we recommend the County utilize the Committee of Sponsoring Organizations (COSO) internal control framework as the benchmark to measure the control environment and internal control procedures. However, more specifically, the general controls related to the ERP implementation should be compared to this benchmark.

Views of Responsible Officials

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

(3) Findings and Questioned Costs Relating to Federal Awards

11-01 to

11-02 See Section (2) – Findings related to the Financial Statements Reported in accordance with *Government Auditing Standards*.

11-03 Reporting

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

CFDA No. 16.575, *Crime Victim Assistance*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute; Award Numbers 10-VAPR-148, 10-VAPR-149, 10-VAPR-189, 10-VAPR-190, 11-VAPR-154, and 11-VAPR-153

Criteria

The 2011 Compliance Supplement indicates that recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information on each of the following:

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

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

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

The 2011 Compliance Supplement indicates that for performance reports, the auditor is to trace the data to records that accumulate and summarize data and perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

Condition Found

The County was not able to provide us with any information to support the statistical amounts reported in its performance reports for the Crime Victim Assistance program.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

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

Recommendation

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

Views of Responsible Officials

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

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

11-04 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

CFDA No. 16.738, 16.803, and 16.804, *Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Award Numbers and Award Years

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2011 to December 31, 2012

Criteria

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

Condition Found

During our testwork over the grant programs listed below, we selected a sample of expenditures that included payroll and fringe benefit expenditures.

- Edward Byrne Memorial Justice Assistance Grant Program Cluster (CFDA Nos. 16.738, 16.803, and 16.804) – A total of fifteen (15) payroll or payroll-related expenditures were selected for testing, which were incurred by the Courts. For five (5) of the expenditures, the respective employee completed a semiannual time certification; however, these certifications indicated that the employees spent less than 100% of their time on the program. There were no personnel activity reports which were maintained to support the time charged to the grant. A total of forty-two (42) payroll or payroll-related expenditures were also selected for this program cluster which were incurred by the Prosecutor's

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

Office, Community Courts, and various other County agencies. No exceptions were noted for those agencies.

- Child Support Enforcement (CFDA No. 95.563) – A total of sixty-six (66) payroll or payroll-related expenditures were selected for testing, which were incurred by the Superior and Circuit Courts. For seven (7) of the expenditures, we were not able to obtain a time certification indicating that the employee had spent 100% of his/her time on this program or a personnel activity report to support the charges. For thirty-four (34) of the items in the sample, the respective employee completed a semiannual time certification; however, these certifications indicated that the employees spent less than 100% of their time on the program. There were no personnel activity reports which were maintained to support the time charged to the grant. Additionally, the time certifications for the Courts were not executed timely and done so only upon our request for them.

A total of thirty-three (33) payroll or payroll-related expenditures were also selected for this program which were incurred by the Prosecutor's Office. No exceptions were noted for that agency.

Questioned Costs

For the Edward Byrne Memorial Grant Program Cluster, the questioned costs were not determinable. The five (5) payroll items which were identified as exceptions amounted to \$3,719 of our total sample of payroll and payroll-related expenditures of \$13,707 related to the Courts. Respective employees' time certifications indicated a range of 32% to 98% of their time was spent on the program. Total payroll and payroll-related expenditures reported for the Courts for this program amounted to \$393,094 in 2011.

For the Child Support Enforcement program, the known questioned costs amounted to \$8,130 and represent the seven (7) expenditures related to the time certifications that were not executed. The most likely questioned costs were \$31,503 and were calculated by multiplying the error percentage of 16% found in our sample population of \$50,898 (Superior Court only) by the total payroll and payroll-related expenditures for the Superior Court of \$197,230. The questioned costs related to the expenditures for which time certifications were executed but for which the employee indicated that less than 100% of his/her time was spent on the program were not determinable. Respective employees' time certifications indicated a range of 10% to 98% of their time was spent on the program.

Possible Asserted Cause and Effect

Management indicated that improvements to this process were implemented county-wide during 2011. While the certification statements for many County agencies were obtained on a timely basis, the process is not functioning properly at all of the agencies. The effect of this finding is

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

that expenditures related to employee's payroll may not be charged to a particular grant based on the employee's actual time and effort.

Recommendation

We recommend that management strengthen the organization's processes and controls to ensure that payroll charges are supported by after-the-fact personnel activity reports or certification statements as required by OMB Circular A-87 and these documents are executed on a timely basis. Additionally, increased communication and training should be performed with the agencies to ensure that they are knowledgeable concerning the related requirements.

Views of Responsible Officials

There was some confusion on the requirement for certifications for employees who spend less than 100% of their time on a program. An activity log has been created for those employees who spend less than 100% of their time on a grant for use in tracking and certifying their time. OFM and the County will continue to work with the agencies to enhance their understanding of the certification compliance requirement.

11-05 Reporting – Section 1512

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

CFDA No. 16.738, 16.803, and 16.804, *Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Award Numbers and Award Years

Criteria

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

Condition Found

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

The City of Indianapolis, Indiana (City) is the prime recipient of this award and is responsible for the actual Section 1512 report submissions. To facilitate this process, the City requires the County to provide certain information to enable them to prepare the Section 1512 reports. We determined that in a sample of eleven (11) reports submitted to the City, the amounts reported by the County

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

to the City for the data element of “Total Sub-Award Funds Received” was incorrect for nine (9) of the reports when comparing such amounts to the County’s accounting records.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

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

Recommendation

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

Views of Responsible Officials

This new grant program was created through the ARRA, which was enacted in 2009. The County is responsible for reporting information to the City of Indianapolis, who is the prime recipient of the award and responsible for submitting the Section 1512 report. There was miscommunication by the City of Indianapolis on how to report the information on Sub-Award funds received. The County has since corrected and resubmitted the information to the City of Indianapolis for 2011 in September 2012, so the appropriate corrections can be made on the prime recipients’ report.

11-06 Matching, Level of Effort, Earmarking

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

CFDA No. 16.738, 16.803, and 16.804, *Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Award Numbers and Award Years

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

Criteria

The specific requirements for matching are unique to each federal program and are found in the laws, regulations, and the provision of contract or grant agreements pertaining to the program. However, the A-102 Common Rule (§_24) and OMB Circular A-110 (§_23) provide detailed criteria for acceptable costs and contributions. One of the basic criteria for acceptable matching is that the matching contribution is allowed under the applicable cost principles.

Condition Found

Some of the grants within this program have matching requirements for which the County utilizes payroll and payroll-related charges as the matching source. As noted in finding 11-04 above, County employees working on this program did not always execute semiannual certification statement indicating that 100% of their time was spent on the program on a timely basis. For a sample of fifteen (15) matching amounts (all payroll-related) for this program, the County was initially unable to provide certification statements indicating that 100% of the employee's time was spent on the program for nine (9) of the sample items. While time certification statements were eventually provided, they were executed by the employees only upon our request.

Based on the exceptions identified above, we requested time certification statements for employees utilized as a matching contribution on other grants within this program. The County was unable to provide certification statements for match amounts totaling \$95,422 that were reported in 2011.

Questioned Costs

There are no questioned costs associated with this finding however, the matching amounts reported in 2011 for which the County does not have time certifications to support the payroll and payroll-related amounts is \$95,422.

Possible Asserted Cause and Effect

Management indicated that improvements to this process were implemented county-wide during 2011. While the certification statements for many County agencies were obtained on a timely basis, the process is not functioning properly at all of the agencies. The effect of this finding is that expenditures related to employee's payroll utilized as a matching contribution may not be based on the employee's actual time and effort.

Recommendation

We recommend that management strengthen the organization's processes and controls to ensure that payroll charges are supported by after-the-fact personnel activity reports or certification statements as required by OMB Circular A-87 and these documents are executed on a timely basis. Additionally, increased communication and training should be performed with the agencies to ensure that they are knowledgeable concerning the related requirements.

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

Views of Responsible Officials

Due to staff turnover within the Marion Superior Courts (Courts), various semiannual certifications were not obtained for employees whose salary was used as match. The Courts are aware of the requirement. Obtaining these was the responsibility of the individual that resigned. This was simply an oversight that is being addressed and all current and future grant files will contain the necessary certifications.

11-07 Equipment and Real Property Management

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

CFDA No. 16.738, 16.803, and 16.804, *Edward Byrne Memorial Justice Assistance Grant Program and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories and ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Cluster*, U.S. Department of Justice passed through the Indiana Criminal Justice Institute and City of Indianapolis, Indiana; Various Award Numbers and Award Years

Criteria

The requirements for equipment are contained in the A-102 Common Rule (§_32). This guidance requires that a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records.

Condition Found

The County had previously taken a physical inventory of equipment in the fall of 2009. Total capitalized equipment recorded in the property records at the end of 2011 for this program was \$788,347. During our audit, the County initiated and completed a physical inventory for this program's equipment.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause is that the County initiated the physical inventory to be taken in 2011; however, program management did not actually conduct the inventory at that time. The effect is that equipment purchased with federal funds may not be adequately safeguarded, in good condition, or still being used in the operations.

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

Recommendation

We recommend the County ensure that required physical inventories are conducted at least every two years. Additionally, results from the inventory should be reflected in the property records.

Views of Responsible Officials

The OFM currently requires there to be a biannual inventory for items purchased with grant funds meeting the capitalization threshold. A physical inventory and reconciliation was conducted for fiscal year 2011, however the results of the inventory were not finalized until mid-2012; which was more than two (2) years after the last inventory was finalized. We are currently reviewing our inventory policy and consideration is being made to make this an annual occurrence.

11-08 Equipment and Real Property Management

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

CFDA No. 81,086, *Conservation Research and Development – ARRA – Recovery Act*, U.S. Department of Energy passed through the City of Indianapolis, Indiana; Award Number A302-11-CCR-005; Award Year December 31, 2009 to December 31, 2013

Criteria

The requirements for equipment are contained in the A-102 Common Rule (§.32). This guidance requires that equipment records are maintained and those property records should contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and any ultimate disposition data.

Condition Found

The County had a total of \$115,500 of expenditures under this program in 2011, all of which were utilized for equipment. None of these costs were entered into the County's property records.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause is that the County did not identify these costs as equipment and thus did not follow their procedures which would capture such costs for their property records. The effect of this finding is that equipment purchased with federal funds is not appropriately identified and thus may not be properly maintained and any related disposals may not be properly identified.

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

Recommendation

We recommend that the County ensure that these equipment items are properly recorded in the property system.

Views of Responsible Officials

We concur with this finding; it was initially determined that it was not necessary to capitalize the retro-fit kits purchased under this program because it did not extend the useful life of the vehicles. However, after receiving additional clarification from the grantor it was determined that capitalization was appropriate. These items will be recorded in the fixed asset system and subsequent purchases of items similar in nature will be more thoroughly reviewed by the OFM's Fixed Asset division.

11-09 Equipment and Real Property Management

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

CFDA No. 16.741, *Forensic DNA Backlog Reduction Program*, U.S. Department of Justice; Award Numbers 2008-DN-BX-K077, 2009-DN-BX-K129, 2010-DN-BX-K200, and 2011-DN-BX-K516; Various Award Years

Criteria

The requirements for equipment are contained in the A-102 Common Rule (§ .32). This guidance requires that a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records.

Condition Found

The County maintains a property system to track equipment purchased with federal funds. On a county-wide basis, physical inventories are required to be taken every two years; however, the last one was conducted in September 2009. The management of this specific program conducts their own physical inventory every year; however, the results are not reconciled to the County's overall property records. A physical inventory was eventually taken utilizing the property records as a population (i.e., from the accounting records) in August 2012.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause is that the management of this program is taking a physical inventory more frequently than required by the A-102 Common Rule; however, does not have procedures in place to reconcile the results to the accounting records. The effect is that the results of the inventory

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

may be different than the property records and such differences are not properly identified and resolved.

Recommendation

We recommend the County ensure that required physical inventories are conducted at least every two years. Additionally, results from the inventory should be reflected in the property records.

Views of Responsible Officials

The Forensic Services Agency completes an inventory annually. However, this inventory is conducted using their internal inventory tracking system, and is not reconciled back to the County's fixed asset system. When this issue was brought to our attention during the audit, we immediately reconciled the inventory to the County's fixed asset system without any issue. Going forward, the Forensic Agency will work with the OFM to assure that the results of the agency's internal inventory reconciles to the County's fixed asset system.

11-10 Reporting

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

CFDA No. 16.741, *Forensic DNA Backlog Reduction Program*, U.S. Department of Justice; Award Numbers 2008-DN-BX-K077, 2009-DN-BX-K129, 2010-DN-BX-K200, and 2011-DN-BX-K516; Various Award Years

Criteria

The Forensic DNA Backlog Reduction Program requires the County to report program financial information in the filing of a quarterly financial report utilizing the Federal Financial Report (FFR) Form SF-425. The 2011 Compliance Supplement indicates that the auditor should trace the amounts reported to accounting records that support the audited financial statements and the schedule of expenditures of federal awards and verify agreement.

Condition Found

In a sample of four (4) quarterly SF-425 financial reports from a total population of ten (10), we determined that one (1) of the quarters (second quarter of 2011 for grant 2009-BN-BX-K129) underreported expenditures by \$12,203. These underreported expenditures were identified by the Forensic Services Agency and corrected in the fourth quarter 2011 SF-425 financial report. We obtained that report verifying that the expenditures were reported. Additionally, we noted that \$25,930 of expenditures from the fourth quarter of 2010 were also reported on this SF-425 financial report due to an oversight in reporting these amounts in the correct quarter.

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

The asserted cause is that the management of this program is utilizing the expenditures that have been actually claimed in that quarter on the respective quarterly SF-425 rather than the cash disbursements from the accounting records. Therefore, it is difficult to perform a management review of the SF-425 financial report to ensure that all expenditures are accurately reported. Additionally, management indicates that one of the quarterly claim forms which the County submitted to the grantor for reimbursement purposes was reduced by \$12,203 because the grantor had previously sent a reimbursement in that amount to the Forensic Services Agency in error. Per the grantor's instruction, the Forensic Services Agency reduced the next quarter's claim by that amount. However, when the Forensic Services Agency reported expenditures for the SF-425 financial report, the net amount (i.e., total expenditures less \$12,203) was utilized which was incorrect.

Recommendation

We recommend the Forensic Services Agency strengthen their internal controls by ensuring that expenditures claimed on the SF-425 represent cash expenditures from the program rather than expenditures claimed. While the County's procedures are very detailed for this program, the expenditures reported on the SF-425 lag the actual cash disbursed. Reporting expenditures on the cash basis will ensure that such costs are reported on the SF-425 in the proper quarter.

Views of Responsible Officials

This was an oversight that has been corrected. Management will review the procedures and controls surrounding this program and make improvements where we feel necessary.

11-11 Procurement and Suspension and Debarment

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

CFDA No. 16.741, *Forensic DNA Backlog Reduction Program*, U.S. Department of Justice; Award Numbers 2008-DN-BX-K077, 2009-DN-BX-K129, 2010-DN-BX-K200, and 2011-DN-BX-K516; Various Award Years

Criteria

According to the 2011 Compliance Supplement and § __.36(b)(9), § __.36(c)(1), § __.36(b)(1), and § __.36(d)(4), procurements should conform to the following criteria:

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

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

Condition Found

We selected eight (8) vendors with total expenditures of \$146,913 and which represented 37% of the total federal expenditures under this program subject to this compliance requirement. Of these vendors, four (4) of the eight (8) vendors did not have sufficient information in the contract file to detail the rationale to limit competition as these were all sole sourced procurements. These four (4) items represented \$78,883 of our sample. Based on subsequent documentation/explanation provided from the Forensic Services Agency, the sole source procurements appeared to be justified and thus no noncompliance was identified.

Questioned Costs

There are no questioned costs associated with this finding.

Possible Asserted Cause and Effect

Management asserts that the County does have a process to document sole source awards, however the documents are not routinely completed by the agencies. The effect of this finding is that the decision to award a sole source procurement, while justifiable, is not adequately documented.

Recommendation

We recommend the County strengthen their internal control procedures to ensure that all procurements under federal grant awards are assured to follow federal and state regulations, as applicable. If procurements are not competitively bid, the rationale for such should be formally documented in the contract files. These procedures should also ensure that all vendors are reviewed for suspended and/or debarred status by receiving a certification to that extent or performing a check of the EPLS website and maintaining such documentation in the procurement file. The EPLS check should be performed prior to the County contracting with the vendor.

Views of Responsible Officials

All County agencies were provided a copy of the County's policy on purchases using federal funds on January 2, 2012. This policy addressed the documentation that is to be maintained, as well as justifications for sole source purchases. The instances found occurred in 2011. All future

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

Schedule of Findings and Questioned Costs

For the year ended December 31, 2011

purchases are to follow the established policies. We will update the policy, where necessary, and reiterate to the agencies that any sole source justification must be made a part of the contract summary sheet, at the time of the purchase, and be maintained as part of their grant files. While we can verbally provide sole source justification for all the purchases associated with this finding, the sole source justification was not formally documented during the contract execution period and maintained in the grant file. Management believes that for this program, the finding for future years has been addressed.

11-12 Procurement and Suspension and Debarment

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

CFDA No. 93.563, *Child Support Enforcement*, U.S. Department of Health and Human Services passed through Indiana Department of Child Services; Award Numbers Not Available; Award Year January 1, 2011 to December 31, 2012

Criteria

According to the 2011 Compliance Supplement and §__.36(b)(9), §__.36(c)(1), §__.36(b)(1), and §__.36(d)(4), procurements should conform to the following criteria:

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

Condition Found

We selected two (2) vendors with total expenditures of \$314,530 and which represented 79% of the total federal expenditures under this program subject to this compliance requirement for the Prosecuting Attorney. Of these vendors, neither of the two (2) had sufficient information in the contract file to detail the bids or quotes obtained to evidence full and open competition. There was also no formal documentation that indicated a rationale to limit competition.

Questioned Costs

The known questioned costs are \$314,530 and were computed as the entire 2011 expenditures for the two (2) vendors in our sample. The most likely questioned costs are \$399,224 and were computed by extrapolating the error rate percentage of 100% found in our sample to the relevant population of \$399,224.

MARION COUNTY, INDIANA
(A Component Unit of the Consolidated
City of Indianapolis – Marion County)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011

Possible Asserted Cause and Effect

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

Recommendation

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

Views of Responsible Officials

All County agencies were provided a copy of the County's policy on purchases using federal funds on January 2, 2012. This policy addressed the documentation that is to be maintained, as well as justifications for sole-source purchases. The instances found occurred in 2011. All future purchases are to follow the established policies. We will update the policy, where necessary, and reiterate to the agencies that any sole source justification must be made a part of the contract summary sheet, at the time of the purchase, and be maintained as part of their grant files.



MARION COUNTY, INDIANA

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

ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2011



MARION COUNTY, INDIANA

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

ANNUAL FINANCIAL REPORT

For the Year
Ended December 31, 2011



TABLE OF CONTENTS

Page(s)

Introductory Section:

Schedule of Elected Officials 1-2

Marion County Organization Chart3

Financial Section:

Independent Auditors' Report..... 4-5

Basic Financial Statements:

Government-wide Financial Statement:

Statement of Activities and Net Assets – Modified Cash Basis6

Fund Financial Statements:

Governmental Funds:

Statement of Assets and Fund Balances and Receipts, Disbursements,
and Changes in Fund Balances – Modified Cash Basis – Governmental Funds7

Reconciliation of the Cash and Investment Fund Balances – End of Year per
the Statement of Assets and Fund Balances for Governmental Funds to the
Total Cash and Investment Net Assets per the Statement of Activities and Net
Assets – Modified Cash Basis 8

Reconciliation of the Excess (Deficiency) of Receipts and Other Financing
Sources over (under) Disbursements and Other Financing Uses per
the Statement of Assets and Fund Balances and Receipts, Disbursements, and
Changes in Fund Balances of Governmental Funds to the Change in Net Assets
per the Statement of Activities and Net Assets – Modified Cash Basis..... 8

Proprietary Funds:

Statement of Assets and Net Assets and Receipts, Disbursements,
and Changes in Net Assets – Modified Cash Basis – Proprietary Funds.....9

Fiduciary Funds:

Statement of Assets and Net Assets and Additions, Deductions, and
Changes in Net Assets – Modified Cash Basis – Fiduciary Funds 10

Notes to the Basic Financial Statements 11-28

Required Supplementary Information (Unaudited):

Budgetary Comparison Information – Schedule of Receipts and Disbursements –
Budget and Actual – General Fund.....29

Schedules of Funding Progress30

Schedules of Employer Contributions31

TABLE OF CONTENTS (continued)

	Page(s)
Notes to the Required Supplementary Information	32-33
Combining and Individual Fund Financial Statements and Schedules – Other Supplementary Information:	
Combining Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Nonmajor Special Revenue Governmental Funds	37-38
Schedules of Receipts and Disbursements – Budget and Actual – Special Revenue Funds – Nonmajor Funds (Unaudited).....	39-43
Combining Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Nonmajor Debt Service Governmental Funds	44
Combining Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Nonmajor Capital Project Governmental Funds	45
Schedule of Receipts and Disbursements – Budget and Actual – Capital Projects – Nonmajor Funds (Unaudited).....	46
Combining Statement of Assets and Net Assets and Additions, Deductions, and Changes in Net Assets – Modified Cash Basis – Pension Trust Funds.....	49
Combining Statement of Additions, Deductions, and Changes in Net Assets – Modified Cash Basis – Agency Funds	50

2011 County Elected Officials

	TERM
Auditor.....	Billie J. Breaux
Treasurer.....	Michael Rodman
Clerk.....	Elizabeth White
Sheriff.....	John R. Layton
Recorder.....	Julie Voorhies
Assessor.....	Joseph P. O'Connor
Surveyor.....	Debra S. Jenkins
Coroner.....	Dr. Frank P. Lloyd, Jr.
Prosecutor.....	Terry Curry
County Chief Executive.....	Gregory Ballard
Board of County Commissioners (Ex-Officio).....	Michael Rodman
Board of County Commissioners (Ex-Officio).....	Billie J. Breaux
Board of County Commissioners (Ex-Officio).....	Joseph P. O'Connor

1-1-11 to 12-31-14
 1-1-09 to 12-31-12
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14
 1-1-09 to 12-31-12
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14
 1-1-09 to 12-31-12
 1-1-11 to 12-31-14
 1-1-11 to 12-31-14

2011 Department Heads

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

2011 City-County Council Members

President, Maggie Lewis
 Vice President, Brian Mahern
 Zach Adamson
 John Barth
 Vernon Brown
 Virginia J. Cain
 Jeffrey Cardwell
 Jose Evans
 Aaron Freeman
 Monroe Gray, Jr.
 Pam Hickman
 Jason Holliday

Benjamin Hunter
 Robert Lutz
 Angela Mansfield
 Frank Mascari
 Janice McHenry
 Michael McQuillen
 Jeff Miller
 Mary Bridget Moriarty Adams
 William C. Oliver
 Vop Osili
 Marilyn Pfisterer
 Leroy Robinson

Joe Simpson
 J. Steve Talley
 Ryan Vaughn

2011 Judiciary

CIRCUIT COURT Louis Rosenberg

SUPERIOR COURT

Criminal Division:

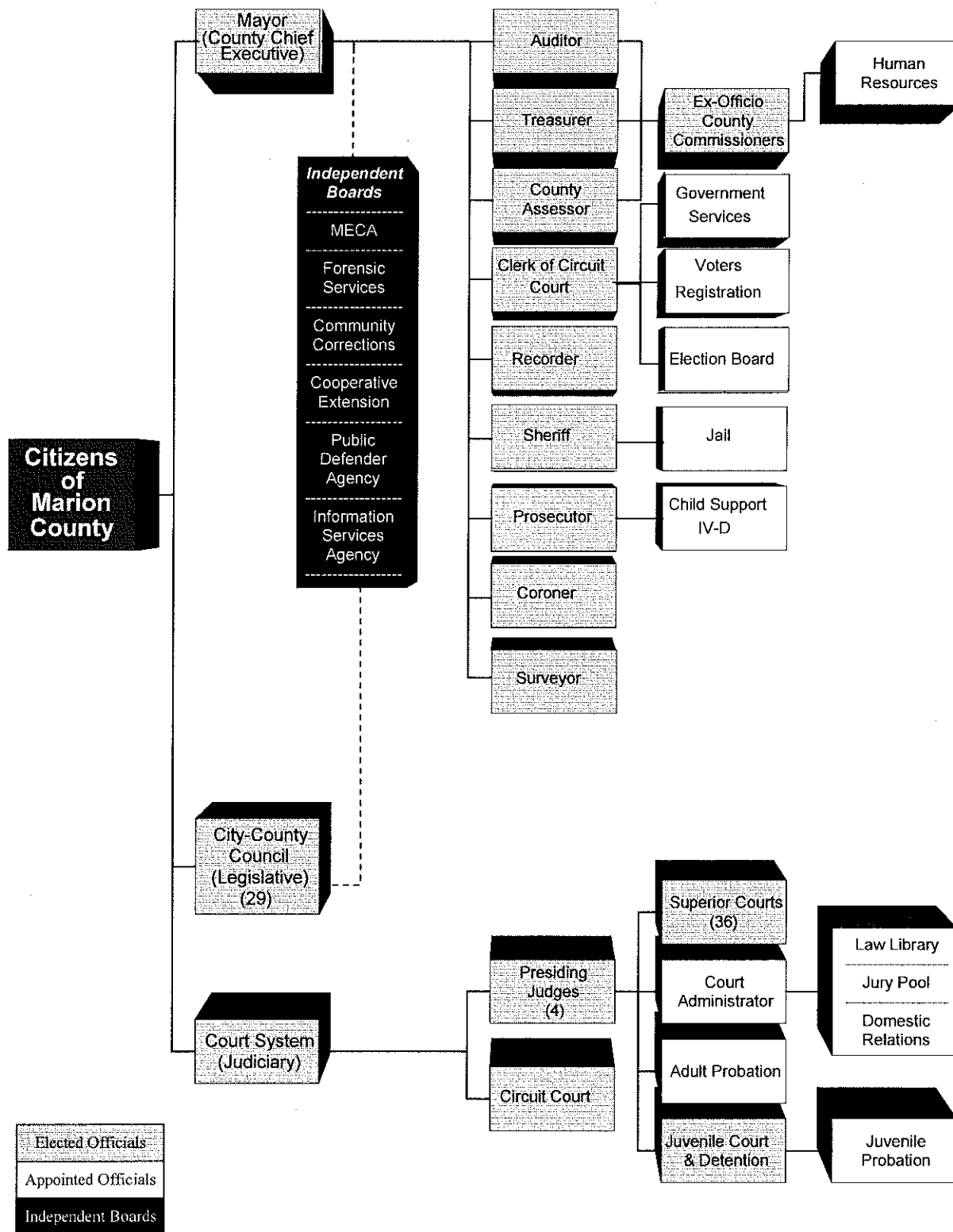
Court 1.....	Kurt Eisgruber	
Court 2.....	Robert Altice, Jr.	*
Court 3.....	Sheila A. Carlisle	
Court 4.....	Lisa Borges	
Court 5.....	Grant Hawkins	
Court 6.....	Mark D. Stoner	
Court 7 Misdemeanor.....	William J. Nelson	
Court 8 Misdemeanor.....	Barbara Collins	
Court 9 D-Felony.....	Marc Rothenberg	**
Court 10 Misdemeanor.....	Linda E. Brown	
Court 11 Initial Hearing/APC.....	Commissioners	
Court 12 Community Court.....	David Certo	
Court 13 Traffic/Misdemeanor.....	William Young	
Court 14 D-Felony Drug Court/Re-entry Court.....	Jose D. Salinas	
Court 15 Felony.....	James Osborn	
Court 16 Domestic Violence.....	Kimberly Brown	
Court 17 Domestic Violence.....	Clark Rogers	
Court 18 D-Felony.....	Reuben Hill	
Court 19 Misdemeanor.....	R. F. Pierson-Treacy	**
Court 20 Felony Drug.....	Steve Eichholtz	
Court 21 Domestic Violence.....	Barbara Crawford	
Court 22 Major Felony.....	Carol J. Orbison	
Court 24 D-Felony.....	Annie Christ-Garcia	

Civil Division:

Court 1.....	David Shaheed	
Court 2.....	Theodore Sosin	
Court 3.....	Patrick L. McCarty	
Court 4.....	Cynthia J. Ayers	
Court 5.....	Robyn Moberly	
Court 6.....	Thomas J. Carroll	
Court 7.....	Michael Keele	
Court 8 Probate Division.....	Gerold Zore	
Court 9 Juvenile Division.....	Marilyn Moores	
Court 10.....	David Dreyer	
Court 11.....	John Hanley	*
Court 12.....	Heather Welch	
Court 13.....	Timothy Oakes	
Court 14.....	S. K. Reid	

* Presiding Judge
 ** Associate Presiding Judge

Marion County, Indiana Government Organization Chart







KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana (a component unit of the Consolidated City of Indianapolis – Marion County) (County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Indiana as of December 31, 2011, and the respective changes in financial position—modified cash basis thereof for the year then ended, in conformity with the basis of accounting described in note 1, except for note 6 – Additional Pension Disclosures, on which we express no opinion.

Management has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the budgetary comparison information on page 29; the schedules of funding progress and employer contributions on pages 30 and 31; and the notes to required supplementary information on pages 32 and 33 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules – other supplementary information on pages 37 through 50, are presented for purposes of additional analysis, and are 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. Except the schedules of receipts and disbursements – budget and actual, on pages 39 through 43 and 46, which are unaudited, this 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 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 fund financial statements and schedules – other supplementary information, except for the schedules of receipts and disbursements – budget and actual, on pages 39 through 43 and 46, which are unaudited, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information presented in the introductory section on pages 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Indianapolis, Indiana
June 8, 2012

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
 STATEMENT OF ACTIVITIES AND NET ASSETS – MODIFIED CASH BASIS
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Cash Receipts			Net Cash Receipts (Disbursements) and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Administration and finance program	\$ 38,491,226	\$ 17,295,330	\$ 1,510,869	\$ (19,685,027)	\$ —	\$ (19,685,027)
Protection of people and property program	89,062,250	13,786,945	9,394,927	(65,880,378)	—	(65,880,378)
Corrections program	73,558,218	921,926	17,600,734	(55,035,558)	—	(55,035,558)
Judicial program	80,017,585	11,105,976	10,011,691	(58,899,918)	—	(58,899,918)
Culture and recreation program	1,075,643	—	—	(1,075,643)	—	(1,075,643)
Real estate and assessments program	8,530,126	2,983,166	—	(5,546,960)	—	(5,546,960)
Health and welfare program	8,024,836	375,295	—	(7,649,541)	—	(7,649,541)
Total governmental activities	<u>298,759,884</u>	<u>46,468,638</u>	<u>38,518,221</u>	<u>(213,773,025)</u>	<u>—</u>	<u>(213,773,025)</u>
Business-type activities:						
Drug testing laboratory	—	1,670	—	—	1,670	1,670
Total business-type activities	<u>—</u>	<u>1,670</u>	<u>—</u>	<u>—</u>	<u>1,670</u>	<u>1,670</u>
Total	\$ <u>298,759,884</u>	\$ <u>46,470,308</u>	\$ <u>38,518,221</u>	<u>(213,773,025)</u>	<u>1,670</u>	<u>(213,771,355)</u>
General receipts:						
Property taxes				109,870,107	—	109,870,107
Financial institution tax				1,436,180	—	1,436,180
Excise tax				9,731,155	—	9,731,155
County option income tax				47,772,375	—	47,772,375
Other state and local taxes				4,174,160	—	4,174,160
State wagering taxes				2,446,466	—	2,446,466
Unrestricted investment earnings				1,060,178	—	1,060,178
Other				1,771,982	—	1,771,982
Total general cash receipts				<u>178,262,603</u>	<u>—</u>	<u>178,262,603</u>
Change in net assets				(35,510,422)	1,670	(35,508,752)
Cash and investment net assets – beginning of year				78,010,149	1,103	78,011,252
Cash and investment net assets – end of year				<u>\$ 42,499,727</u>	<u>\$ 2,773</u>	<u>\$ 42,502,500</u>
<u>Cash and Investment Assets – December 31, 2011</u>						
Cash and cash equivalents				\$ 42,499,727	\$ 2,773	\$ 42,502,500
Total cash and investment assets - December 31, 2011				<u>\$ 42,499,727</u>	<u>\$ 2,773</u>	<u>\$ 42,502,500</u>
<u>Cash and Investment Net Assets - December 31, 2011</u>						
Restricted for:						
Capital projects				\$ 1,218,718	\$ —	\$ 1,218,718
Grantor purposes				4,893,028	—	4,893,028
Statutory purposes				23,380,503	—	23,380,503
Unrestricted				13,007,478	2,773	13,010,251
Total cash and investment net assets - December 31, 2011				<u>\$ 42,499,727</u>	<u>\$ 2,773</u>	<u>\$ 42,502,500</u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
Receipts			
Taxes	\$ 147,898,566	\$ 27,531,878	\$ 175,430,444
Intergovernmental	24,327,236	14,190,985	38,518,221
Interest	1,060,178	--	1,060,178
Charges for services	12,769,738	17,716,963	30,486,701
Miscellaneous	1,478,573	211,967	1,690,540
Total receipts	187,534,291	59,651,793	247,186,084
Disbursements			
Current:			
General government	77,898,468	27,213,806	105,112,274
Public safety	127,497,107	36,265,303	163,762,410
Welfare	5,178,446	--	5,178,446
Culture and recreation	862,448	--	862,448
Capital outlay	255,290	505,899	761,189
Total disbursements	211,691,759	63,985,008	275,676,767
Excess (deficiency) of receipts over disbursements	(24,157,468)	(4,333,215)	(28,490,683)
Other Financing Sources (Uses)			
Sales of capital assets	81,442	--	81,442
Total other financing sources (uses)	81,442	--	81,442
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(24,076,026)	(4,333,215)	(28,409,241)
Cash and investment fund balances - beginning of year	40,037,503	22,084,822	62,122,325
Cash and investment fund balances - end of year	\$ 15,961,477	\$ 17,751,607	\$ 33,713,084
<u>Cash and Investment Assets - December 31, 2011</u>			
Cash and cash equivalents	\$ 15,961,477	\$ 17,751,607	\$ 33,713,084
Total cash and investment assets - December 31, 2011	\$ 15,961,477	\$ 17,751,607	\$ 33,713,084
<u>Cash and Investment Fund Balances - December 31, 2011</u>			
Restricted- Special Revenue Funds	\$ --	\$ 17,828,001	\$ 17,828,001
Restricted- Debt Service Funds	--	10,781	10,781
Restricted-Capital Projects Funds	--	1,285,630	1,285,630
Unassigned- General Fund	15,961,477	--	15,961,477
Unassigned- Special Revenue Funds	--	(1,360,561)	(1,360,561)
Unassigned- Capital Projects Funds	--	(12,244)	(12,244)
Total cash and investment fund balances - December 31, 2011	\$ 15,961,477	\$ 17,751,607	\$ 33,713,084

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
Reconciliation of the Cash and Investment Fund Balances - End of Year per the
Statement of Assets and Fund balances for Governmental Funds
to the Total Cash and Investment Net Assets per the Statement of Activities
and Net Assets-Modified Cash Basis
December 31, 2011

Amounts reported for governmental activities in the statement of net assets (page 6) are different because:

Cash and investment fund balances – total governmental funds (page 7)	\$ 33,713,084
Cash and investment net assets of internal service funds	8,786,643
Cash and investment net assets of governmental activities (page 6)	\$ <u>42,499,727</u>

MARION COUNTY, INDIANA
Reconciliation of the Excess (Deficiency) of Receipts and Other Financing Sources over (under)
Disbursements and Other Financing Uses per the Statement of Assets and Fund Balances
and Receipts, Disbursements, and Changes in Fund Balances of Governmental Funds to the
Change in Net Assets per the Statement of Activities and Net Assets-Modified Cash Basis
Year ended December 31, 2011

Amounts reported for governmental activities in the statement of activities and net assets (page 6) are different because:

Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses – total governmental funds (page 7)	\$ (28,409,241)
Excess (deficiency) of operating receipts over operating disbursements - internal service funds	(7,101,181)
Change in net assets of governmental activities (page 6)	\$ <u>(35,510,422)</u>

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF ASSETS AND NET ASSETS AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	Enterprise Fund	Governmental Activities
	Drug Testing Laboratory	Internal Service Funds
Operating receipts:		
Charges for services	\$ 1,670	\$ 18,069,018
Other reimbursements	—	12,063,021
Miscellaneous	—	560
Total operating receipts	1,670	30,132,599
Operating disbursements:		
Services and charges	—	33,845,787
Administration including salaries and wages	—	3,092,165
Other	—	295,828
Total operating disbursements	—	37,233,780
 Excess (deficiency) of operating receipts over operating disbursements	 1,670	 (7,101,181)
 Cash and investment net assets – beginning of year	 1,103	 15,887,824
Cash and investment net assets – end of year	\$ 2,773	\$ 8,786,643
 <u>Cash and Investment Assets - December 31, 2011</u>		
Cash and cash equivalents		
- December 31, 2011	\$ 2,773	\$ 8,786,643
 <u>Cash and Investment Net Assets - December 31, 2011</u>		
Cash and investment net assets (unrestricted)		
- December 31, 2011	\$ 2,773	\$ 8,786,643

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
STATEMENT OF ASSETS AND NET ASSETS AND ADDITIONS, DEDUCTIONS,
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
FIDUCIARY FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	Pension Trust Funds	Agency Funds
Additions		
Contributions:		
Employer	\$ 7,453,589	
Employee	828,762	
Total contributions	8,282,351	
Investment income:		
Interest and dividends	2,011,958	
Realized gain on sales, net	3,968,036	
Net investment income	5,979,994	
Miscellaneous	137,252	
Total additions	14,399,597	
Deductions		
Investment management fees	434,145	
Benefits paid	11,561,776	
Total deductions	11,995,921	
Excess of total additions over total deductions	2,403,676	
Cash and investment fund balance – beginning of year	133,850,295	
Cash and investment fund balance – end of year	\$ 136,253,971	
 <u>Cash and Investment Assets - December 31, 2011</u>		
Cash and cash equivalents	\$ 6,217,350	\$ 77,326,337
Investments (cost basis):		
Common stocks	15,404,944	—
Mutual funds	114,631,677	—
Total cash and investment assets - December 31, 2011	\$ 136,253,971	\$ 77,326,337
 <u>Cash and Investment Net Assets - December 31, 2011</u>		
Cash and investment net assets - December 31, 2011	\$ 136,253,971	\$ 77,326,337

See accompanying notes to the basic financial statements.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

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

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

The County has an investment in the Indianapolis - Marion County Building Authority (Building Authority); a joint venture with the City of Indianapolis (City). Because the County shares joint control equally with the City, the County and City retain an ongoing financial responsibility, information concerning this joint venture is included in note 9.

B. Government-wide and Fund Financial Statements

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

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

Following the government-wide financial statement are separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has determined that the General Fund is a major governmental fund. All other governmental funds are reported in one column labeled "Nonmajor Governmental Funds." The County has one enterprise fund (business-type activities), the Drug Testing Laboratory Fund. This enterprise fund is not considered a major fund within the fund financial statements. Additionally, the County has one internal service fund (governmental activities) that accounts for the operations of the Information Services Agency. The County also has two fiduciary fund types: pension trust funds and agency funds.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

C. Basis of Accounting and Financial Statement Presentation

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

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

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. The government-wide financial statement would be presented on the accrual basis of accounting.

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

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the County's expendable financial resources on the cash and investment basis are accounted for through governmental funds.

The following are the County's major governmental funds:

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

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

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector.

The following are the County's proprietary fund types:

Enterprise – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private sector business enterprises – where the intent of the governing body is that the costs of operations are financed primarily through user charges. An enterprise fund has been established for the Drug Testing Laboratory Fund. The Drug Testing Laboratory Fund is used to account for fees collected by the Marion Superior Court drug testing laboratory.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

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

Fiduciary Fund Types

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

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

D. Cash, Cash Equivalents, and Investments

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

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

E. Property Taxes

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

The County's 2011 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2010 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2011 property taxes was March 1, 2010 (assessment date); the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. In 2011, first half of the year 2011 taxes were due and payable to the Treasurer in May 2011. Second half of the year 2011 taxes were due and payable to the Treasurer in November 2011.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

F. Capital Assets

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

G. Interfund Transactions

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

Transfers

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

Interfund Services Provided/Used

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

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

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

H. Receipts and Disbursements

Program Receipts

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

Operating Receipts and Disbursements

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

I. Fund Balance / Net Assets

Government-wide Financial Statement

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

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

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

Fund Financial Statements

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

Effective January 1, 2011, the County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires fund balances for governmental funds be reported in classifications that primarily comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The statement established criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. Adoption of GASB Statement No. 54 affects the County's fund financial statements.

Within the County's fund financial statements, the fund balance is reported as follows:

- Restricted for: This consists of amounts that can be spent only for the specific purpose stipulated by constitution, external parties (e.g. grantors, other governments), or enabling legislation.
- Unassigned: This consists of residual fund balances that do not meet the criteria of Restricted for.

As a result of the implementation of GASB Statement No. 54, fund balance descriptions were changed to align with the above noted definitions; however, there no changes to fund types were required.

J. Pensions

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 3—CASH AND INVESTMENTS

A summary of all cash and investments on the financial statements at December 31, 2011 is as follows:

Cash and cash equivalents	\$	42,502,500
Cash and cash equivalents and investments:		
– Pension Trust Funds		
Cash and cash equivalents		6,217,350
Investments (cost basis)		130,036,621
Cash and cash equivalents – Agency Funds		<u>77,326,337</u>
	\$	<u>256,082,808</u>

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

Investments are recorded at cost. It is the policy of the County to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County and conforming to all state/local statutes governing the investment of public funds.

The primary objectives, in priority order, of the County's investment activities are as follows:

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

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

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

State statutes authorize the County to invest in certificates of deposit, obligations of the U.S. government and U.S. government agencies, and repurchase agreements. The statutes further require that repurchase agreements must be collateralized at 100% of market value on the day of trade by U.S. government or U.S. government agency obligations. These investments are required by statute to have a stated final maturity of no more than two years.

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

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

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

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

1. The Plans' financial condition.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

2. Liquidity reserves are established, and any remaining assets are fully invested at all times.
3. The Marion County Sheriff's Pension Board (Board) has set a shortfall constraint that current plans' assets must be equal to 90% of the annual benefit obligation.

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

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

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

Interest Rate Risk

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

As of December 31, 2011, the County's Pension Trust Fund investments consisted of the following:

<u>Investment type</u>	<u>Cost</u>	<u>Investment maturities (in years)</u>		<u>Fair value</u>
		<u>Less than 1</u>		
Common stocks	\$ 15,404,944	\$ 15,404,944	\$	17,603,807
Mutual funds	114,631,677	114,631,677		129,972,428
	<u>\$ 130,036,621</u>	<u>\$ 130,036,621</u>	<u>\$</u>	<u>147,576,235</u>

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

Total cash deposits at December 31, 2011 amounted to \$42,502,500 for the County, \$6,217,350 for the Pension Trust Funds, and \$77,326,337 for the Agency Funds.

Credit Risk

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

Services, LLC, or Fitch Ratings Service Ltd. Investments were rated as follows by Moody’s Investors Service, Inc., Standard & Poor’s Financial Services, LLC, or Fitch Rating Service Ltd. at December 31, 2011:

<u>Investments</u>	<u>Cost</u>	<u>Rating</u>	<u>Fair value</u>
Common stocks	\$ 15,404,944	Not rated	\$ 17,603,807
Mutual funds	114,631,677	Not rated	129,972,428
	<u>\$ 130,036,621</u>		<u>\$ 147,576,235</u>

Concentration of Credit Risk

The County policy provides that the County may invest up to 30% of their investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on certificates of deposit exceed Treasury bills of comparable maturity duration. As of December 31, 2011, the County had no investments of certificates of deposits.

NOTE 4—INTERFUND TRANSACTIONS AND BALANCES

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund.

Interfund transfers for the year ended December 31, 2011 consisted of the following:

<u>Transfer to</u>	<u>Nonmajor</u>	<u>Transfer from</u>	<u>Nonmajor</u>	<u>governmental funds</u>
		\$	850,000	

NOTE 5—PENSIONS

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

A. Plan Description

Marion County Law Enforcement Personnel Retirement Plan

The Retirement Plan is a single-employer contributory defined benefit retirement plan covering certain employees of the Marion County Sheriff’s Department other than those deputies that are employed by the Civil Sheriff. The Retirement Plan is administered in accordance with state statutes, which require the County to make minimum contributions necessary to keep the plan sound on an actuarial basis according to state law. The Retirement Plan provides that each employee contributes 4.25% of their earnings to the plan, which is maintained in a reserve for member contributions and accumulates at a rate of 3.00% compounded annually. Contributions required of the employee may cease, at the election of the employee, following the completion of 20 years or more of credited service and prior to termination of employment.

Retirement Plan benefits begin to vest after 10 years of service. As of December 31, 2011, there are 90 fully vested employees (over 20 years of service), 131 partially vested (between 10 and 20 years of services), and 85 nonvested employees. Law enforcement employees who retire at or after age 55 with 10 years of credited services are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of the highest monthly average of

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

consecutive five-year salary per year of service up to a maximum of 20 years; plus 2.00% of such salary per year of service in excess of 20 years, if any, up to an additional 12 years; plus \$1 for each year of service up to a maximum of \$20. Full benefits do not commence before attainment of age 50; however, employees with 20 years of service can elect earlier benefits at a reduced rate. As of December 31, 2011, there are 335 retirees and beneficiaries receiving benefits, 4 terminated members entitled to benefits but not yet receiving benefits, and 306 current active members.

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

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

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

The Disability Plan is a single-employer defined benefit plan covering all participants in the Retirement Plan. The Disability Plan provides benefits to the beneficiaries of disabled employees and payments of pensions to dependent parents, surviving spouses, and dependent children under age 18 for deceased employees. This plan is accounted for in a single fund in accordance with state statutes, which require the County to make minimum contributions necessary to keep the Disability Plan sound on an actuarial basis. At December 31, 2011, there are 93 benefit recipients and no vested employees.

During 1997, the County conducted a cost-of-living actuarial study. As a result of this study, the City-County Council adopted general ordinance number 162-97, which amended the plan to include cost-of-living adjustments. Effective January 1, 1998, and each year thereafter, all participants in payment status (both current and future) are eligible for a cost-of-living increase. Benefit increases are not available to terminated vested participants or the beneficiaries of participants. Applicable increases, if any, may be payable on the July 1 following the later of retirement date or attaining of age 55. The amount of the annual increase, if any, will depend on the change in the Consumer Price Index and will never exceed 2.00%.

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

PERF

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

PERF provides a contributory defined benefit plan. Substantially all County employees are covered by the plan except those covered by the Retirement and Disability Plans. The County pays the employee contribution portion, 3.00% of annual salary, which is mandated by state statute, in addition to the employer contribution amount, which is actuarially determined and is currently 6.75% of annual covered payroll.

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

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing PERF, 1 North Capitol, Suite 001, Indianapolis, Indiana 46204.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

B. Funding Policy

The County is obligated by state law to make all required contributions to the Retirement and Disability Plans based upon an annual actuarial valuation. The required contributions are actuarially determined. The costs of administering the plan are financed through plan assets. There are no long-term contracts for contributions to the plan. For PERF, the County pays the employee contribution portion, 3.00% of annual salary, which is mandated by state statute, in addition to the employer contribution amount, which is actuarially determined and is 6.75% as of July 1, 2011.

The annual required contribution and actual contribution made for each plan is as follows for the year ended December 31, 2011:

<u>Plan</u>	<u>Annual required contribution (ARC)</u>	<u>Actual contribution</u>
Retirement	\$ 7,287,015	\$ 7,294,024
Disability	1,329,048	1,329,048
PERF	10,246,355	7,393,772

C. Concentration of Investments

As of December 31, 2011, investments that represent 5% or more of the Retirement and Disability Plans' assets included the following:

<u>Investment</u>	<u>Retirement</u>	<u>Disability</u>
Mutual funds:		
Passive Bond Market Fund	\$ 10,243,578	\$ 11,611,023
Hartford Retirement Fund	14,346,046	—
Vanguard Institutional Index Fund 94	34,265,576	—
Fidelity Diversified International Fund 325	13,629,033	—
Blackrock	16,849,652	—
	<u>\$ 89,333,885</u>	<u>\$ 11,611,023</u>

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

D. Financial Statements

Combining schedule for the statement of assets and net assets and additions, deductions, and changes in net assets – modified cash basis – pension trust funds as of and for the year ended December 31, 2011 are as follows:

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 6,244,452	\$ 1,209,137	\$ 7,453,589
Employee	828,762	—	828,762
Total contributions	<u>7,073,214</u>	<u>1,209,137</u>	<u>8,282,351</u>
Investment income:			
Interest and dividends	2,011,918	40	2,011,958
Realized gain on sales, net	3,793,139	174,897	3,968,036
Net investment income	<u>5,805,057</u>	<u>174,937</u>	<u>5,979,994</u>
Miscellaneous	96,630	40,622	137,252
Total additions	<u>12,974,901</u>	<u>1,424,696</u>	<u>14,399,597</u>
Deductions			
Investment management fees	416,429	17,716	434,145
Benefits paid	10,285,959	1,275,817	11,561,776
Total deductions	<u>10,702,388</u>	<u>1,293,533</u>	<u>11,995,921</u>
Excess of total additions over total deductions	2,272,513	131,163	2,403,676
Cash and investment net assets – beginning of year	<u>121,992,069</u>	<u>11,858,226</u>	<u>133,850,295</u>
Cash and investment net assets – end of year	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>
<u>Cash and Investment Assets - December 31, 2011</u>			
Cash and cash equivalents	\$ 5,838,985	\$ 378,365	\$ 6,217,350
Investments (cost basis):			
Common stocks	15,404,944	—	15,404,944
Mutual funds	<u>103,020,653</u>	<u>11,611,024</u>	<u>114,631,677</u>
Total cash and investment assets – December 31, 2011	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>
<u>Cash and Investment Net Assets - December 31, 2011</u>			
Cash and investment net assets – December 31, 2011	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6—ADDITIONAL PENSION DISCLOSURES (UNAUDITED)

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

A. Annual Pension Cost and Net Pension Asset (Obligation)

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

	<u>Retirement Plan</u>	<u>Disability Plan</u>	<u>County Employees</u>
Valuation date	1/1/12	1/1/12	7/1/11
Actuarial cost method	Frozen initial liability	Aggregate	Entry age normal level percent of payroll
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4-year smoothing of gains/losses on market value with a 20% corridor
Investment return	7.5%	7.5%	7.0%
Inflation rate	4.0%	4.0%	1.0%
Projected salary increases	5.0%*	5.0%*	3.25 - 4.50% *****
Postretirement increases	**	**	1.0% compounded annually after retirement
Amortization method	Fixed period level annual installments	N/A *****	Level dollar
Amortization period	Open 20-year period	N/A *****	Open 30-year period***

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

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

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

**** The aggregate actual cost method is used to determine the annual required contribution. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

***** Based on 2005-2010 experience

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

Marion County Law Enforcement Personnel Retirement Plan

For the plan year 2011, the County's annual pension cost of \$7,591,605 for the Retirement Plan was more than the required annual contribution of \$7,287,015 and less than the actual County contribution of \$7,294,024. The required contribution was determined as part of the January 1, 2011 valuation using frozen entry age actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the net pension asset (NPA) is as follows for the Retirement Plan:

Annual required contribution (ARC)	\$	7,287,015
Interest on net pension asset		(208,620)
Adjustment to ARC		<u>513,210</u>
Annual pension cost		7,591,605
Actual contribution made		<u>(7,294,024)</u>
Decrease in net pension asset		(297,581)
Net pension asset at beginning of year		<u>2,781,600</u>
Net pension asset at end of year	\$	<u><u>2,484,019</u></u>

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

Marion County Law Enforcement Personnel Dependents and Disability Benefits Plan

For the plan year 2011, the County's annual pension cost of \$1,330,124 for the Disability Plan was more than the required annual contribution and actual County contribution of \$1,329,048. The required contribution was determined as part of the January 1, 2011 valuation using aggregate actuarial cost method. Under the accrual basis of accounting, the calculation of the annual pension cost and the NPA is as follows for the Disability Plan:

Annual required contribution (ARC)	\$	1,329,048
Interest on net pension asset		(736)
Adjustment to ARC		<u>1,812</u>
Annual pension cost		1,330,124
Actual contribution made		<u>(1,329,048)</u>
Decrease in net pension asset		(1,076)
Net pension asset at beginning of year		<u>9,819</u>
Net pension asset at end of year	\$	<u><u>8,743</u></u>

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

PERF

For the plan year 2011, the County's annual pension cost of \$10,258,861 for PERF was more than the required annual contribution of \$10,246,355 and more than the actual County contribution of \$7,393,772. The required contribution was determined as part of the July 1, 2011 valuation using entry age normal cost liability method.

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

Annual required contribution (ARC)	\$	10,246,355
Interest on net pension asset		(82,690)
Adjustment to ARC		<u>95,196</u>
Annual pension cost		10,258,861
Actual contribution made		<u>(7,393,772)</u>
Decrease in net pension asset		(2,865,089)
Net pension asset at beginning of year		<u>1,181,292</u>
Net pension obligation at end of year	\$	<u><u>(1,683,797)</u></u>

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

B. Trend Information

Selected trend information for the years ended December 31, 2009, 2010, and 2011 is as follows:

<u>Valuation date</u>	<u>Annual pension cost</u>	<u>Percentage contributed</u>	<u>Net pension asset/(obligation)</u>
Marion County Law Enforcement Personnel:			
Retirement plan			
1/01/10	\$ 6,298,629	96%	\$ 2,699,000
1/01/11	6,539,997	101	2,781,600
1/01/12	7,591,605	100	2,484,019
Disability plan			
1/01/10	1,441,963	100	11,027
1/01/11	1,210,344	100	9,819
1/01/12	1,330,124	100	8,743
County employees (PERF)			
6/30/09	6,039,034	103	2,258,466
6/30/10	7,796,478	86	1,181,292
6/30/11	10,258,861	72	(1,683,797)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

C. Funded Status

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

<u>Valuation date</u>	<u>(1) Actuarial value of assets</u>	<u>(2) Actuarial accrued liability</u>	<u>(3) Assets in excess of actuarial accrued liability (AEAAAL) (1)-(2)</u>	<u>(4) Funded ratio (1)/(2)</u>	<u>(5) Annual covered payroll</u>	<u>AEAAAL as percentage of covered payroll (3)/(5)</u>
Marion County Law Enforcement Personnel:						
Retirement Plan						
1/1/2012	153,179,976	206,553,625	(53,373,649)	74.2%	21,493,543	248.3%
Disability Plan*						
1/1/2012	18,704,377	21,376,536	(2,672,159)	87.5%	21,493,543	12.4%
County Employees (PERF)						
7/1/2011	71,163,599	121,819,837	(50,656,238)	58.4%	116,820,536	43.0%

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 7—RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-insured for vehicle, workers' compensation, general liability, and high-deductible health insurance. Additionally, the County purchases commercial insurance for claims for all other risks of loss. Settled claims have not exceeded the insurance coverage in any of the past three years. Additionally, the County participates in the City's self-insurance fund for high-deductible health insurance plan that is offered to current and eligible retired employees. Due to the modified cash basis of accounting, unpaid claims are not recorded within the accompanying financial statements. In 2011, the County paid \$3,564,915 relating to these self-insured risks.

NOTE 8—DEFERRED COMPENSATION PLAN

Employees of Marion County are eligible to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the County. Under this plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During 1997, the deferred compensation plan was amended to comply with the amendments to Section 457 of the

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

IRC. Plan provisions were amended so that plan assets are held in trust by an independent trustee for the exclusive benefit of participants and their beneficiaries and are not included within the accompanying financial statements.

NOTE 9—JOINT VENTURE

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

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

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

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

The Building Authority has various long-term debt obligations, which are secured by the rent payments received from the County and City. During 2011, the County paid \$5,541,988 and \$6,154,193 in rent and maintenance, respectively. A copy of the separately issued financial statements of the Building Authority, which is prepared on a basis other than U.S. generally accepted accounting principles, is available upon request by contacting the Office of Finance and Management at 200 East Washington Street, Suite 2222, Indianapolis, IN 46204.

NOTE 10—RELATED-PARTY TRANSACTIONS

The legislative body of the County is the same in several respects as that of the City, and the position of chief executive is held by the Mayor of the City. The County provides certain information technology and telephone services to the City. Receipts from these services were \$15,289,244 in 2011. The County also received \$1,936,979 from the City to support the cost and implementation of an Enterprise Resource Planning system, which will be used to support the operations of both the City and County. In 2011, the County received \$792,757 of 911 dispatch fees from the City.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

The County acted as either a subrecipient or a pass-through agent for various state and federal grant programs with the City during 2011.

In 2006, Marion County entered into various contracts with Health and Hospital Corporation of Marion County (HHC). HHC is a separate municipal corporation and is considered to be a component unit of the Consolidated City of Indianapolis – Marion County. HHC has its own governing board separate from the County’s legislative body. HHC has within it the division of public health and the division of public hospitals. In 2011, the County made \$1,460,403 in mental health distributions to HHC as allowed by law. In addition, effective in 2010, HHC began making a yearly contribution to Marion County for the cost of inmate care. In 2011, Marion County received \$8,750,000 and in 2012 and 2013 HHC has committed to contribute \$2,500,000 and \$1,250,000. The contributions end in 2013.

NOTE 11—COMMITMENTS AND CONTINGENCIES

In 2011, Indiana law limits the liability of municipalities to \$700,000 per person and \$5,000,000 per occurrence.

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

NOTE 12—DEFICIT FUND BALANCES

At December 31, 2011, the following nonmajor governmental funds had a deficit fund balance/net assets:

<u>Nonmajor Capital Projects Funds</u>	
Public Safety Capital Projects	\$ <u>(12,244)</u>
<u>Nonmajor Special Revenue Funds</u>	
Public Safety Income Tax	\$ <u>(51,578)</u>
Federal Stimulus	\$ <u>(506,035)</u>
Marion County Sheriff's Civil Division Fees	\$ <u>(802,948)</u>

The County intends to reduce the deficit in the Public Safety Capital Projects fund by a transfer from the General Fund. The deficit for the Public Safety Income Tax fund will be covered by future tax collections and the Federal Stimulus fund deficit will be covered by future grant reimbursements. The Marion County Sheriff’s Civil Division Fees fund deficit will be covered by future charges for services.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13—SUBSEQUENT EVENTS

In March, 2012, the State of Indiana sent a notice to the County indicating that county option income taxes had been under distributed beginning in 2011 through the first four months of 2012. To catch up for the distributions owed to the County, the State of Indiana distributed an additional \$33,900,652 to the County in April, 2012. The balance will be distributed to the appropriate taxing districts in Marion County.





**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Taxes	\$ 154,063,408	\$ 146,130,634	\$ 147,898,565	\$ 1,767,931
Intergovernmental	15,300,349	15,300,349	14,143,285	(1,157,064)
Charges for services	11,206,652	11,468,652	12,124,610	655,958
Interest	3,025,000	3,025,000	945,779	(2,079,221)
Miscellaneous	376,562	376,562	1,380,597	1,004,035
Total receipts	<u>183,971,971</u>	<u>176,301,197</u>	<u>176,492,836</u>	<u>191,639</u>
Disbursements				
Current:				
General government	75,727,966	74,762,657	73,322,725	1,439,932
Public safety	125,974,490	126,182,490	125,613,815	568,675
Welfare	5,178,446	5,178,446	5,178,446	—
Culture and recreation	905,906	865,135	862,448	2,687
Total disbursement	<u>207,786,808</u>	<u>206,988,728</u>	<u>204,977,434</u>	<u>2,011,294</u>
Deficiency of receipts over disbursements	<u>(23,814,837)</u>	<u>(30,687,531)</u>	<u>(28,484,598)</u>	<u>2,202,933</u>
Other financing sources:				
Sales of capital assets	77,500	77,500	77,722	222
Total other financing sources	<u>77,500</u>	<u>77,500</u>	<u>77,722</u>	<u>222</u>
Deficiency of receipts and other financing sources over disbursements	<u>\$ (23,737,337)</u>	<u>\$ (30,610,031)</u>	<u>\$ (28,406,876)</u>	<u>\$ 2,203,155</u>

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
(UNAUDITED)
DECEMBER 31, 2011

<u>Valuation date</u>	<u>(1) Net assets available for benefits</u>	<u>(2) Actuarial accrued liability</u>	<u>(3) Assets in excess of actuarial accrued liability (AEAAL) (1)-(2)</u>	<u>(4) Funded ratio (1)/(2)</u>	<u>(5) Annual covered payroll</u>	<u>AEAAL as a percentage of covered payroll (3)/(5)</u>
Marion County Law Enforcement Personnel:						
Retirement Plan						
1/1/07	\$ 153,072,407	\$ 164,402,575	\$(11,330,168)	93.1%	\$ 21,774,201	52.0%
1/1/08	160,461,469	170,363,749	(9,902,280)	94.2	21,337,954	46.4
1/1/09	136,565,438	176,464,368	(39,898,930)	77.4	20,966,053	190.3
1/1/10	140,682,426	182,046,693	(41,364,267)	77.3	21,173,883	195.4
1/1/11	147,681,169	199,967,007	(52,285,838)	73.9	21,877,586	239.0
1/1/12	153,179,976	206,553,625	(53,373,649)	74.2	21,493,543	248.3
Disability Plan**						
1/1/10	\$ 16,795,458	\$ 19,386,340	\$ (2,590,882)	86.6%	\$ 21,173,883	12.2%
1/1/11	17,645,744	20,518,542	(2,872,798)	86.0	21,877,586	13.1
1/1/12	18,704,377	21,376,536	(2,672,159)	87.5	21,493,543	12.4
County Employees*						
7/1/2009	\$ 90,792,910	\$ 107,545,800	\$ (16,752,890)	84.0%	\$ 110,809,679	15.1%
7/1/2010	84,033,093	122,802,445	(38,769,352)	68.4	114,756,252	34.0
7/1/2011	71,163,599	121,819,837	(50,656,239)	58.4	116,820,536	43.0

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

** Funded status for the Disability Plan was calculated using the aggregate actuarial cost method for the 1/1/10 valuation and the entry age actuarial cost method for the 1/1/11 and 1/1/12 valuations.

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

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
DECEMBER 31, 2011

<u>Valuation date</u>	<u>Annual required contributions</u>	<u>Percentage contributed</u>
Marion County Law Enforcement Personnel:		
Retirement Plan		
1/1/06	\$ 4,672,018	109.3%
1/1/07	3,804,775	115.4
1/1/08	3,648,340	96.5
1/1/09	6,298,629	96.0
1/1/10	6,539,997	101.0
1/1/11	7,287,015	100.1
Disability Plan		
1/1/06	\$ 963,908	100.0%
1/1/07	1,045,907	100.0
1/1/08	1,152,718	100.0
1/1/09	1,440,932	100.0
1/1/10	1,210,344	100.0
1/1/11	1,329,048	100.0
County Employees		
7/1/06	\$ 4,258,411	92.8%
7/1/07	4,925,141	91.3
7/1/08	5,066,799	92.9
7/1/09	6,017,948	96.8
7/1/10	7,796,478	86.0
7/1/11	10,246,355	72.2

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
DECEMBER 31, 2011

NOTE 1—BUDGETS AND BUDGETARY ACCOUNTING

Budgets:

Budgets, detailed to the agency (i.e., department) and character level, are adopted for all governmental funds except Clerk’s Title IV D Incentive (Special Revenue Fund), Clerk’s Title IV D ARRA (Special Revenue Fund), General Title IV D ARRA (Special Revenue Fund), Sheriff Commissary (Special Revenue Fund), Prosecutor’s Title IV D Incentive (Special Revenue Fund), Prosecutor’s Title IV D ARRA (Special Revenue Fund), Campaign Finance Fines (Special Revenue Fund), County Auditor Ineligible Deductions (Special Revenue Fund), and Court Violations Bureau (Special Revenue Fund), which are not legally required to do so. Marion County Sheriff Medical Care for Inmates (Special Revenue Fund), Commissioner & Guardian Ad Litem (Special Revenue Fund), County Sinking (Debt Service Fund), Capital Improvement Sinking (Debt Service Fund), Public Safety Interest Escrow (Capital Projects Fund), Drug Treatment Diversion (Special Revenue Fund), Marion Superior Court Equipment (Special Revenue Fund), and Public Safety Capital Projects (Capital Projects Fund) were not budgeted during 2011 due to no expenditure activity.

A separate budgetary report has been prepared, which is detailed to the agency and character level and is available upon request. The budgetary basis of accounting is essentially the cash basis with the exception of revenues received in the current year but budgeted for in a prior year and that encumbrances and certain accounts payable are treated as expenditures.

The timetable for the budgetary process is as follows:

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

Revisions to transfer appropriations between agencies or character of expenditure require approval of the City-County Council. Revisions to increase the appropriations require approval of the City-County Council, and if the increased appropriation occurs in a fund that has a tax rate, then the State of Indiana Department of Local Government Finance also must approve the increase.

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

	<u>General Fund</u>
Original appropriation	\$ 207,786,808
Revisions	<u>(798,080)</u>
Revised appropriation	<u>\$ 206,988,728</u>

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

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED) (CONTINUED)
DECEMBER 31, 2011

NOTE 2—BUDGET / CASH AND INVESTMENT BASIS REPORTING DIFFERENCES

Adjustments required to convert the results of the 2011 operations from a budgetary basis (actual) to a modified cash basis (actual) are as follows:

	<u>General Fund</u>
Deficiency of receipts and other financing sources over disbursements (budgetary basis)	\$ (28,406,876)
Adjustments:	
Prior year receipts	11,045,179
Prior year disbursements	(6,843,079)
Disbursements from prior year encumbrances	2,189,615
Vouchers payable outstanding	<u>(2,060,865)</u>
Deficiency of receipts and other financing sources over disbursements	\$ <u><u>(24,076,026)</u></u>



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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

COUNTY RECORDS PERPETUATION—Established to account for certain fees that are collected by the County Recorder for the preservation of records and the improvement of recording systems and equipment.

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

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

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

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

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

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

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

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

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

COUNTY AUDITOR'S INELIGIBLE DEDUCTIONS – This fund was created by IC 6-1.1-12-17. Monies in the fund may be used only for specific purposes outlined under IC 6-1.1-36-17 (e) and may be expended upon appropriation by the county fiscal body.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL TITLE IV D INCENTIVE – Created by IC 31-25-4-23.5 (a). Receipts received will come from incentive payments outlined in 23(a)(1) of the above chapter referenced above. Monies may be used solely for child support enforcement purposes.

COMMISSIONER & GUARDIAN AD LITEM – Created by IC 34-28-5-4 (h) and IC 34-28-5-5 (e). This fund was created to collect an additional infraction judgment fee of \$35 on traffic violations. Funds may be used solely for the purposes of funding compensation of commissioners and the cost of the County’s Guardian Ad Litem program.

OTHER—Used to account for activities of 16 other less significant revenue sources and related expenditures.

DEBT SERVICE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

CUMULATIVE CAPITAL DEVELOPMENT—Used to account for financial resources to be used for the renovation and/or construction of major capital facilities as approved by the City-County Council, other than those financed by proprietary funds.

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

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

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS - MARION COUNTY)
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED DECEMBER 31, 2011

	Identification Security Protection	Adult Probation	Public Safety Income Tax	Section 102 HAVA Reimburse- ment	Surveyor Corner Perpetu- ation	County Records Perpetuation	Property Reassessment
Receipts:							
Taxes	\$ ---	\$ ---	\$ 20,635,786	\$ ---	\$ ---	\$ ---	\$ 1,551,608
Intergovernmental	---	70	---	---	---	---	---
Interest	---	---	---	---	---	---	---
Charges for services	168,713	1,990,412	---	---	138,585	677,596	---
Miscellaneous	---	5,068	---	---	---	75	---
Total receipts	<u>168,713</u>	<u>1,995,550</u>	<u>20,635,786</u>	<u>---</u>	<u>138,585</u>	<u>677,671</u>	<u>1,551,608</u>
Disbursements:							
Current:							
General government	---	2,128,716	9,075,326	12,500	271,429	786,306	2,855,291
Public safety	---	---	11,848,772	---	---	---	---
Capital outlay	---	---	---	---	445	5,423	---
Total disbursements	---	<u>2,128,716</u>	<u>20,924,098</u>	<u>12,500</u>	<u>271,874</u>	<u>791,729</u>	<u>2,855,291</u>
Excess (deficiency) of receipts over disbursements	168,713	(133,166)	(288,312)	(12,500)	(133,289)	(114,058)	(1,303,683)
Cash and investment fund balance - beginning of year	1,480,519	160,840	236,734	12,500	1,243,897	1,323,220	2,425,968
Cash and investment fund balance - end of year	<u>\$ 1,649,232</u>	<u>\$ 27,674</u>	<u>\$ (51,578)</u>	<u>\$ ---</u>	<u>\$ 1,110,608</u>	<u>\$ 1,209,162</u>	<u>\$ 1,122,285</u>

Cash and Investment Assets - December 31, 2011

Cash and cash equivalents	\$ 1,649,232	\$ 27,674	\$ (51,578)	\$ ---	\$ 1,110,608	\$ 1,209,162	\$ 1,122,285
Total cash and investment assets - December 31, 2011	<u>\$ 1,649,232</u>	<u>\$ 27,674</u>	<u>\$ (51,578)</u>	<u>\$ ---</u>	<u>\$ 1,110,608</u>	<u>\$ 1,209,162</u>	<u>\$ 1,122,285</u>

Cash and Investment Fund Balance - December 31, 2011

Restricted	\$ 1,649,232	\$ 27,674	\$ ---	\$ ---	\$ 1,110,608	\$ 1,209,162	\$ 1,122,285
Unassigned	---	---	(51,578)	---	---	---	---
Total cash and investment fund balances - December 31, 2011	<u>\$ 1,649,232</u>	<u>\$ 27,674</u>	<u>\$ (51,578)</u>	<u>\$ ---</u>	<u>\$ 1,110,608</u>	<u>\$ 1,209,162</u>	<u>\$ 1,122,285</u>

	Supplemental Public Defender Fee	Deferral Program Fees	County Drug Free Community	Conditional Release	State and Federal Grants	Federal Stimulus	Enhanced Access
Receipts:							
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Intergovernmental	---	---	---	---	9,481,057	1,660,163	---
Interest	---	---	---	---	---	---	---
Charges for services	319,733	3,900,104	393,603	8,651	---	---	214,054
Miscellaneous	---	3,615	1,136	---	---	---	---
Total receipts	<u>319,733</u>	<u>3,903,719</u>	<u>394,739</u>	<u>8,651</u>	<u>9,481,057</u>	<u>1,660,163</u>	<u>214,054</u>
Disbursements:							
Current:							
General government	224,999	---	232,525	231,416	1,152,430	250,971	354,218
Public safety	---	4,621,961	22,337	---	7,871,999	842,193	---
Capital outlay	---	---	---	---	195,376	200,458	49,842
Total disbursements	<u>224,999</u>	<u>4,621,961</u>	<u>254,862</u>	<u>231,416</u>	<u>9,219,805</u>	<u>1,293,622</u>	<u>404,060</u>
Excess (deficiency) of receipts over disbursements	94,734	(718,242)	139,877	(222,765)	261,252	366,541	(190,006)
Cash and investment fund balance - beginning of year	(85,159)	1,219,828	217,622	227,641	1,166,028	(872,576)	1,119,435
Cash and investment fund balance - end of year	<u>\$ 9,575</u>	<u>\$ 501,586</u>	<u>\$ 357,499</u>	<u>\$ 4,876</u>	<u>\$ 1,427,280</u>	<u>\$ (506,035)</u>	<u>\$ 929,429</u>

Cash and Investment Assets - December 31, 2011

Cash and cash equivalents	\$ 9,575	\$ 501,586	\$ 357,499	\$ 4,876	\$ 1,427,280	\$ (506,035)	\$ 929,429
Total cash and investment assets - December 31, 2011	<u>\$ 9,575</u>	<u>\$ 501,586</u>	<u>\$ 357,499</u>	<u>\$ 4,876</u>	<u>\$ 1,427,280</u>	<u>\$ (506,035)</u>	<u>\$ 929,429</u>

Cash and Investment Fund Balance - December 31, 2011

Restricted	\$ 9,575	\$ 501,586	\$ 357,499	\$ 4,876	\$ 1,427,280	\$ ---	\$ 929,429
Unassigned	---	---	---	---	---	(506,035)	---
Total cash and investment fund balances - December 31, 2011	<u>\$ 9,575</u>	<u>\$ 501,586</u>	<u>\$ 357,499</u>	<u>\$ 4,876</u>	<u>\$ 1,427,280</u>	<u>\$ (506,035)</u>	<u>\$ 929,429</u>

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011

Prosecutor's Diversion	Prosecutor's Law Enforce- ment	Clerk's Title IV D Incentive	Sheriff Commissary	County Extradition	County Misdeme- nant	Alcohol and Drug Services	Community Corrections Home Detention	County Auditor Ineligible Deductions
\$ —	\$ —	\$ 760,798	\$ —	\$ —	\$ 600,601	\$ —	\$ —	\$ 194,466
678,575	24,827	—	3,815,521	88,850	—	557,082	914,674	—
678,575	29,783	760,798	3,815,521	88,850	600,601	557,082	1,004,633	194,466
—	—	395,648	—	—	—	653,652	—	—
500,600	500,349	—	3,798,888	80,372	835,888	—	654,303	—
—	—	5,866	—	—	—	—	—	—
500,600	500,349	401,514	3,798,888	80,372	835,888	653,652	654,303	—
177,975	(470,566)	359,284	16,633	8,478	(235,287)	(96,570)	350,330	194,466
137,822	470,566	1,038,626	506,013	70,074	317,037	494,484	80,383	—
\$ 315,797	\$ —	\$ 1,397,910	\$ 522,646	\$ 78,552	\$ 81,750	\$ 397,914	\$ 430,713	\$ 194,466

\$ 315,797 \$ — \$ 1,397,910 \$ 522,646 \$ 78,552 \$ 81,750 \$ 397,914 \$ 430,713 \$ 194,466

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\$ 315,797 \$ — \$ 1,397,910 \$ 522,646 \$ 78,552 \$ 81,750 \$ 397,914 \$ 430,713 \$ 194,466

Law Enforcement Equitable Share	Prosecutor's Title IV D Incentive	MC Sheriff's Civil Division Fees	Auditor's Endorsement Fee	County Sales Disclosure	Prosecutor's Title IV D ARRA	Clerk's Title IV D ARRA	General Title IV D Incentive	Commissioner & Guardian Ad Litem	Other	Total Special Revenue
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22,381,860
—	1,144,627	—	—	—	—	—	460,799	—	82,870	14,190,985
(331,239)	—	999,200	169,288	97,890	—	—	—	1,073,750	1,817,094	17,716,963
541	43,165	—	450	—	—	—	—	—	63,002	211,967
(330,698)	1,187,792	999,200	169,738	97,890	—	—	460,799	1,073,750	1,962,966	54,501,775
—	—	—	876,211	44,478	—	—	—	—	1,811,985	21,358,101
—	285,532	2,473,792	—	—	—	—	—	—	39,317	34,376,303
—	320	—	14,214	—	—	—	—	—	14,800	486,744
—	285,852	2,473,792	890,425	44,478	—	—	—	—	1,866,102	56,221,148
(330,698)	901,940	(1,474,592)	(720,687)	53,412	—	—	460,799	1,073,750	96,864	(1,719,373)
330,698	755,977	671,644	1,081,533	222,529	174,735	57,443	—	—	1,900,752	18,186,813
\$ —	\$ 1,657,917	\$ (802,948)	\$ 360,846	\$ 275,941	\$ 174,735	\$ 57,443	\$ 460,799	\$ 1,073,750	\$ 1,997,616	\$ 16,467,440

\$ — \$ 1,657,917 \$ (802,948) \$ 360,846 \$ 275,941 \$ 174,735 \$ 57,443 \$ 460,799 \$ 1,073,750 \$ 1,997,616 \$ 16,467,440

\$ — \$ 1,657,917 \$ (802,948) \$ 360,846 \$ 275,941 \$ 174,735 \$ 57,443 \$ 460,799 \$ 1,073,750 \$ 1,997,616 \$ 16,467,440

\$ — \$ 1,657,917 \$ — \$ 360,846 \$ 275,941 \$ 174,735 \$ 57,443 \$ 460,799 \$ 1,073,750 \$ 1,997,616 \$ 17,828,001

— — (802,948) — — — — — — — (1,360,561)

\$ — \$ 1,657,917 \$ (802,948) \$ 360,846 \$ 275,941 \$ 174,735 \$ 57,443 \$ 460,799 \$ 1,073,750 \$ 1,997,616 \$ 16,467,440

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Identification Security Protection				
Receipts:				
Charges for services	\$ 252,241	\$ 252,241	\$ 140,380	\$ (111,861)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 252,241</u>	<u>\$ 252,241</u>	<u>\$ 140,380</u>	<u>\$ (111,861)</u>
Adult Probation				
Receipts:				
Intergovernmental	\$ —	\$ —	\$ 70	\$ 70
Charges for services	2,456,775	2,456,775	1,828,254	(628,521)
Miscellaneous	2,000	2,000	5,024	3,024
Total receipts	<u>2,458,775</u>	<u>2,458,775</u>	<u>1,833,348</u>	<u>(625,427)</u>
Disbursements:				
General government	2,276,859	2,166,038	2,126,302	39,736
Excess (deficiency) of receipts over disbursements	<u>\$ 181,916</u>	<u>\$ 292,737</u>	<u>\$ (292,954)</u>	<u>\$ (585,691)</u>
Public Safety Income Tax				
Receipts:				
Taxes	\$ 20,635,786	\$ 20,635,786	\$ 20,635,786	\$ —
Disbursements:				
General government	8,787,991	9,035,143	9,013,232	21,911
Public safety	11,838,410	11,838,410	11,820,530	17,880
Total disbursements	<u>20,626,401</u>	<u>20,873,553</u>	<u>20,833,762</u>	<u>39,791</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 9,385</u>	<u>\$ (237,767)</u>	<u>\$ (197,976)</u>	<u>\$ 39,791</u>
Surveyor's Corner Perpetuation				
Receipts:				
Charges for services	\$ 153,238	\$ 153,238	\$ 125,000	\$ (28,238)
Disbursements:				
General government	277,542	314,542	301,036	13,506
Deficiency of receipts over disbursements	<u>\$ (124,304)</u>	<u>\$ (161,304)</u>	<u>\$ (176,036)</u>	<u>\$ (14,732)</u>
County Records Perpetuation				
Receipts:				
Charges for services	\$ 532,803	\$ 532,803	\$ 607,892	\$ 75,089
Disbursements:				
General government	1,015,008	1,015,008	822,549	192,459
Deficiency of receipts over disbursements	<u>\$ (482,205)</u>	<u>\$ (482,205)</u>	<u>\$ (214,657)</u>	<u>\$ 267,548</u>
Property Reassessment				
Receipts:				
Taxes	\$ 1,571,337	\$ 1,564,516	\$ 1,551,609	\$ (12,907)
Disbursements:				
General government	3,414,572	3,083,231	2,794,645	288,586
Deficiency of receipts over disbursements	<u>\$ (1,843,235)</u>	<u>\$ (1,518,715)</u>	<u>\$ (1,243,036)</u>	<u>\$ 275,679</u>
Prosecutor's Diversion				
Receipts:				
Charges for services	\$ 530,000	\$ 530,000	\$ 633,770	\$ 103,770
Disbursements:				
Public safety	515,709	515,709	500,528	15,181
Excess of receipts over disbursements	<u>\$ 14,291</u>	<u>\$ 14,291</u>	<u>\$ 133,242</u>	<u>\$ 118,951</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Prosecutor's Law Enforcement				
Receipts:				
Charges for services	\$ 250,000	\$ 250,000	\$ 21,316	\$ (228,684)
Miscellaneous	—	—	350	350
Total receipts	<u>250,000</u>	<u>250,000</u>	<u>21,666</u>	<u>(228,334)</u>
Disbursements:				
Public safety	500,000	500,000	500,421	(421)
Deficiency of receipts over disbursements	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ (478,755)</u>	<u>\$ (228,755)</u>
Other financing sources (uses):				
Transfers in (out)	—	—	4,606	(4,606)
Deficiency of receipts over disbursements and other financing sources	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ (474,149)</u>	<u>\$ (233,361)</u>
County Extradition				
Receipts:				
Charges for services	\$ 50,000	\$ 50,000	\$ 87,450	\$ 37,450
Disbursements:				
Public safety	79,694	79,694	79,694	—
Excess (deficiency) of receipts over disbursements	<u>\$ (29,694)</u>	<u>\$ (29,694)</u>	<u>\$ 7,756</u>	<u>\$ 37,450</u>
County Misdemeanant				
Receipts:				
Intergovernmental	\$ 600,600	\$ 600,600	\$ 600,601	\$ 1
Disbursements:				
Public safety	916,933	916,933	916,793	140
Deficiency of receipts over disbursements	<u>\$ (316,333)</u>	<u>\$ (316,333)</u>	<u>\$ (316,192)</u>	<u>\$ 141</u>
Alcohol and Drug Services				
Receipts:				
Charges for services	\$ 750,000	\$ 750,000	\$ 513,715	\$ (236,285)
Disbursements:				
General government	870,622	870,622	652,658	217,964
Deficiency of receipts over disbursements	<u>(120,622)</u>	<u>(120,622)</u>	<u>(138,943)</u>	<u>(18,321)</u>
Community Corrections Home Detention				
Receipts:				
Charges for services	\$ 816,000	\$ 816,000	\$ 910,529	\$ 94,529
Miscellaneous	104,000	104,000	82,845	(21,155)
Total receipts	<u>920,000</u>	<u>920,000</u>	<u>993,374</u>	<u>73,374</u>
Disbursements:				
Public safety	704,023	704,023	650,739	53,284
Excess of receipts over disbursements	<u>\$ 215,977</u>	<u>\$ 215,977</u>	<u>\$ 342,635</u>	<u>\$ 126,658</u>
Supplemental Public Defender Fee				
Receipts:				
Charges for services	\$ 345,000	\$ 345,000	\$ 294,111	\$ (50,889)
Disbursements:				
General government	225,000	225,000	225,000	—
Excess of receipts over disbursements	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 69,111</u>	<u>\$ (50,889)</u>
Deferral Program Fees				
Receipts:				
Charges for services	\$ 4,911,766	\$ 4,911,766	\$ 3,576,876	\$ (1,334,890)
Miscellaneous	15,440	15,440	—	(15,440)
Total receipts	<u>4,927,206</u>	<u>4,927,206</u>	<u>3,576,876</u>	<u>(1,350,330)</u>
Disbursements:				
Public safety	5,248,493	4,648,493	4,600,862	47,631
Excess (deficiency) of receipts over disbursements	<u>\$ (321,287)</u>	<u>\$ 278,713</u>	<u>\$ (1,023,986)</u>	<u>\$ (1,302,699)</u>

(Continued)

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
 SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS – NONMAJOR
 (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
County Drug Free Community				
Receipts:				
Intergovernmental	\$ 105,000	\$ 104,000	\$ —	\$ (104,000)
Charges for services	450,000	450,000	363,797	(86,203)
Total receipts	<u>555,000</u>	<u>554,000</u>	<u>363,797</u>	<u>(190,203)</u>
Disbursements:				
General government	87,000	39,000	39,000	—
Public safety	18,000	20,000	20,000	—
Total disbursements	<u>105,000</u>	<u>59,000</u>	<u>59,000</u>	<u>—</u>
Excess of receipts over disbursements	<u>450,000</u>	<u>495,000</u>	<u>304,797</u>	<u>(190,203)</u>
Other financing uses:				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(356,465)</u>	<u>(93,535)</u>
Excess (deficiency) of receipts over disbursements and other financing uses	<u>\$ —</u>	<u>\$ 45,000</u>	<u>\$ (51,668)</u>	<u>\$ (283,738)</u>
Conditional Release				
Receipts:				
Charges for services	\$ 15,000	\$ 15,000	\$ 7,866	\$ (7,134)
Disbursements:				
General government	200,000	231,416	231,416	—
Deficiency of receipts over disbursements	<u>(185,000)</u>	<u>(216,416)</u>	<u>(223,550)</u>	<u>(7,134)</u>
State and Federal Grants				
Receipts:				
Intergovernmental	\$ 12,641,632	\$ 13,492,670	\$ 6,992,489	\$ (6,500,181)
Disbursements:				
General government	9,135,459	4,404,435	1,114,301	3,290,134
Public safety	3,485,252	9,348,011	7,734,604	1,613,407
Total disbursements	<u>12,620,711</u>	<u>13,752,446</u>	<u>8,848,905</u>	<u>4,903,541</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 20,921</u>	<u>\$ (259,776)</u>	<u>\$ (1,856,416)</u>	<u>\$ (1,596,640)</u>
Federal Stimulus				
Receipts:				
Intergovernmental	\$ 1,070,554	\$ 1,071,254	\$ 740,295	\$ (330,959)
Disbursements:				
General government	832,705	841,894	423,579	418,315
Public safety	237,849	653,205	642,806	10,399
Total disbursements	<u>1,070,554</u>	<u>1,495,099</u>	<u>1,066,385</u>	<u>428,714</u>
Deficiency of receipts over disbursements	<u>\$ —</u>	<u>\$ (423,845)</u>	<u>\$ (326,090)</u>	<u>\$ 97,755</u>
Enhanced Access				
Receipts:				
Charges for services	\$ 295,880	\$ 295,880	\$ 213,896	\$ (81,984)
Disbursements:				
General government	—	177,650	160,343	17,307
Excess of receipts over disbursements	<u>295,880</u>	<u>118,230</u>	<u>53,553</u>	<u>(64,677)</u>
Other financing uses:				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(260,698)</u>	<u>(89,302)</u>
Deficiency of receipts over disbursements and other financing uses	<u>\$ (54,120)</u>	<u>\$ (231,770)</u>	<u>\$ (207,145)</u>	<u>\$ (153,979)</u>
Prosecutor's Law Enforcement Equitable Share				
Receipts:				
Miscellaneous	\$ 363	\$ 363	\$ 542	\$ 179
Disbursements:				
General government	—	—	—	—
Excess of receipts over disbursements	<u>\$ 363</u>	<u>\$ 363</u>	<u>\$ 542</u>	<u>\$ 179</u>

(Continued)

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
SCHEDULES OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – NONMAJOR
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget— Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
MC Sheriff's Civil Division Fees				
Receipts:				
Charges for services	\$ 1,906,550	\$ 1,906,550	\$ 893,300	\$ (1,013,250)
Disbursements:				
Public safety	2,473,793	2,473,793	2,473,793	-
Deficiency of receipts over disbursements	<u>\$ (567,243)</u>	<u>\$ (567,243)</u>	<u>\$ (1,580,493)</u>	<u>\$ (1,013,250)</u>
Auditor's Endorsement Fee				
Receipts:				
Charges for services	\$ 170,000	\$ 170,000	\$ 163,925	\$ (6,075)
Miscellaneous	—	—	450	450
Total receipts	170,000	170,000	164,375	(5,625)
Disbursements:				
General government	1,068,483	997,893	895,954	101,939
Deficiency of receipts over disbursements	<u>\$ (898,483)</u>	<u>\$ (827,893)</u>	<u>\$ (731,579)</u>	<u>\$ 96,314</u>
County Sales Disclosure				
Receipts:				
Charges for services	\$ 60,000	\$ 60,000	\$ 94,830	\$ 34,830
Disbursements:				
General government	44,094	44,094	44,094	—
Excess of receipts over disbursements	<u>\$ 15,906</u>	<u>\$ 15,906</u>	<u>\$ 50,736</u>	<u>\$ 34,830</u>
Other – Guardian Ad Litem				
Receipts:				
Charges for services	\$ 1,900,000	\$ 1,900,000	\$ 791,818	\$ (1,108,182)
Disbursements:				
General government	900,000	900,000	872,644	27,356
Excess of receipts over disbursements	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ (80,826)</u>	<u>\$ (1,080,826)</u>
Other – County Grants				
Receipts:				
Intergovernmental	\$ 158,625	\$ 254,625	\$ 82,125	\$ (172,500)
Charges for services	262,000	—	—	—
Total receipts	420,625	254,625	82,125	(172,500)
Disbursements:				
General government	420,625	253,625	163,301	90,324
Public safety	—	1,000	1,000	—
Total disbursements	420,625	254,625	164,301	90,324
Deficiency of receipts over disbursements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (82,176)</u>	<u>\$ (82,176)</u>
Other – Child Advocacy				
Receipts:				
Charges for services	\$ 4,000	\$ 4,000	\$ 3,927	\$ (73)
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 3,927</u>	<u>\$ (73)</u>
Other – Clerk's Perpetuation Fund				
Receipts:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ —	\$ (10,000)
Charges for services	463,444	463,444	401,941	(61,503)
Total receipts	473,444	473,444	401,941	(71,503)
Disbursements:				
General government	555,515	555,515	511,199	44,316
Deficiency of receipts over disbursements	<u>\$ (82,071)</u>	<u>\$ (82,071)</u>	<u>\$ (109,258)</u>	<u>\$ (27,187)</u>
Other – Juvenile Probation				
Receipts:				
Charges for services	\$ 100,000	\$ 100,000	\$ 113,316	\$ 13,316
Disbursements:				
Total disbursements	—	—	—	—
Excess of receipts over disbursements	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 113,316</u>	<u>\$ 13,316</u>
Other – Sheriff's Continuing Education				
Receipts:				
Charges for services	\$ 9,000	\$ 9,000	\$ —	\$ (9,000)
Miscellaneous	—	—	1,507	1,507
Total receipts	9,000	9,000	1,507	(7,493)
Disbursements:				
Public safety	25,000	22,403	99	22,304
Excess (deficiency) of receipts over disbursements	<u>\$ (16,000)</u>	<u>\$ (13,403)</u>	<u>\$ 1,408</u>	<u>\$ 14,811</u>

(Continued)

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS - MARION COUNTY)
 SCHEDULES OF RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS - NONMAJOR
 (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget— Positive (Negative)
	Original	Final		
Other - Jury Pay				
Receipts:				
Charges for services	\$ 125,000	\$ 125,000	\$ 206,116	\$ 81,116
Disbursements:				
General government	150,000	150,000	150,000	—
Excess (deficiency) of receipts over disbursements	\$ (25,000)	\$ (25,000)	\$ 56,116	\$ 81,116
Other - Alternate Dispute Resolution				
Receipts:				
Intergovernmental	\$ —	\$ —	\$ 35	\$ 35
Charges for services	75,000	75,000	81,446	6,446
Miscellaneous	—	—	3,746	3,746
Total receipts	75,000	75,000	85,227	10,227
Disbursements:				
General government	106,724	159,724	121,934	37,790
Deficiency of receipts over disbursements	\$ (31,724)	\$ (84,724)	\$ (36,707)	\$ 48,017
Other - Local Emergency Planning				
Receipts:				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 55,429	\$ 5,429
Disbursements:				
Public safety	110,000	110,000	38,219	71,781
Excess (deficiency) of receipts over disbursements	\$ (60,000)	\$ (60,000)	\$ 17,210	\$ 77,210

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	Debt Service Funds	
	County Sinking	Total Debt Service
Receipts:		
Taxes	\$ —	\$ —
Total receipts	—	—
Disbursements:		
Current:		
General government	—	—
Total disbursements	—	—
Excess of receipts over disbursements	—	—
Cash and investment fund balance - beginning of year	10,781	10,781
Cash and investment fund balance - end of year	\$ 10,781	\$ 10,781
<u>Cash and Investment Assets - December 31, 2011</u>		
Cash and cash equivalents	\$ 10,781	\$ 10,781
Total cash and investment assets - December 31, 2011	\$ 10,781	\$ 10,781
<u>Cash and Investment Fund Balance - December 31, 2011</u>		
Restricted	\$ 10,781	\$ 10,781
Total cash and investment fund balances - December 31, 2011	\$ 10,781	\$ 10,781

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2011

	Capital Projects Funds				
	Public Safety Capital Projects	Cumulative Capital Development	Public Safety Interest Escrow	Capital Improvement Lease Fund	Total Capital Projects
Receipts:					
Taxes	\$ —	\$ 4,225,656	\$ —	\$ 924,362	\$ 5,150,018
Total receipts	<u>—</u>	<u>4,225,656</u>	<u>—</u>	<u>924,362</u>	<u>5,150,018</u>
Disbursements:					
Current:					
General government	—	5,855,705	—	—	5,855,705
Public safety	—	—	—	1,889,000	1,889,000
Capital outlay	—	19,155	—	—	19,155
Total disbursements	<u>—</u>	<u>5,874,860</u>	<u>—</u>	<u>1,889,000</u>	<u>7,763,860</u>
Excess (deficiency) of receipts over disbursements	<u>—</u>	<u>(1,649,204)</u>	<u>—</u>	<u>(964,638)</u>	<u>(2,613,842)</u>
Other financing sources (uses):					
Transfers in (out)	<u>—</u>	<u>(850,000)</u>	<u>—</u>	<u>850,000</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>(850,000)</u>	<u>—</u>	<u>850,000</u>	<u>—</u>
Excess (deficiency) of receipts over disbursements and other financing sources (uses)	<u>—</u>	<u>(2,499,204)</u>	<u>—</u>	<u>(114,638)</u>	<u>(2,613,842)</u>
Cash and investment fund balance - beginning of year	(12,244)	3,716,238	1,684	181,550	3,887,228
Cash and investment fund balance - end of year	<u>\$ (12,244)</u>	<u>\$ 1,217,034</u>	<u>\$ 1,684</u>	<u>\$ 66,912</u>	<u>\$ 1,273,386</u>
<u>Cash and Investment Assets - December 31, 2011</u>					
Cash and cash equivalents	(12,244)	1,217,034	1,684	66,912	1,273,386
Total cash and investment assets - December 31, 2011	<u>(12,244)</u>	<u>1,217,034</u>	<u>1,684</u>	<u>66,912</u>	<u>1,273,386</u>
<u>Cash and Investment Fund Balance - December 31, 2011</u>					
Restricted		1,217,034	1,684	66,912	1,285,630
Unassigned	(12,244)	—	—	—	(12,244)
Total cash and investment fund balances - December 31, 2011	<u>(12,244)</u>	<u>1,217,034</u>	<u>1,684</u>	<u>66,912</u>	<u>1,273,386</u>

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS – BUDGET AND ACTUAL
 CAPITAL PROJECTS FUNDS – NONMAJOR
 (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Cumulative Capital Development - Capital Projects Fund</u>				
Receipts:				
Taxes	\$ 4,330,898	\$ 4,258,751	\$ 4,225,657	\$ (33,094)
Disbursements:				
General government	<u>1,965,383</u>	<u>1,965,383</u>	<u>1,965,383</u>	<u>—</u>
Excess (deficiency) of receipts over disbursements	2,365,515	2,293,368	2,260,274	(33,094)
Other financing uses:				
Transfers out	<u>(2,350,000)</u>	<u>(2,350,000)</u>	<u>(850,000)</u>	<u>(1,500,000)</u>
Excess (deficiency) of receipts over disbursements and other financing uses	<u>\$ 15,515</u>	<u>\$ (56,632)</u>	<u>\$ 1,410,274</u>	<u>\$ (1,533,094)</u>
<u>Capital Improvement Lease - Capital Projects Fund</u>				
Receipts:				
Taxes	\$ 1,049,070	\$ 1,042,721	\$ 924,363	\$ (118,358)
Disbursements:				
Public safety	<u>1,897,114</u>	<u>1,897,114</u>	<u>1,889,000</u>	<u>8,114</u>
Deficiency of receipts over disbursements	(848,044)	(854,393)	(964,637)	(126,472)
Other financing sources:				
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>—</u>
Excess (deficiency) of receipts over disbursements and other financing sources	<u>\$ 1,956</u>	<u>\$ (4,393)</u>	<u>\$ (114,637)</u>	<u>\$ (126,472)</u>

See accompanying independent auditors' report.



FIDUCIARY FUND TYPES

PENSION TRUST FUNDS

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

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

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

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER—Represents 22 other less significant fiduciary funds that are maintained by Marion County on behalf of others.

MARION COUNTY, INDIANA
(COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS – MARION COUNTY)
COMBINING STATEMENT OF ASSETS AND NET ASSETS AND ADDITIONS, DEDUCTIONS,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
PENSION TRUST FUNDS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Retirement</u>	<u>Disability</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 6,244,452	\$ 1,209,137	\$ 7,453,589
Employee	828,762	—	828,762
Total contributions	<u>7,073,214</u>	<u>1,209,137</u>	<u>8,282,351</u>
Investment income:			
Interest and dividends	2,011,918	40	2,011,958
Realized gain on sales, net	3,793,139	174,897	3,968,036
Net investment income	<u>5,805,057</u>	<u>174,937</u>	<u>5,979,994</u>
Miscellaneous	96,630	40,622	137,252
Total additions	<u>12,974,901</u>	<u>1,424,696</u>	<u>14,399,597</u>
Deductions			
Investment management fees	416,429	17,716	434,145
Benefits paid	10,285,959	1,275,817	11,561,776
Total deductions	<u>10,702,388</u>	<u>1,293,533</u>	<u>11,995,921</u>
Excess of total additions over total deductions	2,272,513	131,163	2,403,676
Cash and investment net assets – beginning of year	<u>121,992,069</u>	<u>11,858,226</u>	<u>133,850,295</u>
Cash and investment net assets – end of year	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>
<u>Cash and Investment Assets - December 31, 2011</u>			
Cash and cash equivalents	\$ 5,838,985	\$ 378,365	\$ 6,217,350
Investments (cost basis):			
Common stocks	15,404,944	—	15,404,944
Mutual funds	103,020,653	11,611,024	114,631,677
Total cash and investment assets - December 31, 2011	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>
<u>Cash and Investment Net Assets - December 31, 2011</u>			
Cash and investment net assets - December 31, 2011	<u>\$ 124,264,582</u>	<u>\$ 11,989,389</u>	<u>\$ 136,253,971</u>

See accompanying independent auditors' report.

MARION COUNTY, INDIANA
 (COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS - MARION COUNTY)
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Excise Tax Refunds	Property Tax Refunds	State Taxes	Tax Sale Redemption	Tax Sale Surplus	State Public Safety Fees	Sale of County Owned Property	Treasurer's Surplus	Court Costs to Municipalities	Homestead Credit Rebate	Local Option Income Tax	Treasurer's Tax Collection	Additions:	
													Agency fund additions	Total
Agency fund additions	278	60,764,789	22,145,058	10,011,287	13,218,774	1,872,151	—	1,427,955	317,087	51,584	104,655,048	2,463,971,257		
Deductions:														
Agency fund deductions	278	53,797,132	22,145,058	10,843,894	24,841,193	1,993,816	113,591	1,970,200	—	11,515	112,591,487	2,477,708,635		
Excess (deficiency) of total additions over total deductions	—	6,967,657	—	(832,607)	(11,622,419)	(121,665)	(113,591)	(542,245)	317,087	40,069	(7,936,439)	(13,737,378)		
Cash net assets - beginning of year	(9,845)	(10,713,119)	(3,222)	700,206	29,338,965	194,104	812,482	1,994,763	1,123,225	4,640,269	9,549,367	50,544,404		
Cash net assets - end of year	(9,845)	(3,745,462)	(3,222)	(132,401)	17,716,546	72,439	698,891	1,452,518	1,440,312	4,680,338	1,612,928	36,807,026		
	Family and Children Services	Delinquent Business Personal Property	Law Enforcement Continuing Education	Payroll	Clerk of Circuit Court	Sheriff	Other	Total						
Agency fund additions	48,616	9,247,852	309,118	156,150,133	256,437,544	30,972,887	9,374,757	3,140,976,175						
Deductions:														
Agency fund deductions	4,124	9,297,851	79,206	156,536,231	255,951,646	31,411,591	9,021,617	3,168,299,065						
Excess (deficiency) of total additions over total deductions	44,492	(49,999)	229,912	(386,098)	505,898	(438,704)	353,140	(27,322,890)						
Cash net assets - beginning of year	(5,462,819)	64,658	668,260	4,612,938	12,569,451	2,886,358	1,138,762	104,649,227						
Cash net assets - end of year	(5,418,327)	14,659	898,172	4,226,860	13,075,349	2,447,654	1,491,902	77,326,337						

See accompanying independent auditors' report.