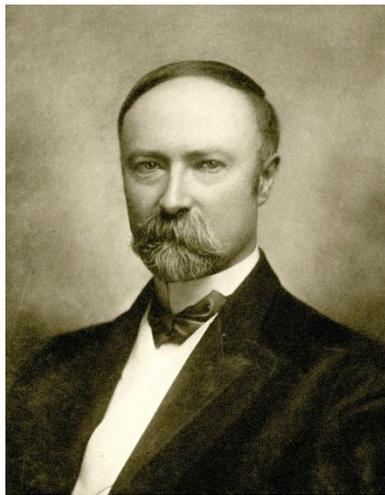


# FINANCIAL SECTION

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photos provided by the Indiana State Library.



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

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

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

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

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



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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

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

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

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

***Auditor's Responsibility***

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

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

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

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

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

***Opinions***

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

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

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

*Other Information*

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

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

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

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

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

**Other Reporting Required by Government Auditing Standards**

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

  
Paul D. Joyce, CPA  
State Examiner

December 30, 2013

