

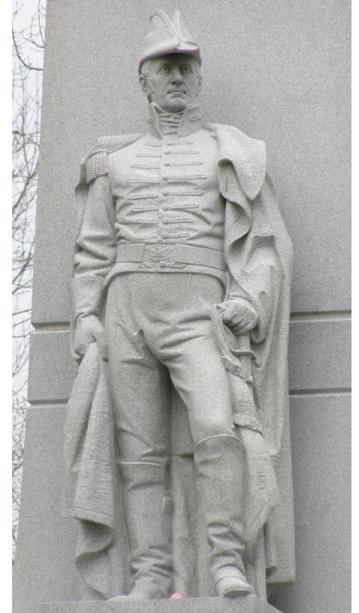
Financial Section

Comprehensive Annual Financial Report

The Battle of Tippecanoe was fought on November 7, 1811, near present-day Lafayette, Ind. between United States forces led by Governor William Henry Harrison of the Indiana Territory and Native American warriors associated with the Shawnee leader Tecumseh, whose people opposed US expansion into Native territory. As tensions and violence increased, Governor Harrison marched with an army of about 1,000 men to disperse the confederacy's headquarters at Prophetstown.

Warriors from Prophetstown attacked Harrison's army unexpectedly, but Harrison and his men stood their ground. The Natives were ultimately overtaken when their ammunition ran low. After the battle, the Natives abandoned Prophetstown and Harrison's men burned it to the ground. Having accomplished his goal of destroying Prophetstown, Harrison proclaimed that he had won a decisive victory. He acquired the nickname "Tippecanoe", which was popularized in the song "Tippecanoe and Tyler too" during the election of 1840, when Harrison was elected president.

The battle site, now known as the Tippecanoe Battlefield, is a National Historic Landmark that attracts tens of thousands of visitors annually to northern Tippecanoe County. The 16-acre site of the battle was deeded to the State of Indiana by John Tipton, a veteran of the fight, on November 7, 1836, the twenty-fifth anniversary of the battle. In 1892, an associate organization worked the state and national representatives into funding a monument. It wasn't until 1908 that the 85-foot marble obelisk with a statue of Harrison was finally erected, at a cost of \$24,500.



Photos courtesy of the Tippecanoe County Historical Association.



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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, 2015, and the related notes to the financial statements, which collectively comprise the State of Indiana'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 percent of the assets, net position, and revenues of the Investment Trust Fund. We also did not audit the financial statements of certain component units of the State of Indiana, as discussed in Note I(A), which represent 33.6 percent, 26.8 percent, and 6.2 percent, respectively, of the assets, net position, and revenues of the colleges and universities, 100 percent of the assets, net position, and revenues of the governmental discretely presented component unit, and 100 percent of the assets, net position, and revenues of the proprietary discretely presented component units. We also did not audit the financial statements of the Indiana Public Retirement System, reported as a Fiduciary in Nature Component Unit in Note I(A), which represent 97.8 percent, 97.3 percent, and 95.4 percent, respectively, of the assets, net position, and revenues of the Pension and Other Employee Benefit Trust Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those activities and component 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 State Fair Commission, Indiana Political Subdivision Risk Management Commission, and Indiana Public Retirement System were not audited in accordance with *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 risks 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 statements in order to design audit procedures that are appropriate in the 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, 2015, 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.

Emphasis of Matter

As discussed in Note IV(G) to the financial statements, the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits, Schedules of Employer Contributions for Employee Retirement Systems and Plans and Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios for Employee Retirement Systems and Plans, Schedules of the State's Proportionate Share of the Net Pension Liability for Employee Retirement Systems and Plans, Schedule of Investment Returns for Employee Retirement Systems and Plans, Budgetary Information, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Major Funds (Budgetary Basis), Budget/GAAP Reconciliation – Major Funds, and the Infrastructure – Modified Reporting Condition Rating of the State's Highways and Bridges and Comparison of Needed-to-Actual Maintenance/Preservation, 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 and other auditors 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

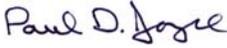
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Indiana's basic financial statements. The combining and individual statements for the non-major governmental and proprietary funds, internal service funds, fiduciary funds, non-major discretely presented component units, Budget/GAAP Reconciliation Non-Major Special Revenue 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 statements for the non-major governmental and proprietary funds, internal service funds, fiduciary funds, non-major discretely presented components, and the Budget/GAAP Reconciliation Non-Major Special Revenue 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 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 by us and other auditors. In our opinion, based on our audit, the procedures as described above, and the report of the other auditors, the combining and individual statements for the non-major governmental and proprietary funds, internal service funds, fiduciary funds, and non-major discretely presented components, and the Budget/GAAP Reconciliation Non-Major Special Revenue 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 23, 2015 on our consideration of the State of Indiana'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 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 23, 2015

