

# INDIANA

*Comprehensive Annual Financial Report*

For Fiscal Year Ended June 30, 2018

**Eric J. Holcomb, Governor**



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

**Tera Klutz, CPA**

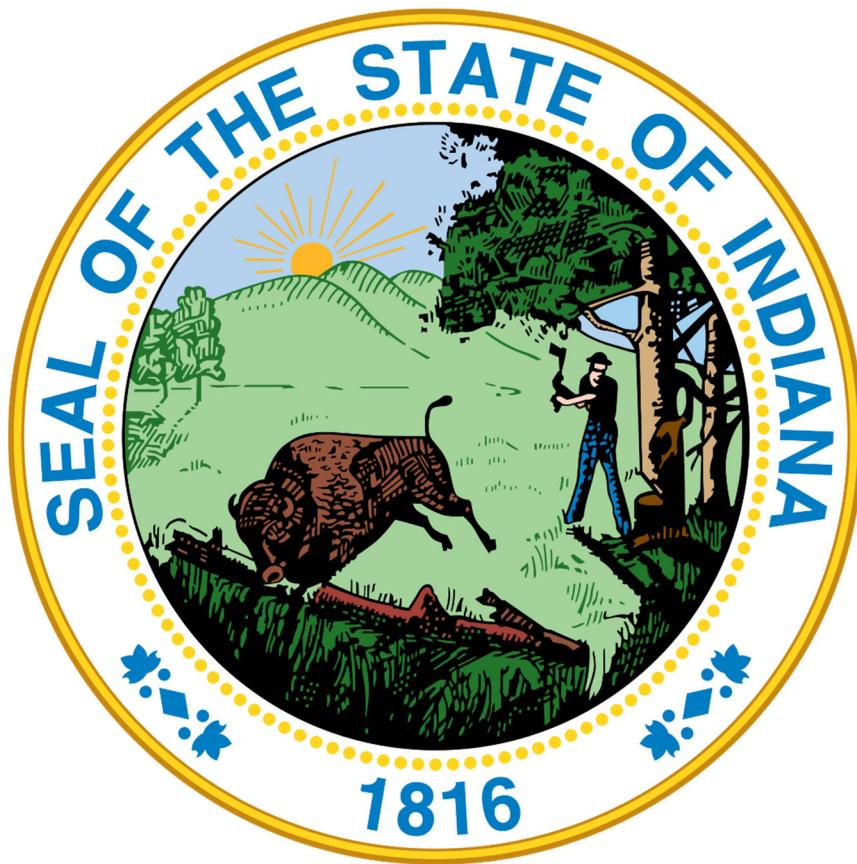
Room 240 State House  
200 West Washington St.  
Indianapolis, IN 46204



STATE OF INDIANA

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For the Fiscal Year Ended June 30, 2018

Eric J. Holcomb, Governor



Prepared by:

The Office of Indiana Auditor of State  
**Tera Klutz, CPA**  
**Auditor of State**  
Room 240  
State House  
Indianapolis, Indiana 46204

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We acknowledge the cooperation and assistance of the State Budget Agency and all other state agencies in the preparation of this report.

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

Tera K. Klutz is the 57<sup>th</sup> Indiana Auditor of State and the first Certified Public Accountant to serve as the state's Chief Financial Officer. Appointed by Governor Eric J. Holcomb in January 2017 and elected to a four-year term in November 2018, Klutz is focused on providing accurate information, maintaining and enhancing government transparency, and delivering great customer service to ALL Hoosiers.

Prior to becoming the Auditor of State, Klutz served as the County Auditor in Allen County. First elected in 2010 and again in 2014, Klutz streamlined the local government processes, reduced debt, and maintained a balanced budget with responsible reserves. As County Auditor, Klutz was very active in the Association of Indiana Counties' Legislative Committee serving as the Chairwoman where she oversaw and directed the Association's legislative priorities.

During her second year as State Auditor, Klutz released an update to the Indiana Transparency Portal which uses the latest in data delivery technology to provide a more accessible and in-depth look at Indiana's finances and assets using easy-to-understand dashboards to give a snapshot of the data, while still offering the raw data in searchable fields.

Auditor Klutz also created an Internal Controls Department to review and document the processes within the office in order to reduce the risk of misstatement or opportunities for fraud within the state's financial system.

Klutz holds a Bachelor's Degree in Accounting from Indiana University- Purdue University Ft Wayne. She is married to Zach and they have 2 daughters; Alyx and Julian and a Goldendoodle named Margo.



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

<b>Term</b>	<b>Name</b>	<b>Politics</b>
1816-1828	William H. Lilley	Party Unknown
1828-1829	Benjamin I. Blythe	Party Unknown
1829-1844	Morris Morris	Party Unknown
1844-1847	Horatio J. Harris	Party Unknown
1847-1850	Douglas Maguire	Whig
1850-1853	Erastus W. H. Ellis	Democrat
1853-1855	John P. Dunn	Democrat
1855-1857	Hiram E. Talbot	Fusion—"peoples"
1857-1861	John W. Dodd	Democrat
1861-1863	Albert Lange	Republican
1863-1865	Joseph Ristine	Democratic Union
1865-1869	Thomas P. McCarthy	Republican
1869-1871	John D. Evans	Republican
1871-1873	John C. Shoemaker	Democrat
1873-1875	James A. Wilder	Republican
1875-1879	Ebenezer Henderson	Democrat
1879-1881	Mahlon D. Manson	Democrat
1881-1883	Edward H. Wolfe	Republican
1885-1887	James H. Rice	Democrat
1887-1891	Bruce Carr	Republican
1891-1895	John O. Henderson	Democrat
1895-1899	Americus C. Daily	Republican
1899-1903	William H. Hart	Republican
1903-1905	David E. Sherrick	Republican
1905-1906	Warren Bigler	Republican
1906-1910	John C. Billheimer	Republican
1910-1914	William H. O'Brien	Democrat
1914-1916	Dale J. Crittentenger	Democrat
1916-1920	Otto Clauss	Republican
1920-1922	William G. Oliver	Republican
1922-1924	Robert Bracken	Democrat
1924-1928	Lewis S. Bowman	Republican
1928-1930	Arch N. Bobbit	Republican
1930-1934	Floyd E. Williamson	Democrat
1934-1938	Laurence F. Sullivan	Democrat
1938-1940	Frank G. Thompson	Democrat
1940-1944	Richard T. James	Republican
1944-1948	Alvin V. Burch	Republican
1948-1950	James M. Propst	Democrat
1950-1954	Frank T. Millis	Republican
1954-1956	Curtis E. Rardin	Republican
1956-1958	Roy T. Combs	Republican
1958-1960	Albert A. Steinwedel	Democrat
1960-1964	Dorothy Gardner	Republican
1964-1966	Mark L. France	Democrat
1966-1968	John P. Gallagher	Republican
1968-1970	Trudy Slaby Etherton	Republican
1970-1978	Mary Aikins Currie	Democrat
1978-1982	Charles D. Loos	Republican
1982-1986	Otis E. Cox	Democrat
1986-1994	Ann G. DeVore	Republican
1994-1998	Morris Wooden	Republican
1998-2006	Connie K. Nass	Republican
2006-2013	Tim Berry	Republican
2013-2013	Dwayne Sawyer	Republican
2013-2017	Suzanne Crouch	Republican
2017-	Tera Klutz	Republican

## STATE OF INDIANA

**Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2018**

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# INTRODUCTORY SECTION

## Comprehensive Annual Financial Report



(L-R Medal of Honor recipient SFC Sammy L. Davis, Indiana Auditor Tera Klutz, Indiana Governor Eric Holcomb)  
In 2018, Governor Eric Holcomb presented the Sachem Award, Indiana's highest civilian honor, to SCF Sammy Davis.

Ninety-nine Hoosiers have received the Medal of Honor for distinguished service and valor in the armed forces. The Medal of Honor was first presented in 1863, and is the oldest continuously issued combat decoration of the United States.

In 2011, the nation's first bridge to be named the "Medal of Honor Bridge" in honor of all Medal of Honor recipients, was dedicated in Lafayette, Indiana.

Indiana's own Sammy L. Davis received the Medal of Honor from President Lyndon B. Johnson in 1968 for his heroism in Vietnam. Sergeant First Class Davis is known by the nickname "the Real Forest Gump."

*Auditor of State*



Tera K. Klutz, CPA

December 19, 2018

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

We are proud to present the State of Indiana's Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2018, prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed in pronouncements by the Governmental Accounting Standards Board (GASB).

The Auditor of State in conjunction with the Indiana State Budget Agency are primarily and ultimately responsible for the contents and presentation of this report, however, the responsibility for both the accuracy of the data presented and completeness and fairness of the presentation rests with the state agencies that provide the data. To the best of our knowledge, the information set forth in this report is accurate in all aspects and is presented in a manner designed to set forth the financial position and results of operations of the state as measured by the financial activity of its various funds.

The Indiana State Board of Accounts, considered by federal and state government to be independent auditors, provides the Independent Auditor's Report on the financial statements included in the financial section of this report and in the Federal Single Audit Report of the State of Indiana.

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

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

Generally Accepted Accounting Principles (GAAP) provide for two types of statements, government-wide and fund statements. The government-wide statements use the full accrual basis of accounting and the economic resources measurement focus. The governmental funds financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. In the government-wide statements, infrastructure (roads, bridges, dams) has been capitalized. Capital assets, except for infrastructure using the modified approach, are depreciated in the same manner as the private sector.

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

## Profile of the Government

Located in America's heartland in the Midwest, Indiana is a leading manufacturing state and a major agricultural producer. The latest U.S. Census Bureau estimate places Indiana's population of approximately 6.7 million, which makes Indiana the nation's 17th largest state. Indiana is 72.4% urban and 27.6% rural. The five largest cities are Indianapolis (the capital), Fort Wayne, Evansville, South Bend, and Carmel.

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

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

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

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

## Factors Affecting Economic and Financial Conditions

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

### Local Economy

With a 2017 Gross Domestic Product of \$359.1 billion, Indiana's economy ranked 16th largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to real GDP growth was the durable goods manufacturing sector, which accounted for 34% of Indiana's GDP growth in 2017. The second largest contributor of Indiana's real GDP growth was the real estate and rental and leasing sector, which accounted for 25% of the total growth.

As of June 2018, the manufacturing sector accounted for nearly 16.5% of the jobs in Indiana compared to 20.3% in 2002. The largest share of employment was in the trade, transportation, and utilities sector with 18.6% of employment as of June 2018. Per capita personal income was \$45,150 in 2016, and the state's unemployment rate was 3.3% at the end of Fiscal Year 2018.

## Cash Management and Investments

Cash temporarily idle during the year was invested in deposit accounts, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds, and repurchase agreements. The pension trust funds' portfolios include other investments as outlined in Note I(E)(1) in the notes to the financial statements. The average yield on the General Fund investments was 1.03% for the fiscal year ended June 30, 2018. The average yield on the total investment of all funds, except for pension trust funds, was 1.16% for the fiscal year ended June 30, 2018. The state's investment policy is to minimize credit and market risks while maintaining sufficient liquidity and earning a competitive yield on its portfolio. Deposits held by the Treasurer of State are insured by federal and state depository insurance.

## Debt Administration

The commissions and authorities, some of which are included as component units in the financial reporting entity of the State of Indiana, issue bonds for some of the state's capital needs. All bond issues are revenue bonds associated with specific state component units. The total of long-term revenue bonds and notes outstanding, net of amortized discounts, is \$8.9 billion as of June 30, 2018.

## Financial Policies

Indiana's Office of Management and Budget (OMB) serves as an umbrella organization to better coordinate the state's financial policies. The OMB consists of the Department of Local Government Finance, the Board of Tax Review, Office of Technology, the Office of State Based Initiatives, the Department of Revenue, the State Budget Agency, the Indiana Public Retirement System, the Management Performance Hub, the Distressed Unit Appeal Board, and the Indiana Finance Authority.

In June 2018, Indiana closed the books with \$1.786 billion in reserves, and a structurally balanced budget. Reducing general fund spending has enabled Indiana not only to maintain a prudent level of reserves, but also repay debts to local government, schools, and universities, which at their peak in FY 2005, totaled over \$750 million. One-time revenues, such as those generated by the Tax Amnesty program several years ago, have been used to repay one-time debt rather than being built into revenue forecasts to support on-going expenditures. The 2015 Tax Amnesty funded quality of place investment in Indiana's localities through the Regional Cities program.

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

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

## Long-Term Financial Planning

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

Executive Order 14-06 required the OMB to create the Governor's Management and Performance Hub (MPH) for the purposes of centralized data sharing, correlation, and analysis in order to drive innovation and efficiency across state agencies; improve information technology systems, practices, and procedures to enhance the security of data retained by state agencies; and to increase the transparency of state government.

## Major Initiatives

**K-12 Education** – Funding for elementary and secondary education is the state's largest operating expense. Prior to January 1, 2003, the state provided approximately 66% of school corporations' general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the state provided approximately 85% of the school corporations' general fund budgets. As part of the property tax reform legislation enacted by P.L. 146-2008, the state assumed responsibility for the local share of tuition support and provides 100% of the tuition support for school corporation general funds beginning in January 2009.

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

The K-12 tuition support distributions for Fiscal Year 2018 totaled \$7,059.3 million. In addition, there was a distribution of \$31.6 million for adult learners.

**Higher Education** – Through the General Fund, the state supports seven higher education institutions: Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana, and Vincennes University. Higher education expenditures from the General Fund for Fiscal Year 2018 were \$1,565.3 million, which includes funding for university operating, fee-replaced debt service, and line items. An additional \$435.2 million was appropriated for other higher education line items, university repair and rehabilitation, university capital projects, and state student aid.

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

**Public Safety** – Appropriations for the Department of Correction, payable almost entirely from the General Fund, include funds for incarceration and rehabilitation of adult and juvenile offenders, as well as parole programs. Corrections expenditures were \$716.1 million for Fiscal Year 2018.

Offender population is the most significant driver of corrections expenditures. The total offender population, including those in jail and contract beds, increased to 27,037 at the end of Fiscal Year 2018 – up 3.3% from 26,173 at the end of Fiscal Year 2017.

**Transportation** – As a result of the Major Moves program and the Major Moves 2020 program, Indiana has seen record construction, as the Indiana Department of Transportation (INDOT) is executing the \$12 billion construction program made possible in part by the lease of the Indiana Toll Road.

In the 2017 legislative session, the Indiana General Assembly passed HEA 1002 – 2017, a comprehensive long-term road funding bill. Effective on July 1, 2017, the bill increased gas, special fuel, and motor carrier surcharge taxes and other registration fees and phases in a shift of the sales tax on gas towards transportation funding. As a result, Indiana's 20-year transportation plan is fully funded.

**Conservation and Environment** - In FY 2018, the Department of Natural Resources (DNR) continued the largest land conservation initiative in the Indiana's history, the Healthy Rivers Initiative (HRI). The HRI consists of two projects, one within the Wabash River and Sugar Creek floodplain (over 43,000 acres) and another along the Muscatatuck River known as Muscatatuck Bottoms (over 26,000 acres). Since the announcement in FY 2010, DNR has acquired over 15,100 acres along the Muscatatuck River and Wabash River corridors. Land acquisition efforts will continue for years into the future. To date, these efforts have added three new conservation areas for recreational use: Austin Bottoms, Sugar Creek, and Wabash River.

The Bicentennial Nature Trust (BNT) was launched in FY 2012 as a statewide land conservation initiative to celebrate Indiana's upcoming 200th anniversary in much the same way as the first 100 years of statehood were marked in 1916 with establishment of the state park system. The state committed \$20 million to help fund BNT and called on individuals, businesses and communities around the state to join the effort. Through FY 2018, 198 BNT projects had been approved.

**Health and Human Services** – Medicaid is a state/federal shared fiscal responsibility with the state supporting roughly one-third of the total program through a combination of General Fund and dedicated funds over the biennium. Federal funding accounts for the remaining two-thirds. Enrollment was 1,416,322 at the end of Fiscal Year 2017 and 1,426,151 at the end of Fiscal Year 2018 (these figures exclude the Children's Health Insurance Program). Indiana's base federal reimbursement rate equaled 66.74% for Federal Fiscal Year 2017 and 65.59% for Federal Fiscal Year 2018. The State General Fund Medicaid appropriations for Fiscal Year 2018 and 2019 are \$2,106.6 million and \$2,364.5 million, respectively.

In 2015, Indiana received approval from the federal government to replace the traditional Medicaid program for non-disabled adults by expanding the Healthy Indiana Plan (HIP). HIP 2.0 is designed to improve healthcare utilization and promote personal responsibility. In addition, HIP 2.0 maintains financial sustainability, funded through enhanced federal funding, the hospital assessment fee, and existing cigarette tax revenues previously used for HIP.

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

**Economic Development** – The Indiana Economic Development Corporation (IEDC) is the State of Indiana's chief economic development agency. The IEDC seeks to bring new job creation and capital investment opportunities to Indiana through competitive company attractions, expansions and consolidations. In 2017, Indiana received several accolades for its business environment. This includes ranking 1st in the Midwest and 5th in the nation in Chief Executive Magazine's annual "Best & Worst States" survey (May 2018), 1st in the Midwest and 9th overall in the Tax Foundation's State Business Tax Climate Index (2018), and best in the Midwest and 9th overall in Area Development magazine's "Top States for Doing Business" study (Q3 2018).

**General Government** – The Department of Revenue (DOR) launched Project NextDOR, a newly-branded, multi-year modernization and complete replacement of the state's legacy information technology system. This new technology will allow Hoosier businesses and individuals, as well as DOR employees the opportunity to enjoy transaction processing and access to data and information like never before.

The Department of Local Government (DLGF) and Auditor of State (AOS) have teamed together to transition the county abstract process to Gateway, Indiana's local government online repository. This initiative will not only streamline the submission and compilation process, but also provide online access to local unit tax information across the state.

Indiana continues to administer Retirement Medical Benefits accounts, established as Health Reimbursement Arrangements (HRAs), for most employees and elected officials of the state. The purpose of this defined contribution plan is to allow state government retirees to have a means to assist with the payment of health insurance premiums in retirement. Funding for the program comes from 4% of Indiana's cigarette tax revenues as well as charges to federal and dedicated funds for employees paid from those funds. The plan remained more than 100% funded at the end of FY 2018. Contributions are made to employee accounts in accordance with state law.

## Awards

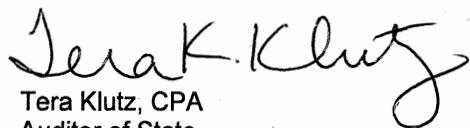
### Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Indiana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 25th consecutive year that the State of Indiana has achieved this prestigious award.

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

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

Sincerely,



Tera Klutz, CPA  
Auditor of State  
State of Indiana



Micah Vincent  
Director  
Office of Management and Budget



*Government Finance Officers Association*

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

*Presented to*

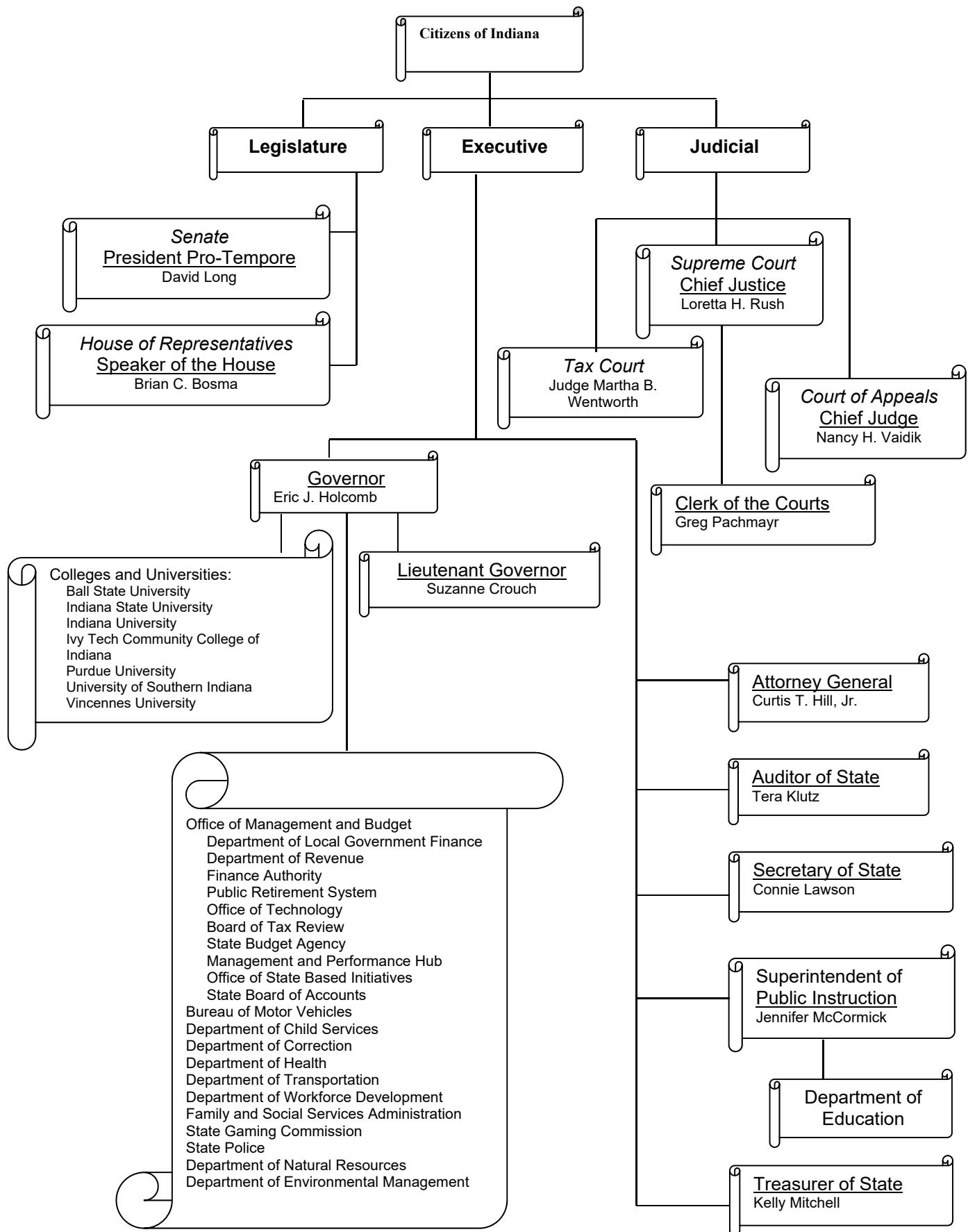
## **State of Indiana**

*For its Comprehensive Annual Financial  
Report  
for the Fiscal Year Ended*

**June 30, 2017**

*Christopher P. Monell*

Executive Director/CEO



# **FINANCIAL SECTION**

## **Comprehensive Annual Financial Report**



Indiana Veterans Home Cemetery in West Lafayette.  
(Photo courtesy of Indiana Veterans' Home)

West Lafayette is the home of the Indiana Veterans' Home (IVH), a long-term care facility serving Indiana veterans and their spouses. First opened in 1896, IVH offers full-service health care for residents. Contained on the 250 acre state-owned facility lies the Indiana Veterans' Home Cemetery, the final resting place for over 3,000 residents and other veterans including many Civil War veterans. One of the more famous graves is that of Former Congressman Jasper Packard, a Civil War General, who died in 1899 while serving as the Commandant of the Veterans' Home. Packard also served as the La Porte County Auditor from 1866 to 1869.



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## INDEPENDENT AUDITOR'S REPORT

TO: THE HONORABLE ERIC J. HOLCOMB, 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 (State), as of and for the year ended June 30, 2018, 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 governmental discretely presented component unit and the proprietary discretely presented component units, as discussed in Note I(A), which represent 35.0 percent, 5.5 percent, and 22.4 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units; the Investment Trust Fund, State Police Pension Fund, State Police Supplemental Trust Fund, and Indiana Public Retirement System, a Fiduciary in Nature Component Unit, as discussed in Note I(A), which represent 87.2 percent, 87.7 percent, and 44.0 percent, respectively, of the assets, net position, and revenues and additions of the aggregate remaining fund information; and certain long-term liabilities, which represent 8.2 percent of the net position of the governmental activities. 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 from material misstatement. The financial statements of the following were not audited in accordance with *Government Auditing Standards*: Ports of Indiana, Indiana State Fair Commission, and Indiana Political Subdivision Risk Management Commission, reported as discretely presented component units, and the State Police Pension and Indiana Public Retirement System, reported within the aggregate remaining fund information.

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 State'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 State'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, as of June 30, 2018, 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 State adopted new accounting guidance, GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and GASB Statement 81 *Irrevocable Split-Interest Agreements*. Our opinion is not modified with respect to these matters.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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, Schedules of Changes in the Net OPEB Liability and Related Ratios for Other Postemployment Benefits, Schedule of Changes in the Total OPEB Liability and Related Ratios for Other Postemployment Benefits, Schedule of Investment Returns for the Other Postemployment Benefits, 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's basic financial statements. The accompanying 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 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, 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 performed as described above, and the reports 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 Component Units, 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.

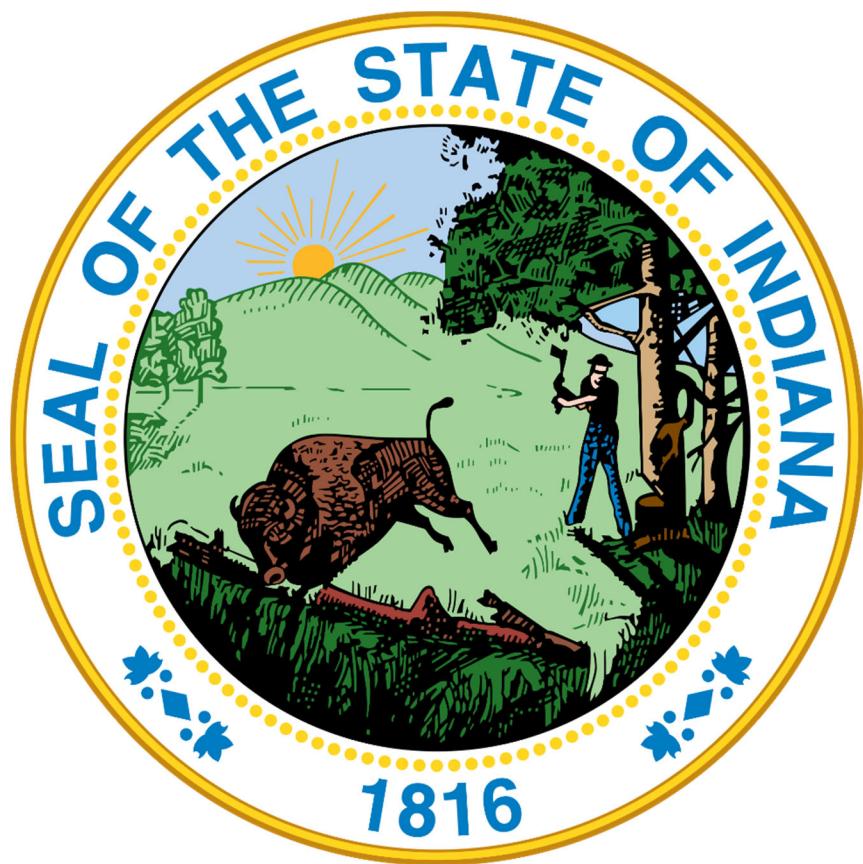
The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

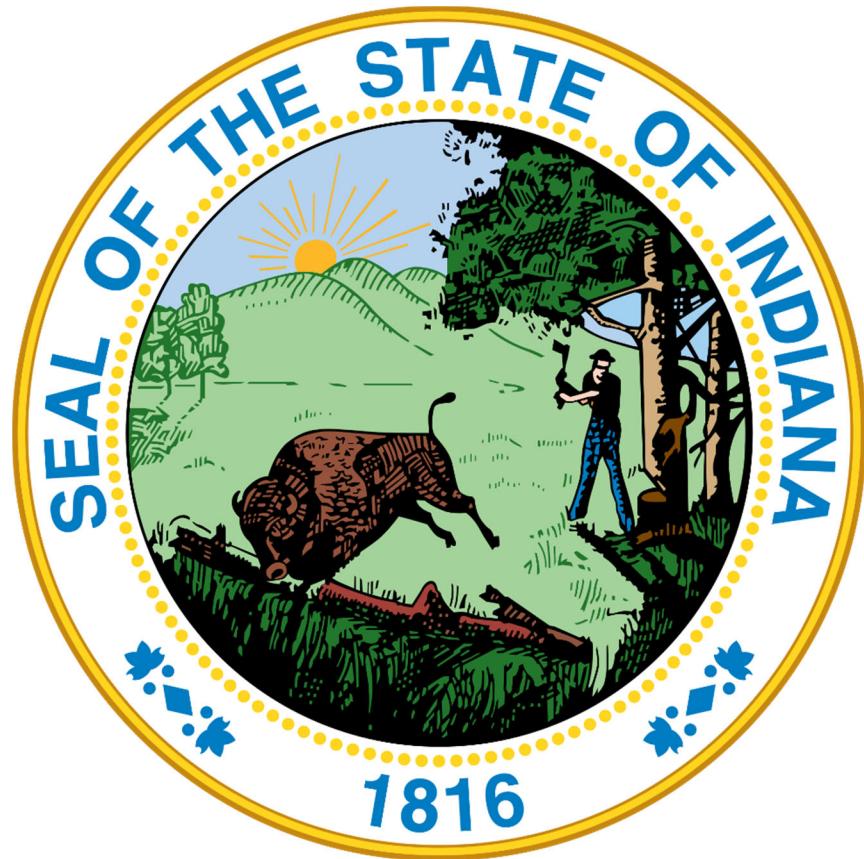
In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the State's 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's internal control over financial reporting and compliance.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 19, 2018



# MANAGEMENT'S DISCUSSION AND ANALYSIS



**STATE OF INDIANA**  
**Management's Discussion and Analysis**  
**June 30, 2018**

The following discussion and analysis of the State of Indiana's financial performance provides an overview of the state's financial activities for the fiscal year (FY) ended June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the state's financial statements, which follow this section. Because of prior period adjustments and reclassifications as described in Note IV(G) of the Notes to the Financial Statements, FY 2017 numbers have been restated.

### **Financial Highlights**

- For FY 2018, on a government-wide basis, the assets and deferred outflows of the State of Indiana exceeded its liabilities and deferred inflows by \$12.6 billion. This compares with \$11.6 billion for FY 2017, as restated.
- At the end of the current FY, unassigned fund balance for the General Fund was \$275.5 million, or 2.0% of the total General Fund expenditures.
- On a government-wide basis for the primary government, the state incurred expenses net of program revenue of \$16.5 billion, which are offset by general revenues totaling \$17.5 billion, giving an increase in net position of \$1.0 billion.
- General revenue for the primary government increased by \$813.8 million, or 4.9%, from FY 2017. Fuel tax revenue increased \$601.3 million. Sales tax revenues increased by \$227.6 million. The increase in fuel revenue is attributed to increased gasoline exise tax as passed by the Indiana Legislature under HEA 1002-2017. The sales tax revenue increase is due to a combination of factors including higher Indiana household personal income and business activity.

- Combined budget reserves for FY 2018 were \$1.8 billion. That balance consists of \$366.4 million in the General Fund, \$577.6 million in the Medicaid Contingency Reserve Fund, \$333.8 million in the Tuition Reserve Fund, and \$507.7 million in the Rainy Day Fund.
- \$1.8 billion represents 11.3% of the General Fund expenditures for FY 2018. These reserve balances are put in place to withstand downturns in the economy or unexpected changes that occur.
- Indiana is one of only twelve states with the top bond rating from all three major credit rating agencies. According to the independent credit rating agency Fitch Ratings, the rating "reflects Indiana's historical pattern of low debt, balanced financial operations, and a commitment to funding reserves to provide a cushion in times of economic and revenue decline. These strengths are offset by an economy that, despite ongoing diversification, remains heavily concentrated in the cyclical manufacturing industry." According to Standard & Poor's Ratings Service (S&P), the rating "reflects our view of the state's strong financial position and management's commitment to maintaining structural balance and a high level of reserves. In addition, despite any negative variance from projected revenues, we expect the state to make adjustments as necessary to restore budgetary balance." In addition, Moody's Analytics released a Stress Testing State report in September 2018 indicating that Indiana was one of only "23 states that have the funds they need for the next recession".

<b>Key Economic Indicators</b>			
	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>% Change</b>
Total Labor Force	3,280,820	3,287,532	-0.2%
Total Employed Labor Force	3,179,912	3,156,507	0.7%
Total Goods and Service Employment	3,114,900	3,118,600	-0.1%
Service-Providing Employment	2,437,500	2,460,200	-0.9%
Goods-Producing Employment	677,400	658,400	2.9%
Unemployment Rate	3.1%	4.0%	-22.5%
Median Household Income	54,181	52,314	3.6%

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

Salaries and benefits for state employees represent approximately 7.8% of governmental fund expenditures. The following table shows a ten year history of the count of full time state employees.

<b>Year</b>	<b>Governor's Authority</b>	<b>Judiciary</b>	<b>Other Elected Officials</b>	<b>On Disability Leave - In Pay Status</b>	<b>On Disability Leave - Not in Pay Status</b>	<b>Total</b>
				On Disability Leave - In Pay Status	On Disability Leave - Not in Pay Status	
2018	28,634	908	1,095	370	220	31,227
2017	28,286	894	1,062	425	221	30,888
2016	28,315	886	1,107	419	250	30,977
2015	28,157	865	1,083	455	289	30,849
2014	28,279	845	1,065	471	312	30,972
2013	28,398	831	1,049	511	345	31,134
2012	28,485	835	1,049	545	349	31,263
2011	28,472	830	1,067	610	351	31,330
2010	29,911	846	1,056	647	341	32,801
2009	31,254	835	1,093	624	358	34,164

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

## Overview of the Financial Statements

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

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

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

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

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

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

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

whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs.

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

Non-current assets such as infrastructure, land, and property, plant and equipment appear on the government-wide statements but not on the governmental fund statements where they are expensed as acquired rather than capitalized. Non-current liabilities such as capital lease payables and net pension liabilities also appear on the government-wide statements but not on the fund statements. Internal service funds are included as part of the governmental activities in

the government-wide statements but not the governmental fund financial statements because they provide services to the governmental funds.

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

## Financial Analysis of the State as a Whole

### Net Position

The following is condensed from the Statement of Net Position:

State of Indiana Condensed Schedule of Net Position (in millions of dollars)						
Primary Government						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 12,752.8	\$ 11,272.0	\$ 864.6	\$ 603.6	\$ 13,617.4	\$ 11,875.6
Capital assets	16,791.1	16,459.5	0.2	0.2	16,791.3	16,459.7
<b>Total assets</b>	<b>29,543.9</b>	<b>27,731.5</b>	<b>864.8</b>	<b>603.8</b>	<b>30,408.7</b>	<b>28,335.3</b>
Deferred outflows of resources	1,574.7	1,660.2	-	-	1,574.7	1,660.2
<b>Total deferred outflows of resources</b>	<b>1,574.7</b>	<b>1,660.2</b>	<b>-</b>	<b>-</b>	<b>1,574.7</b>	<b>1,660.2</b>
Current liabilities	4,136.9	3,198.5	59.3	53.0	4,196.2	3,251.5
Long-term liabilities	15,070.3	15,086.4	25.3	25.7	15,095.6	15,112.1
<b>Total liabilities</b>	<b>19,207.2</b>	<b>18,284.9</b>	<b>84.6</b>	<b>78.7</b>	<b>19,291.8</b>	<b>18,363.6</b>
Deferred inflows of resources	79.1	31.0	-	-	79.1	31.0
<b>Total deferred inflows of resources</b>	<b>79.1</b>	<b>31.0</b>	<b>-</b>	<b>-</b>	<b>79.1</b>	<b>31.0</b>
Net position:						
Net investment in capital assets	15,809.3	15,637.1	0.2	0.2	15,809.5	15,637.3
Restricted	1,085.1	1,129.7	732.4	477.7	1,817.5	1,607.4
Unrestricted	(5,062.1)	(5,691.0)	47.6	47.2	(5,014.5)	(5,643.8)
<b>Total net position</b>	<b>\$ 11,832.3</b>	<b>\$ 11,075.8</b>	<b>\$ 780.2</b>	<b>\$ 525.1</b>	<b>\$ 12,612.5</b>	<b>\$ 11,600.9</b>

At the end of the current FY, net position for the primary government increased by \$1.0 billion.

Current and other assets increased by \$1.7 billion due primarily to an increase in securities lending collateral.

Capital assets increased by \$331.6 million. The principal reason for the increase in capital assets were increases in land, infrastructure, and construction in progress at the Indiana Department of Transportation of \$337.8 million primarily due to the commencement

of the Next Level Agenda initiative, which focuses to maintain and build the state's infrastructure.

Total liabilities increased \$928.2 million due to the increase in securities lending collateral of \$1.1 billion. The securities lending increase is attributed to more securities out on loan as of the FY end. This increase was offset by a decrease in accounts payable due to efforts to process payments in a timelier manner.

## Changes in Net Position

The following is condensed from the Statement of Activities:

State of Indiana Condensed Schedule of Change in Net Position (in millions of dollars)								
	Primary Government							
	Governmental Activities		Business-type Activities		Total Primary Government		2018	2017
	2018	2017	2018	2017	2018	2017		
<b>Revenues</b>								
Program revenues:								
Charges for services	\$ 2,784.7	\$ 2,431.0	\$ 529.3	\$ 575.8	\$ 3,314.0	\$ 3,006.8		
Operating grants and contributions	12,433.7	12,649.2	-	-	12,433.7	12,649.2		
Capital grants and contributions	1,068.3	979.0	-	-	1,068.3	979.0		
General revenues:								
Income taxes	6,362.9	6,452.6	-	-	6,362.9	6,452.6		
Sales taxes	7,804.9	7,577.3	-	-	7,804.9	7,577.3		
Other	3,343.6	2,676.3	10.3	1.7	3,353.9	2,678.0		
<b>Total revenues</b>	<b>33,798.1</b>	<b>32,765.4</b>	<b>539.6</b>	<b>577.5</b>	<b>34,337.7</b>	<b>33,342.9</b>		
<b>Program Expense</b>								
General government	1,375.8	1,342.7	-	-	1,375.8	1,342.7		
Public safety	1,623.3	1,644.8	-	-	1,623.3	1,644.8		
Health	388.5	378.2	-	-	388.5	378.2		
Welfare	14,898.8	15,051.6	-	-	14,898.8	15,051.6		
Conservation, culture and development	581.9	432.8	-	-	581.9	432.8		
Education	11,306.3	11,036.4	-	-	11,306.3	11,036.4		
Transportation	2,823.6	1,974.1	-	-	2,823.6	1,974.1		
Interest expense	45.5	43.7	-	-	45.5	43.7		
Unemployment compensation fund	-	-	257.3	305.4	257.3	305.4		
Other	-	-	25.1	25.4	25.1	25.4		
<b>Total expenses</b>	<b>33,043.7</b>	<b>31,904.3</b>	<b>282.4</b>	<b>330.8</b>	<b>33,326.1</b>	<b>32,235.1</b>		
Excess (deficiency) before transfers	754.4	861.1	257.2	246.7	1,011.6	1,107.8		
Transfers	2.1	2.2	(2.1)	(2.2)	-	-		
<b>Change in net position</b>	<b>756.5</b>	<b>863.3</b>	<b>255.1</b>	<b>244.5</b>	<b>1,011.6</b>	<b>1,107.8</b>		
Beginning net position, as restated	11,075.8	10,212.5	525.1	280.6	11,600.9	10,493.1		
<b>Ending net position</b>	<b>\$ 11,832.3</b>	<b>\$ 11,075.8</b>	<b>\$ 780.2</b>	<b>\$ 525.1</b>	<b>\$ 12,612.5</b>	<b>\$ 11,600.9</b>		

## Governmental Activities

Program expenses exceeded program revenues by \$16.8 billion. General revenues and transfers were \$17.5 billion. The increase in net position was \$756.5 million, which is 2.2% of total revenues and 2.3% of total expenses.

Excess (deficiency) before transfers decreased \$106.7 million from FY 2017 to FY2018.

Increased revenues were driven mainly by increased fuel tax revenue. This revenue increased \$601.3 million over the previous FY due to fuel tax rate increases. In addition, current service charges increased \$353.7 million or 14.5% and sales tax

increased \$227.6 million or 3.0%. Current service charges increased as a result of increases to the Medicaid Hospital Assessment Fee charged to Indiana hospitals and care providers, motor vehicle registration and title fees, and surplus lottery and gaming revenue receipts. The sales tax increase was previously explained under financial highlights.

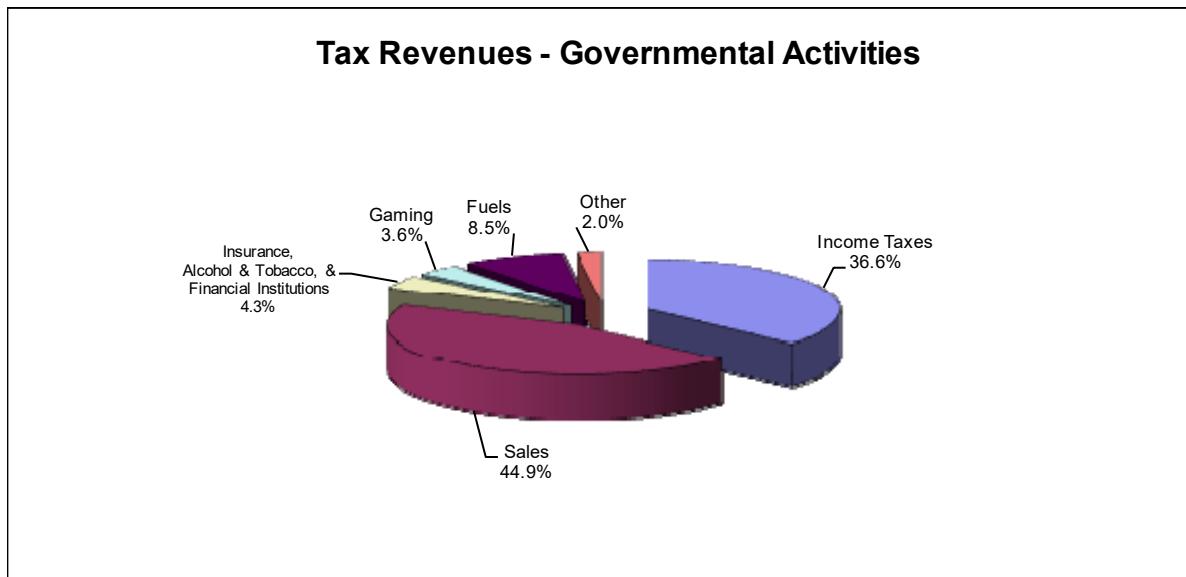
Expenses increased \$1.1 billion or 3.6%. Transportation expenses increased \$849.5 million primarily due to the commencement of the Next Level Agenda initiative.

Education expenses increased \$269.9 million or 2.4%.

The state increased funding to local schools and to the

TRF Pre-1996 retirement plan.

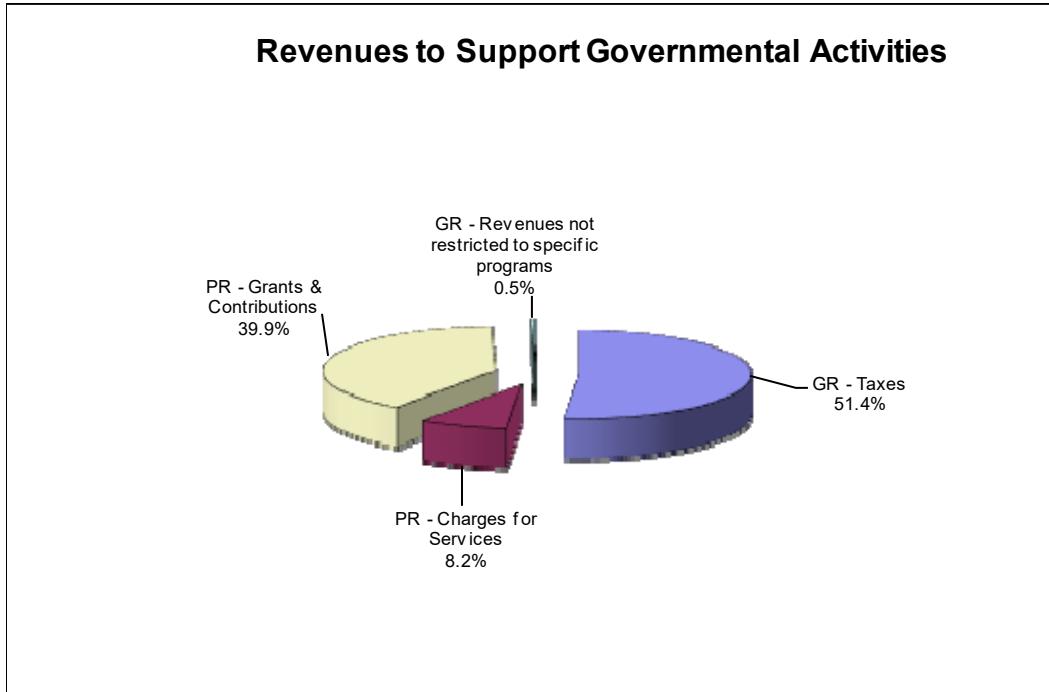
Tax revenues for governmental activities were broken down as follows:



Tax revenues of \$17.4 billion represent 51.4% of total revenues for governmental activities. This compares to \$16.6 billion or 50.8% of total revenues in FY 2017. Program revenues accounted for \$16.3 billion or 48.2% of total revenues. In FY 2017, program revenues accounted for \$16.1 billion or 49.0% of total revenues. General revenues other than tax revenues were \$130.4 million or 0.4% of total revenues. Of this,

\$89.2 million were investment earnings. This compares to 2017, when general revenues other than taxes were \$74.5 million or 0.2% of total revenues and \$46.6 million was investment earnings. Investment earnings increased by \$42.6 million from FY 2017 to FY 2018 or 91.4% due to increased interest from securities on loan throughout the year and higher interest rates.

Total revenues for governmental activities were broken down as follows:



PR = program revenues

GR = general revenues

Total revenues were 102.3% of expenses which was a decrease from 102.7% in FY 2017. Total revenues increased 3.2% from \$32.8 billion in FY 2017 to \$33.8 billion in FY 2018. Expenses increased 3.6% from \$31.9 billion in FY 2017 to \$33.0 billion in FY 2018.

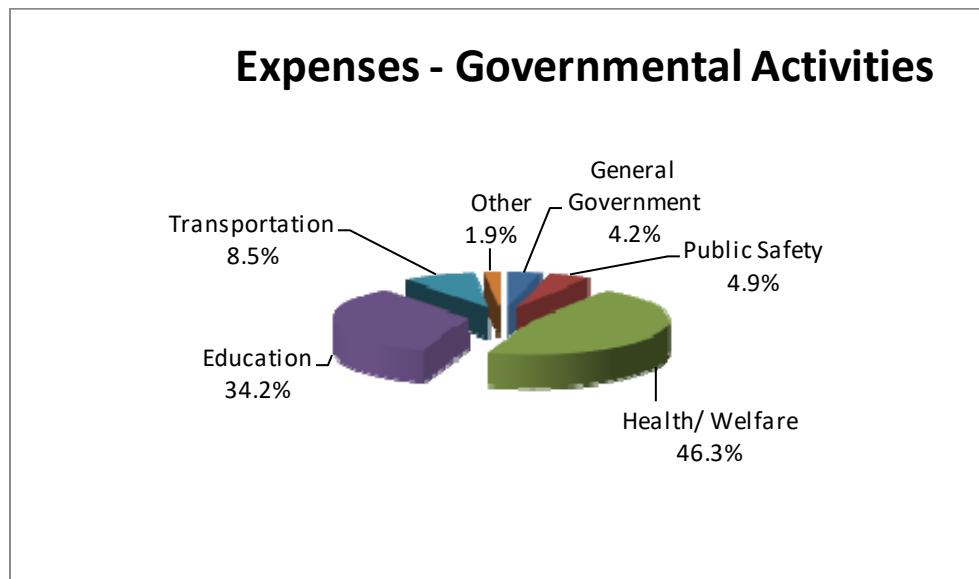
The largest portion of the state's expenses is for welfare, which is \$14.9 billion, or 45.1% of total expenses. This compares with \$15.1 billion, or 47.2% of total expenses in FY 2017. The change in welfare expenses was a decrease of \$152.8 million or 1.0%. \$3.4 billion of welfare expenses in FY 2018 were funded from general revenues.

Some of the major expenses were Medicaid Assistance, \$11.4 billion, the U.S. Department of Health and Human Services Fund, \$1.4 billion, and the federal food stamp program in the U.S. Department of Agriculture Fund, \$1.0 billion.

Education comprises 34.2%, or \$11.3 billion of the state's expenses. In FY 2017, education accounted for 34.6%, or \$11.0 billion, of expenses. The change in education expenses was an increase of \$269.9 million, or 2.4%, as a result of the increases to state funding to local schools and the TRF Pre-1996 retirement plan. Some of the major expenses were tuition support and full day kindergarten, \$7.1 billion, General Fund appropriations for state colleges and universities, \$1.6 billion, Teachers' Retirement Pension, \$887.9 million, federal grant programs from the U.S. Department of Education Fund, \$646.1 million, and federal grant programs from the U.S. Department of Agriculture Fund, \$431.8 million.

Transportation spending accounted for \$2.8 billion, or 8.5% of expenses. Transportation comprised \$2.0 billion or 6.2% of expenses in FY 2017. Transportation includes expenses related to the maintenance and construction of state infrastructure.

Total expenses for governmental activities were broken down as follows:



## Business-type Activities

Business-type activities represent 1.6% of the Primary Government's revenues and 0.8% of the expenses. The Unemployment Compensation Fund accounts for 94.8% of business-type activities' operating revenues and 91.2% of operating expenses. The change in net position for business-type activities was an increase of \$255.1 million.

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

administrative expenses. Revenue in the fund exceeded benefits and administrative expenses paid by \$244.4 million. This compares to FY 2017 when this fund's revenues exceeded expenses by \$242.9 million. Employer contributions into the fund decreased by \$46.6 million, from \$548.3 million in FY 2017 to \$501.7 million in FY 2018. The increase in net position of \$254.7 million is due to a low number of claims for benefits against the fund, the UI Program's strong anti-fraud and collections initiatives, a stout economy, and an increase in investment earnings.

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

Net Cost of Primary Government (in millions of dollars)				
	June 30, 2018	June 30, 2017	% Change	
<b>Governmental Activities:</b>				
General government	\$ 696.5	\$ 664.0	4.9%	
Public safety	888.3	978.4	-9.2%	
Health	(181.9)	(94.5)	92.5%	
Welfare	3,362.4	3,448.3	-2.5%	
Conservation, culture, and developm	195.2	61.8	215.9%	
Education	10,159.0	9,811.9	3.5%	
Transportation	1,592.0	931.4	70.9%	
Interest expense	45.5	43.8	3.9%	
<b>Business-type Activities:</b>				
Unemployment Compensation Fund	(244.4)	(242.9)	0.6%	
Malpractice Insurance Authority	1.1	1.4	-21.4%	
Inns and Concessions	(3.6)	(3.5)	2.9%	
<b>Total</b>	<b>\$ 16,510.1</b>	<b>\$ 15,600.1</b>	<b>5.8%</b>	

## Financial Analysis of the State's Funds

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

### General Fund

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund. The fund balance of the General Fund at June 30, 2018 was \$3.9 billion, which is 57.6% of assets. This compares to a fund balance at June 30, 2017 of \$3.9 billion, which was 66.7% of assets. This indicates that the state's financial position in the General Fund remained steady from the prior year. The fund balance of \$3.9 billion is composed of restrictions of \$507.4 million, commitments of \$51.1 million, and assignments of \$3.0 billion, leaving an unassigned balance of \$275.5 million. The restricted amount consists of the Rainy Day Fund, which is accounted for in the General Fund. For more information on the components of fund balance, see the chart in the Notes to the Financial Statements III(B).

The General Fund's revenues increased 2.3%, or \$353.1 million, from FY 2017, because of the increase in total tax revenue which included a \$244.5 million (3.3%) increase in sales tax. The increase in tax revenues is explained by a combination of factors including higher Indiana household personal income and business activity.

General Fund expenditures increased \$603.2 million, or 4.6% from FY 2017. Distributions in education expenditures for state schools for tuition support and full day kindergarten increased \$392.1 million. Welfare expenditures increased \$187.8 million which is attributed to increased state support required for the Department of Child Services' Family and Children program. The state was required to continue to increase their support for this program because of exhausted Title IV-E resources.

General Fund transfers in decreased \$566.8 million or 31.8% from FY 2017. Transfers out were \$2.8 billion in FY 2018 as compared to \$3.7 billion in FY 2017. More detail on these transfers can be found in the Notes to the Financial Statements IV(B).

Overall, the net position of the General Fund increased \$36.6 million.

### Public Welfare-Medicaid Assistance Fund

Medicaid is an insurance program for low-income individuals. It is jointly funded by the Federal government and the state. The Medicaid Assistance Fund received \$8.4 billion in federal revenue as compared to \$8.3 billion in FY 2017. State funding comes through transfers from the General Fund. Transfers in were \$2.6 billion in FY 2018 as compared to \$2.6 billion in FY 2017. Transfers out were \$250.4 million compared with \$428.2 million in FY 2017. The fund distributed \$11.4 billion in Medicaid Assistance during the year, which is an increase of \$0.1 billion over FY 2017. The change in fund balance increased \$198.5 million from FY 2017 to FY 2018.

### U.S. Department of Health and Human Services Fund

The U.S. Department of Health and Human Services Fund is a fund to account for federal grants that are used to carry out health and human services programs.

The US DHHS Fund received \$1.3 billion in federal grant revenues and expended \$1.7 billion. The US DHHS Fund received transfers in of \$327.6 million mostly from the General Fund for various health and human services programs. The change in fund balance from FY 2017 to FY 2018 was a decrease of \$68.2 million.

## General Fund Budgetary Highlights

Actual State General Fund forecasted revenue collections increased by \$297.3 million, or 1.9%, in FY 2018. Actual expenditure growth was 1.82% in FY 2018. As noted above, at year-end, the state had \$1.8 billion in reserves, with \$366.4 million residing in the general fund, \$577.6 million in the Medicaid Reserve Fund, \$333.8 million in the Tuition Reserve Fund, and

\$507.7 million residing in the Rainy Day Fund. These changing funding balances are both the result of legislative requirements as well as FY 2018 close-out transactions.

## Capital Asset and Debt Administration

### Capital Assets

Capital assets were \$16.8 billion, which was 55.2% of total assets for the primary government. Related debt was \$1.0 billion. Net investment in capital assets for the primary government was \$15.8 billion. Related debt was 5.8% of capital assets. Total capital assets increased \$331.6 million or 2.0% and is attributable to increases in the Indiana Department of Transportation's infrastructure and construction in progress. The net increase in capital assets is comprised of increases for infrastructure of \$237.8

million, \$130.4 million in construction in progress, and \$22.3 million in computer software. INDOT's \$337.8 million increase is comprised of increases in land, \$45.9 million, and infrastructure consisting of interstate roads, non-interstate roads, and bridges, \$237.9 million, and CIP consisting of right of way and work in progress, \$54.0 million. More detailed information about the state's capital assets is presented in Note IV(D) to the Financial Statements.

The following table shows the percentage change from FY 2017 to FY 2018.

State of Indiana Capital Assets (in millions of dollars)								Total % Change
	Governmental Activities		Business-type Activities		Total Primary Government			
	2018	2017	2018	2017	2018	2017		
Land	\$ 2,366.6	\$ 2,320.8	\$ -	\$ -	\$ 2,366.6	\$ 2,320.8		2.0%
Infrastructure	12,605.0	12,367.2	-	-	12,605.0	12,367.2		1.9%
Construction in progress	693.9	563.6	0.1	-	694.0	563.6		23.1%
Property, plant and equipment	2,857.0	2,869.8	0.7	0.7	2,857.7	2,870.5		-0.4%
Computer software	257.9	235.6	-	-	257.9	235.6		9.5%
Less accumulated depreciation	(1,989.3)	(1,897.5)	(0.6)	(0.5)	(1,989.9)	(1,898.0)		4.8%
<b>Total</b>	<b>\$ 16,791.1</b>	<b>\$ 16,459.5</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>	<b>\$ 16,791.3</b>	<b>\$ 16,459.7</b>		<b>2.0%</b>

## Long-term Obligations

Major long-term obligations items are included in the following table. These items comprised 100%

of total long-term liabilities and 78.5% of total liabilities.

The following table shows the percentage change from FY 2017 to FY 2018.

	State of Indiana Long-term Liabilities (in millions of dollars)						Total % Change
	Governmental Activities		Business-type Activities		Total Primary Government		
	2018	2017	2018	2017	2018	2017	
Accrued liability for compensated absences	\$ 170.1	\$ 149.5	\$ 0.8	\$ 0.7	\$ 170.9	\$ 150.2	13.8%
Capital lease payable	974.3	822.5	-	-	974.3	822.5	18.5%
Claims payable	-	-	24.5	25.0	24.5	25.0	-2.0%
Net pension liability	13,385.8	13,490.8	-	-	13,385.8	13,490.8	-0.8%
Other postemployment benefits	503.3	584.1	-	-	503.3	584.1	-13.8%
Pollution remediation	36.8	38.4	-	-	36.8	38.4	-4.2%
<b>Total</b>	<b>\$ 15,070.3</b>	<b>\$ 15,085.3</b>	<b>\$ 25.3</b>	<b>\$ 25.7</b>	<b>\$ 15,095.6</b>	<b>\$ 15,111.0</b>	<b>-0.1%</b>

Total long-term liabilities decreased by 0.1% or \$15.4 million. The largest decreases were for the net pension liability of \$105.0 million and for other postemployment benefits of \$80.8 million. Long-term liabilities related to pollution remediation also decreased by \$1.6 million. These decreases were offset by an increase to capital leases of \$151.8 million.

The net investment income increase for the TRF Pre-1996 Fund was a major contributor for the decrease to the net pension liability.

The decrease for other postemployment benefits was mainly due from actuarial valuation changes for benefit terms and assumptions for the Indiana State Police

Plan.

The increase in capital lease payable is due to the issuance of highway revenue bonds by the Indiana Finance Authority and funded by the State Highway Fund.

Claims payable for business activities decreased by \$0.5 million. This was the amount of decrease in claims payable for the Indiana Residual Malpractice Insurance Authority.

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

## Infrastructure

As required by GASB Statement No. 34, the state has capitalized its infrastructure. This amounts to \$12.6 billion in roads and bridges using the modified approach, \$1.9 billion in right of way classified as land, and \$34.9 million in property (septic, sewer, and water systems; and streets/sidewalks/curbs) and dams being depreciated. In order to utilize the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the

- condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at or above the established condition level.

Under the modified approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 11,206 centerline road miles of pavement along 242 routes and approximately 5,792 bridges that the state is responsible to maintain.

The state has consistently maintained the assessed conditions of roads over the past three years. It is the state's policy to maintain a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 for Interstate Roads, NHS Non-Interstate and Non-NHS Roads (a good rating is in the range of 80–114). The most recent condition assessment, completed for FY 2018, indicated that the average IRI RWP for roads was in an acceptable range.

The state has maintained the assessed conditions of bridges at levels which are above the established benchmarks. It is the state's policy to maintain Interstate bridges at an average sufficiency rating of 87%, NHS Non-Interstate bridges at an average sufficiency rating of 85%, and Non-NHS bridges at an average sufficiency rating of 83% (a good rating is

80% - 90%). The most recent condition assessment, completed in FY 2018, indicated that the average sufficiency rating for bridges exceeded the minimum acceptable standard.

Total actual maintenance and preservation costs for roads were lower than planned during fiscal 2018 in all road classes. Various factors contributed to these costs being less than planned including bids that came in under the original estimates, work volumes, lower fuel costs, and redefining the repairs needed and the methods used. The average IRI RWP for Interstate roads was in the excellent condition rating range and the two other road categories, NHS roads - Non-Interstate and Non-NHS roads, were in the good condition rating range. The state's standard of having less than 12.5% of all roads rated in poor condition was met.

Total actual maintenance and preservation costs were less than planned for bridges on all road classes. This was due to multiple factors including bids that came in under benchmark estimates, changes of scope, and reprioritization to meet the agency's goals. Bridge sufficiency ratings were within the state's policy for the maintenance of bridges in all road classes.

## Economic Factors

The economic and revenue forecasts upon which the FY 2018 – FY 2019 state budget was based were presented to the State Budget Committee on April 12, 2017. At that time, the U.S. real Gross Domestic Product (real GDP) was forecast to increase by 2.6% in FY 2018. Indiana's personal income was forecast to increase by 4.7% in FY 2018.

With a 2017 Gross Domestic Product of \$359.1 billion, Indiana's economy ranked 17th largest in the U.S. in terms of the value of goods and services. Indiana's largest contributor to real GDP growth was the durable goods manufacturing sector, which accounted for 34% of Indiana's GDP growth in 2017. The second largest

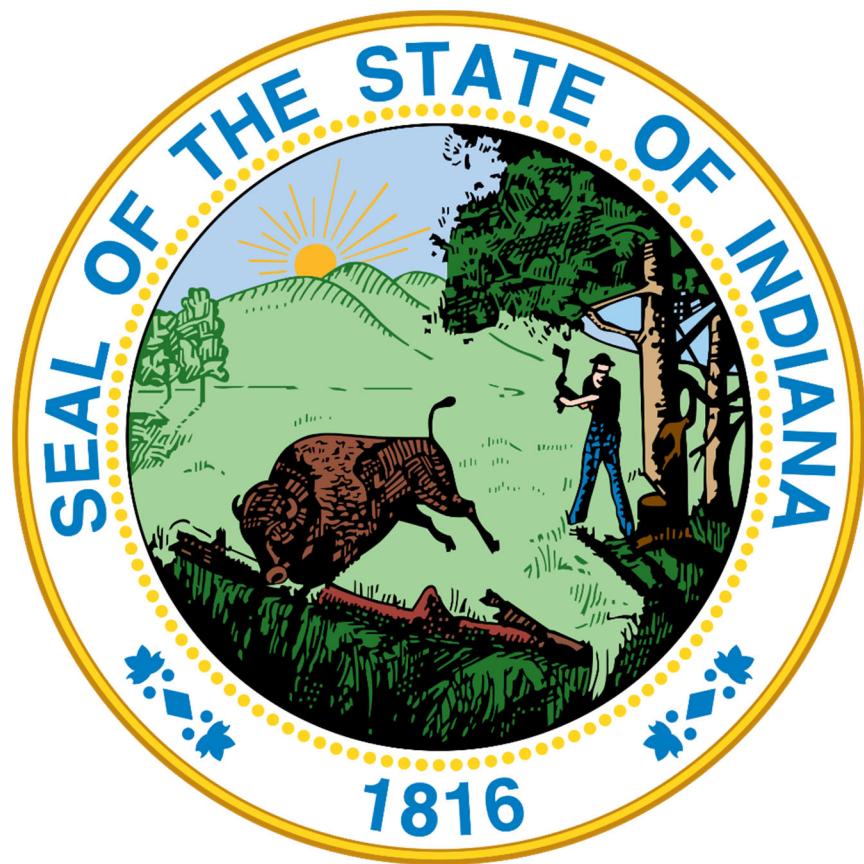
contributor of Indiana's real GDP growth was the real estate and rental and leasing sector, which accounted for 25% of the total growth.

As of June 2018, the manufacturing sector accounted for nearly 16.5% of the jobs in Indiana compared to 20.3% in 2002. The largest share of employment was in the trade, transportation, and utilities sector with 18.6% of employment as of June 2018. Per capita personal income was \$45,150 in 2016, and the state's unemployment rate was 3.3% at the end of FY 2018.

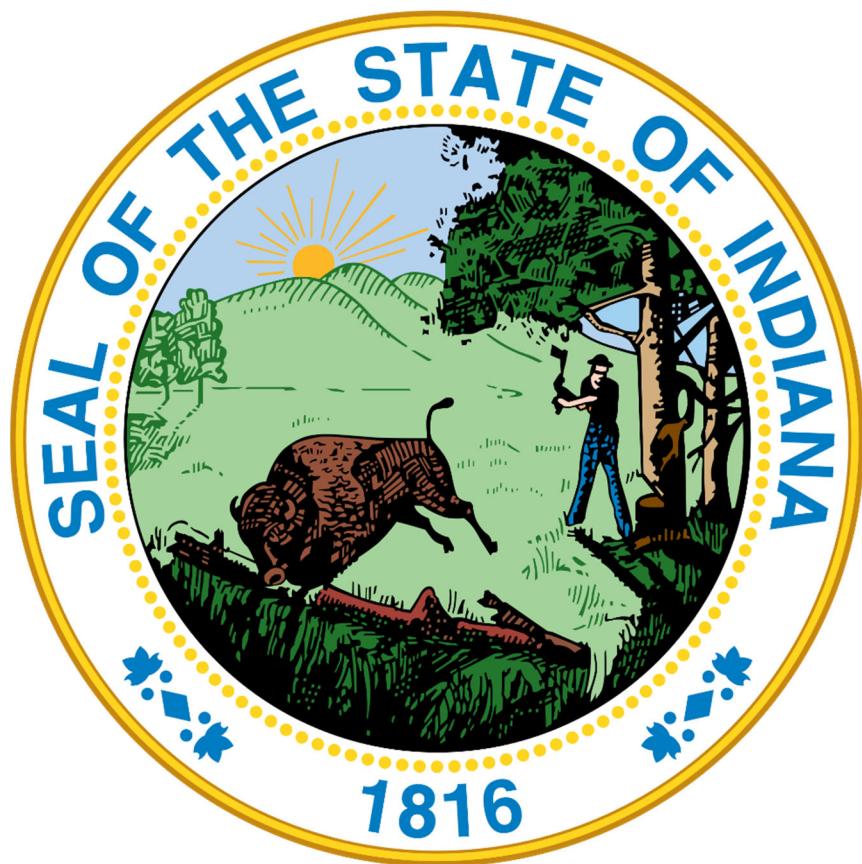
## Contacting the Auditor of State

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the state's finances and to demonstrate the state's accountability for the money it

receives. If you have questions about this report or need additional financial information, contact [CAFR@auditor.in.gov](mailto:CAFR@auditor.in.gov) or 317-232-3300.



# BASIC FINANCIAL STATEMENTS



# **GOVERNMENT-WIDE**

# **FINANCIAL**

# **STATEMENTS**

**State of Indiana**  
**Statement of Net Position**  
**June 30, 2018**  
(amounts expressed in thousands)

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Units	
<b>ASSETS</b>					
Cash, cash equivalents and investments - unrestricted	\$ 6,666,727	\$ 77,401	\$ 6,744,128	\$ 5,545,162	
Cash, cash equivalents and investments - restricted	506,450	600,840	1,107,290	8,176,903	
Securities lending collateral	2,383,978	-	2,383,978	90,182	
Receivables (net)	2,690,172	185,558	2,875,730	2,132,998	
Due from primary government	-	-	-	28,666	
Due from component unit	12,990	-	12,990	-	
Inventory	3,279	694	3,973	14,352	
Prepaid expenses	75,064	78	75,142	11,841	
Loans	409,771	-	409,771	2,415,533	
Investment in direct financing lease	-	-	-	2,077,008	
OPEB assets	-	-	-	35,655	
Other assets	4,312	28	4,340	284,608	
Capital assets:					
Capital assets not being depreciated/amortized	15,630,562	34	15,630,596	2,605,535	
Capital assets being depreciated/amortized	3,149,831	714	3,150,545	14,676,981	
less accumulated depreciation/amortization	(1,989,250)	(554)	(1,989,804)	(6,728,717)	
Total capital assets, net of depreciation/amortization	16,791,143	194	16,791,337	10,553,799	
<b>Total assets</b>	<b>29,543,886</b>	<b>864,793</b>	<b>30,408,679</b>	<b>31,366,707</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated decrease in fair value of hedging derivatives	-	-	-	84,805	
Debt refunding loss	-	-	-	92,244	
Outflows of resources related to pensions	1,532,052	-	1,532,052	113,183	
Swap termination	108	-	108	65,704	
Outflows of resources related to OPEB	42,564	-	42,564	85,987	
<b>Total deferred outflows of resources</b>	<b>1,574,724</b>	<b>-</b>	<b>1,574,724</b>	<b>441,923</b>	
<b>LIABILITIES</b>					
Accounts payable	1,441,960	54,423	1,496,383	491,259	
Interest payable	-	-	-	104,977	
Tax refunds payable	74,930	-	74,930	-	
Payables to other governments	202,751	-	202,751	-	
Due to component unit	28,666	-	28,666	-	
Due to primary government	-	-	-	12,990	
Unearned revenue	333	4,607	4,940	487,250	
Advances from federal government	-	-	-	23,163	
Securities lending collateral	2,383,978	-	2,383,978	90,182	
Derivative instrument liability	-	-	-	85,172	
Other liabilities	4,316	274	4,590	214,408	
Long-term liabilities:					
Due within 1 year	161,924	1,876	163,800	1,030,881	
Due in more than 1 year	14,908,356	23,432	14,931,788	9,813,689	
<b>Total liabilities</b>	<b>19,207,214</b>	<b>84,612</b>	<b>19,291,826</b>	<b>12,353,971</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advanced payment for service concession agreement	-	-	-	3,115,573	
Service concession arrangement receipts	-	-	-	279,870	
Related to pensions	25,089	-	25,089	36,510	
Related to OPEB	53,762	-	53,762	39,454	
Related to Irrevocable Split Interest Agreements	211	-	211	19,307	
<b>Total deferred inflows of resources</b>	<b>79,062</b>	<b>-</b>	<b>79,062</b>	<b>3,490,714</b>	
<b>NET POSITION</b>					
Net investment in capital assets	15,809,335	194	15,809,529	6,218,583	
Restricted - nonexpendable:					
Grants/constitutional restrictions	100	-	100	-	
Permanent funds	501,125	-	501,125	106,320	
Instruction and research	-	-	-	1,098,813	
Student aid	-	-	-	1,110,008	
Other purposes	75,064	-	75,064	429,143	
Restricted - expendable:					
Grants/constitutional restrictions	508,774	-	508,774	1,763,594	
Future debt service	-	-	-	279,764	
Instruction and research	-	-	-	838,957	
Student aid	-	-	-	763,417	
Endowments	-	-	-	554,265	
Capital projects	-	-	-	458,991	
Unemployment compensation	-	732,369	732,369	-	
Other purposes	-	-	-	524,084	
Unrestricted	(5,062,064)	47,618	(5,014,446)	1,818,006	
<b>Total net position</b>	<b>\$ 11,832,334</b>	<b>\$ 780,181</b>	<b>\$ 12,612,515</b>	<b>\$ 15,963,945</b>	

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

**State of Indiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

		Net (Expense) Revenue and Changes in Net Position					
		Program Revenues		Business-type Activities		Primary Government	
Functions/Programs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government:							
Governmental activities:							
General government	\$ 1,375,785	\$ 598,903	\$ 77,495	\$ 3,005	\$ (696,382)	\$ (696,382)	\$ -
1,623,302	574,531	157,819	2,617	(888,335)	(888,335)		
388,511	300,035	270,359	-	181,883	181,883		
Health	988,731	10,547,716	-	(3,362,366)	(3,362,366)		
Welfare	14,888,813	166,471	220,211	(195,213)	(195,213)		
Conservation, culture and development	581,895	2,310	1,145,004	(10,159,015)	(10,159,015)		
Education	11,306,329	153,759	15,095	1,062,665	(1,592,037)	(1,592,037)	
Transportation	2,823,556	-	-	(45,524)	(45,524)		
Interest expense	45,524	-	-	-	-		
Total governmental activities	<u>\$ 33,043,715</u>	<u>2,784,740</u>	<u>12,433,699</u>	<u>1,068,287</u>	<u>(16,756,989)</u>	<u>(16,756,989)</u>	<u>-</u>
Business-type activities							
Unemployment Compensation Fund	257,338	501,716	-	-	244,378	244,378	-
Malpractice Insurance Authority	1,790	698	-	-	(1,092)	(1,092)	-
Inns and Concessions	<u>23,302</u>	<u>26,892</u>	<u>-</u>	<u>-</u>	<u>3,560</u>	<u>3,560</u>	<u>-</u>
Total business-type activities	<u>282,430</u>	<u>529,276</u>	<u>-</u>	<u>-</u>	<u>246,846</u>	<u>246,846</u>	<u>-</u>
Total primary government	<u>\$ 33,326,145</u>	<u>\$ 3,314,016</u>	<u>\$ 12,433,699</u>	<u>\$ 1,068,287</u>	<u>(16,756,989)</u>	<u>246,846</u>	<u>(16,510,143)</u>
Component units:							
Governmental	91,492	266	11,192	-	-	-	
Proprietary	2,047,840	1,711,055	419,033	50,288	-	-	
Colleges and universities	7,295,347	3,516,627	1,928,178	152,650	-	-	
Total component units	<u>\$ 9,434,679</u>	<u>\$ 5,227,948</u>	<u>\$ 2,358,403</u>	<u>\$ 202,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Revenues:							
Income tax			6,362,876	-	6,362,876	-	
Sales tax			7,804,942	-	7,804,942	-	
Fuels tax			1,472,521	-	1,472,521	-	
Gaming tax			630,249	-	630,249	-	
Alcohol & Tobacco tax			418,609	-	418,609	2,362	
Insurance tax			230,997	-	230,997	-	
Financial Institutions tax			105,001	-	105,001	-	
Other tax			355,882	-	355,882	-	
Total taxes			<u>17,381,057</u>	<u>-</u>	<u>-</u>	<u>17,381,057</u>	<u>2,362</u>
Revenue not restricted to specific programs:							
Investment earnings							
Payments from State of Indiana							
Other							
Special item:							
Transfers within primary government							
Total general revenues and transfers							
Changes in net position							
Net position - beginning, as restated							
<b>Net position - ending</b>	<b>\$ 11,075,776</b>			<b>\$ 525,044</b>	<b>\$ 11,600,820</b>	<b>\$ 12,612,515</b>	<b>\$ 15,963,945</b>
	<b>\$ 11,832,334</b>			<b>\$ 780,181</b>			

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

# **FUND FINANCIAL STATEMENTS**

**State of Indiana**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	US Department of Health and Human Services	Non-Major Governmental Funds	Total
<b>ASSETS</b>					
Cash, cash equivalents and investments-unrestricted	\$ 1,949,396	\$ 574,068	\$ -	\$ 3,962,840	\$ 6,486,304
Cash, cash equivalents and investments-restricted	506,350	-	-	100	506,450
Securities lending collateral	2,383,978	-	-	-	2,383,978
Receivables:					
Taxes (net of allowance for uncollectible Accounts	1,447,912	-	-	165,675	1,613,587
Grants	9,248	246,945	871	62,098	319,162
Interest	11	178,238	167,346	171,597	517,192
Interfund loans	12,219	-	-	643	12,862
Due from component unit	449,382	-	-	10,085	459,467
Prepaid expenditures	75,021	-	-	43	75,064
Loans	600	-	-	409,171	409,771
Other	3,903	-	-	409	4,312
Total assets	6,838,020	999,251	168,217	4,795,651	12,801,139
<b>Total assets and deferred outflow of resources</b>	<b>\$ 6,838,020</b>	<b>\$ 999,251</b>	<b>\$ 168,217</b>	<b>\$ 4,795,651</b>	<b>\$ 12,801,139</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 124,146	\$ 294,860	\$ 100,356	\$ 327,152	\$ 846,514
Salaries and benefits payable	46,749	-	7,009	24,727	78,485
Interfund loans	-	-	441,006	18,461	459,467
Interfunds services used	5,725	10	1,670	2,268	9,673
Intergovernmental payable	39,009	-	-	163,742	202,751
Due to component unit	3,666	-	-	-	3,666
Tax refunds payable	68,822	-	-	6,108	74,930
Unearned revenue	-	-	-	331	331
Accrued liability for compensated absences-current	2,949	-	574	1,808	5,331
Other payables	3,903	-	-	409	4,312
Securities lending collateral	2,383,978	-	-	-	2,383,978
Total liabilities	2,678,947	294,870	550,615	545,006	4,069,438
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable revenue	221,364	-	77,567	71,486	370,417
<b>Total deferred inflow of resources</b>	<b>221,364</b>	<b>-</b>	<b>77,567</b>	<b>71,486</b>	<b>370,417</b>
<b>FUND BALANCE</b>					
Nonspendable	75,021	-	-	501,168	576,189
Restricted	507,392	-	-	100	507,492
Committed	51,120	-	-	875,802	926,922
Assigned	3,028,641	704,381	-	2,862,909	6,595,931
Unassigned	275,535	-	(459,965)	(60,820)	(245,250)
Total fund balance	3,937,709	704,381	(459,965)	4,179,159	8,361,284
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b>\$ 6,838,020</b>	<b>\$ 999,251</b>	<b>\$ 168,217</b>	<b>\$ 4,795,651</b>	<b>\$ 12,801,139</b>

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

**State of Indiana****Reconciliation of the Governmental Funds Balance Sheet****to the Statement of Net Position****June 30, 2018**

(amounts expressed in thousands)

<b>Total fund balances-governmental funds</b>	<b>\$ 8,361,284</b>
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	\$ 2,366,346
Infrastructure assets	12,605,028
Construction in progress	693,909
Property, plant, and equipment	2,761,225
Computer software	257,901
Accumulated depreciation	<u>(1,940,340)</u>
Total capital assets, net of depreciation	16,744,069

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

Taxes receivable	233,578
Accounts receivable	<u>320,733</u>
Total receivables	554,311

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

Accounts payable	(411,998)
Litigation liabilities	(56,580)
Pollution remediation	<u>(18,807)</u>
Total liabilities	(487,385)

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

191,108

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

Accrued liability for compensated absences	(159,156)
Other postemployment benefits	(514,257)
Loan from the Indiana Board for Depositories	(25,000)
Capital lease payable	(974,346)
Net pension liability and related deferrals	<u>(11,858,294)</u>
Total long-term liabilities	(13,531,053)

<b>Net position of governmental activities</b>	<b>\$ 11,832,334</b>
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The notes to the financial statements are an integral part of this statement.

**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	General Fund	Public Welfare-Medicaid Assistance Fund	US Department of Health and Human Services Fund	Non-Major Governmental Funds	Total
<b>Revenues:</b>					
Taxes:					
Income	\$ 6,400,467	\$ -	\$ -	\$ 201	\$ 6,400,668
Sales	7,756,396	-	-	73,746	7,830,142
Fuels	1,999	-	-	1,471,237	1,473,236
Gaming	47,984	-	-	582,278	630,262
Alcohol and tobacco	260,058	-	-	167,510	427,568
Insurance	226,356	-	-	4,642	230,998
Financial Institutions	-	-	-	105,963	105,963
Other	339,869	-	-	16,007	355,876
Total taxes	15,033,129	-	-	2,421,584	17,454,713
Current service charges	219,008	948,898	1,234	1,616,888	2,786,028
Investment income	89,240	-	-	18,328	107,568
Sales/rents	124	-	-	15,809	15,933
Grants	5,568	8,408,223	1,338,352	3,629,476	13,381,619
Other	41,035	4	100	90,175	131,314
Total revenues	15,388,104	9,357,125	1,339,686	7,792,260	33,877,175
<b>Expenditures:</b>					
Current:					
General government	961,207	-	20,932	361,874	1,344,013
Public safety	1,146,856	-	10,041	484,261	1,641,158
Health	45,960	-	138,096	201,605	385,661
Welfare	1,178,934	11,384,871	1,408,999	1,179,110	15,151,914
Conservation, culture and development	90,521	-	7,396	462,311	560,228
Education	10,210,951	-	85,080	1,106,958	11,402,989
Transportation	167,727	-	-	2,911,420	3,079,147
Debt service:					
Capital lease principal	3,031	-	61	55,770	58,862
Capital lease interest	526	-	2	44,996	45,524
Capital outlay	-	-	-	16,570	16,570
Total expenditures	13,805,713	11,384,871	1,670,607	6,824,875	33,686,066
Excess (deficiency) of revenues over (under) expenditures	1,582,391	(2,027,746)	(330,921)	967,385	191,109
<b>Other financing sources (uses):</b>					
Transfers in	1,216,601	2,476,644	327,581	2,021,103	6,041,929
Transfers (out)	(2,762,999)	(250,388)	(64,853)	(2,961,269)	(6,039,509)
Issuance of capital lease	645	-	-	214,066	214,711
Total other financing sources (uses)	(1,545,753)	2,226,256	262,728	(726,100)	217,131
<b>Net change in fund balances</b>	36,638	198,510	(68,193)	241,285	408,240
<b>Fund Balance July 1, as restated</b>	3,901,071	505,871	(391,772)	3,937,874	7,953,044
<b>Fund Balance June 30</b>	<b>\$ 3,937,709</b>	<b>\$ 704,381</b>	<b>\$ (459,965)</b>	<b>\$ 4,179,159</b>	<b>\$ 8,361,284</b>

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

**State of Indiana****Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities****For the Year Ended June 30, 2018**

(amounts expressed in thousands)

Net change in fund balances-total governmental funds	\$ 408,240
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report net capital outlays for infrastructure as expenditures. However in the statement of activities these outlays are capitalized and under the modified approach not depreciated. This is the amount of the net capital outlays for infrastructure under the modified approach in the current period. 337,823

Governmental funds report net capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays (\$15,256) exceeds depreciation (\$151,637) in the current period. (166,893)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Tax revenue	(75,195)
Non-tax revenue	134,568

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.

Operating expenses	14,077
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The change in net pension liability does not provide or require the use of current financial resources:

Increase in net pension liabilities	(14,949)
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The change in other postemployment benefits do not provide or require the use of current financial resources. 69,858

Internal service funds are used by management to charge the costs of certain activities, such as insurance, data processing, telecommunications, fleet management, and printing, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities. 49,029

Change in net position of governmental activities.	<u>\$ 756,558</u>
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The notes to the financial statements are an integral part of this statement.



**State of Indiana**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2018**

(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ -	\$ 77,401	\$ 77,401	\$ 180,425
Cash, cash equivalents and investments - restricted	600,840	-	600,840	-
Receivables:				
Accounts	40,695	448	41,143	25,498
Interest	2,900	258	3,158	-
Interfund services provided	-	-	-	9,673
Inventory	-	694	694	3,279
Prepaid expenses	-	78	78	-
Other assets	-	28	28	-
Total current assets	644,435	78,907	723,342	218,875
Noncurrent assets:				
Accounts receivable	141,257	-	141,257	-
Capital assets:				
Capital assets not being depreciated/amortized	-	34	34	-
Capital assets being depreciated/amortized	-	714	714	95,774
less accumulated depreciation/amortization	-	(554)	(554)	(48,911)
Total capital assets, net of depreciation/amortization	-	194	194	46,863
Total noncurrent assets	141,257	194	141,451	46,863
<b>Total assets</b>	<b>785,692</b>	<b>79,101</b>	<b>864,793</b>	<b>265,738</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	-	-	-	8,607
Related to OPEB	-	-	-	108
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,715</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	53,323	639	53,962	46,364
Claims payable	-	1,678	1,678	-
Salaries and benefits payable	-	461	461	2,021
Accrued liability for compensated absences	-	198	198	2,863
Unearned revenue	-	4,607	4,607	2
Other liabilities	-	274	274	4
Total current liabilities	53,323	7,857	61,180	51,254
Noncurrent liabilities:				
Accrued liability for compensated absences	-	564	564	2,706
Claims payable	-	22,868	22,868	-
Net pension liability	-	-	-	28,937
Net OPEB Liability	-	-	-	203
Total noncurrent liabilities	-	23,432	23,432	31,846
<b>Total liabilities</b>	<b>53,323</b>	<b>31,289</b>	<b>84,612</b>	<b>83,100</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions	-	-	-	217
Related to OPEB	-	-	-	28
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245</b>
<b>Net position</b>				
Net investment in capital assets	-	194	194	39,612
Restricted-expendable:				
Unemployment compensation	732,369	-	732,369	-
Unrestricted (deficit)	-	47,618	47,618	151,496
<b>Total net position</b>	<b>\$ 732,369</b>	<b>\$ 47,812</b>	<b>\$ 780,181</b>	<b>\$ 191,108</b>

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

**State of Indiana**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Funds	Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Sales/rents/premiums	\$ -	\$ 27,435	\$ 27,435	\$ 27,435	\$ 601,981
Employer contributions	501,716	-	-	501,716	-
Charges for services	-	-	-	-	10,277
Other	-	125	-	125	1,549
Total operating revenues	501,716	27,560	27,560	529,276	613,807
Cost of sales	-	5,407	5,407	5,407	20,077
Gross margin	501,716	22,153	22,153	523,869	593,730
<b>Operating expenses:</b>					
General and administrative expense	-	18,428	18,428	18,428	166,166
Claims expense	-	506	506	506	-
Health / disability benefit payments	-	-	-	-	364,559
Unemployment compensation benefits	257,338	-	-	257,338	-
Depreciation and amortization	-	43	43	43	11,518
Other	-	18	18	18	-
Total operating expenses	257,338	18,995	18,995	276,333	542,243
Operating income (loss)	244,378	3,158	3,158	247,536	51,487
<b>Nonoperating revenues (expenses):</b>					
Interest and other investment income	10,332	48	48	10,380	2
Interest and other investment expense	-	(690)	(690)	(690)	-
Gain (Loss) on disposition of assets	-	-	-	-	(1,897)
Contributions to other postemployment benefits	-	-	-	-	(16,645)
Total nonoperating revenues (expenses)	10,332	(642)	(642)	9,690	(18,540)
Income before contributions and transfers	254,710	2,516	2,516	257,226	32,947
Capital contributions	-	-	-	-	16,413
Transfers in	-	-	-	-	1,176
Transfers (out)	-	(2,089)	(2,089)	(2,089)	(1,507)
<b>Change in net position</b>	<b>254,710</b>	<b>427</b>	<b>427</b>	<b>255,137</b>	<b>49,029</b>
<b>Net position, July 1, as restated</b>	<b>477,659</b>	<b>47,385</b>	<b>47,385</b>	<b>525,044</b>	<b>142,079</b>
<b>Net position, June 30</b>	<b>\$ 732,369</b>	<b>\$ 47,812</b>	<b>\$ 47,812</b>	<b>\$ 780,181</b>	<b>\$ 191,108</b>

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

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>Unemployment Compensation Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 524,243	\$ 27,615	\$ 551,858	\$ 616,727
Cash paid for general and administrative	-	(18,231)	(18,231)	(169,894)
Cash paid for salary/health/disability benefit payments	(251,347)	-	(251,347)	(50,302)
Cash paid to suppliers	-	(5,372)	(5,372)	(19,951)
Cash paid for claims expense	-	(960)	(960)	(317,081)
Other operating income	-	-	-	78
Net cash provided (used) by operating activities	<u>272,896</u>	<u>3,052</u>	<u>275,948</u>	<u>59,577</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	-	-	1,176
Transfers out	-	(2,089)	(2,089)	(1,507)
Increase (decrease) in contributed capital	-	-	-	16,413
Contributions to other postemployment benefits	-	-	-	(16,645)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(2,089)</u>	<u>(2,089)</u>	<u>(563)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition/construction of capital assets	-	(34)	(34)	(21,431)
Proceeds from sale of assets	-	-	-	1,247
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(34)</u>	<u>(34)</u>	<u>(20,184)</u>
<b>Cash flows from investing activities:</b>				
Proceeds from sales of investments	-	5,000	<b>5,000</b>	-
Purchase of investments	-	(4,997)	(4,997)	-
Interest income (expense) on investments	7,432	1,197	<b>8,629</b>	2
Net cash provided (used) by investing activities	<u>7,432</u>	<u>1,200</u>	<u>8,632</u>	2
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>280,328</b>	<b>2,129</b>	<b>282,457</b>	38,832
<b>Cash and cash equivalents, July 1</b>	<b>320,512</b>	<b>14,963</b>	<b>335,475</b>	141,593
<b>Cash and cash equivalents, June 30</b>	<b><u>\$ 600,840</u></b>	<b><u>\$ 17,092</u></b>	<b><u>\$ 617,932</u></b>	<b><u>\$ 180,425</u></b>
<b>Reconciliation of cash , cash equivalents and investments:</b>				
Cash and cash equivalents unrestricted at end of year	\$ -	\$ 17,092	\$ 17,092	\$ 180,425
Cash and cash equivalents restricted at end of year	600,840	-	600,840	-
Investments unrestricted	-	60,309	60,309	-
<b>Cash, cash equivalents and investments per balance sheet</b>	<b><u>\$ 600,840</u></b>	<b><u>\$ 77,401</u></b>	<b><u>\$ 678,241</u></b>	<b><u>\$ 180,425</u></b>
<b>Noncash investing, capital and financing activities:</b>				
Increase (Decrease) in fair value of investments	\$ -	\$ 3	\$ 3	\$ -

**State of Indiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Unemployment Compensation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 244,378	\$ 3,158	\$ 247,536	\$ 51,487
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	43	43	11,518
(Increase) decrease in receivables	22,527	(45)	22,482	2,842
(Increase) decrease in interfund services provided	-	-	-	163
(Increase) decrease in inventory	-	34	34	350
(Increase) decrease in prepaid expenses	-	39	39	-
(Increase) decrease in deferred outflows	-	-	-	2,057
Increase (decrease) in claims payable	-	(454)	(454)	(2,880)
Increase (decrease) in accounts payable	5,991	24	6,015	(5,405)
Increase (decrease) in unearned revenue	-	142	142	(4)
Increase (decrease) in salaries payable	-	69	69	85
Increase (decrease) in compensated absences	-	50	50	166
Increase (decrease) in net pension liabilities	-	-	-	302
Increase (decrease) in net OPEB liabilities	-	-	-	(934)
Increase (decrease) in deferred inflows	-	-	-	(169)
Increase (decrease) in other payables	-	(8)	(8)	(1)
Net cash provided (used) by operating activities	\$ 272,896	\$ 3,052	\$ 275,948	\$ 59,577

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

**State of Indiana**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Private-Purpose Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>				
Cash, cash equivalents and non-pension investments	\$ 45,691	\$ 71,190	\$ 1,063,892	\$ 861,974
Securities lending collateral	307,922	-	-	-
Receivables:				
Taxes	-	-	-	19,259
Contributions	36,246	-	-	-
Interest	90,702	47	117	-
Securities lending	63	4	-	-
Member loans	77	-	-	-
Accounts	-	144	-	82
From investment sales	8,496,263	-	-	-
Other	28	-	-	-
Total receivables	8,623,379	195	117	19,341
Pension and other employee benefit investments at fair value:				
Short term investments	1,400,676	-	-	-
Equity Securities	9,081,946	-	-	-
Debt Securities	13,361,204	-	-	-
Other	11,721,862	-	-	-
Total investments at fair value	35,565,688	-	-	-
Other assets	159	-	-	-
Property, plant and equipment net of accumulated depreciation	5,165	-	-	-
<b>Total assets</b>	<b>44,548,004</b>	<b>71,385</b>	<b>1,064,009</b>	<b>\$ 881,315</b>
<b>Liabilities</b>				
Accounts/escrows payable	8,933	253	88	\$ 881,315
Salaries and benefits payable	-	92	-	-
Securities lending payable	63	4	-	-
Benefits payable	6,584	-	-	-
Investment purchases payable	8,747,161	-	-	-
Securities purchased payable	298,692	-	-	-
Securities lending collateral	307,922	-	-	-
Other	1,707	-	47	-
<b>Total liabilities</b>	<b>9,371,062</b>	<b>349</b>	<b>135</b>	<b>\$ 881,315</b>
<b>Net Position</b>				
Restricted for:				
Employees' pension benefits	34,643,873	-	-	-
OPEB benefits	518,290	-	-	-
Future death benefits	14,779	-	-	-
Trust beneficiaries	-	71,036	-	-
Investment pool participants	-	-	1,063,874	-
<b>Total net position</b>	<b>\$ 35,176,942</b>	<b>\$ 71,036</b>	<b>\$ 1,063,874</b>	

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

**State of Indiana**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**  
 (amounts expressed in thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Private-Purpose Trust Funds</b>	<b>Investment Trust Fund</b>
<b>Additions:</b>			
Member contributions	\$ 366,586	\$ 77	\$ 1,437,317
Employer contributions	1,074,558	-	-
Contributions from the State of Indiana	1,124,814	-	-
Net investment income (loss)	3,061,249	659	13,168
Less investment expense	(206,744)	-	-
Current service charges	-	9,671	-
Federal reimbursements	585	-	-
Donations/escheats	-	111,149	-
Reinvestment of distributions	-	-	11,924
Other	995	-	-
 Total additions	 5,422,043	 121,556	 1,462,409
<b>Deductions:</b>			
Pension and disability benefits	2,553,292	-	-
Retiree health benefits	42,329	-	-
Death benefits	1,634	-	-
Payments to participants/beneficiaries	-	119,030	12,006
Refunds of contributions and interest	179,625	-	1,139,730
Administrative	42,759	-	871
Pension relief distributions	212,634	-	-
Other	1,151	-	207
 Total deductions	 3,033,424	 119,030	 1,152,814
 <b>Net increase (decrease) in net position</b>	 2,388,619	 2,526	 309,595
 <b>Net position restricted, July 1, as restated</b>	 32,788,323	 68,510	 754,279
 <b>Net position restricted, June 30</b>	 <u>\$ 35,176,942</u>	 <u>\$ 71,036</u>	 <u>\$ 1,063,874</u>

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

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2018**  
**(amounts expressed in thousands)**

	<b>Governmental</b>	<b>Proprietary</b>	<b>Colleges and Universities</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 8,619	\$ 577,237	\$ 753,670	\$ 1,339,526
Cash, cash equivalents and investments - restricted	125,308	1,202,052	735,993	2,063,353
Securities lending collateral	-	-	90,182	90,182
Receivables (net)	3,173	365,666	516,449	885,288
Due from primary government	-	5,000	3,666	8,666
Inventory	-	147	14,205	14,352
Prepaid expenses	-	5,650	6,191	11,841
Loans	-	143,622	-	143,622
Investment in direct financing lease	-	100,618	278	100,896
Other assets	-	553	121,827	122,380
Total current assets	<u>137,100</u>	<u>2,400,545</u>	<u>2,242,461</u>	<u>4,780,106</u>
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	-	377,035	3,828,601	4,205,636
Cash, cash equivalents and investments - restricted	-	702,674	5,410,876	6,113,550
Receivables (net)	-	640,693	607,017	1,247,710
Due from primary government	-	20,000	-	20,000
Loans	70,194	2,201,717	-	2,271,911
Investment in direct financing lease	-	1,970,928	5,184	1,976,112
OPEB assets	-	-	35,655	35,655
Other assets	-	115,709	46,519	162,228
Capital assets:				
Capital assets not being depreciated/amortized	-	1,834,794	770,741	2,605,535
Capital assets being depreciated/amortized	424	974,500	13,702,057	14,676,981
less accumulated depreciation/amortization	(188)	(456,081)	(6,272,448)	(6,728,717)
Total capital assets, net of depreciation/amortization	<u>236</u>	<u>2,353,213</u>	<u>8,200,350</u>	<u>10,553,799</u>
Total noncurrent assets	<u>70,430</u>	<u>8,381,969</u>	<u>18,134,202</u>	<u>26,586,601</u>
<b>Total assets</b>	<b><u>207,530</u></b>	<b><u>10,782,514</u></b>	<b><u>20,376,663</u></b>	<b><u>31,366,707</u></b>
<b>Deferred Outflows of Resources</b>				
Accumulated decrease in fair value of hedging derivatives	-	84,098	707	84,805
Debt refunding loss	-	51,798	40,446	92,244
Related to pensions	1,860	6,135	105,188	113,183
Swap termination	-	65,704	-	65,704
Related to OPEB	-	-	85,987	85,987
<b>Total deferred outflows of resources</b>	<b><u>1,860</u></b>	<b><u>207,735</u></b>	<b><u>232,328</u></b>	<b><u>441,923</u></b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	5,899	50,434	434,926	491,259
Interest payable	-	68,979	35,998	104,977
Due to primary government	-	12,990	-	12,990
Unearned revenue	5,789	146,925	266,651	419,365
Securities lending collateral	-	-	90,182	90,182
Accrued liability for compensated absences	-	195	91,335	91,530
Other liabilities	336	35,219	33,607	69,162
Current portion of long-term liabilities	468	619,602	319,281	939,351
Total current liabilities	<u>12,492</u>	<u>934,344</u>	<u>1,271,980</u>	<u>2,218,816</u>

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2018**  
**(amounts expressed in thousands)**

	Governmental	Proprietary	Colleges and Universities	Total
<b>Noncurrent liabilities:</b>				
Accrued liability for compensated absences	-	72	83,167	<b>83,239</b>
Accrued prize liabilities	-	91,272	-	<b>91,272</b>
Net pension and OPEB liabilities	4,797	21,260	667,865	<b>693,922</b>
Unearned revenue	-	12,635	55,250	<b>67,885</b>
Funds held in trust for others	-	-	273,774	<b>273,774</b>
Advances from federal government	-	-	23,163	<b>23,163</b>
Revenue bonds/notes payable	-	5,709,535	2,961,947	<b>8,671,482</b>
Derivative instrument liability	-	84,465	707	<b>85,172</b>
Other noncurrent liabilities	-	54,388	90,858	<b>145,246</b>
<b>Total noncurrent liabilities</b>	<b>4,797</b>	<b>5,973,627</b>	<b>4,156,731</b>	<b>10,135,155</b>
<b>Total liabilities</b>	<b>17,289</b>	<b>6,907,971</b>	<b>5,428,711</b>	<b>12,353,971</b>
<b>Deferred Inflows of Resources</b>				
Advanced payment for service concession agreement	-	3,115,573	-	<b>3,115,573</b>
Service concession arrangement receipts	-	277,988	1,882	<b>279,870</b>
Related to pensions	72	294	36,144	<b>36,510</b>
Related to OPEB	-	-	39,454	<b>39,454</b>
Related to irrevocable split interest agreements	-	101	19,206	<b>19,307</b>
<b>Total deferred inflows of resources</b>	<b>72</b>	<b>3,393,956</b>	<b>96,686</b>	<b>3,490,714</b>
<b>Net Position</b>				
Net investment in capital assets	236	1,055,438	5,162,909	<b>6,218,583</b>
Restricted - nonexpendable:				
Permanent funds	-	782	105,538	<b>106,320</b>
Instruction and research	-	-	1,098,813	<b>1,098,813</b>
Student aid	-	-	1,110,008	<b>1,110,008</b>
Other purposes	-	-	429,143	<b>429,143</b>
Restricted - expendable:				
Grants/constitutional restrictions	186,639	1,551,985	24,970	<b>1,763,594</b>
Future debt service	-	262,785	16,979	<b>279,764</b>
Instruction and research	-	-	838,957	<b>838,957</b>
Student aid	-	3	763,414	<b>763,417</b>
Endowments	-	973	553,292	<b>554,265</b>
Capital projects	-	5,906	453,085	<b>458,991</b>
Other purposes	-	167	523,917	<b>524,084</b>
Unrestricted	5,154	(2,189,717)	4,002,569	<b>1,818,006</b>
<b>Total net position</b>	<b>\$ 192,029</b>	<b>\$ 688,322</b>	<b>\$ 15,083,594</b>	<b>\$ 15,963,945</b>

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

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units**  
**For the Fiscal Year Ended June 30, 2018**  
**(amounts expressed in thousands)**

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Net (Expense) Revenue
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Proprietary	Colleges and Universities	
\$ 91,492	\$ 266	\$ 11,192	\$ 50,288	\$ (80,034)	\$ 132,536	\$ -	\$ (80,034)
2,047,840	1,711,055	419,033	152,650	-	-	-	132,536
7,295,347	3,516,627	1,928,178	-	-	-	(1,697,892)	(1,697,892)
<b>\$ 9,434,679</b>	<b>\$ 5,227,948</b>	<b>\$ 2,358,403</b>	<b>\$ 202,938</b>	<b>(80,034)</b>	<b>132,536</b>	<b>(1,697,892)</b>	<b>(1,645,390)</b>
Total component units				2,362	-	-	2,362
General Revenues:							
Gaming tax				2,362	-	-	2,362
Total taxes				-	-	-	-
Revenue not restricted to specific programs:							
Investment earnings				1,184	28,909	462,414	492,507
Payments from State of Indiana				60,579	22,534	1,582,943	1,666,056
Other				-	2,653	364,815	367,468
Total general revenues				64,125	54,096	2,410,172	2,528,393
Change in net position				(15,909)	186,632	712,280	883,003
Net position - beginning, as restated				207,938	501,690	14,371,314	15,080,942
<b>Net position - ending</b>	<b>\$ 192,029</b>	<b>\$ 688,322</b>	<b>\$ 15,083,594</b>				<b>\$ 15,963,945</b>

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



**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA/IMC Elimination	Total Component Units
<b>Assets</b>					
Current assets:					
Cash, cash equivalents and investments - unrestricted	\$ 103,030	\$ 42,682	\$ 431,525	\$ -	\$ 577,237
Cash, cash equivalents and investments - restricted	843,496	-	358,556	-	1,202,052
Receivables (net)	66,322	115,396	199,883	(15,935)	365,666
Due from primary government	-	-	5,000	-	5,000
Inventory	-	-	147	-	147
Prepaid expenses	2,406	1,553	1,691	-	5,650
Loans	140,444	-	13,233	(10,055)	143,622
Investment in direct financing lease	90,563	-	13,610	(3,555)	100,618
Other assets	-	-	553	-	553
Total current assets	1,246,261	159,631	1,024,198	(29,545)	2,400,545
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	96,892	280,143	-	377,035
Cash, cash equivalents and investments - restricted	226,161	8,510	468,003	-	702,674
Receivables (net)	-	-	640,693	-	640,693
Due from primary government	-	-	20,000	-	20,000
Loans	2,990,069	-	174,733	(963,085)	2,201,717
Investment in direct financing lease	1,032,994	-	1,020,069	(82,135)	1,970,928
Other assets	102,973	12,635	101	-	115,709
Capital assets:					
Capital assets not being depreciated/amortized	1,701,698	-	133,096	-	1,834,794
Capital assets being depreciated/amortized	614,789	3,118	356,593	-	974,500
less accumulated depreciation/amortization	(262,948)	(2,377)	(190,756)	-	(456,081)
Total capital assets, net of depreciation/amortization	2,053,539	741	298,933	-	2,353,213
Total noncurrent assets	6,405,736	118,778	2,902,675	(1,045,220)	8,381,969
<b>Total assets</b>	<b>7,651,997</b>	<b>278,409</b>	<b>3,926,873</b>	<b>(1,074,765)</b>	<b>10,782,514</b>
<b>Deferred Outflows of Resources</b>					
Accumulated decrease in fair value of hedging derivatives	78,790	-	84,098	(78,790)	84,098
Debt refunding loss	39,961	-	12,599	(762)	51,798
Related to pensions	722	871	4,542	-	6,135
Swap termination	65,704	-	65,704	(65,704)	65,704
<b>Total deferred outflows of resources</b>	<b>185,177</b>	<b>871</b>	<b>166,943</b>	<b>(145,256)</b>	<b>207,735</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	16,894	22,328	11,212	-	50,434
Interest payable	54,974	-	29,940	(15,935)	68,979
Due to primary government	-	12,990	-	-	12,990
Unearned revenue	77,511	4,472	64,942	-	146,925
Accrued liability for compensated absences	-	-	195	-	195
Other liabilities	1,942	436	32,841	-	35,219
Current portion of long-term liabilities	280,477	122,567	230,168	(13,610)	619,602
Total current liabilities	431,798	162,793	369,298	(29,545)	934,344

**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

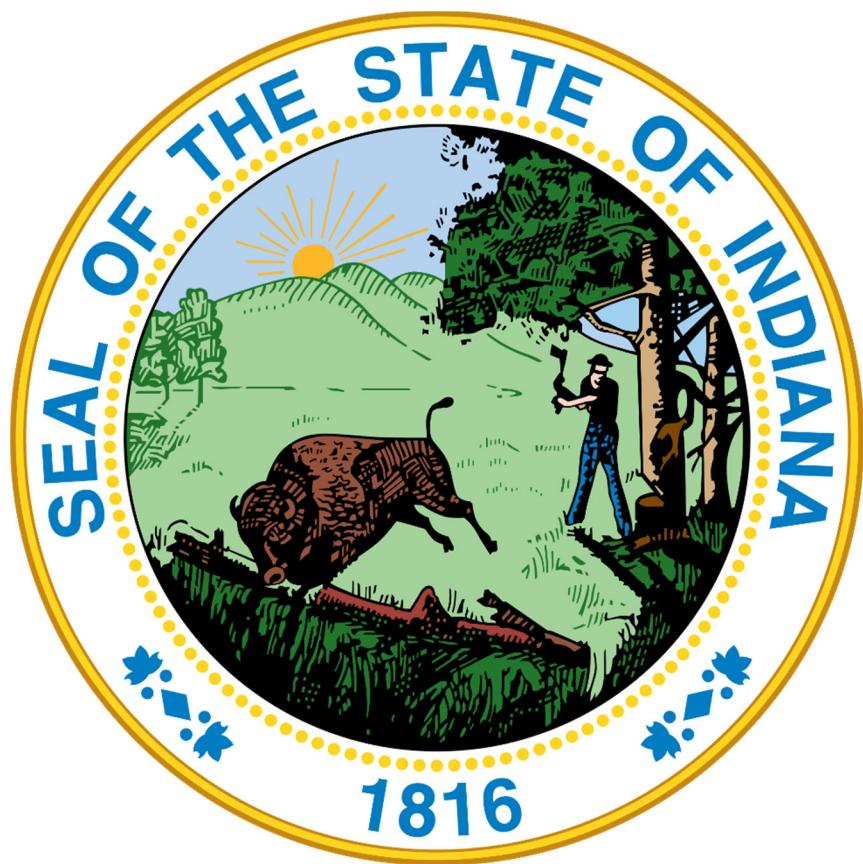
	Indiana Finance Authority	State Lottery Commission	Non-Major	IFA & ISCBA/IMC Elimination	Total Component Units
<b>Noncurrent liabilities:</b>					
Accrued liability for compensated absences	-	-	72	-	<b>72</b>
Accrued prize liabilities	-	91,272	-	-	<b>91,272</b>
Net pension and OPEB liabilities	2,195	2,763	16,302	-	<b>21,260</b>
Unearned revenue	-	12,635	-	-	<b>12,635</b>
Revenue bonds/notes payable	4,496,604	-	2,324,617	(1,111,686)	<b>5,709,535</b>
Derivative instrument liability	78,790	-	84,465	(78,790)	<b>84,465</b>
Other noncurrent liabilities	-	-	54,388	-	<b>54,388</b>
<b>Total noncurrent liabilities</b>	<b>4,577,589</b>	<b>106,670</b>	<b>2,479,844</b>	<b>(1,190,476)</b>	<b>5,973,627</b>
<b>Total liabilities</b>	<b>5,009,387</b>	<b>269,463</b>	<b>2,849,142</b>	<b>(1,220,021)</b>	<b>6,907,971</b>
<b>Deferred Inflows of Resources</b>					
Advanced payment for service concession agreement	3,111,919	-	3,654	-	<b>3,115,573</b>
Service concession arrangement receipts	277,988	-	-	-	<b>277,988</b>
Related to pensions	16	35	243	-	<b>294</b>
Related to irrevocable split interest agreements	-	-	101	-	<b>101</b>
<b>Total deferred inflows of resources</b>	<b>3,389,923</b>	<b>35</b>	<b>3,998</b>	<b>-</b>	<b>3,393,956</b>
<b>NET POSITION</b>					
Net investment in capital assets	812,004	741	242,693	-	<b>1,055,438</b>
Restricted - nonexpendable:					
Permanent funds	-	-	782	-	<b>782</b>
Restricted - expendable:					
Grants/constitutional restrictions	1,379,628	-	172,357	-	<b>1,551,985</b>
Future debt service	181,743	-	81,042	-	<b>262,785</b>
Student aid	-	-	3	-	<b>3</b>
Endowments	-	-	973	-	<b>973</b>
Capital projects	-	-	5,906	-	<b>5,906</b>
Other purposes	-	-	167	-	<b>167</b>
Unrestricted	(2,935,511)	9,041	736,753	-	<b>(2,189,717)</b>
<b>Total net position</b>	<b>\$ (562,136)</b>	<b>\$ 9,782</b>	<b>\$ 1,240,676</b>	<b>\$ -</b>	<b>\$ 688,322</b>

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

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

Program Revenues							Net (Expense) Revenue and Changes in Net Position		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Authority	State Lottery Commission	Non-Major	IFAA & ISCBA Interfund Eliminations	Net (Expense) Revenue	
Indiana Finance Authority (IFAA)									
State Lottery Commission	\$ 263,812	\$ 374,146	\$ 48,518	\$ 158,852	\$ (8,010)	\$ -	\$ -	\$ 158,852	
Non-Major Proprietary	1,278,076	1,270,066	-	-	-	(18,306)	-	(8,010)	
IFAA & ISCBA/IMC Interfund Eliminations	561,055 (55,103)	117,817 (50,974)	423,162 (4,129)	1,770	-	-	-	(18,306)	
Total component units	\$ 2,047,840	\$ 1,711,055	\$ 419,033	\$ 50,288	\$ 158,852	\$ (8,010)	\$ (18,306)	\$ -	
General revenues:									
Investment earnings				11,808	428	16,673	-	28,909	
Payments from State of Indiana				-	-	22,534	-	22,534	
Other				-	2,653	-	-	2,653	
Total general revenues				11,808	3,081	39,207	-	54,096	
Change in net position				170,660	(4,929)	20,901	-	186,632	
Net position - beginning, as restated									
<b>Net position - ending</b>	<b>\$ (732,796)</b>	<b>\$ 14,711</b>	<b>\$ 1,219,775</b>	<b>\$ 1,240,676</b>	<b>\$ 9,782</b>	<b>\$ 1,240,676</b>	<b>\$ 9,782</b>	<b>\$ 688,322</b>	

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



**State of Indiana**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2018**  
 (amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
<b>Assets</b>				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 55,440	\$ 234,038	\$ 464,192	\$ 753,670
Cash, cash equivalents and investments - restricted	272,374	291,083	172,536	735,993
Securities lending collateral	90,182	-	-	90,182
Receivables (net)	211,744	178,533	126,172	516,449
Due from primary government	-	-	3,666	3,666
Inventory	10,172	-	4,033	14,205
Prepaid expenses	-	3	6,188	6,191
Investment in direct financing lease	-	-	278	278
Other assets	48,649	43,714	29,464	121,827
Total current assets	688,561	747,371	806,529	2,242,461
Noncurrent assets:				
Cash, cash equivalents and investments - unrestricted	1,624,305	1,467,222	737,074	3,828,601
Cash, cash equivalents and investments - restricted	2,421,680	2,407,945	581,251	5,410,876
Receivables (net)	273,186	302,046	31,785	607,017
Investment in direct financing lease	-	-	5,184	5,184
OPEB assets	-	-	35,655	35,655
Other assets	-	36,276	10,243	46,519
Capital assets:				
Capital assets not being depreciated/amortized	379,266	138,236	253,239	770,741
Capital assets being depreciated/amortized	5,438,225	4,738,017	3,525,815	13,702,057
less accumulated depreciation/amortization	(2,476,636)	(2,327,283)	(1,468,529)	(6,272,448)
Total capital assets, net of depreciation/amortization	3,340,855	2,548,970	2,310,525	8,200,350
Total noncurrent assets	7,660,026	6,762,459	3,711,717	18,134,202
<b>Total assets</b>	<b>8,348,587</b>	<b>7,509,830</b>	<b>4,518,246</b>	<b>20,376,663</b>
<b>Deferred Outflows of Resources</b>				
Accumulated decrease in fair value of hedging derivatives	-	-	707	707
Debt refunding loss	19,171	20,485	790	40,446
Related to pensions	43,371	32,402	29,415	105,188
Related to OPEB	55,275	-	30,712	85,987
<b>Total deferred outflows of resources</b>	<b>117,817</b>	<b>52,887</b>	<b>61,624</b>	<b>232,328</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	213,707	138,215	83,004	434,926
Interest payable	7,778	19,511	8,709	35,998
Unearned revenue	110,592	130,642	25,417	266,651
Securities lending collateral	90,182	-	-	90,182
Accrued liability for compensated absences	43,480	28,455	19,400	91,335
Other liabilities	-	3,372	30,235	33,607
Current portion of long-term liabilities	77,585	147,711	93,985	319,281
Total current liabilities	543,324	467,906	260,750	1,271,980
Noncurrent liabilities:				
Accrued liability for compensated absences	32,802	38,346	12,019	83,167
Net pension and OPEB liabilities	360,609	125,208	182,048	667,865
Unearned revenue	37,388	17,862	-	55,250
Funds held in trust for others	116,300	97,609	59,865	273,774
Advances from federal government	-	14,935	8,228	23,163
Revenue bonds/notes payable	946,125	1,012,628	1,003,194	2,961,947
Derivative instrument liability	-	-	707	707
Other noncurrent liabilities	43,283	8,097	39,478	90,858
Total noncurrent liabilities	1,536,507	1,314,685	1,305,539	4,156,731
<b>Total liabilities</b>	<b>2,079,831</b>	<b>1,782,591</b>	<b>1,566,289</b>	<b>5,428,711</b>

**State of Indiana****Combining Statement of Net Position****Discretely Presented Component Units -****Colleges and Universities****June 30, 2018**

(amounts expressed in thousands)

	Indiana University	Purdue University	Non-Major Colleges and Universities	Totals
<b>Deferred Inflows of Resources</b>				
Service concession arrangement receipts	-	-	1,882	1,882
Related to pensions	18,801	11,197	6,146	36,144
Related to OPEB	4,733	1,695	33,026	39,454
Related to Irrevocable Split-Interest Agreements	-	19,206	-	19,206
<b>Total deferred inflows of resources</b>	<b>23,534</b>	<b>32,098</b>	<b>41,054</b>	<b>96,686</b>
<b>Net Position</b>				
Net investment in capital assets	2,320,100	1,552,896	1,289,913	5,162,909
Restricted - nonexpendable:				
Permanent funds	60,213	-	45,325	105,538
Instruction and research	638,257	424,366	36,190	1,098,813
Student aid	591,907	395,667	122,434	1,110,008
Other purposes	355,828	44,081	29,234	429,143
Restricted - expendable:				
Grants/constitutional restrictions	-	-	24,970	24,970
Future debt service	16,871	-	108	16,979
Instruction and research	314,895	428,177	95,885	838,957
Student aid	194,087	455,368	113,959	763,414
Endowments	-	536,535	16,757	553,292
Capital projects	193,533	62,719	196,833	453,085
Other purposes	416,932	74,029	32,956	523,917
Unrestricted	1,260,416	1,774,190	967,963	4,002,569
<b>Total net position</b>	<b>\$ 6,363,039</b>	<b>\$ 5,748,028</b>	<b>\$ 2,972,527</b>	<b>\$ 15,083,594</b>

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

**State of Indiana**  
**Combining Statement of Activities**  
**Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

Program Revenues				Net (Expense) Revenue and Changes in Net Position			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana University	Purdue University	Non-Major Colleges and Universities	Net (Expense) Revenue
Indiana University 2,361,890	\$ 1,611,673 1,293,383	\$ 885,372 612,575	\$ 68,056 24,936	\$ (779,710) -	\$ (430,996) -	\$ - -	\$ (779,710) (430,996)
Purdue University Non-Major Colleges and Universities 1,588,646	611,571	430,231	59,658	-	-	(487,186) -	(487,186) (487,186)
Total component units	<u>\$ 7,295,347</u>	<u>\$ 3,516,627</u>	<u>\$ 1,928,178</u>	<u>\$ 152,650</u>	<u>\$ (779,710)</u>	<u>(430,996)</u>	<u>(1,697,892)</u>
General revenues:							
Investment earnings				218,535	198,553	45,326	462,414
Payments from State of Indiana				576,597	398,143	608,203	1,582,943
Other				315,187	31,010	18,618	364,815
Total general revenues				<u>1,110,319</u>	<u>627,706</u>	<u>672,147</u>	<u>2,410,172</u>
Change in net position							
				330,609	196,710	184,961	712,280
Net position - beginning							
<b>Net position - ending</b>	<b><u>\$ 6,363,039</u></b>	<b><u>\$ 5,748,028</u></b>	<b><u>\$ 2,972,527</u></b>	<b><u>\$ 15,083,594</u></b>	<b><u>\$ 14,371,314</u></b>	<b><u>\$ 14,371,314</u></b>	<b><u>\$ 15,083,594</u></b>

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

# NOTES TO THE FINANCIAL STATEMENTS



## STATE OF INDIANA

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June 30, 2018

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**STATE OF INDIANA**  
**Notes to the Financial Statements**  
**June 30, 2018**  
**(schedule amounts are expressed in thousands)**

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the government (State of Indiana) and its component units. Blended component units, although legally separate entities, are in substance part of the government's operations; data from these units are combined with data of the primary government. Discretely presented component units are reported in one column in the government-wide financial statements. This column contains the governmental fund types, proprietary fund types, and colleges and universities. This is to emphasize that, as well as being legally separate from the government; they also provide services to and benefit local governments and/or the citizens of the State of Indiana. Of the component units, the Indiana Housing and Community Development Authority, Ports of Indiana, Indiana State Fair Commission, Indiana Comprehensive Health Insurance Association, and the Indiana Political Subdivision Risk Management Commission have a December 31, 2017, fiscal year-end.

#### *Blended Component Units*

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

The Bureau of Motor Vehicle Commission (BMVC) was established per Indiana Code 9-14-9 to develop and update Bureau of Motor Vehicles (BMV) policy, establish standards for the operation and maintenance of license branches, and submit budget proposals for the BMVC, BMV, and license branches. The BMVC has significant interrelated operations with the BMV and license branches. The BMV is responsible for the accurate and timely distribution of the fees and taxes (excise and wheel) collected at the license branches for driver licenses, auto and watercraft registrations, and license plates.

The BMVC consists of four individuals appointed by the governor and the chairperson who is the

commissioner of the BMV. No more than three of the members may be of the same political party. The BMVC is reported as a non-major governmental fund

The Indiana Homeland Security Foundation was established per Indiana Code 10-15-2-1 to assist the Indiana Department of Homeland Security (IDHS) in developing projects that benefit public safety in local communities. The foundation administers the Indiana Homeland Security fund which funds these IDHS projects. The foundation has significant interrelated operations with the IDHS. Foundation funds are aligned with the Indiana Strategy for Homeland Security of the IDHS. The Indiana Homeland Security Foundation is reported as a non-major governmental fund.

The Indiana Natural Resources Foundation was established per Indiana Code 14-12-1 to promote, support, assist, sustain and encourage charitable, educational and scientific programs, projects and policies of the Indiana Department of Natural Resources. The Indiana Natural Resources Foundation is reported as a non-major governmental fund.

#### *Discretely Presented Component Units*

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

primary government appoints a voting majority of their governing bodies and is financially accountable for each organization: Indiana Board for Depositories, Indiana State Fair Commission, and the Indiana Public Retirement System.

The Indiana Economic Development Corporation (IEDC) was created per Indiana Code 5-28-3 to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy and the orderly economic development and growth of Indiana, the creation of new jobs, the retention of existing jobs, the growth and modernization of existing industry, and the promotion of Indiana. The IEDC leads the state of Indiana's economic development efforts, helping businesses launch, grow, and locate in the state. The IEDC manages many initiatives, including performance-based tax credits, workforce training grants, innovation and entrepreneurship resources, public infrastructure assistance, and talent attraction and retention efforts. The IEDC Board of Directors is composed of 12 members, consisting of the Governor and 11 individuals appointed by the Governor. At least five members of the board must belong to the same political party as the Governor, and at least three members must belong to another major political party, but none may be members of the general assembly. The IEDC is reported as a non-major discretely presented governmental component unit. The separately issued audited financial statements may be obtained by writing the Indiana Economic Development Corporation, One North Capital Avenue, Suite 700, Indianapolis, IN 46204.

The Indiana Finance Authority (IFA) was created per Indiana Code 5-1.2-3-1 as a body both corporate and politic, and though separate from the State of Indiana (State); the exercise by the IFA of its powers constitutes an essential governmental function. Indiana's constitution restricts State incurrence of debt. As a result, the General Assembly created the IFA and authorized it to issue revenue bonds and other obligations to finance projects for lease to the State

The IFA finances and refinances state hospitals, state office buildings, state garages, correctional facilities, recreational facilities, highways, bridges, airport facilities, and other related facilities for the benefit of the State. The IFA also provides low interest loans to Indiana communities for environmental improvements. It also promotes business and employment opportunities by issuing tax-exempt financing for industrial development projects, rural development projects, childcare financing, and educational facility projects.

The IFA's revenue bonds and notes are special and limited obligations of the IFA, payable from lease rental revenue, bond or note proceeds and investment income. The IFA's revenue bonds are not general obligations of the IFA nor are they State debt within the meaning of any constitutional provision or limitation. The IFA cannot compel the General Assembly to make appropriations to pay lease rentals. The authority is composed of five members, consisting of the budget director or their designee, who serves as chairman, the Treasurer of State or their designee, and three members appointed by the governor of which no more than two may be from the same political party. The Authority is reported as a major discretely presented proprietary component unit. IFA's separately issued audited financial statements may be obtained by writing the Indiana Finance Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204

The State Lottery Commission of Indiana, created per Indiana Code 4-30-3, is composed of five members appointed by the Governor. Net proceeds from the Lottery are distributed to the State to be used to supplement teachers' retirement, local police and firefighters' pensions, and the Build Indiana Fund. A portion of the Build Indiana Fund is then used to supplement the Motor Vehicle Excise Tax Replacement Fund. The Commission is reported as a major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the State Lottery Commission of Indiana, 1302 North Meridian Street, Indianapolis, IN 46202

The Indiana Stadium and Convention Building Authority was established per Indiana Code 5-1-17, as an entity of the State to finance, design, construct, and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center. The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Stadium and Convention Building Authority, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

The Indiana Bond Bank, created per Indiana Code 5-1.5-2, is controlled by a board composed of the Treasurer of State, Director of Public Finance and five appointees of the Governor. The Bond Bank

issues debt obligations and invests the proceeds in various projects of State and local governments. The Bond Bank is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Bond Bank, 10 West Market Street, Suite 2410, Indianapolis, IN 46204

The Indiana Housing and Community Development Authority was created per Indiana Code 5-20-1-3 for the purpose of financing residential housing for persons and families of low and moderate incomes. The Authority's board consists of the Public Finance Director of the Indiana Finance Authority, the Lieutenant Governor, the State Treasurer and four persons appointed by the Governor. The Lieutenant Governor chairs the board. The Authority is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Housing and Community Development Authority, 30 South Meridian Street, Suite 1000, Indianapolis, IN 46204.

The Indiana Board for Depositories was established per Indiana Code 5-13-12 to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. The Board, consisting of the Governor, Treasurer of State, Auditor of State, Chairman of the Commission for Financial Institutions, State Examiner of the State Board of Accounts and four members appointed by the Governor, provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit. The Board is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Board for Depositories, One North Capitol Avenue, Suite 900, Indianapolis, IN 46204 or at [www.in.gov/tos/deposit/2374.htm](http://www.in.gov/tos/deposit/2374.htm).

The Indiana Secondary Market for Education Loans, Inc. (ISM), d/b/a INvestEd, was created per Indiana Code 21-16-5 to purchase education loans in the secondary market, lend money for the origination of education loans, and originate loans to consolidate education debt. The Governor appointed the original Board of Directors. ISM provides in its articles of incorporation that changes in the composition of its directors or in its bylaws are subject to the approval of the Governor. ISM is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Secondary Market for Education Loans, Inc., d/b/a INvestEd,

11595 North Meridian Street, Suite 200, Carmel, IN 46032

The White River State Park Development Commission created per Indiana Code 14-13-1-5 has the responsibility to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county, and is authorized to acquire additional land and property. The Commission has 10 voting members which consist of the director or their designee, the executive of the city of Indianapolis or their designee, the president of Indiana University or their designee, and seven members appointed by the governor. The Commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana White River State Park Development Commission, 801 West Washington Street, Indianapolis, IN 46204

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

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

The Indiana Comprehensive Health Insurance Association was created per Indiana Code 27-8-10-

2.1 to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage. The board of directors of the Association consists of nine members whose principal residence is in Indiana. Four members are appointed by the insurance commissioner from the members of the Association, one of which must be a representative of a health maintenance organization. Two members are appointed by the commissioner and shall be consumers representing policyholders. Other members are the state budget director or designee and the commissioner of the department of insurance or designee. One member appointed by the commissioner must be a representative of health care providers. The Association is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Comprehensive Health Insurance Association, 9465 Counselors Row, Suite 200, Indianapolis, IN 46240.

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

The Indiana State Museum and Historic Sites Corporation was created per Indiana Code 4-37 and is responsible for operating and administering the Indiana State Museum and eleven Historic Sites across the State. The eleven Historic Sites include Angel Mounds, Corydon Capitol, Culbertson Mansion, J.F.D. Lanier Mansion, Levi Coffin, Limberlost, New Harmony, T.C. Steele, Gene Stratton-Porter, Vincennes, and the Whitewater Canal. The Corporation is governed by a thirty member board of trustees of which twenty-five are voting members and five are non-voting members. Of the twenty-five voting members, thirteen persons are appointed by the governor and twelve are appointed by the board. The five non-voting members include the chief executive officer, the governor or governor's designee, one member of

the House of Representatives, one member of the Senate, and the director of the Department of Natural Resources or the director's designee. The Corporation is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana State Museum and Historic Sites Corporation, 650 West Washington Street, Indianapolis, IN 46204.

The Indiana Motorsports Commission was established per Indiana Code 5-1-17.5-15 as a separate body corporate and politic, as an instrumentality of the state, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The commission is governed by a board of directors composed of five directors of which one is the budget director, or the budget director's designee, and four directors appointed by the governor. The commission is reported as a non-major discretely presented proprietary component unit. The separately issued audited financial statements may be obtained by writing the Indiana Motorsports Commission, One North Capital Avenue, Suite 900, Indianapolis, IN 46204.

Each of the seven colleges and universities included in this report was established by individual legislation to provide higher education opportunities to the citizens of Indiana. The authority to administer the operations of each institution is granted to a separate board of trustees for each of the seven institutions. The number and makeup of the board of trustees of each college and university is prescribed by legislation specific for that institution. Four universities have nine member boards; two have ten member boards; and Ivy Tech Community College has a fourteen-member board of trustees. Appointments to the boards of trustees are made by the Governor and by election of the alumni of the respective universities. Indiana University and Purdue University are reported as a major discretely presented component unit. The separately issued audited financial statements for the colleges and universities may be obtained by writing to: Indiana University, Poplars Room 500, 400 E. 7<sup>th</sup> St., Bloomington, IN 47405-3001; Purdue University, Kurz Purdue Technology Center, 1281 Win Hentschel Blvd., Ste. 1100, West Lafayette, IN 47906-4182; Ball State University, Administration Bldg., 301, 2000 West University Avenue, Muncie, IN 47306; Indiana State University, Office of the Controller, 200 N. 7<sup>th</sup> Street, Terre Haute, IN 47809; Ivy Tech Community College, Attn: Chief Accounting Operations Officer, 50 West Fall Creek Parkway, North Drive, Indianapolis, IN 46208-5752; University

of Southern Indiana, 8600 University Boulevard, Evansville, IN 47712; and Vincennes University, 1002 North 1<sup>st</sup> Street, Vincennes, IN 47591.

#### *Fiduciary in Nature Component Unit*

The Indiana Public Retirement System (INPRS) was established per Indiana Code 5-10.5-2-1 as an independent body corporate and politic. INPRS is not a department or agency for the State, but is an independent instrumentality exercising essential government functions. The INPRS board is composed of nine trustees appointed by the Governor which includes the director of the budget agency or the director's designee as an ex officio voting member of the board. The board of trustees administers the following plans: Public Employees' Retirement Fund, Teachers' Retirement Fund, Judges' Retirement System, State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the Legislators' Retirement System Defined Benefit Plan, the Legislators' Retirement System Defined Contribution Plan, the Prosecuting Attorneys' Retirement Fund, the Pension Relief Fund, and one death benefit fund. For more information on the plans see Note V(E) Employee Retirement Systems and Plans. All of these funds have been aggregated for presentation from INPRS' financial statements. INPRS is included as a component unit because the primary government appoints a voting majority of its governing body and has financial accountability. The Indiana Public Retirement System was determined to be significant for note disclosure purposes involving the fiduciary in nature component units. The separately issued audited financial statements may be obtained by writing the Indiana Public

Retirement System, One North Capitol Avenue, Suite 001, Indianapolis, IN 46204.

#### *Related Organizations*

The primary government appoints a voting majority of the board of the Indiana Education Savings Authority (IESA) created per Indiana Code 21-9. The IESA serves as the governing board of Indiana's tax-advantaged CollegeChoice 529 Savings Plans which are CollegeChoice Direct, CollegeChoice Advisor, and CollegeChoice CD. The primary government's accountability for IESA does not extend beyond making the appointments to the board. The primary government is not able to impose its will on IESA nor is it financially accountable for IESA. The State had no related party transactions with IESA during fiscal year 2018.

The primary government appoints a voting majority of the board of the Achieving a Better Life Experience (ABLE) Authority created per Indiana Code 12-11-14-09. The authority serves as the governing board of Indiana's tax-advantaged ABLE Savings Plan, INvestABLE Indiana. The primary government's accountability for ABLE does not extend beyond making the appointments to the board. The primary government is not able to impose its will on ABLE nor is it financially accountable for IESA. ABLE expended \$166.8 thousand of a \$255.6 thousand state appropriation for operating expenses during fiscal year 2018.

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

## **B. Government-Wide and Fund Financial Statements**

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

fees and charges for services provided for their support.

The statement of activities matches the State's direct functional expense with the functional program revenue to identify the relative financial burden of each of the State's functions. This format identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing through fees and intergovernmental aid. Certain indirect costs are included in the program expense reported for individual functions of government. Program revenues derive directly from the program itself or from parties outside the State's taxpayers, as a

whole. They reduce the net cost of the function to be financed from the general revenues. Program revenues include charges for services, program-specific operating grants and contributions, and program-specific capital grants and contributions. Revenues that do not meet the criteria of program revenues are general revenues. These include all taxes; even those levied for a specific purpose and are reported by type of tax. Investment income is considered general revenue in the general fund.

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

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

#### **Measurement Focus and Basis of Accounting**

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

**Governmental funds** are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the State of Indiana, "available" means collectible within one month of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and related liabilities, and claims and judgments which

are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

#### **Financial Statement Presentation**

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

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

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

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

The following special revenue funds are presented as major.

- The ***Public Welfare-Medicaid Assistance Fund*** receives federal grants and State appropriations which are used to administer the Medicaid program. Federal grant revenues, hospital assessment fees, quality assessment fees, Intermediate Care Facility for Individuals with Disabilities fees, and other resources disclosed under interfund transfers in Note IV (B) are reported in this fund.
- The ***U.S. Department of Health and Human Services Fund*** receives federal grants that are used to carry out health and human services programs. Federal grant revenues,

vital record fees, child support annual fees, and other resources disclosed under interfund transfers in Note IV(B) are reported in this fund.

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

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

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

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

The State reports the following major enterprise fund:

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

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

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

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

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

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

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

#### D. Eliminating Internal Activity

Interfund activity including those from cash overdrafts in funds, interfund services provided or used, interfund loans and prepaid expenditures of internal service funds are eliminated as internal balances in the government-wide statement of net position. This is to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in

the governmental funds balance sheet has been eliminated in the government-wide statement of net position.

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

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

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

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

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

Investments and secured lending transactions are stated at fair value. Money market investments and participating interest-earning investment contracts that mature within one year of purchase are reported at cost, which approximates fair value. Fair value is determined by quoted market prices which approximates fair value. Investments that do not have an established market are reported at estimated fair value.

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

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

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

The Indiana Public Retirement System (INRPS) Board of Trustees administers nine pension trust funds including eight Defined Benefit retirement plans and three Defined Contribution retirement plans, one other employment benefit fund, and one custodial fund. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards. At June 30, 2018, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. The investments of INPRS are subject to the provisions of IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a). See Note IV(A)(3) for more information.

Investments which are authorized for the State Police Retirement fund include: U.S. Treasury and Agency obligations, State and municipal obligations, domestic corporate bonds/notes, common stock and equity securities, foreign stocks and bonds, mortgage pool investments, and repurchase agreements. The investments of the State Police Retirement fund are subject to the provisions of IC 10-12-2-2. See Note IV(A)(2) for more information.

## 2. Receivables and Payables

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

- Individual income tax – Individual withholding tax is due from employers by the 20<sup>th</sup> day after the end of the month collected. Estimated payments are due from individuals by the 15<sup>th</sup> of the month immediately following each quarter or the calendar year.
- Corporate income tax - Due quarterly on the 20<sup>th</sup> day of April, June, September, and December with the last payment due on April 15<sup>th</sup> for a calendar year taxpayer.
- Sales tax – Due by the 20<sup>th</sup> day after the end of the month collected.
- Fuel tax – Gasoline tax is due the 20<sup>th</sup> day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15<sup>th</sup> day after the end of the month collected or the 15<sup>th</sup> day after the end of the quarter collected. Motor carrier surtax is due at the end of the month following the end of the quarter.
- Financial institutions tax – same laws as corporate income taxes (see above) for making payments.
- Alcohol and tobacco taxes – Cigarette distributors must purchase tax stamps within 6 days after they accept delivery of the cigarettes. Cigarette tax is due within 30 days of the issuance of the tax stamp. Alcoholic beverage tax is due by the 20<sup>th</sup> day after the end of the month collected.

In the governmental fund financial statements, revenue is recognized on the flow of current financial resources. Material receivables are subject to accrual for receipts collected in the month of July. The State of Indiana does not collect property tax, which is collected by local units of government.

Unavailable revenue is the liability for the full accrual income taxes receivable net of the allowance for doubtful accounts and the portion of federal grants receivable not available in the current reporting period and is reported under deferred inflows of resources.

## 3. Interfund Transactions and Balances

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

- Interfund services provided and used (reciprocal interfund activity) – Charges for goods or services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund.
- Interfund Transfers (non-reciprocal interfund activity) – Legally authorized transfers whereby the two parties do not receive equivalent cash, goods or services are reported as transfers.

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

- Interfund loans – These are balances arising from the short-term and long-term portion of interfund transactions.
- Interfund services provided/used – These are balances arising in connection with reciprocal interfund activity or reimbursements. Balances relating to discretely presented component units are presented as 'Due from/to component units'.
- Interfund services provided and interfund loans are eliminated in the government-wide statements because they are provided by one governmental activity on behalf of another or by one business-type activity on behalf of another.

## 4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption rather than the purchases method is used for prepaids as expenditures or expenses are recorded for the cost of prepaid items when consumed rather than when purchased.

## 5. Restricted Net Position

Certain net positions are classified as restricted net position because their use is completely restricted by bond indentures, contracts, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. Net position restricted by enabling legislation for governmental activities totals \$1.1 billion, of which \$0.5 billion is permanent funds principal, \$0.5 billion is for the Economic Stabilization Fund as discussed in Note V (D), and \$0.1 billion is prepaid expenses.

## 6. Capital Assets

Capital outlays are reported as expenditures in the governmental funds and as assets in the government-wide statements to the extent the State's \$20,000 capitalization threshold for external financial reporting is met.

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

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

- a network average International Roughness Index based on the right wheel path (IRI RWP) of no more than 101 and no more than 12.5% of all pavements in the unacceptable range for Interstates, National Highway System (NHS) Non-Interstate roads, and Non-NHS roads,
- an average sufficiency rating of 87% for interstate bridges,
- an average sufficiency rating of 85% for NHS Non-Interstate bridges, and
- an average sufficiency rating of 83% for Non-NHS bridges.

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

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

INDOT projects are capitalized based on

capitalization and preservation percentages assigned to three hundred eight-six (386) work types. For example, the cost for constructing a new bridge would likely be 100% capitalized; whereas, the cost for adding travel lanes to a road would likely be assigned a work type code resulting in capitalization at 50% and preservation at 50%.

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

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Capital assets are depreciated in the proprietary and similar trust funds using the straight-line method on both the fund basis and the government-wide basis. Both the government-wide statements and proprietary and similar trust funds use the following estimated useful lives:

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

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

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

sales of collection items to be used to acquire other items for collections.

The State's major collections are:

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

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

## **7. Compensated Absences**

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

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

The legislative and judicial branches may elect to participate in a leave conversion program which allows their employees to convert a portion of accrued but unused vacation and sick leave into the deferred compensation plan. An employee must have at least 300 hours of vacation or sick leave accrued in order to participate in this plan. There is a sliding scale which determines how many hours are converted from those hours the employee has accrued. The hours converted are deposited into the

deferred compensation program's 401(a) plan at 60% of the employee's hourly rate. The legislative branch participated in this program in FY 2018 for their employees and the legislative branch has elected to participate in this program for FY 2019 for their employees.

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

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

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

## **9. Fund Balance**

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

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

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

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

*Assigned* – represents amounts that are constrained by the government's intent to be used for specific purposes as expressed by the governing body itself or the official to which the governing body has delegated the authority to assign amounts to be used

for specific purposes. The State Budget Agency has the authority per the biennial budget bill to make assignments of fund balances for specific purposes except for those restricted by law. The State Board of Finance comprised of the Governor, Auditor of State and Treasurer of State is empowered to make assignments of funds except for trust funds per I.C. 4-9.1-1-7.

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

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

## F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The allowance for doubtful accounts for taxes receivable, the estimate of claims payable for the Medicaid fund, the estimate of additions for the Local Distributions fund, and the estimated useful lives of capital assets are among the most sensitive accounting estimates affecting the financial statements.

The additions for the Local Distributions fund, an agency fund, are estimated using the most recent actual known local option income tax collections which are for the calendar year two years prior to the current fiscal year. Adjustments to the estimate are made for units of local government that have changed their local income tax rates during the following two calendar years, for actual collections during the six months prior to the end of the current fiscal year, and for interest earned. The economy, any rate changes that are made in the current calendar year after preparation of the financial statements, and any unknown errors can impact the estimation process and cause actual results to differ.

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

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

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

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

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

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

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

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

The government-wide statements use the flow of economic resources and therefore do not report revenues and expenses dependent on the availability of financial resources, as is reported in the fund financial statements. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. Net pension liabilities and other postemployment benefits do not require the use of current financial resources and are not reported as expenditures in the fund financial statements.

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

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Deficit Fund Equity

At June 30, 2018, various funds had a deficit fund balance caused by overdrafts from pooled cash and investments and the posting of accruals to the

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

Fund	Overdraft from pooled cash	Accrual deficits
<b>Governmental Funds</b>		
US Department of Health & Human Services	\$ (441,006)	\$ (18,959)
US Department of Agriculture	-	(12,032)
US Department of Labor	(6,519)	-
US Department of Education	-	(42,269)

#### B. Fund Balance

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

of the fund balance classifications at June 30, 2018 is as follows:

	General Fund	Public Welfare - Medicaid Assistance Fund	US Department of Health and Human Services	Non-Major Funds
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	501,125
Prepaid expense	75,021	-	-	43
<b>Restricted:</b>				
Administration	507,392	-	-	-
Natural Resources	-	-	-	100
<b>Committed:</b>				
Administration	-	-	-	8,441
Public Health	-	-	-	198,756
Economic Development	4,846	-	-	9,435
Environmental	-	-	-	2,502
Natural Resources	-	-	-	15,791
Higher Education	-	-	-	18
Secondary Education	-	-	-	583,646
Roads & Bridges	46,274	-	-	41,738
Other Purposes	-	-	-	15,475
<b>Assigned:</b>				
Administration	244,173	-	-	196,200
Corrections	554,263	-	-	18,321
Police & Protection	23,657	-	-	336,665
Mental Health	36,361	-	-	46,339
Public Health	20,331	704,381	-	291,022
Child Services	1,104,493	-	-	74,277
Disability & Aging	46,475	-	-	5,494
Economic Development	6,003	-	-	21,904
Environmental	14,144	-	-	95,566
Natural Resources	1,041	-	-	131,717
Higher Education	93,143	-	-	13,773
Secondary Education	393,572	-	-	19,335
Roads & Bridges	47,310	-	-	1,431,421
Capital Outlay	261,787	-	-	97,034
Other Purposes	181,888	-	-	83,841
<b>Unassigned:</b>	<b>275,535</b>	<b>-</b>	<b>(459,965)</b>	<b>(60,820)</b>
<b>Total</b>	<b>\$ 3,937,709</b>	<b>\$ 704,381</b>	<b>\$ (459,965)</b>	<b>\$ 4,179,159</b>

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits, Investments and Securities Lending

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

##### *Investment Policy*

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Level Indiana Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15, respectively. The Treasurer of State shall invest these funds in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5 with the exception that monies may not be invested in equity securities. For more information, please see the PERF policy in note IV(A)3. There are no formal deposit investment policies for the investment of these funds other than compliance to State statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Indiana Code 5-13-9 and Indiana Code 5-13-10.5 authorizes the Treasurer to invest in deposit accounts issued or offered by a designated

depository; municipal securities issued by an Indiana local governmental entity if the issuer has not defaulted on any obligation within the twenty years preceding the date of the purchase; AAA rated money market mutual funds with a portfolio made up of direct obligations of the United States, obligations issued by any federal agency, instrumentality, or federal government sponsored enterprise or repurchase agreements fully collateralized by the same obligations allowed to be owned within the money market mutual fund; commercial paper rated in the highest rating category by one nationally recognized rating service with a stated final maturity of 270 days; securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; obligations issued by United States agencies and instrumentalities, or federal government sponsored enterprises; supranational issuers having the highest investment credit rating by at least two nationally recognized credit rating agencies; repurchase agreements that are fully collateralized, as determined by the current market value computed on the day the agreement is effective, by interest bearing obligations that are issued, fully insured or guaranteed by the United States or any U.S. government agency; and the State's local government investment pool.

##### *Interest Rate Risk*

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2018:

Investment Type	Value Totals	Fair	Investment Maturities (in Years)		
		Less than 1	1 - 5	6 - 10	
U.S. Treasuries	\$ 2,905,989	\$ 2,905,989	\$ -	\$ -	\$ -
U.S. Agencies	1,021,854	536,936	484,919		
Supranationals	570,391	570,391	-		
Municipal Bonds	39,350	23,876	6,300	9,175	
Local Govt Investment Pool	330,000	330,000	-		
Non-U.S. Fixed Income	65,000	15,000	50,000	-	
Certificate of Deposits	232,818	232,718	100	-	
Money Market Mutual Funds	778,000	778,000	-		
<b>Total</b>	<b>\$ 5,943,402</b>	<b>\$ 5,392,910</b>	<b>\$ 541,319</b>	<b>\$ 9,175.00</b>	

### Custodial Credit Risk

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

At June 30, 2018, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

**Investment Custodial Credit Risk** – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the State of Indiana. The Treasurer of State is authorized by statute (IC 5-13-10.5-5) to accept safekeeping receipts or other reporting for securities from: (1) a duly designated depository as prescribed in this article; or (2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body. None of the State's investments are exposed to custodial credit risk because they are held in the name of the State of Indiana. Additionally, the Treasurer of State requires all custodians to indemnify the State against all out-of-pocket expenses or losses incurred as a result of (i) the custodian's operational failure, (ii) custodians failure to carry out the credit analysis, (iii) custodian's failure to maintain proper collateral for each loan, or (iv) failure of an approved counterparty to comply with its obligations under the applicable securities lending agreement.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Indiana Code 5-13-9, IC 5-13-10, and IC 5-13-10.5 authorizes the State Treasurer to invest or reinvest in securities fully guaranteed and issued by (1) the United States Treasury, (2) a federal agency, (3) a federal instrumentality, or (4) a federal government sponsored enterprise, as well as, other securities that are AAA rated or insured through the

Public Deposit Insurance Fund or the FDIC. The allowable investments are noted above under the Investment Policy Statement section in more detail. The State Treasurer recognizes credit (quality) risk as a market and strategic risk factor in all investments.

The following table provides information on the credit quality ratings for investments in debt securities as well as investments in external investment pools, and money market funds, as of June 30, 2018. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The following table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment, not exempt from disclosure:

Investment Type	Greatest Risk Rating	Fair Value
U.S. Agencies	AA	\$ 1,021,854
Supranationals	AAA	570,391
Certificate of Deposits	NR	232,818
Municipal Bonds	NR	39,350
Non-US Fixed Income Bonds	A	65,000
Local Govt Investment Pool	NR	330,000
Money Market Mutual Funds	AAA	778,000
<b>Total</b>		<b>\$ 3,037,413</b>

### Concentration of Credit Risk

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

At June 30, 2018, investments in any one issuer, not exempt from disclosure, that represent 5% or more of the total investments (in thousands) were:

FHLB	6.37%	\$453,371
IFC	7.70%	\$547,702

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2018, there were no deposits or investments denominated in foreign currencies, thus there was no foreign currency risk.

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities, to broker-dealers and other entities (borrowers), for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Securities may be lent under this section only if the agreement under which the securities are lent is collateralized by: (1) cash; or (2) non-cash collateral; in excess of the total market value of the loaned securities.

The State's custodial banks manage the securities lending programs and receive cash or securities as collateral. The types of securities lent during the year may include U.S. Treasury and agency obligations, corporate bonds/notes, and foreign bonds. Collateral securities and cash are initially pledged at 102% of the market value of the securities lent. Cash received as collateral is reported as an asset and a liability on the balance sheet. Securities received as non-cash collateral are not reported on the balance sheet, because the State does not have the ability to pledge or sell them without a borrower default. Generally, there are no restrictions on the amount of assets that can be lent at one time, except for the Public Employees' Retirement Fund and the State Teachers' Retirement Fund (discretely presented component units), which allow no more than 40% to be lent at one time.

Cash collateral received is invested by the custodian banks. Cash collateral is generally invested in securities of a longer term with the mismatch of maturities generally 0-35 days. The weighted average maturity gap at June 30, 2018, was 23 days.

At year end, the State had no credit risk exposure to any borrowers because the amount the State owes the borrowers exceeds the amounts the borrowers owe the State. The contracts with the State's custodian require them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the funds for income distributions by the securities' issuers while the securities are on loan.

As of June 30, 2018, the fair values (in thousands) of the underlying securities on loan were:

Security Type	Fair Value
U.S. Governments	\$ 2,326,777
U.S. Agencies	9,824
<b>Total</b>	<b>\$ 2,336,601</b>

The fair values of the collateral received for each investment type were:

Security Type	Fair Value
U.S. Governments	\$ 2,373,953
U.S. Agencies	10,025
<b>Total</b>	<b>\$ 2,383,978</b>

The percentage of collateral received for underlying securities on loan was 102.04%.

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

Collateral Type	Fair Value
Non-cash collateral	\$ -
Cash collateral (liability to borrowers)	2,383,978
<b>Total</b>	<b>\$ 2,383,978</b>

Events of the market crisis of late 2008 negatively impacted the value of the State's securities lending cash collateral reinvestment pool. Since that time, the State, with the agreement of its' custodial bank, has been injecting capital into the pool using securities lending revenues to restore the value of the cash collateral reinvestment pool. As of June 30, 2018, the fair value of the cash collateral reinvestment pool was 98.07% of the fair value of the cash collateral received from the borrowers.

Fair Value of reinvested cash collateral by type:

Collateral Type	Fair Value
Time Deposits	\$ 52,400
Commercial Paper	17,859
Repurchase agreements	444,765
Asset backed securities	135,840
Floating rate notes	1,684,522
MMMF's	281
Receivable	2,340
<b>Total</b>	<b>\$ 2,338,007</b>

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2018, is as follows:

S&P Rating	Fair Value of Cash Collateral	% of Portfolio
AAA	\$ 117,489	5.0
AA	622,215	26.6
A	1,098,379	47.0
CC	7,230	0.3
NR	492,694	21.1
<b>Total</b>	<b>\$ 2,338,007</b>	<b>100.0</b>

### Fair Value Measurement – Primary Government

The Primary Government categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which may include, quoted prices for similar assets or

liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. Agencies' securities, Supranationals' securities, and municipal bonds classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The certificate of deposits are valued at cost-based measures and are classified as Level 2. The Non-US Government Bonds and municipal bonds classified in Level 3 have no observable inputs and there is no market activity regarding those investments, so they have been valued using cost-based measures. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. The money market mutual funds are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 2,905,989	\$ 2,806,413	\$ 99,576	\$ -
U.S. Agencies	1,021,854	-	1,021,854	-
Supranationals	570,391	-	570,391	-
Municipal Bonds	39,350	-	1,135	38,215
Non-US Govt Bonds	65,000	-	-	65,000
Local Govt Investment Pool	330,000	-	330,000	-
Certificate of Deposits	232,818	-	232,818	-
Money Market Mutual Funds	778,000	778,000	-	-
<b>Total Fixed Income Securities</b>	<b>\$ 5,943,402</b>	<b>\$ 3,584,413</b>	<b>\$ 2,255,774</b>	<b>\$ 103,215</b>

**Major Moves Construction Fund/Next Level Indiana Trust Fund**

*Investment Policy*

Indiana Code, Title 5, Article 13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. However, the Major Moves Construction Fund and the Next Level Indiana Trust Fund have separate investment authority as established under Indiana Code 8-14-14 and Indiana Code 8-14-15.1, respectively. The Treasurer of State shall invest the funds in the Major Moves Construction Fund in the same manner as the public employees' retirement fund under Indiana Code 5-10.3-5, except the funds may not be invested in equity securities. The Next Level Indiana Trust Fund allows for investment of not more than 50% of the money in the trust, \$250,000,000, to be invested in investments that: (a) maximize risk appropriate returns, which may include the purchase of equity or debt securities; and (b) make significant investments in Indiana funds and companies. At least 50% of the money in the trust, \$250,000,000 or greater, may be invested by the Treasurer of State in the same manner as the public employees' retirement fund, excluding investment in equity securities. An Investment Policy Statement for the Major Moves Construction Fund for the investment of this fund has been adopted by the Treasurer of State. An Investment Policy Statement for the Next Level Indiana Trust Fund for the investment of these funds has been adopted by the Next Level Indiana Trust

Fund Investment Board. The Investment Policy Statements are written in conformity with the applicable investment statutes and in accordance with prudent investor standards. There is no formal deposit policy other than compliance to State Statute. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk. The Investment Policy Statements establish asset allocations and investment structures for both Funds. These asset allocations and investment structures were established with consideration given to each Fund's objectives, time horizons, risk tolerances, performance expectations, and liquidity requirements.

*Interest Rate Risk*

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

The following table provides the interest rate risk disclosure for the Major Moves/Next Level Indiana Trust Fund as of June 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1 - 5	6- 10	More than 10	
U.S Treasuries	\$ 225,238	\$ 82,192	\$ 113,505	\$ 14,906	\$ 14,635	
U.S. Agencies	4,662	3,843	819	-	-	
Government Asset and Mortgage Backed	51,821	33,192	1,018	1,420	16,191	
Collateralized Mortgage Obligations						
Government CMOs	11,892	3,760	3,888	1,139	3,105	
Corp CMOs	15,949	10,131	136	-	5,682	
Corporate Bonds	285,281	85,846	148,054	31,342	20,039	
Corporate Asset Backed	64,416	23,484	14,915	2,463	23,554	
Private Placements	91,390	27,081	38,113	15,704	10,492	
Municipal Bonds	16,302	7,180	6,542	1,665	915	
TrustINdiana	20,000	20,000	-	-	-	
Non US Government/Corp Bonds	32,721	4,775	13,146	7,705	7,095	
Mutual Funds	102,723	102,723	-	-	-	
<b>Total</b>	<b>\$ 922,395</b>	<b>\$ 404,207</b>	<b>\$ 340,136</b>	<b>\$ 76,344</b>	<b>\$ 101,708</b>	

*Custodial Credit Risk*

Deposits – The custodial credit risk for deposits is the

risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover

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

At June 30, 2018, the balance of the State of Indiana's deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

All investment managers must adhere to the following guideline related to the specific limitation on holdings:

The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, or corporate security shall be limited to an initial cost of 2.5% of the market value of an Investment Manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-back securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the market value of the total holdings of such Investment Manager's portfolio.

The following table provides information on the credit quality ratings for investments in debt securities, short-term money market funds, bond mutual funds and bond commingled funds, municipal securities, asset-backed, and mortgage-backed securities as of June 30, 2018. The following table below reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each type of investment, not exempt from disclosure, in the Major Moves/Next Level Indiana Trust Fund.

Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Agencies	AA	\$ 4,662
Government Asset And Mortgage Backed	AA	18,543
	NR	33,278
Collateralized Mortgage Obligations		
Government CMO's	AA	11,892
Corporate CMO's	AAA	822
	AA	237
	A	595
	BBB	1,421
	BB	1,091
	B	1,174
	CCC&Below	10,091
	NR	518
Non US Govt/Corp Bonds	AAA	2,767
	AA	249
	A	4,238
	BBB	10,503
	BB	7,171
	B	2,727
	NR	5,066
Corporate Bonds	AAA	4,599
	AA	14,622
	A	107,937
	BBB	108,191
	BB	24,678
	B	16,696
	CCC&Below	7,618
	NR	940
Corporate Asset and Mortgage Backed	AAA	40,499
	AA	4,777
	A	822
	BBB	485
	BB	2,673
	B	281
	CCC&Below	14,599
	NR	280
Private Placements	AAA	16,037
	AA	13,964
	A	17,015
	BBB	16,414
	BB	6,817
	B	11,413
	CCC&Below	7,568
	NR	2,162
TrustINdiana	NR	20,000
Municipal Bonds	AAA	700
	AA	8,322
	A	4,308
	BBB	1,236
	BB	190
	CCC&Below	1,543
	NR	3
Money Market Mutual Funds	NR	102,723
<b>Total</b>	<b>\$</b>	<b>697,157</b>

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. The only exemptions

from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools. For Intermediate and Core Fixed Income Managers, securities in any one issuer should be limited to not more than 5% of the investment manager's portion of the Fund portfolio measured at market value. For Core Plus Fixed Income Managers, the exposure of each manager's portfolio should be limited to not more than 10% of the manager's portion of the Fund portfolio measured at market value.

As of June 30, 2018, there were no investments in any one issuer that represent 5% or more of the total investments.

#### Foreign Currency Risk

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

Currency	Fair Value	% of Total Fair Value
Argentina	\$ 1,980	0.22%
Australia	(1,031)	-0.11%
Brazil	2,969	0.33%
Canada	1,010	0.11%
Chinese Yuan HK	(389)	-0.04%
Chinese Yuan Renminbi	(1,302)	-0.14%
Columbian Peso	225	0.02%
Dominican Republic Peso	330	0.04%
Egyptian Pound	610	0.07%
Euro	(3,424)	-0.38%
Ghana	320	0.04%
India	1,374	0.15%
Indonesia	2,572	0.28%
Japan	(292)	-0.03%
Malaysia	897	0.10%
Mexico New Peso	4,618	0.51%
New Taiwan Dollar	(1,015)	-0.11%
Nigerian Naira	495	0.05%
Peruvian Sol	848	0.09%
Philippines Peso	(1,009)	-0.11%
Polish Zloty	1,728	0.19%
Pound Sterling	162	0.02%
Russian Ruble	4,530	0.50%
Singapore Dollar	(784)	-0.09%
South African Rand	644	0.07%
South Korean Won	249	0.03%
Thailand Baht	1,294	0.14%
Turkish Lira	1,486	0.16%
Uruguayan Peso	354	0.04%
<b>Subtotal</b>	<b>19,449</b>	<b>2.15%</b>
<b>United States</b>	<b>885,647</b>	<b>97.85%</b>
<b>Total Fair Value</b>	<b>\$ 905,096</b>	<b>100.00%</b>

#### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) interest bearing obligations that are issued by, fully insured

by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in excess of the total market value of the loaned securities. At year end, there were no securities on loan and therefore, no credit risk exposure.

#### Fair Value Measurement

The Major Moves Construction Fund and Next Level Indiana Trust Fund categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The U.S. agencies' securities, supranationals' securities, and municipal bonds, corporate bonds, and other debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy. Those money market mutual funds that are valued at the daily closing price as reported by the funds and are deemed to be actively traded and are classified in Level 1 of the fair value hierarchy. The international commingled mutual fund was not priced in an active market and had no observable inputs

thus was classified in Level 3.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 225,238	\$ 225,238	\$ -	\$ -
U.S. Agencies	4,662	-	4,662	-
Govt Asset and Mortgage Backed Collateralized Mortgage Obligations	51,821	-	51,821	-
Govt CMO's	11,893	-	11,893	-
Corporate CMO's	15,949	-	15,949	-
Corporate Bonds	285,280	-	283,757	1,523
Corporate Asset Backed	64,415	-	64,415	-
Private Placements	91,391	-	91,391	-
Local Government Investment Pool	20,000	-	20,000	-
Non US Govt/Corp Bonds	32,722	-	32,722	-
Municipal Bonds	16,302	-	16,302	-
Mutual/Commingled Funds	102,723	12,127	346	90,250
<b>Total Fixed Income Securities</b>	<b>\$ 922,396</b>	<b>\$ 237,365</b>	<b>\$ 593,258</b>	<b>\$ 91,773</b>

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

#### *Investment Policy*

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

#### *Valuation of Investments*

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The underlying investments of the Pool are marked-to-market on a daily basis.

Security transactions are recorded on a settlement-date basis. Realized gains and losses on sales of investments are calculated on an identified cost basis. Interest income, including any amortization of premium or accretion of discount, is recorded on the accrual basis.

#### *Interest Rate Risk*

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2018:

Investment Type	Investment Maturities (in Years)	
	Fair Value	Less than 1
Commercial Paper	\$ 459,595	\$ 459,595
Money Market Mutual Funds	35,441	35,441
<b>Total</b>	<b>\$ 495,036</b>	<b>\$ 495,036</b>

### *Custodial Credit Risk*

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

At June 30, 2018, the balance of all bank deposits were covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

### *Credit Risk*

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

The following table provides information on the credit

quality ratings for investments in TrustINdiana as of June 30, 2018. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The following table reflects the greatest risk rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations for each type of investment, not exempt from disclosure, in TrustINdiana.

Investment Type	Greatest Risk	
	Ratings	Fair Value
Commercial Paper	A1 NR	\$ 411,303 48,292
Money Market Mutual Funds	AAA	35,441
<b>Total</b>		<b>\$ 495,036</b>

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer representing 5% or more of the total investments. As noted above, TrustINdiana is required to be comprised of no less than 50% of deposits in banks from an approved list maintained by the State of Indiana. In addition, TrustINdiana limits its investments in any one issuer of commercial paper to a maximum of 5% of assets per commercial paper issuer and 10% of assets per ultimate commercial paper issuer. The only exemptions from disclosures are US Government Debt, US Government Guaranteed Investments, Mutual Funds, or External Investment Pools.

At June 30, 2018, there were no investments in any one issuer, not exempt from disclosure that represents 5% or more of the total investments.

### *Securities Lending*

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent under an agreement which requires the loaned securities to be collateralized in the form of (1) cash or (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States, a federal instrumentality, or a federal government sponsored enterprise, in an amount at least equal to 102% of the current market value of the loaned securities. The net income earned through securities lending is recorded as additional income to the Pool. As of June 30, 2018, there were no securities on loan and therefore, no credit risk exposure.

### *Fair Value Measurement*

TrustINdiana categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated

with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

The bank deposits are valued on the rates directly negotiated with each financial institution and are quoted in an active market, thus classified as Level 1. The commercial paper classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market.

The following table summarizes the valuation of the TrustINdiana's investments by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Commercial Paper	\$ 459,595	\$ -	\$ 459,595	
Bank Deposits	568,856	568,856	-	
Money Market Mutual Funds	35,441	35,441	-	
<b>Total</b>	<b>\$ 1,063,892</b>	<b>\$ 604,297</b>	<b>\$ 459,595</b>	

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

### **State Police Pension Fund**

#### *Investment Policy*

The Indiana State Police Pension Trust was established in 1937 to provide pension, death, survivor, and other benefits to present and former employees of the department and their beneficiaries

who meet the statutory requirement for such benefits.

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

The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds,

together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the Trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the Trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The Trustee shall also diversify such investments in accordance with prudent investment standards. There is no formal deposit policy other than compliance to State statute. The following was the SPPT's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation (%)
Broad domestic equity	29.0
Global ex U.S. equity	13.0
Short duration fixed income	4.0
Domestic fixed income	17.0
High yield fixed income	5.0
Hedge funds - alternatives	25.0
Real estate	5.0
Cash and equivalents	2.0
<b>Total</b>	<b>100.0</b>

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The following table provides information on the credit quality ratings for investments in debt securities, short term money market funds, bond mutual/commingled funds, municipal securities, asset-backed, and mortgage backed securities for the State Police Pension Trust. The table reflects the "greatest risk" rating (the credit rating reflecting the greatest degree of risk) as set by three nationally recognized rating organizations (S&P, Moody, and Fitch) for each investment type, not exempt from disclosure, in State Police Pension Trust.

Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Government Mortgage Backed	AA	\$ 5,651
Collateralized Mortgage Obligations	AA	1
	NR	330
Corporate Mortgage Backed	AAA	1,970
Corporate Bonds	AA	1,288
	A	6,323
	BBB	12,996
	BB	1,423
	B	603
	CCC & Below	205
Corporate Asset Backed	AAA	2,376
Private Placements	A	101
	BBB	378
Municipal Bonds	AAA	202
	AA	1,663
	A	881
	BBB	355
	BB	80
	CCC & Below	178
Mutual/Commingled Funds	NR	79,334
<b>Total</b>		<b>\$ 116,338</b>

#### Custodial Credit Risk

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

At June 30, 2018, the balance of the State Police Pension Trust deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

#### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which

approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted market prices by independent pricing services. Investments that do not have an established market are reported at estimated fair value, these include commingled funds, private equity funds and hedge funds. The alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of judgement.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Indiana State Police Trust has thirty different investments managers. Each investment manager is retained by the Trust to implement a specific investment style

and strategy and shall adhere to the specific limitations on holdings outlined in each investment manager's securities guidelines. The securities guidelines for each investment manager is negotiated and agreed upon in writing on a case-by-case basis and referenced in Appendix D of the Investment Policy Statement.

At June 30, 2018, there were no investments in any one issuer that represents 5% or more of the total investments.

#### *Interest Rate Risk*

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6- 10	More than 10
U.S. Treasuries	\$ 9,481		\$ 2,943	\$ 4,154	\$ 2,384
U.S. Government Mortgage Backed	5,651		87	442	5,122
Collateralized Mortgage Obligations	331	1	-	-	330
Corporate Bonds	22,838	1,628	11,367	7,922	1,921
Corporate Asset Backed	2,376	-	1,817	559	-
Municipal Bonds	3,359	325	1,284	1,205	545
Corporate Mortgage Backed	1,970	-	-	-	1,970
Private Placements	479	131	-	247	101
Commingled fixed income funds	79,334	79,334	-	-	-
<b>Total</b>	<b>\$ 125,819</b>	<b>\$ 81,419</b>	<b>\$ 17,498</b>	<b>\$ 14,529</b>	<b>\$ 12,373</b>

#### *Rate of Return*

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.03%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Police Pension

Trust's foreign currency exposure is focused primarily in international and global equity holdings. The exposure to foreign currency fluctuation is as follows:

Currency	Fair Value	% of Total Fair Value
Australia	\$ 1,585	0.33%
Canada	737	0.15%
Denmark	1,117	0.24%
Euro	2,904	0.61%
Hong Kong	2,477	0.52%
Japan	4,605	0.97%
Sweden	703	0.15%
Switzerland	1,220	0.26%
Sterling Pound	1,581	0.33%
Total Foreign Currency	16,930	3.56%
United States	457,342	96.44%
<b>Total Fair Value:</b>	<b>\$ 474,272</b>	<b>100.00%</b>

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities. The market value of the required collateral must be in an amount at least equal to 102% of the current market value of the loaned securities.

As of June 30, 2018, the State Police Pension Trust did not have any securities on loan and therefore, no credit risk exposure.

### Fair Value Measurement

The Trust categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Trust's assessment of significance of a particular input to the fair value measurement in its entirety required judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments, to the extent these securities are traded.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Fixed income investments classified in Level 3 include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume.

The following table summarizes the valuation of the investments in the Trust by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
<b>Fixed Income Investments</b>				
U.S. Treasuries	\$ 9,482	\$ 9,482	\$ -	-
U.S. Government Mortgage Backed	5,652	-	5,652	
Collateralized Mortgage Obligations	331	-	331	
Corporate Bonds	22,838	-	22,838	
Corporate Asset Backed	2,377	-	2,377	
Municipal Bonds	3,359	-	3,359	
Corporate Mortgage Backed	1,970	-	1,970	
Private Placements	478	-	478	
<b>Total Fixed Income Securities</b>	<b>46,486</b>	<b>9,482</b>	<b>37,004</b>	
<b>Equity Investments</b>				
Domestic Equity	66,311	66,311	-	
International Equity	69,385	69,385	-	
Mutual Funds	68,647	68,647	-	
<b>Total Equity Funds</b>	<b>204,343</b>	<b>204,343</b>	<b>-</b>	
<b>Total Investments by Fair Value</b>	<b>250,829</b>	<b>\$ 213,825</b>	<b>\$ 37,004</b>	
<b>Investment measured at the Net Asset Value (NAV)</b>				
Commingled Fixed Income Funds	79,334			
Multi-Strategy Hedge Funds	90,169			
Private Equity	45,255			
<b>Total Investments measured at NAV</b>	<b>214,758</b>			
<b>Total Investments measured by Fair Value</b>	<b>\$ 465,587</b>			

The valuation methods for investments measured at the NAV per share (or its equivalent) are described below:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)		Redemption Notice Period
			Currently Eligible	Redemption Notice Period	
Commingled Fixed Income Funds	\$ 79,334	\$ -	Daily	1 day	
Multi-strategy Hedge Funds	90,169	-	Semi-Annually	95 days	
Private Equity	45,255	1,749	N/A	N/A	
<b>Total investments measured at the NAV</b>	<b>\$ 214,758</b>				

Commingled Fixed Income – There are 3 fixed income funds considered to be commingled in nature. Each are valued at the net asset value of the units held at the end of the period based upon fair value of the underlying securities.

Private Equity - Consisting of 7 private equity funds, this strategy invests across a range of strategies, geographies, and industries. These underlying portfolio company investments cannot be redeemed with the funds, but rather the funds will make distributions of capital to the Trust as the funds sell

the underlying portfolio company investments.

Multi-Strategy Hedge Funds – Consisting of 18 hedge funds that are comprised of investments across hedge fund strategies. Four broad categories are, equity hedge, event driven, macro, and relative value. “Multi” references the multiple underlying sub-strategies within each category.

### **State Employee Retiree Health Benefit Trust Fund-DB**

#### *Investment Policy*

The State Retiree Health Benefit Trust Fund – DB fund is comprised of the State Police Retiree Health Benefit Trust Fund (ISPP), the State Personnel Plan Trust Fund (SPP), the Conservation and Excise Police Trust Fund (CEPP).

The ISPP consists of sections 401(h) and 115 established pursuant to the Internal Revenue Service that are separate accounts established within the State Police Pension Fund for the purpose of paying benefits for sickness, accident, hospitalization, and medical expenses. The assets in this account may be commingled for investment purposes only with the other accounts of the Indiana State Police Pension Fund. The investment authority for these funds, is established under Indiana Code IC 5-10-8-6(d)(2).and 10-12-2-2(c). There is no formal deposit policy other than compliance to State statute. In compliance to State statute, the asset allocation is 100% in fixed income investments.

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

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

IC 5-10-8-6(d)(2) reads as follows:

The treasurer of state shall invest the money in these

trust funds not currently needed to meet the obligations of the trust fund in the same manner as other public money may be invested.

Indiana Code, Title 5, Article 13, Chapters 9, 10, 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments.

The SPP and CEPP were established pursuant to HEA 1123 of the 2012 Indiana General Assembly. The State Personnel Department administers the SPP. The CEPP is administered by the Indiana Alcohol and Tobacco Commission and the Indiana Department of Natural Resources. These trust funds were created to provide for the prefunding of annual required contributions and for covering the OPEB liability of covered individuals. The investment authority for the CEPP is established under IC 5-10-8-6(d)(2). The investment authority for the SPP is established under IC 5-10-8-7(i)(2). Both of these codes sites state: The Treasurer of State shall invest monies in these trust funds not currently needed to meet the obligations of the trust funds in the same manner as other public money may be invested. Indiana Code, Title 5, Article13, Chapters 9, 10, and 10.5, establishes the investment powers and guidelines regarding the State of Indiana investments. There are no formal deposit and investment policies for the investment of these funds other than compliance to State statute. In compliance to State statute, the asset allocation is 100% in fixed income investments. State statute does not establish any parameters or guidelines related to the concentration of investment risk, investment credit risk, nor interest rate risk.

Effective July 1, 2017, the statutory investment authority changed for all of the State Retiree Health Benefit Trust Fund – DB funds. The new investment authority, under IC 5-10-8-6(d)(2), for the ISPP and the CEPP, and the new investment authority, under IC 5-10-8-7(i)(2), for the SPP, both state, notwithstanding IC 5-13, the treasurer of state shall invest the money in these trust funds in the same manner as money may be invested by the public employees' retirement fund under IC 5-10-35-5. However, the trustee may not invest the money in the trust in equity securities. The trustee shall also comply with the prudent investor rule set forth in IC 30-4-3.5.

#### *Credit Risk*

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

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

Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Agencies	AA+	103,791
<b>Total</b>		<b>\$ 103,791</b>

#### *Custodial Credit Risk*

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

At June 30, 2018, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

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

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

investments (in thousands) were:

FHLB 55.44% \$101,793

Rate of Return - For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, for the three OPEB plans administered through trusts was:

SPP	ISPP	CEPP
1.2%	1.3%	1.2%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Foreign Currency Risk*

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

#### *Securities Lending*

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities..

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

#### *Interest Rate Risk*

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2018:

Investment Type	Investment Maturities (in Years)	
	Fair Value	Less than 1
U.S. Treasuries	\$ 72,140	\$ 72,140
U.S. Agencies	103,791	103,791
<b>Total Fixed Income Securities</b>	<b>\$ 175,931</b>	<b>\$ 175,931</b>

### *Fair Value Measurement*

The State Retiree Health Benefit Trust – DB funds categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasuries	\$ 72,140	\$ 72,140	\$ -
U.S. Agencies	103,791	-	103,791
<b>Total Fixed Income Securities</b>	<b>\$ 175,931</b>	<b>\$ 72,140</b>	<b>\$ 103,791</b>

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

#### *Investment Policy*

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

#### *Credit Risk*

may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The following table provides information on the credit quality ratings for investments, not exempt from disclosure, in the State Retiree Health Benefit Trust Fund:

Investment Type	Greatest Risk	
	Ratings	Fair Value
U.S. Agencies	AA	\$ 233,205
Supranationals	AAA	4,953
Local Government Investment Pool	NR	10,000
<b>Total</b>		<b>\$ 248,158</b>

### Custodial Credit Risk

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

At June 30, 2018, the balance of any bank deposits was covered in full by federal depository insurance or by the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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

### Concentration of Credit Risk

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

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

Federal Home Loan Banks	34.41%	\$ 114,244
Federal Home Loan Mortgage Corporation	8.98%	29,811
Federal Agriculture Mortgage Corporation	17.93%	59,529
Federal Farm Credit Bank	7.42%	24,635

### Foreign Currency Risk

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

### Securities Lending

The Treasurer of State is authorized by Indiana Code 5-13-10.5-13 to lend securities. Securities may be lent only if the agreement under which the securities are lent is collateralized by (1) cash or (2) non-cash collateral if the State is indemnified by the custodian holding the non-cash collateral, in excess of the total market value of the loaned securities.

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

### Interest Rate Risk

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

The following is a summary of the Interest Rate Risk Disclosure as of June 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
U.S. Treasuries	\$ 64,564	\$ 64,564	\$ -
U.S. Agencies	233,205	178,763	54,442
Supranationals	4,953	4,953	-
Local Government Investment Pool	10,000	10,000	-
<b>Total Fixed Income Securities</b>	<b>\$ 312,722</b>	<b>\$ 258,280</b>	<b>\$ 54,442</b>

### Fair Value Measurement

The State Retiree Health Benefit Trust – DC fund categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

**Level 1** Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

**Level 2** Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical

or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

US Treasury securities classified in Level 1 of the fair

value hierarchy are valued using prices quoted in active markets for those securities. US Agency Debt securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs other than quoted prices in an active market. The local government investment pool is valued using the fair value valuation methodology and is marked to market daily using the most recent market bid price as obtained from one or more market makers and is thus classified in Level 2 of the fair value hierarchy.

The following table summarizes the valuation of the investments by the fair value hierarchy levels as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasuries	\$ 64,564	\$ 64,564	\$ -
U.S. Agencies	233,205	-	233,205
Supranationals	4,953	-	4,953
Local Government Investment Pool	10,000	-	10,000
<b>Total Fixed Income Securities</b>	<b>\$ 312,722</b>	<b>\$ 64,564</b>	<b>\$ 248,158</b>

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

#### **Indiana Public Retirement System**

##### *Investment Guidelines and Limitations*

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

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the funds. The INPRS Board of Trustees contracts with external investment managers, to collectively achieve the investment objectives of the fiduciary

funds. Depending on the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted every five years. The INPRS Board of Trustees adopted the current Investment Policy Statement (IPS), effective February 23, 2018.

The strategic asset allocation for the consolidated defined benefit assets is as follows:

Global Asset Classes	Target Allocation - %	Target Range - %
Public Equity	22	19.5-24.5
Private Markets	14	10-18
Fixed Income - Ex Inflation -	20	17-23
Linked		
Fixed Income - Inflation -	7	4-10
Linked		
Commodities	8	6-10
Real Estate	7	3.5-10.5
Absolute Return	10	6-14
Risk Parity	12	7-17

The asset allocations shown above will differ for investments in the defined contribution plans of PERF DC, TRF DC, and LE DC as these plan allocations are self-directed by the members.

The Pension Relief Fund is invested 100 percent in high-quality, short-term money market instruments, including, but not limited to, high-quality commercial paper and securities issued or guaranteed by the U.S. government.

The State Death Benefit Fund is 100 percent invested in short-term and fixed income investments in a commingled fund.

#### *Rate of Return*

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested. For the year ended June 30, 2018, the annual money-weighted rate of return on defined benefit pension trust fund investments, net of pension plan investment expenses is as follows:

Defined Benefit Pension Trust Funds	2018 Annual Money Weighted Rate of Return
Public Employees' Retirement Fund - DB	9.33%
Teachers' Retirement Fund Pre-1996 - DB	9.46%
Teachers' Retirement Fund 1996 - DB	9.28%
1977 Police Officers' and Firefighters' Pension and Disability Fund	9.30%
Judges' Retirement System	9.32%
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan	9.30%
Prosecuting Attorneys' Retirement Fund	9.31%
Legislators' Defined Benefit Plan	9.39%

#### *Cash in Bank and Deposits*

Cash balances represent both operational demand deposit accounts held at the bank and, investment related cash and short-term investments, both pooled and non-pooled, on deposit with the investment custodian.

The table below presents the INPRS total cash deposits, which includes short-term investment funds as of June 30, 2018.

Cash Deposits	Total
Demand Deposit Account – Bank Balances (Insured by FDIC up to \$250 thousand per financial institution)	\$ 8,840
Held with Custodian Bank (Uncollateralized)	239,760
Short-term Investment Funds held at Bank (Collateralized)	891,021
<b>Total</b>	<b>\$ 1,139,621</b>

#### *Custodial Credit Risk*

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

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2018, there was \$249 million of cash on deposit which was uninsured and uncollateralized and therefore exposed to credit risk as disclosed in the Cash and Bank Deposits section above.

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

#### *Method Used to Value Investments*

Investments are generally reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and

fixed income instruments with maturities of less than one year. Short-term investments are generally reported using cost-based measures, which approximates fair value.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and security pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private market, absolute return, real estate, and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public fair values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.

As of June 30, 2018 debt security duration is as follows. The \$1.53 billion, for which no duration was available, is primarily made up of cash and commingled debt funds:

Debt Security Type	Fair Vale	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
<b>Short Term Investments</b>			
Short Term Investments	\$ 891,021	7.7	0.08
Corporate Bonds	733	0.0	0.08
Commercial Paper	47,438	0.4	0.22
Certificate of Deposits	2,785	0.0	0.25
U.S. Treasury Obligations	213,619	1.9	0.25
Non-U.S. Government	4,164	0.0	0.32
Duration Not Available	237,285	2.1	N/A
<b>Subtotal</b>	<b>1,397,045</b>	<b>12.1</b>	
<b>Fixed Income Investments</b>			
U.S. Governments	3,934,739	34.1	10.62
Non-U.S. Government	3,322,345	28.8	7.38
U.S. Agencies	269,663	2.4	7.76
Corporate Bonds	1,141,718	9.9	7.04
Asset-Backed Securities	167,785	1.5	2.43
Duration Not Available	1,295,920	11.2	N/A
<b>Subtotal</b>	<b>10,132,170</b>	<b>87.9</b>	
<b>Total</b>	<b>\$ 11,529,215</b>	<b>100.0</b>	

Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private market or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ significantly from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Fully benefit-responsive synthetic guaranteed investment contracts are reported at contract value.

#### *Interest Rate Risk*

Interest rate risk is the risk changes in interest rates adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer a fixed-income investment is to maturity, the more susceptible the value of the fixed-income investment is to market interest rate changes. INPRS does not have a formal stated policy regarding interest rate risk. The Investment Policy Statement recognizes interest rate risk as a market risk factor. INPRS reviews and monitors market risk factors within investment mandates regularly as part of achieving the actuarial long-term rate of return.

### Credit Risk

The credit risk of investments is the risk the issuer will default and will no longer meet their obligations. INPRS does not have a formal stated policy regarding credit (quality) risk. The Investment Policy Statement recognizes credit (quality) risk as a market risk factor. INPRS reviews and monitors

market risk factors within investment mandates regularly as part of achieving the actuarial long-term rate of return.

The credit rating represents the lowest rating of the three rating investment services used; Standard and Poor's, Moody's, and Fitch.

Credit Rating	Short-Term Investments	Fixed Income Securities	Total	Percentage of All Debt Securities
AAA	\$ -	\$ 755,486	\$ 755,486	6.7
U.S. Government Guaranteed	-	4,201,427	4,201,427	37.2
AA	215,451	1,385,732	1,601,183	14.2
A	1,395	780,794	782,189	6.9
BBB	44,211	901,457	945,668	8.4
BB	-	274,038	274,038	2.4
B	-	259,146	259,146	2.3
Below B	-	206,944	206,944	1.8
Unrated	899,013	1,367,146	2,266,159	20.1
<b>Total</b>	<b>\$ 1,160,070</b>	<b>\$ 10,132,170</b>	<b>\$ 11,292,240</b>	<b>100.0</b>

The above table does not include cash with brokers of \$237 million.

The \$2.27 billion unrated primarily consists of the following security types: money market sweep vehicles, private placement, term loans and asset-backed securities, commercial mortgages, CMO/REMIC's and commingled debt funds.

Concentration of credit risk is the risk of loss which may arise in the event of default by a single issuer. The INPRS Investment Policy Statement recognizes issuer risk as a strategic risk factor that is monitored on an absolute and relative basis. At June 30, 2018, single issuer exposure in the portfolio did not exceed 5 percent of the Fiduciary Net Position.

INPRS Investment Policy Statement places concentration limits on assets placed with an investment manager.

No investment manager will manage more than 10 percent of the INPRS assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage more than 15 percent of the system's assets in actively managed portfolios without Board approval.

No investment manager will manage more than 15 percent of the INPRS assets in passively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage more

than 20 percent of the system's assets in passively managed portfolios without Board approval

No investment manager will manage more than 25 percent of the INPRS assets in a combination of actively and passively managed portfolios.

### Foreign Currency Risk

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

At June 30, 2018, INPRS did not have a currency hedging program at the total fund level. However, at the manager level, hedging currency risk is allowed and certain managers actively manage currency exposure. INPRS monitors currency risk at the total fund level, portfolio level, and asset class level.

The foreign currency exposure consists of unhedged assets within the investment portfolio. The short term investment, debt securities and equity securities include accruals. Other investments include foreign holdings of other investments, derivatives and receivables/payables.

INPRS exposure to foreign currency risk at June 30, 2018, is as follows:

Currency	Foreign Currency Held at June 30, 2018						% of Total <sup>1</sup>
	Short Term	Fixed Income	Equity	Other Investments	Total		
Argentina Peso	\$ 671	\$ 12,089	\$ -	\$ 15,477	\$ 28,237		0.1%
Australian Dollar	342	100,632	111,723	(102,090)	110,607		0.3
Brazilian Real	(287)	20,000	32,147	7,576	59,436		0.2
Canadian Dollar	1,812	145,678	159,924	(150,799)	156,615		0.5
Chilean Peso	-	6,153	634	2,392	9,179		-
Chinese R Yuan HK	-	-	-	(13,573)	(13,573)		-
China Yuan Renminbi	-	251	-	-	251		-
Colombian Peso	713	22,593	-	4,354	27,660		0.1
Czech Koruna	23	6,489	991	4,013	11,516		-
Danish Krone	1,466	20,538	39,866	(21,119)	40,751		0.1
Dominican Rep Peso	-	3,079	-	-	3,079		-
Egyptian Pound	2,252	2,835	670	1,886	7,643		-
Euro Currency Unit	11,197	1,410,051	701,798	(1,347,236)	775,810		2.3
Hong Kong Dollar	396	-	174,231	(20)	174,607		0.5
Hungarian Forint	(16)	5,829	4,606	15,069	25,488		0.1
Indian Rupee	-	41	18,284	(5,014)	13,311		-
Indonesian Rupiah	(96)	42,344	785	(734)	42,299		0.1
Israeli Shekel	23	-	4,170	-	4,193		-
Japanese Yen	10,447	480,493	562,953	(482,063)	571,830		1.7
Malaysian Ringgit	456	17,226	-	(6,000)	11,682		-
Mexican Peso	1,333	40,906	-	(1,414)	40,825		0.1
Taiwan New Dollar	-	1	68,363	(19,223)	49,141		0.1
New Zealand Dollar	98	5,875	2,914	(5,930)	2,957		-
Nigerian Naira	2,645	-	-	-	2,645		-
Norwegian Krone	471	4,104	12,981	981	18,537		-
Peruvian Nuevo Sol	100	10,762	-	(5,063)	5,799		-
Polish Zloty	928	25,451	9,166	19,101	54,646		0.2
British Pound Sterling	4,646	631,335	360,555	(634,455)	362,081		1.1
Romania Leu	-	2,124	-	1,623	3,747		-
Russian Ruble	119	29,211	-	5,460	34,790		0.1
Singapore Dollar	1,384	7,024	23,838	(10,100)	22,146		0.1
South African Rand	835	36,578	41,896	8,114	87,423		0.3
South Korean Won	675	(4)	102,344	(8,035)	94,980		0.3
Swedish Krona	824	77,318	58,551	(73,518)	63,175		0.2
Swiss Franc	4,816	2,291	178,877	(2,548)	183,436		0.5
Thai Baht	42	15,518	18,423	(2,473)	31,510		0.1
Turkish Lira	71	19,378	9,661	4,543	33,653		0.1
UAE Dirham	-	-	363	-	363		-
Uruguayan Peso	-	2,297	-	-	2,297		-
<b>Total</b>	<b>\$ 48,386</b>	<b>\$ 3,206,490</b>	<b>\$ 2,700,714</b>	<b>\$ (2,800,818)</b>	<b>\$ 3,154,772</b>		<b>9.2%</b>

(1) Total of foreign currency risk, as a percentage of all pooled investments.

### Securities Lending

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

The purpose of such a program is to provide additional revenue for the consolidated defined

benefits assets. The INPRS Investment Policy Statement requires that collateral securities and/or cash be initially pledged at 102 percent of the fair value of the securities lent for domestic securities and 105 percent for international securities. No more than 40 percent of the consolidated defined benefit assets may be lent in aggregate. The custodian bank and/or its securities lending sub-agents provide 100 percent indemnification of the assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral cannot be pledged or sold unless the borrower defaults.

At June 30, 2018, INPRS had no security lending credit risk exposure as the collateral pledged of \$715

million exceeded the fair value of securities on loan, as shown below.

Security Type	Fair Value of Securities on Loan
U.S. Governments	\$ 261,557
Corporate Bonds	10,059
International Bonds	8,050
Domestic Equities	364,372
International Equities	51,743
<b>Total</b>	<b>\$ 695,781</b>

Cash collateral can be reinvested and is subject to the investment guidelines specified by the Investment Policy Statement. It states all collateral investments will have a maturity of the next business day. INPRS retains the fair value risk concerning the investment of the cash collateral. However, the custodian bank provides 100.0 percent indemnification of all collateral invested in repurchase agreements against borrower default and overnight market risk.

All reinvested cash collateral investments consist of repurchase agreements which are not rated by any of the rating agencies.

#### *Repurchase Agreements*

A repurchase agreement is an agreement in which cash is transferred to a broker-dealer or financial institution. The broker-dealer or financial institution transfers securities as collateral to INPRS' custodian and promises to repay the cash plus interest. Repurchase agreements are assets whereby security collateral is held by INPRS' custodian bank.

An obligation under a reverse repurchase agreement is the same as a repurchase agreement but from the perspective of the buyer rather than the seller. Obligations under reverse repurchase agreements are liabilities of INPRS' whereby security collateral is held at the broker dealer or financial institution's custodian bank.

Cash received and reinvested in securities is not required to match the maturities of the securities posted as collateral.

Repurchase agreements and obligations and reverse repurchase agreements are considered allowable investments. Moreover, investment managers that possess recognized expertise in

managing these types of investments will be permitted to utilize these investment tools as part of the overall investment mandate for the benefit of INPRS.

The amounts held at June 30, 2018, exclusive of securities lending reinvested cash collateral, are as follows:

Repurchase Agreements by Collateral Type	Cash Collateral Received	Fair Value
U.S. Treasury	\$ 3,631	\$ 3,631

Obligations Under Reverse Repurchase Agreements by Collateral Type	Cash Collateral Posted	Fair Value
U.S. Treasury	\$ 298,692	\$ 302,852

At June 30, 2018, INPRS had no reverse repurchase agreement credit risk exposure since the cash collateral value posted was less than the fair value of the liability held.

#### *Fair Value Measurement*

In accordance with GASB Statement No. 72, INPRS' investments are measured and generally reported at fair value and are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets for identical assets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly in an active market, and inputs in markets that are not considered to be active for identical or

similar assets.

Level 3 – Investments reflect prices based upon unobservable inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Short term investment funds (STIF's) are classified at amortized cost.

Equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity

and fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Corporate bonds classified in Level 3 are valued using discounted cash flow techniques. International equities classified in Level 3 are not traded in an active market and are valued using internally generated unobservable inputs.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Derivative instruments classified as Level 2 are valued using a market approach that considers benchmarks.

At June 30, 2018, the fair value of investments categorized by Level 1, 2 and 3 is as follows:

Investment Type (1)	June 30, 2018	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Investments Measured at Amortized Cost</b>					
Cash at Brokers	\$ 236,974				
Repurchase Agreements	3,631				
Pooled Short Term Investments (2)	<u>798,418</u>				
<b>Total Investments Measured at Amortized Cost</b>	<b><u>1,039,023</u></b>				
<b>Investments by Fair Value Level</b>					
Pooled Short Term Investments (2)					
BNY - Mellon Cash Reserves	37,197	\$ -	\$ 37,197	\$ -	
Certificate of Deposit	2,785	-	2,785	-	
Commercial Paper	47,438	-	47,438	-	
Corporate Bonds (Short Term)	1,519	-	1,519	-	
U.S. Treasury Obligations	213,619	213,619	-	-	
Non-U.S. Governments	3,378	-	3,378	-	
Total Pooled Short Term Investments	305,936	213,619	92,317	-	
Fixed Income Investments					
U.S. Governments	3,927,857	3,927,597	260	-	
Non-U.S. Governments	3,577,804	643	3,577,161	-	
U.S. Agencies	245,684	-	245,684	-	
Corporate Bonds	994,051	7,491	985,560	1,000	
Asset-Backed Securities	225,318	-	225,318	-	
Total Fixed Income Investments	8,970,714	3,935,731	5,033,983	1,000	
Equity Investments					
Domestic Equities	3,992,734	3,991,066	1,668	-	
International Equities	3,268,248	3,265,456	2,785	7	
Total Equity Investments	7,260,982	7,256,522	4,453	7	
<b>Total Investments by Fair Value Level</b>	<b><u>16,537,632</u></b>	<b>\$ 11,405,872</b>	<b>\$ 5,130,753</b>	<b>\$ 1,007</b>	
<b>Investments Measured at the Net Asset Value (NAV)</b>					
Commingled Short Term Funds	29,728				
Commingled Fixed Income Funds	1,161,456				
Commingled Equity Funds	1,616,622				
Private Markets	3,772,994				
Absolute Return	2,871,274				
Real Estate	1,481,450				
Risk Parity	3,437,750				
<b>Total Investments Measured at the Net Asset Value (NAV)</b>	<b><u>14,371,274</u></b>				
<b>Investment Derivatives</b>					
Total Futures	\$ 12,421	\$ 12,421	\$ -	\$ -	
Total Options	(1,586)	-	(1,586)	-	
Total Swaps	12,135	-	12,135	-	
<b>Total Investment Derivatives</b>	<b><u>22,970</u></b>	<b>\$ 12,421</b>	<b>\$ 10,549</b>	<b>\$ -</b>	
<b>Total Investments (less Securities Lending Collateral)</b>	<b><u>\$ 31,970,899</u></b>				
(1) The amounts disclosed above will differ from the Asset Allocation Summary. The investment type combines assets according to the security type assigned to each investment by the Custodian. The Asset Allocation Summary groups assets according to the investment objective of each investment manager.					
(2) Short Term Investments include highly liquid assets, both pooled and non-pooled that are an integral part of the pension investments.					

The valuation method for investments measured at the net asset value (NAV) per share or equivalent, at June 30, 2018, is presented as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Short Term Funds (1)	\$ 29,728	\$ -	Daily	1 day
Commingled Fixed Income Funds (1)	1,161,456	-	Daily	1 day
Commingled Equity Funds (1)	1,616,622	-	Daily	1 day
Private Markets (2)	3,772,994	1,783,476	Not Eligible	N/A
Real Estate Funds (3)	1,481,450	562,126	Quarterly	30-90 days
Absolute Return (4)	2,871,274	-	Monthly, Quarterly, Semi-Annually	30-120 days
Risk Parity (5)	3,437,750	-	Daily, Weekly, Monthly	3-5 days
<b>Total</b>	<b>\$ 14,371,274</b>	<b>\$ 2,345,602</b>		

(1) *Commingled Short Term, Fixed Income and Equity Funds* - There are three short term funds, sixteen fixed income funds and three equity funds, which are considered to be commingled in nature. Commingled fund strategies include short term, fixed income, and equity fund investments. These investments are valued at the net asset value of the units held at June 30, 2018, based upon fair value of the underlying securities.

(2) *Private Markets* - Consisting of 269 private market funds that invest across a range of strategies, geographies, and industries within private equity and private credit. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the average of 10 year life of the fund in the case of private equity, and the average 7 year life of the fund in the case of private credit.

(3) *Real Estate Funds* - Consisting 35 real estate funds that invest primarily in U.S. commercial real estate. There are 30 real estate funds classified as illiquid as these investments cannot be redeemed directly with those real estate funds. Distributions of capital from illiquid real estate funds will be received as the underlying real estate assets are liquidated over the average 10 year life of the fund. There are five real estate funds that have been classified as liquid real estate funds due to the open-end structure of the fund. Open-end funds generally offer periodic distributions of net cash flow which can be reinvested, as well as quarterly redemption windows. Illiquid real estate funds represent approximately 54.0 percent of the value of the real estate fund investments.

(4) *Absolute Return* - The absolute return strategy portfolio attempts to generate returns in excess of the plan's target actuarial rate of return over a full market cycle with minimal beta to the plan's primary long-only market exposures (equities, credit, rates,

and commodities). The portfolio tends to rely less heavily on traditional long/short equity and event-driven strategies, but instead focuses on relative value/arbitrage and tactical trading strategies. The portfolio consists of 39 fund holdings that cover a broad spectrum of investment strategies and investment horizons, which results in distinct fund redemption terms to prevent asset-liability mismatches. Fund redemption periods range from weeks (alternative beta) to years (drawdown vehicles), but as a whole, on a weighted-average basis, the portfolio maintains a liquidity profile of less than one year. Most of the funds' investments are classified as fair value level 1 and 2 assets, which allow for independent verification of NAV's/fair values by the funds' administrators. Funds with a drawdown strategy represent 7.8 percent of the absolute return portfolio and the majority of the fund's investments consists of level 3 assets. The valuation process for the funds are comparable to private market valuations, with quarterly valuations.

(5) *Risk Parity* - Consisting of four fund investments, this portfolio is constructed to accrue various asset class risk premiums, including equity, without long-term dominance from any single asset class. The structure of these investments provides a reasonable level of liquidity and investments may be redeemed in accordance to the terms set forth by each investment management agreement. The risk parity fund investments are considered to be liquid, market-priced instruments, and 100 percent of the NAV is independently calculated by the fund administrators. Fair values are reported as NAV per share.

As of June 30, 2018, it is probable \$3.8 billion and \$1.5 billion of the investments in the private market and real estate funds type, respectively, will be sold at an amount different from the NAV of the INPRS' ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been estimated using recent observable transaction

information for similar investments and non-binding bids received from potential buyers of the investments (one quarter in arrears plus current quarter cash flows). As of June 30, 2018, a buyer (or buyers) for these investments has not yet been identified. Once a buyer has been identified, the investee fund's management must approve the buyer before the sale of the investments can be completed.

#### *Synthetic GIC's*

PERF, TRF Pre-“96, TRF “96 and LE DC members are able to participate in a stable value fund investment option that consists of fully benefit-responsive synthetic guaranteed investment contracts (GIC's). The stable value fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. As of June 30, 2018, the stable value fund portfolio of well diversified high quality investment grade fixed income securities had a fair value of \$2.6 billion, which was \$41 million less than the fair value protected by the wrap contract.

#### *Derivative Financial Instruments*

#### **Overview of Derivatives**

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

The derivative instruments are considered investments and not hedges for accounting

purposes. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

All investment derivatives discussed below are included within the investment risk schedules, which precede this section. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio. INPRS holds investments in limited partnership and commingled investment funds, which may utilize derivatives from time to time for hedging purposes, and any derivatives held by these types of investment vehicles are not included in the information describing the derivatives.

#### **Futures**

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.

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

#### **Options**

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

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

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

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

### **Swaps**

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

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

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

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of

protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

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

### **Forwards**

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

Foreign currency forwards are used to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

## Derivative Contracts

The table below summarizes INPRS' derivative contracts for the fiscal year ended June 30, 2018:

Investment Derivatives	Change in Fair Value	Fair Value	Notional
<b>Futures</b>			
Index Futures - Long	\$ 20,723	\$ 20,723	\$ 958,651
Commodity Futures - Long	(14,092)	(14,092)	1,666,993
Fixed Income Futures - Long	(739)	(739)	1,182,177
Fixed Income Futures - Short	6,529	6,529	(1,135,166)
Total Futures	<u>12,421</u>	<u>12,421</u>	<u>2,672,655</u>
<b>Options</b>			
Interest Rate Options Bought	(1,117)	1,969	541,450
Interest Rate Options Written	(541)	(3,532)	431,900
Fixed Income Options Written	97	(21)	(21)
Credit Default Index Swaptions Written	15	(2)	11,500
Total Options	<u>(1,546)</u>	<u>(1,586)</u>	<u>984,829</u>
<b>Swaps</b>			
Interest Rate Swaps - Pay Fixed Receive Variable	10,257	17,090	1,456,957
Interest Rate Swaps - Pay Variable Receive Fixed	(2,940)	(3,927)	1,217,734
Overnight Index Interest Rate Swaps - Pay Variable Receive Fixed	(9)	41	12,543
Inflation Swaps - Pay Fixed Receive Variable	(113)	(188)	8,900
Inflation Swaps - Pay Variable Receive Fixed	(15)	7	2,220
Total Return Swaps	458	458	4,799
Credit Default Swaps Single Name - Buy Protection	(517)	(430)	34,690
Credit Default Swaps Single Name - Sell Protection	72	(27)	14,188
Credit Default Swaps Index - Buy Protection	171	(996)	34,747
Credit Default Swaps Index - Sell Protection	(91)	107	28,060
Total Swaps	<u>7,273</u>	<u>12,135</u>	<u>2,814,838</u>
<b>Total Derivatives</b>	<b>\$ 18,148</b>	<b>\$ 22,970</b>	<b>\$ 6,472,322</b>

The table below summarizes the swap maturity profile as of June 30, 2018.

Swap Type	Swap Maturity Profile at June 30, 2018					
	< 1 yr	1 - 5 yrs	5 - 10 yrs	10 - 20 yrs	20 + yrs	Total
Interest Rate Swaps - Pay Fixed Receive Variable	\$ 283	\$ 3,033	\$ 8,374	\$ (590)	\$ 5,990	\$ 17,090
Interest Rate Swaps - Pay Variable Receive Fixed	1	(3,632)	(238)	(77)	19	(3,927)
Overnight Index Interest Rate Swaps - Pay Variable Receive Fixed	-	41	-	-	-	41
Inflation Swaps - Pay Fixed Receive Variable	-	-	-	(188)	-	(188)
Inflation Swaps - Pay Variable Receive Fixed	-	-	-	7	-	7
Total Return Swaps	458	-	-	-	-	458
Credit Default Swaps Single Name - Buy Protection	(87)	(343)	-	-	-	(430)
Credit Default Swaps Single Name - Sell Protection	6	(13)	(20)	-	-	(27)
Credit Default Swaps Index - Buy Protection	-	(996)	-	-	-	(996)
Credit Default Swaps Index - Sell Protection	-	117	-	-	(10)	107
<b>Total Swap Fair Value</b>	<b>\$ 661</b>	<b>\$ (1,793)</b>	<b>\$ 8,116</b>	<b>\$ (848)</b>	<b>\$ 5,999</b>	<b>\$ 12,135</b>

## Credit Risk

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

obligation under the derivative contract.

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by

specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and certain event of default and mutual termination provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the agency would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in an unrealized gain position at June 30, 2018, was \$21 million, of which \$20 million was uncollateralized.

The table below summarizes the counterparty positions as of June 30, 2018:

Swaps Counterparty	S&P Rating	Fair Value			Collateral	
		Receivable/ Unrealized Gain	Payable/ (Unrealized Loss)	Fair Value	Posted	Received
Bank of America	A-	\$ 121	\$ (100)	\$ 66	\$ 1,100	\$ (749)
Banque Nationale De Paris	A	4	-	1	1,800	-
Barclays	BBB	50	(23)	(18)	440	-
Citigroup, Inc.	BBB+	3,049	(2,617)	356	3,401	(1,000)
CME Group	AA-	7,374	(5,257)	5,782	-	-
Credit Suisse	BBB+	-	(4)	(4)	1,344	(202)
Deutsche Bank	BBB+	2,211	(2,456)	(122)	450	(70)
Goldman Sachs	BBB+	91	(91)	14	300	(170)
HSBC Securities Inc	A	49	(56)	(51)	350	(340)
Intercontinental Exchange, Inc.	A	1,341	(1,281)	(906)	558	-
JPMorgan Chase Bank	A-	73	(103)	17	469	(1,350)
London Clearing House	A-	6,958	(2,134)	6,912	865	-
Morgan Stanley	BBB+	81	(10)	88	50	(360)
<b>Total</b>		<b>\$ 21,402</b>	<b>\$ (14,132)</b>	<b>\$ 12,135</b>	<b>\$ 11,127</b>	<b>\$ (4,241)</b>

### Interest Rate Risk

INPRS has exposure to interest rate risk due to investments in interest rate and inflation swaps and

forward mortgage-backed securities (TBAs). The required risk disclosures are included in the Interest Rate Risk schedule.

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

Reference Currency	Pays	Receives	Fair Value	Notional
<b>Interest Rate Swap - Pay Fixed Receive Variable:</b>				
U.S. Dollar	1.25% to 3.25%	3M USD LIBOR	\$ 18,141	\$ 1,241,990
Pound Sterling	1.25% to 2.00%	6M GBP LIBOR BBA	(252)	58,461
Swedish Krona	0.10% to 2.00%	3M SEK STIBOR SIDE	(244)	43,499
Japanese Yen	0.30% to 1.00%	6M JPY LIBOR BBA	(272)	25,566
Euro Currency Unit	0.00% to 1.50%	6M EURIBOR REUTERS	(208)	24,974
Indian Rupee	6.50% to 7.00%	INR MIBOR OIS COMPOUND	41	22,427
Mexican Peso	5.18% to 8.35%	28D MXN TIIE BANXICO	(31)	16,898
Polish Zloty	2.55% to 2.96%	6M PLN WIBOR WIBO	(54)	8,750
Chilean Peso	3.25% to 3.50%	6M IRSR CLP CLICP BLOOMBERG	5	7,867
Czech Koruna	0.0165%	6M CZK PRIBOR PRBO	2	3,231
New Zealand Dollar	2.75% to 3.25%	3M NZD BBR FRA	(32)	2,648
Colombian Peso	5.11%	90 DAYS DTF RATE	(4)	423
Colombian Peso	5.19%	1D COP COOVIBR	(2)	223
<b>Total</b>			<b>\$ 17,090</b>	<b>\$ 1,456,957</b>
<b>Interest Rate Swap - Pay Variable Receive Fixed:</b>				
U.S. Dollar	3M USD LIBOR BBA	2.14% to 3.00%	\$ (4,246)	\$ 957,370
Euro Currency Unit	6M EURIBOR REUTERS	0.10% to 0.75%	373	66,270
South Korean Won	3M KRW KWCD COD	0.02%	(4)	37,604
Polish Zloty	6M WIBOR WIBO	2.00%	(2)	37,314
Mexican Peso	28D MXN TIIE BANXICO	7.35% to 8.33%	182	26,946
Hungarian Forint	6M BUBOR REUTERS	0.06% to 1.44%	(163)	20,228
Chinese Yuan Renminbi	7D CHINA FIXING REPO RATES	0.0375%	251	19,145
Pound Sterling	6M GBP LIBOR BBA	1.00% to 1.20%	(52)	11,909
Brazilian Real	1M BRL CDI	8.05% to 8.90%	(29)	10,124
South African Rand	3M ZAR JIBAR SAFEX	7.33%	7	6,779
Canadian Dollar	3M CAD BA CDOR	2.00% to 2.25%	(95)	5,534
New Taiwan Dollar	3M TWD TWCPBA	0.75%	1	4,357
Swedish Krona	3M SEK STIBOR SIDE	0.33%	1	4,192
Mexican Peso	1M MXN TIIE BANXICO	5.50% to 7.50%	(143)	3,651
Norwegian Krone	3M NOK NIBOR NIBR	1.45%	1	3,316
Norwegian Krone	6M NOK NIBOR BBG CM	0.016%	3	1,650
Australian Dollar	6M AUD BBR BBSW	2.75%	(12)	1,345
<b>Total</b>			<b>\$ (3,927)</b>	<b>\$ 1,217,734</b>

## Foreign Currency Risk

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

At June 30, 2018, INPRS' investments included a foreign currency contract receivable balance of \$8.3 billion and an off-setting foreign currency contract payable of \$8.3 billion.

The net gain recognized for the fiscal year ended June 30, 2018 due to foreign currency transactions was \$28 million.

## B. Interfund Transaction

### Interfund Loans

As explained in Note III(A), temporary cash overdrafts in various funds are reported as interfund loans from the General Fund. As of June 30, 2018, the following funds had temporary cash overdrafts covered by loans from the General Fund: U.S. Department of Health and Human Services Fund, \$441.0 million, and U.S. Department of Labor, \$8.4 million. There is also reported an \$8.0 million loan from the Motor Vehicle Highway Fund to the State Highway Fund, which is not expected to be repaid within the next fiscal year. Also, reported is an interfund loan of \$2.1 million from the Fish and Wildlife Fund to the Fund 6000 Programs Fund for \$1.6 million and to the Deer Research and

Management Fund for \$0.5 million for game and deer licenses.

The following is a summary of the Interfund Loans as of June 30, 2018:

	<u>Loans To Governmental Funds</u>	<u>Loans From Governmental Funds</u>
<b>Governmental Funds</b>		
General Fund	\$ 449,382	\$ -
US Department of Health and Human Services		441,006
Nonmajor Governmental Funds	<u>10,085</u>	<u>18,461</u>
<b>Total</b>	<b><u>\$ 459,467</u></b>	<b><u>\$ 459,467</u></b>

#### Interfund Services Provided/Used

Interfund Services Provided of \$9.7 million represents amounts owed by various governmental

funds to the Institutional Industries Fund and the Administrative Services Revolving Funds, both internal service funds, for goods and services rendered.

The following is a schedule of Interfund Services Provided/Used as of June 30, 2018:

	<u>Interfund Services Provided To Governmental Funds</u>	<u>Interfund Services Used By Governmental Funds</u>
<b>Governmental Funds</b>		
General Fund	\$ -	\$ 5,725
Public Welfare - Medicaid Assistance	-	10
U.S. Department of Health & Human Services	-	1,670
Nonmajor Governmental Funds	<u>-</u>	<u>2,268</u>
Total Governmental Funds	<u>-</u>	<u>9,673</u>
<b>Proprietary Funds</b>		
Internal Service Funds	<u>9,673</u>	<u>-</u>
Total Proprietary Funds	<u>9,673</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 9,673</u></b>	<b><u>\$ 9,673</u></b>

#### Due From/Due To

The \$25.0 million represents funds the General Fund borrowed in June 2004, interest free, from the Indiana Board for Depositories, a discretely presented component unit. Per Public Law 93-2013, Section 4, repayments to the Indiana Board for Depositories are to be made in annual increments of \$5.0 million each July beginning July 2013. The

interfund balance of \$13.0 million represents the accrued distribution amount from the State Lottery Commission to the Build Indiana Fund. The amounts due to the nonmajor universities of \$3.7 million are from FY 2018 state appropriations.

The following is the schedule of Due From/Due To of component units, as of June 30, 2018:

	<b>Due From Primary Government</b>	<b>Due To Component Units</b>	<b>Due From Component Units</b>	<b>Due To Primary Government</b>
<b>Governmental Funds</b>				
General Fund	\$ -	\$ 28,666	\$ -	\$ -
Nonmajor Governmental Funds	-	-	12,990	-
Total Governmental Funds	-	28,666	12,990	-
<b>Component Units</b>				
Nonmajor Universities	3,666	-	-	-
Board for Depositories	25,000	-	-	-
State Lottery Commission	-	-	-	12,990
Total Component Units	28,666	-	-	12,990
<b>Total</b>	<b>\$ 28,666</b>	<b>\$ 28,666</b>	<b>\$ 12,990</b>	<b>\$ 12,990</b>

## Interfund Transfers

### Major Governmental Funds

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

**General Fund** – \$433.2 million was transferred in from the State Gaming Fund which was wagering taxes from riverboats and slot machines at horse tracks. \$250.4 million was transferred in from the Medicaid Assistance Fund of which \$200.9 million was hospital assessment fees, and \$49 million was quality assessment fees. The hospital assessment fees and qualifying assessment fees can only be used for the State's share of Medicaid services under Title XIX of the Social Security Act. The Build Indiana Fund transferred in \$236.2 million as Motor Vehicle Excise Tax Cut Replacement distributions. The Build Indiana Fund transferred in additional \$9.7 million to the General Fund which was for various projects from the budget bill including for I-Light Network Operations, the Southern Indiana Education Alliance, workforce centers, the GigaPoP project, and Degree Link. \$107.4 million was received from the Fund 6000 Programs Fund of which \$67.6 million was distribution of financial

institutions tax per IC 6-5.5; \$22.2 million was transferred in for Indiana Veterans' Home administration from the Comfort-Welfare Fund's and IVH Medicaid Reimbursement Fund's receipts of resident fees and Medicaid reimbursements; \$3.8 million was transferred in from permit fees collected from business that sell alcoholic beverages per IC 7.1-4-9-4; \$4.3 million was transferred to the Office of Medicaid Policy and Planning's State Medicaid General Fund which was appropriation transfers from Indiana Veterans' Home Medicaid reimbursements; and \$2.2 million was transferred in from consumer and non-consumer settlements, and real estate appraiser licensing for the Office of the Indiana Attorney General. \$55.1 million was transferred in from the Tobacco Master Settlement Fund for various health and welfare purposes including developmental disabilities services provided by the FSSA's Division of Disability and Rehabilitative Services, the Children's with Special Health Care Needs program administered by the Indiana State Department of Health, and substance abuse prevention and treatment services through the FSSA's Division of Mental Health and Addiction. \$35.1 million was transferred from the Department of Health and Human Services fund to support the state match, indirect costs, and other costs of federal programs.

The following were transfers out from the General Fund: The Public Welfare Medicaid Assistance Fund received \$2.2 billion in transfers for Medicaid current obligations and for Medicaid administration to enable the Office of Medicaid Policy and Planning to carry out all services under IC 12-8-6. These services include, but may not be limited to the provision of care and treatment for individuals with mental illness, developmental disability, long term care needs, and

family and child service needs. \$281.3 million was transferred to the U.S. Department of Health and Human Services Fund in support of: \$91.4 million for Department of Child Services programs including child welfare services training and state grants, case management services, special needs adoption, Social Security Title IV-D services to needy families with children, adoption services, family and children services, and healthy families Indiana; \$57.8 million for the Family and Social Services' Division of Family Resources for local offices, state administration, information systems, child care services, and the temporary assistance for needy families program; \$115.6 million for the State Medicaid program; \$2.5 million to the FSSA divisions of Mental Health and Addiction, Aging, and Disability and Rehabilitative Services for developmental disabled clients, child psychiatric services, and mental and aging services, \$8.1 million for county prosecutors' and local judges' salaries; and \$5.9 million for the Department of Health and Attorney General's Office for Medicaid related services. \$75.6 million was transferred to the U.S. Department of Agriculture Fund as the State's match of which \$68.9 million was for the FSSA Division of Family Resources' local offices, state administration, information systems, TANF, Electronic Benefits Transfer administration, and IMPACT, \$5 million was for the National School Lunch program administered by the Indiana Department of Education's Division of School and Community Nutrition Programs, \$1.6 million was for the meat and poultry inspection program and the public health data communication infrastructure system of the Board of Animal Health, \$0.1 million was for DNR capital projects, and \$0.1 million was for food assistance and the Women, Infants, and Children (WIC) supplement program of the Indiana State Department of Health. \$29.5 million was transferred to the Hospital Care for the Indigent fund to support FSSA hospital care for the indigent.

**Medicaid Assistance Fund** – The Medicaid Assistance Fund received a transfer of \$2.2 billion from the General Fund to support the state Medicaid program administered through the Office of Medicaid Policy and Planning. \$112.7 million was transferred in from the Healthy Indiana Plan trust fund and \$121 million was transferred in from the Incremental Hospital Assessment Fee fund both to support the Healthy Indiana Plan (or HIP 2.0). \$26.5 million was transferred in from the Medicaid Indigent Care Trust Fund which is part of the U.S. Department of Health and Human Services Fund, for reimbursement of hospital care for the indigent supplement payments made from the Medicaid Assistance Fund.

Transfers out included \$250.4 million to the General Fund of which \$200.9 million was hospital

assessment fees, and \$49 million was quality assessment fees. The hospital assessment fees and quality assessment fees can only be used for the State's share of Medicaid services under Title XIX of the federal Social Security Act. \$0.2 million was transferred to the General Fund for Medicaid's share of state fiscal year 2017 indirect costs in accordance with FSSA's approved public assistance cost allocation plan.

**U.S. Department of Health and Human Services Fund** – \$281.3 million was transferred to the U.S. Department of Health and Human Services Fund from the General Fund in support of: \$91.4 million for Department of Child Services programs including child welfare services training and state grants, case management services, special needs adoption, Social Security Title IV-D services to needy families with children, adoption services, family and children services, and healthy families Indiana; \$57.8 million for the Family and Social Services' Division of Family Resources for local offices, state administration, information systems, child care services, and the temporary assistance for needy families program; \$115.6 million for the State Medicaid program; \$2.5 million to the FSSA divisions of Mental Health and Addiction, Aging, and Disability and Rehabilitative Services for developmental disabled clients, child psychiatric services, and mental and aging services, \$8.1 million for county prosecutors' and local judges' salaries; and \$5.1 million for the Department of Health and Attorney General's Office for Medicaid related services. \$26.5 million was transferred in from the Hospital Care for the Indigent Fund for indigent hospital care.

The U.S. Department of Health and Human Services Fund transferred \$26.5 million to the Medicaid Assistance Fund to reimburse indigent supplement payments for hospital care. \$40.9 million was transferred to the General Fund to support the state match, indirect costs, and other costs of federal programs.

#### ***Proprietary Funds***

#### ***Non-Major Enterprise Funds***

**The Inns and Concessions Fund** – This fund had transfers out of \$2.1 million, representing cash contributions to the Department of Natural Resources (DNR) which are to be used for repayments of bonds made by the Indiana Finance Authority.

#### ***Internal Service Funds***

\$1.2 million was transferred to the Administrative Services Revolving Fund, Information Technology Services, from the General Fund for the transition of

the Department of Workforce Development's Indiana Network of Knowledge (INK) to the Management and Performance Hub. \$1.5 million in excess net income

was transferred out of the Institutional Industries fund into the General Fund per statute.

A summary of interfund transfers for the year ended June 30, 2018 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>	<u>Net transfers</u>
<b>Governmental Funds</b>			
General Fund	\$ 1,216,601	\$ (2,762,999)	\$ (1,546,398)
Public Welfare-Medicaid Assistance Fund	2,476,644	(250,388)	<b>2,226,256</b>
US Department of Health and Human Services Fund	327,581	(64,853)	<b>262,728</b>
Nonmajor Governmental Funds	2,021,103	(2,961,269)	<b>(940,166)</b>
<b>Proprietary Funds</b>			
Nonmajor Enterprise Funds	-	(2,089)	<b>(2,089)</b>
Internal Service Funds	1,176	(1,507)	<b>(331)</b>
<b>Total</b>	<b>\$ 6,043,105</b>	<b>\$ (6,043,105)</b>	<b>\$ -</b>

## C. Receivables

### Primary Government – Governmental Activities

Taxes Receivable/Tax Refunds Payable as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>			
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Primary Government</b>
Income taxes	\$ 954,749	\$ -	-	\$ 954,749
Sales taxes	794,881	7,344	-	802,225
Fuel taxes	164	118,132	-	118,296
Gaming taxes	1,102	16,977	-	18,078
Alcohol and tobacco taxes	48,366	30,948	1,846	81,161
Insurance	313	-	-	313
Financial institutions taxes	-	2,670	-	2,670
Other taxes	6,796	1,460	-	8,256
<b>Total taxes receivable</b>	<b>1,806,371</b>	<b>177,532</b>	<b>1,846</b>	<b>1,985,749</b>
Less allowance for uncollectible accounts	(358,459)	(13,699)	(4)	(372,162)
<b>Net taxes receivable</b>	<b>\$ 1,447,912</b>	<b>\$ 163,833</b>	<b>\$ 1,842</b>	<b>\$ 1,613,587</b>
<b>Tax refunds payable</b>	<b>\$ 68,822</b>	<b>\$ 6,108</b>	<b>\$ -</b>	<b>\$ 74,930</b>

### Primary Government – Business-Type Activities

The accounts receivable amount reported on the financial statements of the Unemployment Compensation fund is comprised of funds due from Indiana employers (employer receivables) and from overpayments made to Unemployment Insurance recipients (claimant receivables). Accounts receivable as of June 30, 2018 is as follows:

<b>Business - Type Activities</b>		
<u>Unemployment Compensation</u>		
Employer	\$ 54,895	
Claimant	127,057	
<b>Total receivable</b>	<b>\$ 181,952</b>	

A major portion of the accounts receivable, \$43.6 million of employer receivables and \$97.7 million of claimant receivables for a total of \$141.3 million, will not be collected within one year.

## D. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

### Primary Government – Governmental Activities

	Balance, July 1,			Balance, June 30
	As restated	Increases	Decreases	
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,320,771	\$ 52,807	\$ (7,021)	\$ 2,366,557
Infrastructure	12,332,181	238,620	(705)	12,570,096
Construction in progress	563,595	470,698	(340,384)	693,909
Total capital assets, not being depreciated/amortized	15,216,547	762,125	(348,110)	15,630,562
Capital assets, being depreciated/amortized:				
Buildings and improvements	2,226,619	16,315	(13,991)	2,228,943
Furniture, machinery, and equipment	643,149	52,608	(67,702)	628,055
Computer software	235,612	23,723	(1,434)	257,901
Infrastructure	35,049	-	(117)	34,932
Total capital assets, being depreciated/amortized	3,140,429	92,646	(83,244)	3,149,831
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,308,782)	(51,962)	7,305	(1,353,439)
Furniture, machinery, and equipment	(433,173)	(49,172)	62,600	(419,745)
Computer software	(127,549)	(61,509)	1,414	(187,644)
Infrastructure	(27,958)	(512)	48	(28,422)
Total accumulated depreciation/amortization	(1,897,462)	(163,155)	71,367	(1,989,250)
Total capital assets being depreciated/amortized, net	1,242,967	(70,509)	(11,877)	1,160,581
<b>Governmental activities capital assets, net</b>	<b>\$ 16,459,514</b>	<b>\$ 691,616</b>	<b>\$ (359,987)</b>	<b>\$ 16,791,143</b>

### Primary Government – Business-Type Activities

	Balance July 1, restated			Balance, June 30
	Increases	Decreases		
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 34	\$ -	\$ 34
Total capital assets, not being depreciated	-	34	-	34
Capital assets, being depreciated:				
Buildings and improvements	353	-	-	353
Furniture, machinery, and equipment	361	-	-	361
Total capital assets, being depreciated	714	-	-	714
Less accumulated depreciation for:				
Buildings and improvements	(209)	(21)	-	(230)
Furniture, machinery, and equipment	(302)	(22)	-	(324)
Total accumulated depreciation	(511)	(43)	-	(554)
Total capital assets being depreciated, net	203	(43)	-	160
<b>Business-type activities capital assets, net</b>	<b>\$ 203</b>	<b>\$ (9)</b>	<b>\$ -</b>	<b>\$ 194</b>

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

<b>Governmental activities:</b>	
General government	\$ 30,115
Public safety	40,736
Health	1,515
Welfare	48,637
Conservation, culture and development	13,361
Education	1,910
Transportation	<u>26,881</u>
<b>Total depreciation/amortization expense - governmental activities</b>	<u>\$ 163,155</u>
<b>Business-type activities:</b>	
Inns and Concessions	\$ 43
<b>Total depreciation expense - business-type activities</b>	<u>\$ 43</u>

## E. Leases

The future minimum lease obligations, the net present value of these minimum lease payments as of June 30, 2018 and the assets acquired through capital leases are as follows:

Year ending June 30,	Future minimum lease payments				
	Operating Leases	Capital Leases			Future Minimum Lease Payments
		Governmental Activities			
2019	\$ 29,093	\$ 70,268	\$ 45,398	\$ 115,666	
2020	21,362	69,010	45,463	114,473	
2021	17,981	67,018	42,057	109,075	
2022	14,353	69,618	38,749	108,367	
2023	12,091	72,339	35,264	107,603	
2024-2028	25,950	407,276	103,742	511,018	
2029-2033	-	134,662	24,691	159,353	
2034-2038	-	50,490	6,465	56,955	
Total minimum lease payments (excluding executory costs)	<u>120,830</u>	<u>940,681</u>	<u>341,829</u>	<u>1,282,510</u>	
Less:					
Remaining premium(discount)	-	33,665	-	33,665	
<b>Total minimum lease payments</b>	<b>\$ 120,830</b>	<b>\$ 974,346</b>	<b>\$ 341,829</b>	<b>\$ 1,316,175</b>	
<b>Assets acquired through capital lease</b>					
Building		\$ 5,364			
Machinery and equipment		26,973			
Infrastructure		949,170			
less accumulated depreciation		<u>(7,884)</u>			
		<b>\$ 973,623</b>			

### Operating Leases

The State leases building and office facilities and other equipment under operating leases. Total payments for such leases with aggregate payments of \$20,000 or more were \$33.8 million for the year ended June 30, 2018. A table of future minimum lease payments (excluding executory costs) is presented above.

### Capital Leases Liabilities

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

## F. Long-Term Obligations

Changes in long-term obligations for the primary government for the year ended June 30, 2018 were as follows:

Changes in Long-Term Obligations	Balance, July 1, as Restated	Increases	Decreases	Balance, June 30	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental activities:</b>						
Compensated absences	\$ 149,533	\$ 85,932	\$ (65,410)	\$ 170,055	\$ 88,275	\$ 81,780
Net pension liability	13,490,809	1,531,481	(1,636,485)	13,385,805	-	13,385,805
Other postemployment benefits	584,114	56,217	(137,040)	503,291	-	503,291
Pollution remediation	38,383	416	(2,016)	36,783	3,381	33,402
Capital leases	822,444	214,710	(62,808)	974,346	70,268	904,078
	<b>\$ 15,085,283</b>	<b>\$ 1,888,756</b>	<b>\$ (1,903,759)</b>	<b>\$ 15,070,280</b>	<b>\$ 161,924</b>	<b>\$ 14,908,356</b>
<b>Business-type activities:</b>						
Compensated absences	\$ 713	\$ 256	\$ (207)	\$ 762	\$ 198	\$ 564
Claims liability	25,000	506	(960)	24,546	1,678	22,868
	<b>\$ 25,713</b>	<b>\$ 762</b>	<b>\$ (1,167)</b>	<b>\$ 25,308</b>	<b>\$ 1,876</b>	<b>\$ 23,432</b>

Long term obligations of governmental activities include capital lease obligations of governmental funds as presented in Note IV(E), net pension liabilities as presented in Note V(E) (employee retirement systems and plan), other postemployment benefits, pollution remediation, intergovernmental payables, and compensated absence obligations. The General Fund typically has been used to liquidate any other long-term liabilities.

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

### G. Prior Period Adjustments and Reclassification

For the fiscal year ended June 30, 2018, certain changes have been made to the financial statements to more appropriately reflect financial activity of the State of Indiana. These prior period adjustments and restatements are reflected in the beginning net position in the government-wide statement of activities.

In the fund financial statements for the General Fund there was an increase in fund balance of \$337.5 million and a corresponding decrease in fund

balance in Special Revenue Funds due to the reclassification of various funds and revenue and expenses that were recorded incorrectly in the prior year.

In the fund statements for the General Fund, and the government-wide statements, net position increased \$2.2 million due to an error in the distribution of agency fund expenses from the general fund.

In the fund statements for the Special Revenue funds, and the government-wide statements, net position increased by \$7.7 million due to the addition of the Natural Resources Foundation as a blended component unit.

In the fund statements for the Special Revenue funds, and the government-wide statements, net position increased by \$108.1 million due to the understated of grants receivable in the prior year.

For the Internal Service fund and the government-wide statements, there is a decrease of \$1.1 million in net position due to the implementation of GASB 75.

For the government-wide statements, there is an increase of \$159.3 million in net position for capital

assets. This was the result of not capitalizing capital assets by June 30, 2017 that were acquired prior to this date and for corrections to acquisition cost by state agencies. There is an increase of \$11.8 million in net position for infrastructure assets that were recorded incorrectly in the prior year. Net position decreased \$9.9 million for software and building projects that were incorrectly recorded to construction in progress in the prior year. Net position decreased \$487.9 million due to the implementation of GASB 75.

The following schedule reconciles June 30, 2017 net position as previously reported, to beginning net position, as restated:

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>	<b>Discretely Presented Component Units (Non Fiduciary)</b>
<b>June 30, 2017, fund balance/retained earnings/net position as reported</b>	\$ 11,286,063	\$ 33,578,864	\$ 15,415,943
Change in accounting principle	(489,058)	32,248	(335,001)
Correction of errors	271,269	-	-
Reclassifications of funds	\$ 7,502	-	-
<b>Balance July 1, 2017 as restated</b>	<b>\$ 11,075,776</b>	<b>\$ 33,611,112</b>	<b>\$ 15,080,942</b>

## V. OTHER INFORMATION

### A. Risk Management

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

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

The State does have risk financing activity for the State employees' disability, certain State employees' health benefits, Conservation and Excise Officers' health benefits, and certain health, disability and

death benefits for State Police officers. These are reported in four individual Internal Service Funds.

For the fiduciary funds, net position increased \$32.2 million for a change in accounting principle adopted by INPRS.

### Discretely Presented Component Units (Non Fiduciary)

death benefits for State Police officers. These are reported in four individual Internal Service Funds.

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

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

	State Police Health Insurance Fund	State Employee Disability Fund	State Employees' Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	Total
<b>2018</b>					
Unpaid Claims, July 1	\$ 2,581	\$ 4,303	\$ 37,855	\$ 603	\$ 45,342
Incurred Claims and Changes in Estimate	29,608	16,058	314,201	4,692	364,559
Claims Paid	(28,669)	(17,178)	(317,081)	(4,455)	(367,383)
<b>Unpaid Claims, June 30</b>	<b>\$ 3,520</b>	<b>\$ 3,183</b>	<b>\$ 34,975</b>	<b>\$ 840</b>	<b>\$ 42,518</b>
<b>2017</b>					
Unpaid Claims, July 1	\$ 3,009	\$ 4,510	\$ 38,419	\$ 391	\$ 46,329
Incurred Claims and Changes in Estimate	24,885	18,043	329,607	3,982	376,517
Claims Paid	(25,313)	(18,250)	(330,171)	(3,770)	(377,504)
<b>Unpaid Claims, June 30</b>	<b>\$ 2,581</b>	<b>\$ 4,303</b>	<b>\$ 37,855</b>	<b>\$ 603</b>	<b>\$ 45,342</b>

## B. Contingencies and Commitments

### *Litigation*

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

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

The Indiana Attorney General's office estimates a total payment for liabilities and litigation expenses of \$11.7 million to be made from the Tort Claim Fund during the next fiscal year. During the fiscal year ending June 30, 2018, the State paid \$13.6 million for settlements, judgments, claims and litigation expenses from the Tort Claim Fund.

The following is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding \$5 million

individually or in the aggregate. This summary is not exhaustive, either as to the description of the specific litigation or claims described, or as to all of the litigation or claims currently pending or threatened against the State.

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

In 2014, Plaintiff, a man convicted of murder twice, overturned twice on appeal, and then found not guilty, sued government actors including city police officers, State Police troopers, prosecutors, and Floyd County alleging various civil rights violations and state law tort claims. Plaintiff demanded \$30 million from the defendants. Defendant Floyd County settled with the plaintiff for \$450 thousand in August, 2016. State Defendants' Motions for Summary judgment were filed on May 23, 2017. The State's position is that the claims against the prosecutors are absolutely barred by prosecutorial immunity and the claims against the Indiana State Police defendants fail based on defendants' qualified immunity and the existence of probable cause that plaintiff committed the underlying crimes. On January 29, 2018, the Court granted the State Defendants' Motions for Summary Judgment, entered judgment in favor of the State Defendants and against Plaintiff, and dismissed the case with prejudice. On February 2, 2018, State Defendants filed a Bill of Costs to recoup

their costs in the amount of \$9,077.70. The Plaintiff filed a Notice of Appeal on February 26, 2018. On March 1, 2018, the Court issued an Order staying a ruling on the Bill of Costs pending appeal. Plaintiff-Appellant filed his Appellant Brief on June 7, 2018. State Defendants-Appellees Brief was filed September 13, 2018; Appellant filed a Reply Brief. Oral argument was held at the 7<sup>th</sup> Circuit court on 10/30/18, and the case is currently under advisement.

In 2015, Plaintiff filed a complaint against a State Trooper, the Indiana State Police, and The City of Bloomington alleging negligence and negligent design of the roadway. On September 8, 2015, outside counsel appeared for the Indiana State Police. On the same day, outside counsel filed a motion for enlargement of time to respond to the complaint. On September 10, 2015, outside counsel filed an appearance to represent the State Trooper. On September 21, 2015, an answer was filed on behalf of the State defendant. On the same day, a Motion to Dismiss the State Trooper was filed. Plaintiff objected to this dismissal on October 15, and on October 16 a hearing on the Motion to Dismiss was set. After a motion to continue hearing was filed by Plaintiff's counsel, a hearing occurred on December 11, 2015. The court granted the Motion to Dismiss the State Trooper. On September 30, 2016, Plaintiff obtained new counsel. After the change of counsel, Plaintiff filed a motion for leave to amend complaint for damages to rejoin necessary defendant and restate allegations on December 5, 2016. Outside counsel filed a motion for enlargement of time to respond. On January 1, 2017, an Objection to Plaintiff's Motion for Leave to Amend Complaint for Damages was filed. The court set a hearing for March 21, 2017, to hear arguments on all pending motions, and on March 23, 2017, the court granted Plaintiff's Motion for Leave to Amend. On March 23, 2017, Plaintiff filed an amended complaint naming the State Trooper and The City of Bloomington as defendants. On May 11, 2017, outside counsel filed an appearance and answered this complaint on behalf of the State Trooper. A joint case management plan was established on August 22, 2017. This plan sets the projected trial date for July 30, 2018. State Defendant's Witness and Exhibit list was filed on September 21, 2017. Written discovery numerous depositions have occurred. On November 1, 2017, the State's Motion for Summary Judgment was filed. A hearing was held on January 8, 2018, on the State's Motion for Summary Judgment. On January 11, 2018, the Court issued an Order denying the State's Motion for Summary Judgment. Further discovery occurred and the case was went to trial on November 7, 2018. The trial resulted in mistrial. A Change of Judge was requested and on December

3, 2018, the parties agreed to Judge Erik Allen to serve as Special Judge. On December 7, the case was transferred to Monroe Circuit Court 6. No new trial date has been set.

In 2016, a charter school brought a claim against the State Superintendent of Public Education and the Department of Education, seeking damages under a breach of contract theory. The State defendants filed a counterclaim for recovery of overpayments against the school and an affiliated school. The court denied both motions to dismiss both the initial complaint and counterclaim. Two other charter schools subsequently intervened in the case. The charter schools are schools that did not take out low-interest loans from the Common School fund to help with start-up costs. The charter schools in this lawsuit argue that they were entitled to direct tuition support from the Common School Fund, and the State's failure to pay that constitutes a breach of the schools' charters. The schools seek over \$9 million for the tuition support and have asked for interest. After extensive discovery, the parties filed cross-motions for summary judgment. The court on October 2, 2018, granted the charter schools' motions for summary judgment and denied the State defendants' motion for summary judgment. The court found the defendants responsible for unpaid tuition support, for a total of \$8,645,759.24, but denied the charter schools' requests for prejudgment interest. On November 14, 2018, the Court clarified its order, denying the charter school's request for restitution for the school's payment of a growth loan received from the State. The defendants had previously filed their notice of appeal on November 1, 2018.

In 2017, a coalition of transportation businesses filed a class action lawsuit against the Department of Revenue, challenging the authority of the Department to register and collect fees under the Unified Carrier Registration Plan. The plaintiffs have asked for refunds of \$1 billion, but the Department of Revenue is merely a pass through and collector of fees. Any refund of the fees would have to come from all of the states for which these fees are collected. While the plaintiffs have asked for a refund of all fees collected by the Department, these funds go to the states participating in the Unified Carrier Registration Plan. Accordingly, in the unlikely event that a refund is ordered, any refund would be spread out among the forty-some participating states. Counsel filed motions to dismiss and a Motion for Summary Judgment on April 30, 2018. Plaintiffs filed an unopposed motion to Stay Rule 12(B)(7) Motion to Dismiss Briefing on May 14, 2018. Plaintiffs filed a Motion for Summary Judgment on June 25, 2018. Plaintiffs filed a Motion for Stay of Summary

Judgment Briefing and Oral Argument Pending Discovery on August 10, 2018. Plaintiffs filed an unopposed Motion to Stay Briefing of Plaintiffs' Motion for Summary Judgment on September 7, 2018. On September 10, 2018, the Court granted the unopposed Motion to Stay Briefing of Plaintiffs' Motion for Summary Judgment. The Court heard arguments on all pending motions for December 5, 2018, taking the motions under advisement.

In 2017, Plaintiff filed a complaint against Indiana Department of Environmental Management, Indiana State Department of Health and the State of Indiana. There are over 100 individual plaintiffs alleging negligence and negligent and intentional infliction of emotional distress against Indiana Department of Environmental Management, the Indiana Department of Health, and the State of Indiana (hereinafter collectively, "State Defendants") and the City of East Chicago, the East Chicago Housing Authority, and the East Chicago Department of Public and Environmental Health, seeking damages for alleged physical and emotional harms caused by their alleged exposure to lead, arsenic, and other contamination while residents at the West Calumet Housing Complex and/or while students at Carrie Gosch Elementary School in East Chicago, Indiana since the late 1990's. On February 12, 2018, outside counsel entered an appearance on behalf of the State Defendants along with a motion to extend time to respond. On March 5, 2018, an answer on behalf of the State Defendants was filed along with a motion to dismiss the Indiana State Department of Health. This motion was later found to be moot. Outside counsel has filed a motion staying discovery pending the outcome of the "to be" filed motion for judgment on the pleadings. That motion has been granted. The Motion for Judgment on the Pleadings was filed July 9, 2018. Plaintiff filed a response to the Motion for Judgment on the Pleadings on August 18, 2018. A Reply in Support of the Motion for Judgment was filed and a hearing held. The Motion for Judgment on the Pleadings was denied November 9, 2018. The Order denying the Motion to Dismiss required additional discovery. Initial discovery deadlines are set over the course of the next 6 months. The State's Motion to Certify for Interlocutory Appeal was filed on December 10, 2018.

#### *Other Litigation*

The State on behalf of the following state agencies is currently involved in the following cases that could result in significant liability to the State:

#### Indiana Family and Social Services Agency (FSSA)

In May 2010, the State of Indiana, on behalf of the FSSA, and counterclaim Plaintiff sued each other

regarding counterclaim Plaintiff's state welfare system contract entered into in 2006. In October 2009, the State announced its intention to terminate the 10-year contract early effective December 2009 due to counterclaim Plaintiff's deficient performance. The trial court issued rulings in July and August of 2012 awarding the counterclaim Plaintiff \$62.7 million. This amount included \$9.5 million for equipment retained by the state, \$2.5 million in early termination close-out payments, \$40.0 million in subcontractor assignment fees (previously granted to the counterclaim Plaintiff on summary judgment), and \$10.7 million in prejudgment interest. The trial court also ruled that the counterclaim Plaintiff was not entitled to recover \$43.0 million claimed for deferred fees. The trial court further ruled that there was no material breach of the contract, so the State could not recover damages from the counterclaim Plaintiff for breach of contract.

The State appealed. In February 2013, the Court of Appeals affirmed the trial court's award of \$40.0 million in assignment fees and \$9.5 million in equipment fees to counterclaim Plaintiff; it affirmed the trial court's denial of deferred fees to counterclaim Plaintiff; it reversed the trial court's award of \$2.5 million in early termination close-out payments and \$10.7 million in prejudgment interest to counterclaim Plaintiff; and found counterclaim Plaintiff materially breached the contract. The Court of Appeals remanded the case to the trial court to determine the amount of fees counterclaim Plaintiff is entitled to for change orders and to determine the state's damages and offset damages awarded to counterclaim Plaintiff as a result of counterclaim Plaintiff's material breach of contract. Both parties sought review from the Indiana Supreme Court.

The Indiana Supreme Court heard oral arguments in the case on October 30, 2014, and rendered its decision on March 22, 2016. Like the Indiana Court of Appeals, the Indiana Supreme Court: affirmed the trial court's award of \$40.0 million in assignment fees and \$9.5 million in equipment fees to counterclaim Plaintiff; it affirmed the trial court's denial of deferred fees to counterclaim Plaintiff; it reversed the trial court's award of \$2.5 million in early termination close-out payments and \$10.7 million in prejudgment interest to counterclaim Plaintiff; and found counterclaim Plaintiff materially breached the contract. The court remanded the case to the trial court for a determination of State's multi-million dollar damages claim, and calculation of change order fees due to counterclaim Plaintiff (approximately \$500 thousand).

The trial court issued its order on August 4, 2017, granting damages to the State in the amount of \$128

million. The trial court offset this judgment by the approximately \$50 million previously awarded to counterclaim Plaintiff and affirmed by the Indiana Supreme Court, resulting in a net award to the State of \$78 million. Counterclaim Plaintiff filed its Notice of Appeal on September 5, 2017, and the State cross-appealed. Oral argument for the case occurred on August 21, 2018 with the Indiana Court of Appeals. The Indiana Court of Appeals affirmed the award on damages in a net award to the State of \$78 million with the Counterclaim Plaintiff to get post judgment interest on its \$49.5 million award. The Appeals Court also remanded the case for calculation. The State filed its Petition to Transfer the case to the Indiana Supreme Court and Defendant/Plaintiff filed its Petition to Transfer as well. Responses to the transfer petitions are due November 19.

#### Indiana Bureau of Motor Vehicles (BMV)

In June of 2017, plaintiffs and the State of Indiana entered into a settlement agreement for the March and October 2013 class action lawsuits brought against the Bureau of Motor Vehicles (BMV), which alleged amounts were charged to persons for drivers' licenses that were not authorized by law and overcharges. The court approved this settlement agreement in August 2017. The settlement agreement was amended in August 2018 to place remaining customer claims under the March 2013 case on their BMV accounts to be claimed as credits. Credits not claimed by August 2021 will be transferred to the Attorney General's Unclaimed Property Fund. \$3.4 million was payable to claimants under the March 2013 case as of June 30, 2018. Under the October 2013 lawsuit, \$12.4 million was payable to claimants as of June 30, 2018 related to summer of 2016 claims and another \$2 million to \$15 million is estimated to be payable for additional claims from 2002 through 2006. Any summer of 2016 related claims and claims that are not paid by June 30, 2019 will be transferred to the Attorney General's Unclaimed Property Fund. Claims from 2002 through 2006 will be closed out at June 30, 2019 at which time no additional claims will be processed or transferred. \$17,815,729 has been accrued as an expense and payable in the government-wide financial statements for remaining refunds to be paid.

#### *Other Loss Contingencies*

The U.S. Office of Inspector General (USOIG) has issued multiple audit reports on Indiana's Medicaid Assistance Program. The State has worked with the Centers for Medicare and Medicaid Services (CMS) to resolve the findings. As of June 30, 2018 there were \$38.8 million in findings which FSSA believes

to be probable for having to be repaid and therefore, has been accrued as an expense and payable in the government-wide financial statements. FSSA management is continuing to work with CMS on a settlement of these findings.

#### *Construction Commitments*

As of June 30, 2018, the Indiana Department of Transportation had outstanding construction commitments totaling \$1.4 billion for road and bridge projects. It is anticipated that these projects will be financed with approximately 28% State funds, 5% local funds, 63% traditional Federal funds, and 4% 2020 Construction Funds.

The Indiana Department of Administration, Public Works Division, had remaining construction commitments totaling \$34.6 million for building and improvement projects of the State's agencies as of June 30, 2018. These projects are to be funded through State appropriations, the State Highway Department Fund, capital projects funds, and federal funds.

The State had \$53.2 million in total commitments for software in development as of June 30, 2018. These commitments are to be funded through the General Fund, federal funds and state dedicated funds.

#### *Encumbrances*

Significant encumbrances by major funds and non-major funds in the aggregate as of June 30, 2018 were as follows:

<b>Governmental Funds</b>	<b>Encumbrances</b>
General Fund	\$ 1,394,353
Public Welfare - Medicaid Assistance	11,448
US Department of Health & Human Services	715,356
Non-Major Governmental Funds	2,662,556
<b>Total</b>	<b>\$ 4,783,713</b>

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

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

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

Indiana Code (IC) 4-10-18 establishes the Counter-Cyclical Revenue and Economic Stabilization Fund ("Rainy Day Fund") within the state's General Fund to assist in stabilizing revenue

during periods of economic recession. The fund receives funding through calculated transfers as prescribed by Indiana Code.

The State Budget Director is required to annually calculate State of Indiana Adjusted Personal Income (API) and its growth rate over the previous year. API growth rates exceeding 2% trigger an appropriation from the General Fund into the Rainy Day Fund. API growth rates less than 2% trigger an appropriation from the Rainy Day Fund to the General Fund. Additionally, any balance in the Rainy Day Fund at the end of the fiscal year exceeding 7% of total General Fund revenues for the same period is transferred from the Rainy Day Fund to the General Fund.

In fiscal year 2018, the API growth rate did not trigger a transfer into or out of the Rainy Day Fund. Also, the Rainy Day Fund did not exceed 7% of total General Fund revenues for fiscal year 2018.

Loans can be made from the Rainy Day Fund to local units of government for specific purposes. The Rainy Day Fund cash and investment balance at the end of fiscal year 2018 was \$506.9 million. Total outstanding loans were \$0.5 million, resulting in total assets of \$507.4 million.

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

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

### Summary of Significant Accounting Policies (Pensions)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to or deductions from fiduciary net position have been determined on the same basis as they are reported for all of the plans by their respective trustees. The Indiana Public Retirement System is the trustee for all of the plans except for the State Police Retirement Fund and the State Police Supplemental Trust Fund which is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

### State Police Retirement Fund (Presented as a pension trust fund)

*Plan description.* The State Police Retirement Fund (SPRF) is a defined benefit, single-employer PERS, and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 grants authority to the Department to establish and operate an actuarially sound pension plan governed by a pension trust. It also authorizes the Department to make annual contributions as necessary to prevent any deterioration in the actuarial status of the trust. The State Police Retirement Fund issues a publicly available financial report that can be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

The SPRF includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement. Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987, and to those employee beneficiaries who were first employed before July 1, 1987, provided they elected to be covered by the 1987 Benefit System in accordance with the provisions of Section 31 of the Trust Agreement.

### *Retirement benefits provided.*

Pre-1987 Plan The Pre-1987 Plan provides that the basic monthly pension amount may not exceed by more than \$20 an amount equal to one-half of the member's average monthly wages (not including overtime) received during the highest paid consecutive 12 months prior to retirement. However, this amount may not exceed the monthly salary of a sixth year trooper.

In addition to the basic retirement benefit described above, a plan member with over 20 years of service will receive the following incremental increases:

2% of the basic amount for each of the next 2 years over 20 years;  
 3% of the basic amount for each of the next 2 years over 22 years;  
 4% of the basic amount for each of the next 2 years over 24 years;  
 5% of the basic amount for each of the next 2 years over 26 years;  
 6% of the basic amount for each of the next 2 years over 28 years;  
 7% of the basic amount for each of the next 2 years over 30 years;  
 8% of the basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-3-7 (c).

**1987 Plan** The 1987 Plan provides that the basic monthly pension amount may not exceed one-half of the member's average monthly salary received during the member's highest-paid three years before retirement. Members retiring from July 1, 1987, through June 30, 1988, may not receive a basic monthly benefit greater than 50% of the maximum salary of a first sergeant. Members retiring from July 1, 1988, through June 30, 1989, may not receive a basic monthly benefit greater than 50% of the maximum salary of a captain.

In addition to the basic retirement benefit described above, a Plan member with over 25 years of service will receive the following incremental increases:

5% of basic amount for each of the next 3 years over 25 years;  
 6% of basic amount for each of the next 2 years over 28 years;  
 7% of basic amount for each of the next 2 years over 30 years;  
 8% of basic amount for each of the next 2 years over 32 years.

However, the total of these additional amounts may not exceed 70% of the basic pension amount, according to IC 10-12-4-7(e).

**Disability and survivor benefits provided.** The regular disability benefit for a disabled member may not exceed the maximum basic pension amount. If the member's disability was incurred in the line of duty, the member is entitled to an additional \$40 per month for each dependent parent and dependent child under age 18.

If a member is permanently and totally disabled by a catastrophic personal injury that: (1) is sustained in the line of duty after January 1, 2001; and (2) permanently prevents the member from performing any gainful work; the member is entitled to a disability benefit equal to the member's salary at the commencement of the disability in lieu of the regular disability benefit. The member is also entitled to increases in the disability benefit equal to the salary

increases that the member would have received had the member remained in active service.

A member who meets the conditions listed in IC 5-10-13 has a presumption that a total or partial disability or death resulting from a health condition caused by AIDS, anthrax, hepatitis, HIV, meningococcal meningitis, smallpox, or tuberculosis is a disability or death incurred in the line of duty. In addition, a member who meets the conditions listed in IC 5-10-15 has a presumption that a total or partial disability resulting from an exposure-related cancer, or heart or lung disease is a disability incurred in the line of duty. These presumptions may be rebutted by competent evidence. A meeting or hearing held to rebut a presumption may be held as an executive session under IC 5-14-1.5-6.1(b)(1). A presumption affects only the determination as to whether a disability or death was incurred in the line of duty and does not change the requirements for determining eligibility for disability benefits.

A member's survivor is entitled to a supplemental death benefit of not more than \$14,500 for employee beneficiaries who die before July 1, 2013. For employee beneficiaries who die after June 30, 2013, the amount of supplemental death benefits may not exceed \$20,000. The maximum monthly pension payable to surviving spouses or a dependent mother and father of a member killed in the line of duty may not exceed the current basic monthly pension amount paid to retirees or, upon a retiree's death, one-half of the deceased officer's monthly benefit. A dependent child entitled to survivor benefits may receive a maximum of 30% of the basic monthly pension currently being paid to retirees. Total benefits paid to all of a member's surviving dependent children may not exceed the basic monthly pension currently being paid to retirees.

**Employees covered by benefit terms.** As of June 30, 2018, the following employees were covered by the benefit terms of the SPRF:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	789	772
Inactive employees entitled to but not yet receiving benefits	6	167
Active employees	33	1,190
<b>Total</b>	<b>828</b>	<b>2,129</b>

**Contributions.** Members of the Pre-1987 Plan contribute 5% of the member's wages (not including overtime and limited to sixth-year trooper pay). Members of the 1987 Plan contribute 6% of the member's wages (not including overtime). A member who receives a disability pension does not

make contributions to the member's fund.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost actuarial method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is being funded over a thirty-year closed period which commenced July 1, 2010. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level dollar of payroll method. The funding policy for normal cost and unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis. For the year ended June 30, 2018, the State's contribution rate was 26.5 percent of covered payroll.

**Deferred Retirement Option Program** The Deferred Retirement Option (DROP) for the State Police Retirement Fund was established in 2001 pursuant to the Pension Trust Agreement and is governed by the Department of the State Police and the Treasurer of the State of Indiana (Trustee). Members of the Pre-1987 and 1987 plans that are eligible to retire may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remain in active service, but the member does not contribute to the fund during the DROP period. For the Pre-87 Plan, when an employee has completed 20 years of service or more, he/she may irrevocably elect to enter the DROP for a period ending the earlier of (1) 60 consecutive months, (2) completion of 34 years of service, or (3) attainment of age 65. An employee on disability cannot enter the DROP. From the date the employee enters the DROP, he/she will not be credited with any additional years of service. The employee's DROP accrual will be equal to the basic monthly retirement benefit. At the end of the DROP period, the employee must separate from employment and retire. Upon separation, the employee will receive their accumulated DROP benefit in the form of a lump sum payment, a rollover to another retirement program, or a combination of both. For the 1987 Plan, all DROP requirements are the same as the Pre-87 plan, except that the employee must have completed 25 years of service or more. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2018, the amount held by the plan pursuant to the DROP is \$1.2 million.

## Net Pension Liability

The SPRF's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the SPRF at June 30, 2017 were as follows:

Total pension liability	\$ 644,229
Plan fiduciary net position	(458,766)
<b>SPRF's net pension liability</b>	<b>\$ 185,463</b>
Plan fiduciary net position as a percentage of the total pension liability	71.2%

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	6.75%	6.75%
Interest on member balances	3.00%	3.00%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older

Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted from 2006 with MP-2016 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Disabled Mortality Tables adjusted from 2006 with MP-2017 Mortality Improvement Scale.

The most recent comprehensive experience study was completed in February 2011 and was based on member experience between June 30, 2005 and June 30, 2010.

The SPRF is a pre-funded plan and utilizes a long-term expected rate of return on pension plan investments of 6.75 percent, which was determined using a building-block method in which best estimates of expected future rates of return (expected returns, net of pension plan investment expense) were developed for each major asset class. These estimated returns were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Development of the long-term investment return is shown below:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Broad domestic equity	29.0	6.9
Global ex U.S. equity	13.0	7.1
Short duration fixed income	4.0	2.6
Domestic fixed income	17.0	3.0
High yield fixed income	5.0	4.8
Hedge funds - alternatives	25.0	5.1
Real Estate	5.0	5.8
Cash and equivalents	2.0	2.3
<b>Total</b>	<b><u>100.0</u></b>	

of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to determine the total pension liability.

**Discount rate.** The discount rate used to measure the total pension liability was 6.75%. The projection

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 588,603	\$ 426,851	\$ 161,752
<b>Changes for the year:</b>			
Service cost	14,409	-	14,409
Interest	39,358	-	39,358
Differences between expected and actual experience	42,319	-	42,319
Changes of assumptions or other inputs	(6,232)	-	(6,232)
Contributions - employer	-	20,556	(20,556)
Contributions - employee	-	3,997	(3,997)
Net investment income	-	41,978	(41,978)
Benefit payments, including refunds of employee contributions	(34,228)	(34,228)	-
Administrative expense	-	(389)	389
Other changes	-	1	(1)
<b>Net changes</b>	<b>55,626</b>	<b>31,915</b>	<b>23,711</b>
<b>Balances at 6/30/17</b>	<b>\$ 644,229</b>	<b>\$ 458,766</b>	<b>\$ 185,463</b>

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the net pension liability of the SPRF, calculated using the discount rate of 6.75%, as well as what the SPRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	267,263	185,463	117,190

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the State Police Retirement

Fund. This report may be obtained by writing the State Police Retirement Fund, c/o Treasurer of State, 200 W. Washington Street, Room 242 State House, Indianapolis, IN 46204.

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the State recognized pension expense of \$39.0 million for the SPRF. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,648	\$ 376
Changes of assumptions or other inputs	4,888	5,158
Net difference between projected and actual earnings on pension plan investments	22,979	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	25,002	-
<b>Total</b>	<b>\$ 90,517</b>	<b>\$ 5,534</b>

Deferred outflows of resources in the amount of \$25.0 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	17,308
2020	20,457
2021	13,829
2022	3,505
2023	4,882
Thereafter	-

#### State Police Supplemental Trust Fund (Presented as a pension trust fund)

**Plan description.** The State Police Supplemental Trust (SPST) is a defined benefit, single-employer pension plan and is administered by the Treasurer of the State of Indiana as Trustee under a Pension Trust Agreement with the Indiana Department of State Police. Indiana Code 10-12-2-2 and 10-12-2-5 grant authority to the Department of the State Police to establish and operate a fund for death and disability benefits. The SPST is funded using annual appropriations on a pay-as-you-go basis. There are no assets accumulated in a trust for these benefits. The amount paid for pensions as the benefits came due during fiscal year 2018 was \$4.3 million.

The SPST includes the Pre-1987 Benefit System and the 1987 Benefit System. The term "Pre-1987 Benefit System" shall refer to the plan and benefits provided employee beneficiaries who are first employed as employees by the Department before July 1, 1987, and who did not elect to be covered by the 1987 Benefit System in accordance with provision of Section 31 of the State Police Retirement Fund (SPRF). Any benefits provided to former employees who qualified for such benefits under the terms of the Trust Agreement as in effect prior to July 1, 1987, shall also be deemed part of the Pre-1987 Benefit System. The term "1987 Benefit System" shall refer to the plan and the benefits provided to employee beneficiaries who are first employed as employees by the Department on or after July 1, 1987 and to those employee beneficiaries who were first employed before July 1, 1987, provided they elect to be covered by the 1987 Benefit System in accordance with the provision of Section 31 of the SPRF Trust Agreement.

In relation to the SPRF, the membership of the SPST is generally made up of active members and disabled members of the SPRF with the following exceptions:

- The SPST does not include active SPRF members who elected a DROP
- The SPST does not include inactive SPRF members who are currently receiving SPRF retirement benefits.

#### *Retirement benefits provided.*

**Line of Duty Death Benefits.** For the Pre-1987 plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper rate), plus \$20. Benefits are assumed to increase with the sixth year trooper rate. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time. For the 1987 plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of salary. Dependent children are paid 30 percent of the beneficiary's benefit until they reach age 18 or 23 if enrolled in school full time.

**Line of Duty Disability Benefits.** For the Pre-1987 Plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper pay), plus \$20. Benefits are assumed to increase with the sixth year trooper rate and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by \$40 for each dependent child under 18. For the 1987 Plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of

salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service. The plan also pays medical expenses. Benefits are increased by \$40 for each dependent child under 18.

**Non-Line of Duty Disability Benefits.** For the Pre-1987 Plan, the benefit value is 50 percent of current salary (but in no event greater than the sixth year trooper pay), plus \$20. Benefits are assumed to increase with the sixth year trooper rate and are payable until the participant has earned 34 years of service, but not for a period longer than the accrued service at date of disability. For the 1987 Plan, the benefit value is 50 percent of the average of the highest 36 consecutive months of salary. Benefits are assumed to increase with assumed salary increases and are payable for a minimum of two years and until the participant has earned 25 years of service.

**Catastrophic Injury Disability Benefits.** For the Pre-1987 Plan, the benefit value is 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 34 years of service. The plan also pays medical expenses. Benefits are increased by \$40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time. For the 1987 Plan, the benefit value is 100 percent of current salary. Benefits are assumed to increase with salary increases and are payable until the participant has earned 25 years of service. The Plan also pays medical expenses. Benefits are increased by \$40 for each dependent child until they reach the age of 18 or 23 if enrolled in school full time.

**Employees covered by benefit terms.** As of June 30, 2018, the following employees were covered by the benefit terms of the SPST:

	Pre-1987 Plan	1987 Plan
Inactive employees or beneficiaries currently receiving benefits	16	41
Active employees	33	1,174
<b>Total</b>	<b>49</b>	<b>1,215</b>

### Total Pension Liability

The SPST Plan's total pension liability was measured as of June 30, 2017.

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pre-1987 Plan	1987 Plan
Interest rate/investment return	3.13%	3.13%
Future salary increases, which includes inflation and cost of living increases	3.50%	9% age 26 & younger; reduced 0.5% through age 35; 4% age 36 and older
Inflation	2.25%	2.25%

Mortality rates were based on the RP-2014 Blue Collar mortality table adjusted to 2006 with MP-2016 Mortality.

The most recent comprehensive experience study was completed in 2011 and was based on member experience between June 30, 2005 and June 30, 2010. The demographic assumptions were updated as needed for the June 30, 2011 actuarial valuation based on the results of the study.

**Discount rate.** Total pension liability was calculated using the discount rate of 3.13 percent. This rate was chosen in accordance with GASB #73, which requires that the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The 3.13% is the June 30, 2017 value of the S&P Municipal Bond 20 Year High Grade Rate Index.

### Changes in the Total Pension Liability

	Increase (Decrease) Total Pension Liability (a)
<b>Balances at 6/30/16</b>	\$ 17,043
<b>Changes for the year:</b>	
Service cost	4,422
Interest	582
Changes in benefit terms	-
Experience (gains)/losses	-
Plan amendments	-
Differences between expected and actual experience	(59)
Changes of assumptions or other inputs	(645)
Benefit payments, including refunds of employee contributions	(4,259)
<b>Net changes</b>	<b>41</b>
<b>Balances at 6/30/17</b>	<b>\$ 17,084</b>

*Sensitivity of the total pension liability to changes in the discount rate.* The following presents the total pension liability of the SPST, calculated using the discount rate of 3.13%, as well as what the SPST's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

	1% Decrease (2.13%)	Current Rate (3.13%)	1% Increase (4.13%)
Total pension liability	18,634	17,084	15,830

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the State recognized pension expense of \$5.3 million for the SPST. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 449
Changes of assumptions or other inputs	3,429	591
<b>Total</b>	<b>\$ 3,429</b>	<b>\$ 1,040</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	249
2020	249
2021	249
2022	249
2023	249
Thereafter	1,144

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

*Plan description.* The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to certain employees of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana State excise police officer, Indiana State conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement

duties. The EG&C Plan was established in 1972 and is governed by the INPRS Board of Trustees in accordance with IC 5-10-5.5.

*Retirement benefits provided.* Generally, pension benefits vest after 15 years of creditable service. Officers becoming participants after age 50 are vested after completion of 10 years of service. A participant is entitled to an annual pension benefit, paid in equal monthly installments beginning on the participant's normal retirement date, equal to 25 percent of the participant's average annual salary. A participant who completes more than 10 years of creditable service is entitled to receive an additional amount equal to 1.67 percent of the participant's average annual salary for each completed year of creditable service over 10 years. However, a participant's annual pension benefit may not exceed 75 percent of the participant's average annual salary.

Each participant is required to retire on or before the first day of the month following the participant's 65<sup>th</sup> birthday. However, a participant who is hired after age 50 must retire upon the earlier of: (1) the first day of the month following the participant's 65<sup>th</sup> birthday; or (2) the first day of the month following the date the participant completes 15 years of creditable service. A participant, who is at least 55 years of age and the sum of the participant's years of creditable service and age in years, equals at least 85, may retire and become eligible for full retirement benefits. In addition, a participant may elect full retirement benefits at age 50 with 25 years of service. A reduced benefit is provided for early retirements that are elected upon attainment of age 45 with at least 15 years of creditable service. The monthly benefit is reduced by 0.25 percent for each full month by which the participant's early retirement date precedes the participant's 60<sup>th</sup> birthday.

Any participant who terminates service before accumulating 15 years of creditable service may become a member of the Public Employees' Retirement Fund (PERF). Upon payment of contributions and interest required by the INPRS Board of Trustees, the withdrawing participant shall be entitled to transfer creditable service to PERF.

The monthly pension benefits for members in pay status may be increased periodically as COLA. Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2018; however, eligible members did receive a one-time check (a.k.a. 13<sup>th</sup> check) by October 1, 2017. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2016, and who was entitled to receive a monthly benefit on July 1, 2017.

*Disability and survivor benefits provided.* A participant who becomes permanently or temporarily disabled from performing all suitable and available work "on the force" for which the participant is or may be capable of becoming qualified, considering reasonable accommodation to the extent required by the Americans and Disability Act, is entitled to receive a disability benefit. The amount of the disability benefit paid to a participant depends on whether the disability arose in the line of duty, the degree of impairment as determined by INPRS Board of Trustees' medical authority, and the participant's monthly salary. A participant is entitled to receive creditable service for the time the participant receives disability benefits under a State disability plan established under IC 5-10-8-7.

If a participant has more than 15 years of creditable service at the time of death, survivor benefits are payable to the surviving spouse, parents, or dependent children, as nominated by the participant's written direction, acknowledged, and filed with the INPRS Board of Trustees. The surviving spouse or the parent(s) is entitled to an annual survivor's allowance for life equal to 50 percent of the amount the participant would have been entitled to if he/she had retired on the date of death. If nominated and eligible, surviving unmarried minor child(ren) are entitled to an annual survivor's allowance equal to 50 percent of the amount the participant would have been entitled to if he/she had retired, divided equally between or among all nominated and eligible children. This benefit will continue until the child reaches 18 years of age or marries, whichever occurs first.

*Deferred Retirement Option Plan.* The DROP for the EG&C Plan was established by the Indiana Legislature in 2008 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10-5.5-22. Members of the EG&C Plan that are eligible to retire at an unreduced annual retirement allowance, may elect to accumulate a

DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remains in active service contributing to the plan until that date. The DROP retirement date must be not less than twelve months and not more than thirty-six months after their DROP entry date, and not after the date they reach any mandatory retirement age that may apply. The member may make an election to enter the DROP only once in their lifetime. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2018, the amount held by the plan pursuant to the DROP is \$1.6 million.

*Employees covered by benefit terms.* As of June 30, 2018, the EG&C plan membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	234
Inactive vested members entitled to but not yet receiving benefits	5
Inactive non-vested members entitled to a distribution of contributions	141
Active members: vested and non-vested	443
<b>Total</b>	<b>823</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

*Contributions.* The funding policy for the EG&C Plan is in accordance with statute IC 5-10-5.5-8.5. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During the year ended June 30, 2017, the State of Indiana was required to contribute 20.75 percent of covered payroll.

The member contribution rate is established by statute IC 5-10-5.5-8 at four percent of a participant's salary to be contributed to the participant's savings account. The employer may pay all or a part of the contribution for the participant. Member contributions are used to fund a portion of the defined benefit payment. Any participant who terminates employment before accumulating 15 years of creditable service and before attaining the age of 45 shall be entitled to a lump sum refund of all contributions in the participant's savings account plus accumulated interest as determined by the

INPRS Board of Trustees in accordance with IC 5-10-5.5-17.

*Financial report.* INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Net Pension Liability

The EG&C Plan's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	2.50%
Inflation	2.25%
Cost of living increases	2018-2019 - 13th check, 2020 - 1.0% compounded annually.

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS

defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

*Discount rate.* Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the EG&C defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

## Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 138,965	\$ 111,329	\$ 27,636
<b>Changes for the year:</b>			
Service cost	3,550	-	3,550
Interest	9,389	-	9,389
Differences between expected and actual experience	120	-	120
Changes of assumptions or other inputs	(2,578)	-	(2,578)
Contributions - employer	-	5,691	(5,691)
Contributions - nonemployer contributing entities	-	-	-
Contributions - employee	-	1,102	(1,102)
Net investment income	-	8,869	(8,869)
Benefit payments, including refunds of employee contributions	(6,826)	(6,826)	-
Administrative expense	-	(123)	123
Other changes	(17)	(26)	9
<b>Net changes</b>	<b>3,638</b>	<b>8,687</b>	<b>(5,049)</b>
<b>Balances at 6/30/17</b>	<b>\$ 142,603</b>	<b>\$ 120,016</b>	<b>\$ 22,587</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the EG&C Plan, calculated using the discount rate of 6.75%, as well as what the EG&C Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	41,921	22,587	6,721

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the State recognized pension expense of \$6.0 million for the EG&C Plan. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the EG&C Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 894	\$ 232
Changes of assumptions or other inputs	1,493	2,167
Net difference between projected and actual earnings on pension plan investments	4,724	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	6,175	-
<b>Total</b>	<b>\$ 13,286</b>	<b>\$ 2,399</b>

Deferred outflows of resources in the amount of \$6.2 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	(1,572)
2020	(2,769)
2021	(1,101)
2022	220
2023	408
Thereafter	102

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

**Plan description.** The Prosecuting Attorneys' Retirement Fund (PARF) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to prosecuting attorneys. PARF was established in 1989 and is governed through the INPRS Board of Trustees by IC 33-39-7. Coverage is for individuals who: (1) serve as a prosecuting attorney or a chief deputy prosecuting attorney; or (2) serve as the executive director or assistant executive director of the Indiana Prosecuting Attorneys Council or as a State-paid deputy prosecuting attorney. These individuals' salaries are paid from the General Fund of the State of Indiana.

**Retirement benefits provided.** A participant is entitled to a retirement benefit if the participant: (1) is at least age 62 and has at least eight years of service credit; (2) is at least age 55 and whose years of service as a member of PARF plus years of age equal at least 85; and (3) is not receiving salary for services currently performed. A member whose service ended before July 1, 2006 must have at least 10 years of service. The retirement benefit of a participant who is at least age 65 (or are at least 55 years of age and the participant's age in years plus the participant's years of service total 85 or more) is calculated by multiplying: (1) the highest annual salary paid to the participant before the participant's separation from service; by (2) a percentage based on the participant's years of service. The percentages range from 24 percent for eight years of service to 60 percent for 22 or more years of service. If a participant is at least 62 years of age with at least eight years of creditable service, a participant is entitled to receive a reduced annual retirement benefit that equals the benefit, as calculated above, reduced by 0.25 percent per month for each month the participant retires before age 65.

In addition, a PARF participant is a member of PERF. A PARF participant's retirement benefit is reduced by the amount of the employer-financed

pension benefit that would be payable to the participant had the participant retired from PERF on the date of the participant's retirement from the fund. However, the benefits payable to a participant from the fund are not reduced by any payments made to the participant from the participant's PERF annuity savings account. The employer may elect to make the contributions on behalf of the member.

**Disability and survivor benefits provided.** PARF also provides disability and survivor benefits. A member with 22+ years of creditable service receives full benefit. Less than 22 years of creditable service receives the full benefit reduced by one percent for each year under 22 (benefit to be no lower than 50 percent). Reduced for any PERF DB benefit.

The surviving spouse or designated beneficiary of a participant is entitled to a benefit if, on the date of the participant's death, the participant: (1) was receiving benefits; (2) has completed at least eight years of service and was in service as a prosecuting attorney or chief deputy prosecuting attorney, executive director or assistant executive director of the Indiana Prosecuting Attorneys Council, or as a State-paid deputy prosecuting attorney; or (3) had met the requirements for a disability benefit.

Regardless of the participant's age at death, the surviving spouse's benefit is equal to the greater of: (1) \$12,000 annually; or (2) 50 percent of the amount of retirement benefit the participant was drawing at the time of death, or to which the participant would have been entitled had the participant retired and begun receiving retirement benefits on the date of death. Survivor benefits are not subject to reduction for early retirement. If there is not a surviving spouse, there are provisions for dependents to receive benefits.

**Employees covered by benefit terms.** As of June 30, 2018, the PARF membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	87
Inactive employees entitled to refunds of contributions	134
Active employees	209
<b>Total</b>	<b>575</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

**Contributions.** The funding policy for PARF is in accordance with statute IC 33-39-7-23 that requires an appropriation, determined by the INPRS Board of Trustees from the State of Indiana General Fund, for each biennium to PARF computed on an actuarially funded basis and the recommendation of the actuary. For the year ended June 30, 2018, the State of Indiana appropriated \$3.0 million for employer contributions. The Actuarially Determined Contribution (ADC) for PARF was \$2.5 million.

The member contribution rate is established by statute IC 33-39-7-12 at six percent of salary for their first 22 years of service. The employer may elect to pay the contributions for a member. Members receive interest earnings at a rate specified by the INPRS Board of Trustees in accordance with IC 33-39-7-14. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the member completes eight years of creditable service. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest as determined by the INPRS Board of Trustees in accordance with IC 33-39-7-13.

**Financial report.** INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Net Pension Liability

The PARF's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	4.00%
Inflation	2.25%
Cost of living increases	N/A

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

**Discount rate.** Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of

Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the PARF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 85,033	\$ 52,792	\$ 32,241
<b>Changes for the year:</b>			
Service cost	1,650	-	1,650
Interest	5,714	-	5,714
Experience (gains)/losses	1,996	-	1,996
Assumption changes	(216)	-	(216)
Plan amendments	6,547	-	6,547
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	1,486	(1,486)
Contributions - employee	-	1,358	(1,358)
Net investment income	-	4,167	(4,167)
Benefit payments, including refunds of employee contributions	(4,069)	(4,069)	-
Administrative expense	-	(159)	159
Other changes	-	-	-
<b>Net changes</b>	<b>11,622</b>	<b>2,783</b>	<b>8,839</b>
<b>Balances at 6/30/17</b>	<b>\$ 96,655</b>	<b>\$ 55,575</b>	<b>\$ 41,080</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the PARF, calculated using the discount rate of 6.75%, as well as what the PARF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	53,414	41,080	30,918

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the State recognized pension expense of \$12.9 million for the PARF. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions for the PARF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,088	\$ -
Changes of assumptions or other inputs	-	109
Net difference between projected and actual earnings on pension plan investments	2,317	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	3,014	-
<b>Total</b>	<b>\$ 6,419</b>	<b>\$ 109</b>

Deferred outflows of resources in the amount of \$3.0 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	(1,655)
2020	(1,302)
2021	(468)
2022	129

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

*Plan description.* The Legislators' Retirement System was established in 1989 by IC 2-3.5 and accordingly is governed by the INPRS Board of Trustees. The retirement system is for certain members of the General Assembly of the State of Indiana as specified by the provisions of the statute.

The Legislators' Retirement System is comprised of two separate and distinct plans. The Legislators' Defined Benefit Plan (LE DB) (IC 2-3.5-4), a single-employer (the State of Indiana) defined benefit plan, applies to members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Contribution Plan (LE DC) (IC 2-3.5-5) applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly.

*Retirement benefits provided.* A participant is entitled to an unreduced monthly retirement benefit

if the participant is: (1) at least age 65 and has at least 10 years of service as a member of the General Assembly; (2) at least age 55 and whose years of service as a member of the General Assembly plus years of age equal at least 85; or (3) at least age 60 and has at least 15 years of service as a member of the General Assembly. To qualify for a monthly retirement benefit, the member: (1) must have terminated service as a member of the General Assembly; (2) has at least 10 years of service as a member of the General Assembly; and (3) is not receiving and is not entitled to receive a salary from the State.

The monthly retirement benefit is equal to the lesser of: (1) \$40 multiplied by the number of years of service in the General Assembly completed before November 8, 1989, or (2) the highest consecutive three-year average annual salary of the participant under IC 2-3-1-1 at the date the participant's service as a member of the General Assembly is terminated, divided by 12.

A participant who has reached at least age 55, has terminated service as a member of the General Assembly, has at least 10 years of service as a member of the General Assembly, and is not receiving, nor is entitled to receive, a salary from the State of Indiana, is eligible for early retirement with a reduced benefit. The reduction in the benefit is equal to: (1) 0.1 percent per month between ages 60 and 65; and (2) 5/12 percent per month between ages 55 and 60.

The monthly pension benefits for members in pay status are increased periodically as a COLA. COLA increases for LE DB are equal to the increase for the PERF Plan in accordance with IC 2-3.5-4-13 on an "ad hoc" basis and are generally based on the date of retirement, and other eligibility factors. There was no COLA for the year ended June 30, 2018.

*Disability and survivor benefits provided.* The LEDB Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service may retire for the duration of the disability if the member has qualified for social security disability and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. If a participant dies while receiving retirement benefits, or had completed at least 10 years of service as a member of the General Assembly, or was permanently disabled and receiving disability benefits from the system, the surviving spouse is entitled to receive survivor benefits. The benefits are for life and are equal to 50 percent of the amount of retirement benefits that the participant was receiving at the time of death or that

the participant would have been entitled to receive at 55 years of age, or at the date of death, whichever is later. If there is not a surviving spouse, there are provisions for dependents to receive benefits.

**Employees covered by benefit terms.** As of June 30, 2018, the LEDB Plan membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	76
Inactive vested members entitled to but not yet receiving benefits	10
Active members: vested and non-vested	9
<b>Total</b>	<b>95</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

**Contributions.** For the LEDB Plan, the funding policy is in accordance with statute IC 2-3.5-4-9 and IC 2-3.5-4-10. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the State of Indiana General Fund for each biennium. For the year ended June 30, 2018, the State of Indiana appropriated \$0.2 million for employer contributions. The Actuarially Determined Contribution (ADC) for LEDB was \$0.2 million.

**Financial report.** INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Net Pension Liability

The LEDB Plan's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	N/A
Future salary increases	2.25%
Inflation	2.25%
Cost of living increases	2018-2019 - N/A 2020 - 1.0% compounded annually.

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

**Discount rate.** Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members,

would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the LEDB pension plan's

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

### Changes in the Net Pension Liability

	Increase (Decrease)			\$ 1,096
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	
<b>Balances at 6/30/16</b>	\$ 4,015	\$ 2,919	\$ 1,096	
<b>Changes for the year:</b>				
Service cost	1	-	1	
Interest	259	-	259	
Differences between expected and actual experience	(113)	-	(113)	
Contributions - employer	-	135	(135)	
Net investment income	-	222	(222)	
Benefit payments, including refunds of employee contributions	(358)	(358)	-	
Administrative expense	-	(53)	53	
<b>Net changes</b>	<b>(211)</b>	<b>(54)</b>	<b>(157)</b>	
<b>Balances at 6/30/17</b>	<b>\$ 3,804</b>	<b>\$ 2,865</b>	<b>\$ 939</b>	

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the LEDB Plan, calculated using the discount rate of 6.75%, as well as what the LEDB Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	1,218	939	695

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the LEDB Plan recognized pension expense of \$51.2 thousand. At June 30, 2018, the LEDB Plan reported deferred

outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 145	\$ -
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	237	-
<b>Total</b>	<b>\$ 382</b>	<b>\$ -</b>

Deferred outflows of resources in the amount of \$237.0 thousand related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	(41)
2020	(81)
2021	(30)
2022	7

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

**Plan description.** The Judges' Retirement System (JRS) is a single-employer (the State of Indiana) defined benefit plan established to provide retirement, disability, and survivor benefits to judges and magistrates. JRS was established in 1985, and is governed through the INPRS Board of Trustees by IC 33-38-6, IC 33-38-7 (judges beginning service before September 1, 1985) and IC 33-38-8 (judges beginning service after August 31, 1985). Coverage is for any person who has served, is serving, or shall serve, as a regular judge, magistrate or justice of the (1) Supreme Court of the State of Indiana, (2) Court of Appeals, (3) Indiana Tax Court, (4) Circuit Court of a Judicial Circuit, or (5) county courts including: Superior, Criminal, Probate, Juvenile, Municipal and County.

**Retirement benefits provided.** A member vests after eight years of creditable service. Judges who retire at or after age 65 with eight years of creditable service (or are at least 55 years of age and the participant's age in years plus the participant's years of service total 85 or more) are entitled to an annual retirement benefit, payable monthly for life, in an amount calculated in accordance with the statute.

The annual retirement benefit for a participant equals the product of the salary that was paid to the participant at the time of separation from service, multiplied by a percentage for years of service as defined in the statute. The salary for participants in the Judges' 1985 Fund is defined in IC 33-38-8-14(e). The pension benefit for participants of the Judges' 1977 Fund is based on the salary being paid for the office that the participant held at the time of separation from service [IC 33-38-7-11(d)]. The statute provides for the percentage to be prorated for partial years of service. If the annual retirement benefit of a participant who began service as a judge before July 1, 1977, as computed per IC 33-38-7-11, is less than the benefit the participant would have received under IC 33-38-6 as in effect on June 30, 1977, the participant is entitled to receive the greater

amount as the participant's annual retirement benefit.

A member may retire at age 62 with the requisite years of service, however the participant's benefit is reduced by 0.1 percent for each month the member's age on the date the participant begins receiving a retirement benefit precedes the participant's 65<sup>th</sup> birthday.

The monthly pension benefits of the retired judges that were former participants in the 1977 Fund receive benefit increases whenever the salary of the position the retiree held at separation from service increases. Before fiscal year 2011, benefits of judges who are members of the 1985 Fund were tied to the salary of the position at the time the participant separated from service and did not increase if the salary of the position increased after the participant separated from service. Before fiscal year 2011, the General Assembly provided COLA increases to participants in the 1985 Fund on an "ad hoc" basis. Beginning after June 30, 2010, a participant in the 1985 Fund receives an increase in the monthly benefit of the same percentage by which the salary of the office of the participant held at separation from service increases. The percentage increase to the monthly benefit takes effect at the same time the salary increase takes effect (IC 33-38-8-25). There was a COLA increase of 2.0 percent effective July 1, 2017, for eligible participants in the 1977 Fund and 1985 Fund.

**Disability and survivor benefits provided.** There is no vesting requirement for permanent disability benefits. For both the 1977 Fund and the 1985 Fund, a participant is considered permanently disabled if the INPRS Board of Trustees receives a written certification by at least two licensed and practicing physicians appointed by the INPRS Board of Trustees. A participant receiving disability benefits must be reexamined at least once a year by at least two physicians appointed by the INPRS Board of Trustees.

Surviving spouses or dependent child(ren) are entitled to benefits if the participant had qualified to receive a retirement or disability benefit, or had completed at least eight years of service and was in service as a judge. The minimum survivor benefit is \$12,000.

**Employees covered by benefit terms.** The Judges' Retirement System consists of two classes of members (the 1977 Fund and the 1985 Fund). The 1977 Fund includes all individuals who began service as a judge before September 1, 1985, unless the individual, within twenty days after becoming a judge, filed an irrevocable election not to participate

in the 1977 Fund. The 1985 Fund covers all individuals who: (1) began service as a judge after August 31, 1985; and (2) are not participants in the 1977 Fund. Beginning January 1, 2011, full-time magistrates who were serving on July 1, 2010, may elect to be members of the 1985 Fund. The 1985 Fund is for all new judges, and beginning January 1, 2011, all new full-time magistrates (IC 33-38-8-10).

As of June 30, 2018, the Judges' Retirement System membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	365
Inactive vested members entitled to but not yet receiving benefits	26
Inactive non-vested members entitled to a distribution of contributions	42
Active members: vested and non-vested	439
<b>Total</b>	<b>872</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

**Contributions.** The funding policy for the Judges' Retirement System is in accordance with statute IC 33-38-6-17 that requires an appropriation by the Indiana General Assembly, determined by the INPRS Board of Trustees from the State of Indiana General Fund, for each biennium to the Judges' Retirement System computed on an actuarially funded basis and the recommendation of the actuary. The statute also provides for remittance of docket fees and court fees which are considered employer contributions. For the year ended June 30, 2018, the State of Indiana paid \$15.1 million in employer contributions. The Actuarially Determined Contribution (ADC) for JRS was \$14.9 million.

The member contribution rate is established by statute IC 33-38-7-10 (1977 System) and IC 33-38-8-11 (1985 Fund) at six (6) percent of salary. Each fund member shall contribute during the period of the fund member's employment, or for 22 years, whichever is shorter. The employer may pay all or a part of the contributions for the member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before being eligible for a retirement benefit. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest at a rate specified by the INPRS Board of Trustees in accordance with IC 33-38-7-13 (1977 Fund) and IC 33-38-8-12 (1985 Fund).

**Financial report.** INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Net Pension Liability

The JRS' net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Interest on member balances	3.50%
Future salary increases	2.50%
Inflation	2.25%
Cost of living increases	2018 - 2.0%
	2019 - 2.5%
	annually

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-

term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

*Discount rate.* Total pension liability was calculated

using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the JRS defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 501,126	\$ 441,790	\$ 59,336
<b>Changes for the year:</b>			
Service cost	14,762	-	14,762
Interest	34,083	-	34,083
Experience (gains)/losses	(3,107)	-	(3,107)
Assumption changes	(1,213)	-	(1,213)
Contributions - employer	-	16,824	(16,824)
Contributions - employee	-	3,468	(3,468)
Net investment income	-	35,196	(35,196)
Benefit payments, including refunds of employee contributions	(22,099)	(22,099)	-
Administrative expense	-	(124)	124
Other changes	183	-	183
<b>Net changes</b>	<b>22,609</b>	<b>33,265</b>	<b>(10,656)</b>
<b>Balances at 6/30/17</b>	<b>\$ 523,735</b>	<b>\$ 475,055</b>	<b>\$ 48,680</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the JRS, calculated using the discount rate of 6.75%, as well as what the JRS' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability	109,027	48,680	1,981

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the JRS recognized pension expense of \$15.4 million. At June 30, 2018, the JRS reported deferred outflows of resources and deferred inflows of resources

related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,081	\$ 2,219
Changes of assumptions or other inputs	-	4,456
Net difference between projected and actual earnings on pension plan investments	18,546	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	15,117	-
<b>Total</b>	<b>\$ 37,744</b>	<b>\$ 6,675</b>

Deferred outflows of resources in the amount of \$15.1 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	(3,756)
2020	(10,154)
2021	(3,130)
2022	1,088

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

Public Employees' Defined Benefit Account  
(Presented as part of INPRS – a fiduciary in nature  
component unit)

*Plan description.* PERF DB is a cost-sharing, multiple-employer defined benefit fund which is generally administered in accordance with IC 5-10.2, IC 5-10.3, and 35 IAC 1.2. The account provides retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered

by another plan and those political subdivisions that elect to participate in the retirement fund. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation.

New employees hired by the State or a participating political subdivision have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice) which is covered in the Defined Contribution Funds section. A new hire that is an existing member of PERF Hybrid and was not given the option for My Choice is given the option to elect My Choice or remain in PERF Hybrid. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

Members consist of officers and employees of units of the State and participating political subdivisions. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the fund. The ordinance or resolution is filed with and approved by INPRS. To be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions requiring performance of service of more than 1,000 hours during a year. Effective July 1, 2008, members who have at least one (1) year of service in both PERF DB and the Teachers' Retirement Fund (TRF Pre-'96 DB or TRF '96 DB) have the option of choosing from which of these funds they would like to retire.

*Retirement benefits.* The following table is a summary of the key information for this fund:

<b>Full Retirement Benefit</b>	
<b>Eligibility</b>	<b>Annual Pension Benefit</b>
Age 65 and 10 years (eight years for certain elected officials) of creditable service, Age 60 and 15 years of creditable service, and Age 55 if age and creditable service total at least 85.	Equals 1.1 percent X Average Annual Compensation X Years of Creditable Service. Average annual compensation uses the 20 highest calendar quarters (or only four quarters for an elected official), in groups of four consecutive calendar quarters with no quarter used more than once (includes member contributions paid for by the employer and up to \$2,000 of severance).
<b>Early Retirement Benefit</b>	
Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing 5 percent per year up to 89 percent at age 59).	
<b>Disability Benefit</b>	
An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month).	
<b>Survivor Benefit</b>	
<b>While in Active Service</b> Minimum of 15 years of service or member was at least age 65 with 10 to 14 years of service. A spouse or dependent beneficiary immediately receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.	<b>While Receiving a Benefit</b> If the member selected one of the following forms of payment: Five Year Guaranteed, Joint with Full, Joint with Two-Thirds, Joint with One-Half, a spouse or dependent receives the benefit associated with the selected form of payment.
<b>Cost of Living Adjustment (COLA)</b>	
Ad hoc. No COLA, but a one-time check (13th check) by October 1, 2017 for members retired before December 1, 2016 of \$150 to \$450 depending on service.	

Employees covered by benefit terms. As of June 30, 2018, there were 1,186 participating political subdivisions in addition to the State. As of June 30, 2018, PERF membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	87,990
Inactive vested members entitled to but not yet receiving benefits	31,924
Inactive non-vested members entitled to a distribution of contributions	-
Active members: vested and non-vested	<u>132,181</u>
<b>Total</b>	<b><u>252,095</u></b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

**Contributions.** Contributions are determined by the INPRS Board of Trustees based on actuarial valuation. During the fiscal year ended June 30, 2018, the state contributed 11.2% of covered payroll for hybrid members and for My Choice members a supplemental cost of 7.8 percent.

**Financial report.** INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.50% - 4.25%
Inflation	2.25%
Cost of living increases	2018-2019 - 13th check, 2020 - 1.0% compounded annually.

Mortality rates for healthy members were based on the RP-2014 Total Data Set mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected

generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

**Discount rate.** Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for

each plan.

*Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate.* The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
State's proportionate share of the net pension liability	1,674,693	1,148,261	710,650

**Pension plan fiduciary net position.** *Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the State recognized pension expense of \$238.9 million. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,807	\$ 891
Changes of assumptions or other inputs	18,436	-
Net difference between projected and actual earnings on pension plan investments	124,065	-
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	28,357	7,730
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	148,871	-
<b>Total</b>	<b>\$ 341,536</b>	<b>\$ 8,621</b>

Deferred outflows of resources in the amount of \$148.9 million related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred

At June 30, 2018, the State reported a liability of \$1.1 billion for its proportionate share of the net pension liability. The PERF net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the State's proportion was 25.74 percent, which was an increase of 0.70 percentage points from its proportion measured as of June 30, 2016.

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	78,220
2020	85,513
2021	26,488
2022	(6,177)

Teachers' 1996 Defined Benefit Account (Presented as part of INPRS – a fiduciary in nature component unit)

*Plan description.* TRF '96 DB is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4, and 35 IAC 14. TRF '96 DB is the employer-funded defined benefit component of the Teachers' Hybrid Plan, and the Teachers' Hybrid Members Defined Contribution Account is the other component.

Membership in TRF '96 DB is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or an alternate

University plan not administered by INPRS. Membership in TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board, and teachers employed by special management teams as defined under IC 20-31.

As of June 30, 2018, the number of participating employers was 372 in addition to the State. As of June 30, 2018, TRF 1996 Account membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	6,289
Inactive vested members entitled to but not yet receiving benefits	4,996
Inactive non-vested members entitled to a distribution of contributions	-
Active members: vested and non-vested	59,996
<b>Total</b>	<b>71,281</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

*Retirement benefits.* The following table is a summary of the key information for this fund:

<b>Full Retirement Benefit</b>	
<b>Eligibility</b>	<b>Annual Pension Benefit</b>
Age 65 and 10 years (eight years for certain elected officials) of creditable service, Age 60 and 15 years of creditable service, and Age 55 if age and creditable service total at least 85.	Equals 1.1 percent X Average Annual Compensation X Years of Creditable Service. Average annual compensation uses the 20 highest calendar quarters (or only four quarters for an elected official), in groups of four consecutive calendar quarters with no quarter used more than once (includes member contributions paid for by the employer and up to \$2,000 of severance).
<b>Early Retirement Benefit</b>	
Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing 5 percent per year up to 89 percent at age 59).	
<b>Disability Benefit</b>	
An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$185 per month).	
<b>Survivor Benefit</b>	
<b>While in Active Service</b> Minimum of 15 years of service or member was at least age 65 with 10 to 14 years of service. A spouse or dependent beneficiary immediately receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.	<b>While Receiving a Benefit</b> If the member selected one of the following forms of payment: Five Year Guaranteed, Joint with Full, Joint with Two-Thirds, Joint with One-Half, a spouse or dependent receives the benefit associated with the selected form of payment.
<b>Cost of Living Adjustment (COLA)</b>	
Ad hoc. No COLA, but a one-time check (13th check) by October 1, 2017 for members retired before December 1, 2016 of \$150 to \$450 depending on service.	

**Contributions.** Contributions are determined by the INPRS Board of Trustees based on actuarial valuation. During the fiscal year ended June 30, 2018, the state contributed 7.5% of covered payroll for its members.

**Financial report.** INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.5% - 12.5%
Inflation	2.25%
Cost of living increases	2018 - 13th check, 2020 - 1.0% compounded annually.

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time

horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

**Discount rate.** Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on these assumptions, the TRF 1996 defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

*Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate.* The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
State's proportionate share of the net pension liability	6,425	2,571	(537)

*Pension plan fiduciary net position.* *Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the State reported a liability of \$2.6 million for its proportionate share of the net pension liability. The TRF 1996 Account net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the State's proportion was 0.39 percent, which was an increase of 0.04 percentage points from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the State recognized pension expense of \$1.2 million. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268	\$ 125
Changes of assumptions or other inputs	805	416
Net difference between projected and actual earnings on pension plan investments	591	-
Changes in the employer proportion and differences between the employer's contributions and the employer's proportionate share of contributions	111	171
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	814	-
<b>Total</b>	<b>\$ 2,589</b>	<b>\$ 712</b>

Deferred outflows of resources in the amount of \$814 thousand related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	193
2020	392
2021	177
2022	2
2023	43
Thereafter	256

*The State is a non-employer contributing entity in a special funding situation for the following pension plan:*

**State Teachers' Retirement Fund Pre-1996 Account (Presented as part of INPRS – a fiduciary in nature component unit)**

*Plan description.* The Indiana State Teachers' Retirement Fund Pre-1996 Account (TRF Pre-1996) is a pay-as-you-go cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits. Membership consists of public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date to June 30, 2005. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement and was described in the PERF Hybrid Plan Retirement Benefits – Annuity Savings Account section. Investment options are similar to the PERF Hybrid Plan.

*Retirement benefits – Defined Benefit Pension provided.* The TRF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account as described earlier in this note above. Pension benefits (non ASA) vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity provided through INPRS, or leave the contributions invested with INPRS. Vested TRF members terminating service with an employer, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a future retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit to withdraw the annuity savings account. A non-vested member who terminates employment before retirement may withdraw his/her annuity savings account after 30 days, but by doing so forfeit his/her creditable service. A member who returns to covered service and works no less than six months in a

covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. Generally, the average annual compensation in this calculation is the average of the highest five years of annual compensation in a covered position. For TRF members who take a leave of absence to serve as an elected official, the highest one year of salary is used. For a salary year to be included as one of the five years, the member must have received at least one-half year of service credit for that year as stated in IC 5-10.4-4-2. The five years do not have to be continuous. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's salary.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

Monthly pension benefits for members in pay status may be increased as COLA. Such increases are not guaranteed by statute, have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2018; however, eligible members did receive a one-time check (a.k.a. 13<sup>th</sup> check) by October 2017. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2016, and who was entitled to receive a monthly benefit on July 1, 2017.

*Disability and survivor benefits provided.* TRF also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits, may retire for the duration of the disability if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement.

Members are eligible for a classroom disability benefit once they have earned five years of service, have a temporary or permanent disability that continues for six months or more, and applies for classroom disability benefits within one year of the disability. Classroom disability refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition that is not necessarily of sufficient severity to meet social security disability guidelines. The eligible members may receive \$125 per month plus \$5 for each additional year of service credit over five years.

Upon the death in service of a member with 15 or more years of creditable service, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after March 31, 1990, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

*Employees covered by benefit terms.* Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 Account (IC 5-10.2-2-2; IC 5-10.4-4-1; IC 5-10.4-7-1; 35 IAC 14-4-16(a)).

As of June 30, 2018, the number of participating employers was 344 in addition to the State. The State of Indiana makes contributions as the sole nonemployer contributing entity. As of June 30,

2018, TRF Pre-1996 Account membership consisted of:

Retired members, beneficiaries, and disabled members receiving benefits	53,227
Inactive vested members entitled to but not yet receiving benefits	2,635
Inactive non-vested members entitled to a distribution of contributions	-
Active members: vested and non-vested	11,710
<b>Total</b>	<b>67,572</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

*Contributions.* State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three (3) percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as part of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5. As a nonemployer contributing entity, the State of Indiana contributed \$918.0 million in fiscal year 2018 to TRF Pre-1996. The Actuarially Determined Contribution (ADC) for TRF Pre-1996 was \$918.0 million.

TRF Pre-1996 Account members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

*Financial report.* INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

## Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the State reported a liability of \$11,919.1 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the State's proportion was 100.00 percent, which was the same as its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the State recognized pension expense of \$824.5 million. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	118,129	-
Employer's contributions to the pension plan subsequent to the measurement date of the net pension liability	918,021	-
<b>Total</b>	<b>\$ 1,036,150</b>	<b>\$ -</b>

\$918.0 million reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	22,882
2020	78,684
2021	28,493
2022	(11,930)

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rate/investment return	6.75%
Future salary increases	2.5% - 12.5%
Inflation	2.25%
Cost of living increases	2018 - 13th check, 2020 - 1.0% compounded annually.

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study was completed in 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2017 actuarial valuation.

The long-term return expectation for this INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Public equity	22.0	4.4
Private equity	14.0	5.4
Fixed income - ex inflation - linked	20.0	2.2
Fixed income - inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
<b>Total</b>	<b>100.0</b>	

*Discount rate.* Total pension liability was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the

discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on

these assumptions, the TRF Pre-1996 defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

*Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate.* The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
State's proportionate share of the net pension liability	13,449,616	11,919,139	10,610,092

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone financial report of the Indiana Public Retirement System. This report may be obtained by

writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

#### Pension Amounts Summary – Defined Benefit Plans

A summary of the pension amounts disclosed in the notes for the defined benefit plans is provided in the following table.

<b>Plan</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
SPRF	\$ 644,229	\$ 458,766	\$ 185,463	\$ 90,517	\$ 5,534	\$ 39,023
SPST	17,084	-	17,084	3,429	1,040	5,253
EG&C	142,603	120,016	22,587	13,286	2,399	6,029
PARF	96,655	55,575	41,080	6,419	109	12,896
LE DB	3,804	2,865	939	382	-	51
JRS	523,735	475,055	48,680	37,744	6,675	15,366
PERF	4,917,340	3,769,079	1,148,261	341,536	8,621	238,878
TRF 1996	26,843	24,272	2,571	2,589	712	1,094
TRF Pre-1996	16,736,769	4,817,630	11,919,139	1,036,150	-	824,526
<b>Total</b>	<b>\$ 23,109,062</b>	<b>\$ 9,723,258</b>	<b>\$ 13,385,804</b>	<b>\$ 1,532,052</b>	<b>\$ 25,090</b>	<b>\$ 1,143,116</b>

*The State contributes to the following defined contribution plans:*

My Choice (Presented as part of INPRS – a fiduciary in nature component unit)

My Choice is a multiple-employer defined contribution fund and is generally administered in accordance with IC 5-10.2, IC 5-10.3, and 35 IAC 1.2. The fund serves as the primary retirement benefit for the My Choice: Retirement Savings Plan for Public Employees (My Choice) members.

New employees hired by the State, or a participating political subdivision, have a one-time election to join either the Public Employees' Defined Benefit

Account (Hybrid Plan) or My Choice. A new hire that is an existing member of the Public Employees' Defined Benefit Account (Hybrid Plan), and was not given the option for My Choice, is given the option to elect My Choice or remain in the Public Employees' Defined Benefit Account (Hybrid Plan).

My Choice: Retirement Savings Plan for Public Employees (My Choice) is for members who are full-time employees of the State of Indiana or a participating political subdivision that elected to become members of My Choice. Member contributions are set by statute at three percent of compensation, plus these members may receive additional employer contributions in lieu of the Public Employees' Defined Benefit Account.

Members are 100 percent vested in all member contributions and are vested in employer contributions, which includes all employer contributions and earnings as follows:

	Years of Service				
	1	2	3	4	5+
Percent Vested	20%	40%	60%	80%	100%

The state contributed 3.4% to My Choice members' accounts during the fiscal year ended June 30, 2018. My Choice members totaled 3,334 as of June 30, 2018.

Members may withdraw their account balance upon retirement, termination, disability, or death. As of January 1, 2018, MetLife is an available option for members that choose to annuitize their defined contribution balance.

The My Choice retirement and termination benefit is that after a 30 day separation from employment, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

The survivor benefit is that the beneficiary is entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible

retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Investments in the members' accounts are self-directed as participants direct the investment of their account balances among several investment options of varying degrees of risk and return potential. There are eight investment options available to My Choice members: Stable Value Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Small/Mid Cap Equity Fund, Large Cap Equity Index Fund, International Equity Fund and Target Date Funds. Members may make changes to their investment directions daily, and investments of the plan are reported at fair value.

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

The Legislators' Retirement System was established in 1989 by IC 2-3.5 and accordingly is governed by the INPRS Board of Trustees. The retirement system is for certain members of the General Assembly of the State of Indiana as specified by the provisions of the statute.

The Legislators' Retirement System is comprised of two (2) separate and distinct plans. The Legislators' Defined Benefit Plan (LEDB Plan) (IC 2-3.5-4), a single-employer (the State of Indiana) defined benefit plan, applies to members of the General

Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Contribution Plan (LEDC Plan) (IC 2-3.5-5) applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly.

For the LEDC Plan, each participant is required to contribute five percent of annual salary in accordance with statute IC 2-3.5-5-4. In addition, the State of Indiana is required by statute IC 2-3.5-5-5.5 to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. This rate, by statute, cannot exceed the total contribution rate paid that year by the State to PERF for State employees. The State contribution rate is the sum of: (1) the State's employer contribution rate for State employees, and (2) the rate the State pays on behalf of State employees to their annuity savings accounts (5.0 percent). The contribution rate for the calendar year 2017 was 14.2 percent and the rate for the calendar year 2018 is 14.2 percent. For the fiscal year ended June 30, 2018, employee contributions totaled \$392 thousand, and the State contributions totaled \$1.3 million.

Investments in the members' accounts are self-directed as participants direct the investment of their account balances among several investment options of varying degrees of risk and return potential. There are nine investment options available to LE DC members: Consolidated Defined Benefit Assets, Stable Value Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Small/Mid Cap Equity Fund, Large Cap Equity Index Fund, International Equity Fund and Target Date Funds. Members may make changes to their investment directions daily, and investments of the plan are reported at fair value.

A participant of LE DC who terminates service as a member of the General Assembly is entitled to withdraw both the employee and employer contributions to LE DC. The amount available for withdrawal is the fair value of the participant's account on the processing date. Account balances are fully vested to the participants. The withdrawn amount can be paid in a lump sum, a partial lump sum, a monthly annuity, or a series of monthly

installment payments over 60, 120, or 180 months as elected by the participant.

If a participant dies while a member of the General Assembly or after terminating service as a member, but prior to withdrawing from LE DC, the participant's account is to be paid to the beneficiary(ies) or the survivor(s) if there is no properly designated beneficiary, or if no beneficiary survives the participant. The amount to be paid is the fair value of the participant's account (employer and employee contributions) on the processing date.

## F. Other Postemployment Benefits

### Defined Benefit Plans

**Plan Descriptions.** The State of Indiana sponsors and contributes to four single-employer defined benefit healthcare plans: State Personnel Plan (SPP); Legislature Plan (LP); Indiana State Police Plan (ISPP); and the Conservation and Excise Police Plan (CEPP). The SPP and LP are administered by the State Personnel Department. The Indiana State Police administer the ISPP. The CEPP is administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee. The SPP, ISPP, and CEPP are administered through trusts that meet the criteria in GASB 74. The LP is not administered through a trust that meets the requirements of GASB 74 and is not accumulating assets.

**Benefits Provided.** All four plans provide medical plan health care benefits to eligible State employee retirees and beneficiaries. The medical benefits provided to retirees are the same benefit options afforded active employees. Benefit provisions for each plan are established and may be amended by Indiana Code 5-10-8 *et seq.* Separate financial reports are not issued for these plans.

**Employees covered by benefit terms.** As of June 30, 2017 and June 30, 2018, membership in the plans consisted of:

	SPP	ISPP	CEPP	LP
Inactive employees or beneficiaries currently receiving benefit payments	725	1,120	191	38
Active employees	23,617	1,665	262	112
<b>Total</b>	<b>24,342</b>	<b>2,785</b>	<b>453</b>	<b>150</b>

Based on census data as of June 30, 2017 used for the June 30, 2018 actuarial valuation.

**Contributions.** Actuarially determined contributions (ADC) are determined for these plans by the actuary. The state determines the contributions to make for these plans after considering its other needs and the OPEB participants' needs.

For the SPP, the state contributes at least the ADC annually.

The ISPP has established a 401(h) and section 115 trust for the purpose of funding retiree OPEB since the fiscal year end June 30, 2011. Contributions to the 401(h) and section 115 trust are made from the following sources: 1) Medicare Part D retiree drug subsidy reimbursement; 2) excess long-term disability fund; 3) a percentage of retiree premiums according to the following schedule: a) Starting January 1, 2012 through June 30, 2014, 0%; b) July 1, 2014 through June 30, 2016, 25%; c) July 1, 2016 through June 30, 2018, 50%, and d) July 1, 2018 onwards, 100%; 4) state contributions for ISP active

employees in accordance with the OPEB DC plan (501 plan); and 5) discretionary contributions from the ISP healthcare fund up to \$1 million. Additionally, active ISP employees contribute \$20 per paycheck towards the 401(h) trust account. This ISP funding policy is expected to continue for the foreseeable future.

The annual cost of the CEPP is financed on a pay-as-you-go basis from state subsidies, active/retiree contributions, and a discretionary contribution from the CEPP reserve fund.

Retiree participants pay the full premium rate as determined by the administrators of these plans.

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

<b>State of Indiana</b> <b>Combining Statement of Fiduciary Net Position</b> <b>Pension and Other Employee Benefit Trust Funds</b> <b>June 30, 2018</b>					
	<b>SPP</b>	<b>ISPP</b>	<b>CEPP</b>	<b>Total</b>	
<b>Assets</b>					
Cash, cash equivalents and non-pension investments	\$ 240	\$ 6,557	\$ 879	\$ 7,676	
Receivables:					
Contributions	544	-	70	614	
Interest	42	253	20	315	
Total receivables	586	253	90	929	
Pension and other employee benefit investments at fair value:					
Debt Securities	44,873	111,613	19,446	175,932	
Total investments at fair value	44,873	111,613	19,446	175,932	
<b>Total assets</b>	<b>45,699</b>	<b>118,423</b>	<b>20,415</b>	<b>184,537</b>	
<b>Liabilities:</b>					
Benefits payable	210	1,060	179	1,449	
<b>Total liabilities</b>	<b>210</b>	<b>1,060</b>	<b>179</b>	<b>1,449</b>	
<b>Net Position</b>					
Restricted for:					
OPEB benefits	45,489	117,363	20,236	183,088	
<b>Total net position</b>	<b>\$ 45,489</b>	<b>\$ 117,363</b>	<b>\$ 20,236</b>	<b>\$ 183,088</b>	

**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2018**

	SPP	ISPP	CEPP	Total
<b>Additions:</b>				
Member contributions	\$ 6,925	\$ 4,935	\$ 797	<b>\$ 12,657</b>
Employer contributions	3,384	24,929	6,241	<b>34,554</b>
Net investment income (loss)	547	1,423	213	<b>2,183</b>
Federal reimbursements	-	585	-	<b>585</b>
Other	-	299	-	<b>299</b>
Total additions	<b>10,856</b>	<b>32,171</b>	<b>7,251</b>	<b>50,278</b>
<b>Deductions:</b>				
Retiree health benefits	9,967	11,525	2,100	<b>23,592</b>
Administrative	398	606	91	<b>1,095</b>
Total deductions	<b>10,365</b>	<b>12,131</b>	<b>2,191</b>	<b>24,687</b>
Net increase (decrease) in net position	<b>491</b>	<b>20,040</b>	<b>5,060</b>	<b>25,591</b>
Net position restricted for pension and other employee benefits, July 1, as restated:				
OPEB benefits	<b>44,998</b>	<b>97,323</b>	<b>15,176</b>	<b>157,497</b>
<b>Net position restricted for pension and other employee benefits, June 30, as restated</b>	<b>\$ 45,489</b>	<b>\$ 117,363</b>	<b>\$ 20,236</b>	<b>\$ 183,088</b>

### Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the three plans administered through trusts at June 30, 2017 were as follows:

	SPP	ISPP	CEPP
Total OPEB liability	\$53,040	\$539,736	\$56,024
Plan fiduciary net position	44,998	97,323	15,176
Net OPEB liability	<b>\$ 8,042</b>	<b>\$442,413</b>	<b>\$40,848</b>
Plan fiduciary net position as a percentage of the total OPEB liability	84.8%	18.0%	27.1%

The components of the net OPEB liability for the

three OPEB plans administered through trusts at June 30, 2018 was:

	SPP	ISPP	CEPP
Total OPEB liability	\$47,525	\$521,091	\$60,903
Plan fiduciary net position	<b>45,489</b>	<b>117,363</b>	<b>20,236</b>
Net OPEB liability	<b>\$ 2,036</b>	<b>\$403,728</b>	<b>\$40,667</b>
Plan fiduciary net position as a percentage of the total OPEB liability	95.7%	22.5%	33.2%

**Actuarial assumptions.** Projections of the sharing of benefit-related costs are based on an established pattern of practice. For the 2018 actuarial valuation, update procedures were used to roll forward the total OPEB liability to the plans' fiscal year end. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Description	SPP	ISPP	CEPP	LP
Valuation Date	6/30/2017 and 6/30/2018	6/30/2017 and 6/30/2018	6/30/2017 and 6/30/2018	6/30/2017 and 6/30/2018
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	2.25% for general wage inflation plus merit and productivity increases as follows: Ages 20 and 30, 2.0%; age 40, 1.5%, and age 50, 1.0%	2.25% for general wage inflation plus 0.25% for merit and productivity increases	2.25% for general wage inflation plus 0.25% for merit and productivity increases	2.25% for general wage inflation plus merit and productivity increases as follows: Ages 20 and 30, 2.0%; age 40, 1.5%, and age 50, 1.0%
Investment rate of return	3.25%	3.25%	3.25%	3.25%
Healthcare cost trend rates	<p>For 2017 valuation:</p> <p>9.0% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p> <p>For 2018 valuation:</p> <p>8.5% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p>	<p>9.0% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p> <p>8.5% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p>	<p>9.0% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p> <p>8.5% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p>	<p>9.0% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p> <p>8.5% for 2018 decreasing 0.5% per year to an ultimate rate of 4.5% for 2027 and later years</p>
Mortality	SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale	SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale
Experience study	Based on the results of an actuarial experience study for the period from June 30, 2010 to June 30, 2014	Based on the results of an actuarial experience study for the period from July 1, 2005 through June 30, 2010	Based on the results of an actuarial experience study for the period from June 30, 2010 to June 30, 2014	Based on professional judgment and limited experience through 2008

**Discount Rate.** For June 30, 2017 and June 30, 2018, the asset allocation for the three plans administered through trusts is 100% to fixed income securities. The long-term expected rate of return for these plans' investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. The long-term expected rate of return on OPEB plan investments for the three plans administered through trusts is 3.25%. Since this rate of return is lower than the yield for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), the discount rate used to measure the total OPEB liability was based on a range of indices for 20 year tax exempt general obligation municipal bonds. The discount rate used to measure the total OPEB liability for these was 3.56 percent as of June 30, 2018 and applied to all periods of projected benefit payments to determine the total OPEB liability. The change in the discount

rate from the 2017 to the 2018 actuarial valuations was .31%, raising the rate to 3.87%. The projection of cash flows used to determine the discount rate assumed that the State's contributions to these plans will be made at rates equal to the actuarially determined rates. The discount rate of 4.5% was used in calculating the actuarially determined contribution for these plans.

## Changes in the Net/Total OPEB Liability

State Personnel Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/16	\$ 54,776	\$ 44,726	\$ 10,050
Changes for the year:			
Service cost	2,334	-	2,334
Interest	1,536	-	1,536
Differences between expected and actual experience	(121)	-	(121)
Changes of assumptions or other inputs	(1,081)	-	(1,081)
Contributions - employer	-	4,801	(4,801)
Net investment income	-	292	(292)
Benefit payments, including refunds of employee contributions	(4,404)	(4,404)	-
Administrative expense	-	(417)	417
<b>Net changes</b>	<b>(1,736)</b>	<b>272</b>	<b>(2,008)</b>
Balances at 6/30/17	<b>\$ 53,040</b>	<b>\$ 44,998</b>	<b>\$ 8,042</b>

Indiana State Police	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/16	\$ 586,042	\$ 78,716	\$ 507,326
Changes for the year:			
Service cost	24,701	-	24,701
Interest	16,987	-	16,987
Changes in benefit terms	(34,808)	-	(34,808)
Differences between expected and actual experience	3,921	-	3,921
Changes of assumptions or other inputs	(48,451)	-	(48,451)
Contributions - employer	-	26,870	(26,870)
Contributions - employee	-	473	(473)
Net investment income	-	508	(508)
Benefit payments, including refunds of employee contributions	(8,656)	(8,656)	-
Administrative expense	-	(588)	588
<b>Net changes</b>	<b>(46,306)</b>	<b>18,607</b>	<b>(64,913)</b>
Balances at 6/30/17	<b>\$ 539,736</b>	<b>\$ 97,323</b>	<b>\$ 442,413</b>

Conservation & Excise Police Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/16	\$ 67,648	\$ 12,766	\$ 54,882
Changes for the year:			
Service cost	2,327	-	2,327
Interest	1,956	-	1,956
Changes in benefit terms	(7,023)	-	(7,023)
Differences between expected and actual experience	(1,654)	-	(1,654)
Changes of assumptions or other inputs	(5,925)	-	(5,925)
Contributions - employer	-	3,719	(3,719)
Net investment income	-	79	(79)
Benefit payments, including refunds of employee contributions	(1,305)	(1,305)	-
Administrative expense	-	(83)	83
<b>Net changes</b>	<b>(11,624)</b>	<b>2,410</b>	<b>(14,034)</b>
Balances at 6/30/17	<b>\$ 56,024</b>	<b>\$ 15,176</b>	<b>\$ 40,846</b>

Legislature Plan	Increase (Decrease)		
	Total OPEB Liability (a)		
Balances at 6/30/16		\$ 11,856	
Changes for the year:			
Service cost		165	
Interest		338	
Differences between expected and actual experience		864	
Changes of assumptions or other inputs		(681)	
Benefit payments, including refunds of employee contributions		(555)	
<b>Net changes</b>		<b>131</b>	
Balances at 6/30/17		<b>\$ 11,987</b>	

Changes since last year's valuation, which was for the fiscal year ending June 30, 2016 are as follows:

For ISP: Employees hired on/after July 1, 2016 are only eligible for retiree health benefits until Medicare eligibility. This change does not generate an immediate reduction to the total OPEB liability but is expected to have a significant impact as more active employees are affected by this change. ISP is also expected to increase the maximum out-of-pocket for retiree health plan from \$2,750 (single)/\$5,500 (family) currently to \$4,000 (single)/\$8,000 (family) on January 1, 2018. This change caused a decrease in the total OPEB liability.

Effective, January 1, 2018, CEPP is expected to increase the deductible from \$500 (single)/\$1,000 (family) to \$750 (single)/\$1,500 (family) and the maximum out of pocket from \$2,050 (single)/\$4,100 (family) to \$2,550 (single)/\$5,100 (family). Prescription drug deductible will be modified from \$300 to \$300 (single)/\$900 (family).

For all plans, trend rates for medical and prescription drug benefits have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 4.5%. Dental trend rates have been modified from an initial rate of 4.5% decreasing by 0.25% to 3.5% to a flat 3.0%. This change caused an increase in all plan's total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using a discount rate that is 1 percentage point lower (2.56%) or 1 percentage point higher (4.56%) than the current discount rate:

*June 30, 2017 valuation:*

	Net OPEB Liability		
	1% Decrease (2.56%)	Current Rate (3.56%)	1% Increase (4.56%)
SPP	12,394	8,042	4,074
ISP	548,081	442,413	359,433
CEPP	52,130	40,848	32,105

*June 30, 2018 valuation:*

	Net OPEB Liability		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
SPP	5,914	2,036	(1,490)
ISP	501,955	403,728	326,247
CEPP	52,631	40,667	31,352

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability for the LP OPEB plan that is not administered through a trust calculated using a discount rate that is 1 percentage point lower

(2.56%) or 1 percentage point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Current Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	13,659	11,987	10,626

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the net OPEB liability for the three OPEB plans administered through trusts calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

*June 30, 2017 valuation:*

	Net OPEB Liability		
	1% Decrease (8.0% decreasing to 3.5%)	Current Rate (9.0% decreasing to 4.5%)	1% Increase (10.0% decreasing to 5.5%)
SPP	3,194	8,042	13,704
ISP	354,219	442,413	557,098
CEPP	31,235	40,848	53,635

*June 30, 2018 valuation:*

	Net OPEB Liability		
	1% Decrease (7.5% decreasing to 3.5%)	Current Rate (8.5% decreasing to 4.5%)	1% Increase (9.5% decreasing to 5.5%)
SPP	(2,700)	2,036	7,589
ISP	317,341	403,728	516,074
CEPP	30,024	40,667	54,807

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the total OPEB liability for the LP OPEB plan that is not administered through a trust calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (8.0% decreasing to 3.5%)	Current Rate (9.0% decreasing to 4.5%)	1% Increase (10.0% decreasing to 5.5%)
Total OPEB liability	10,664	11,987	13,581

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OEPB

**State Personnel Plan** - For the year ended June 20, 2018 the State recognized OPEB expense of \$3.0 million. At June 30, 2018, the State reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 111
Changes of assumptions or other inputs	-	991
Net difference between projected and actual earnings on OPEB plan investments	929	-
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	3,384	-
<b>Total</b>	<b>\$ 4,313</b>	<b>\$ 1,102</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	132
2020	132
2021	132
2022	132
2023	(100)
Thereafter	(601)

**Indiana State Police Plan** - For the year ended June 20, 2018 the State recognized OPEB expense of \$1.4 million. At June 30, 2018, the State reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,641	\$ -
Changes of assumptions or other inputs	-	44,990
Net difference between projected and actual earnings on OPEB plan investments	1,874	-
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	24,929	-
<b>Total</b>	<b>\$ 30,444</b>	<b>\$ 44,990</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30:	Deferred Outflows of Resources/(Deferred Inflows of Resources)
2019	(2,712)
2020	(2,712)
2021	(2,712)
2022	(2,712)
2023	(3,181)
Thereafter	(25,446)

**Conservation & Excise Police Plan** - For the year ended June 20, 2018 the State recognized OPEB expense of negative \$3.5 million. At June 30, 2018, the State reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ -	\$ 1,544	
Changes of assumptions or other inputs	-	5,530	
Net difference between projected and actual earnings on OPEB plan investments	298	-	
Employer's contributions to the OPEB plan subsequent to the measurement date of the net OPEB liability	6,241	-	
<b>Total</b>	<b>\$ 6,539</b>	<b>\$ 7,074</b>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	(431)
2020	(431)
2021	(431)
2022	(431)
2023	(505)
Thereafter	(4,547)

**Legislature Plan** - For the year ended June 20, 2018 the State recognized OPEB expense of \$.5 million. At June 30, 2018, the State reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 756	\$ -
Changes of assumptions or other inputs	-	596
Employer's contributions to the OPEB plan subsequent to the measurement date of the total OPEB liability	620	-
<b>Total</b>	<b>\$ 1,376</b>	<b>\$ 596</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal year ended June 30:</b>	<b>Deferred Outflows of Resources/(Deferred Inflows of Resources)</b>
2019	23
2020	23
2021	23
2022	23
2023	23
Thereafter	45

A summary of the OPEB amounts disclosed in the notes for the defined benefit plans is provided in the following table.

Plan	Total OPEB		Fiduciary		Net OPEB		Deferred	Deferred	OPEB
	Liability		Net Position		Liability	Resources	Inflows of	Resources	
SPP	\$ 53,040		\$ 44,998		\$ 8,042	\$ 4,313	\$ 1,102	\$ 2,966	
ISP	539,736		97,323		442,413	30,444	44,990	1,434	
CEPP	56,024		15,176		40,848	6,539	7,074	(3,540)	
LP	11,987		-		11,987	1,377	596	526	
<b>Total</b>	<b>\$ 660,787</b>		<b>\$ 157,497</b>		<b>\$ 503,290</b>	<b>\$ 42,673</b>	<b>\$ 53,762</b>	<b>\$ 1,386</b>	

### Defined Contribution Plan

**Plan Description.** The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The trust meets the requirements of a qualified OPEB trust. The trust is qualified under section 115 of the Internal Revenue Code. The plan is a benefit to employees who retire and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

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

State of Indiana		
Combining Statement of Fiduciary Net Position		
Pension and Other Employee Benefit Trust Funds		
June 30, 2018		
		State Employee Retiree Health Benefit Trust Fund - DC
<b>Assets</b>		
Cash, cash equivalents and non-pension investments		\$ 19,323
Receivables:		
Contributions		2,932
Interest		563
Securities lending		63
Total receivables		3,558
Pension and other employee benefit investments at fair value:		
Debt Securities		312,722
Total investments at fair value		312,722
<b>Total assets</b>		<b>335,603</b>
<b>Liabilities:</b>		
Accounts/escrows payable		26
Securities lending payable		63
Benefits payable		312
<b>Total liabilities</b>		<b>401</b>
<b>Net Position</b>		
Restricted for:		
OPEB benefits		335,202
<b>Total net position</b>		<b>\$ 335,202</b>

**State of Indiana  
Combining Statement of Changes in Fiduciary  
Net Position  
Pension and Other Employee Benefit Trust  
Funds  
For the Year Ended June 30, 2018**

	State Employee Retiree Health Benefit Trust Fund - DC
<b>Additions:</b>	
Employer contributions	\$ 26,327
Net investment income (loss)	4,878
 Total additions	 31,205
<b>Deductions:</b>	
Retiree health benefits	18,737
Administrative	2,177
 Total deductions	 20,914
 Net increase (decrease) in net position	 10,291
 Net position restricted for pension and other employee benefits, July 1, as restated:	
OPEB benefits	324,911
 Net position restricted for pension and other employee benefits, June 30	 \$ 335,202

**Benefit terms.** Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of state government to pay for participants' medical insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

**Regular Contributions.** The State makes regular annual contributions to the account based on the following schedule:

	<b>Annual State Contributions</b>
<b>Attained Age</b>	
Less than 30	\$500
At least 30, but less than 40	\$800
At least 40, but less than 50	\$1,100
At least 50	\$1,400

Attained age is determined as of the last day of the calendar year falling within the plan year for which the contribution is made. To receive the regular contribution, an employee must be an eligible employee on the preceding December 31 and must be continuously employed through the date on which the contribution is made.

Employees who meet the eligibility requirements for bonus contributions by June 30, 2018 received their last regular contribution on June 30, 2018.

**Bonus Contributions.** Employees receive the bonus contributions if by June 30, 2017 they are (1) eligible for an unreduced pension benefit from PERF and (2) have completed at least 15 years of service or 10 years of service as an elected or appointed officer. The bonus contribution is equal to the employee's total years of service (rounded down to the nearest whole year) calculated as of the last day of employment or June 30, 2017 (whichever is earlier) multiplied by one thousand dollars (\$1,000).

At June 30, 2018, the plan participants consisted of:

Active participants with accounts, not yet retired	28,030
Retired participants with accounts	7,458
<b>Total</b>	<b>35,488</b>

At June 30, 2018, plan participants' retirement medical plan account balances totaled \$353.8 million which consisted of \$195.6 million in unretired active participants' accounts and \$158.0 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 74 and 75 purposes. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in the Retiree Health Benefit Trust Fund created by the State as a dedicated trust fund.

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the

trust fund under IC 4-12-1. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2018 was \$44.0 million. For the fiscal year ending June 30, 2018, the State contributed \$16.1 million in cigarette tax revenues to this fund. Another \$10.2 million was contributed by state agencies that are funded by federal or dedicated funds for their portion of funding. The retiree contribution includes the bonus contributions of \$1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

*Forfeitures.* Forfeitures for the fiscal year ending June 30, 2018 totaled \$15.8 million.

## **G. Pollution Remediation Obligations**

*Nature and source of pollution remediation obligations:*

Five state agencies have identified themselves as responsible or potentially responsible parties to remediate thirty-eight pollution sites. Obligating events for the cleanup of these sites include being compelled to take action because the pollution creates an imminent danger to public health or welfare or the environment, being named by a regulator to remediate hazardous wastes and contamination, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

*Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:*

The State's total estimated liability is \$36.8 million of which \$3.4 million is estimated to be payable within one year and \$33.4 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and

adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

### *Estimated recoveries reducing the liability:*

The estimated recoveries total \$18.4 million. Of this total, \$0.4 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), credits received for work performed on Superfund sites, and federal funds. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized \$6.6 million of program revenue for nine sites whose realized recoveries exceeded the pollution remediation liability.

## **H. Tax Abatements**

The State provides tax abatements through seven programs which are the (1) Coal Gasification Technology Investment Credit, (2) Economic Development for a Growing Economy (EDGE) Credit, (3) Hoosier Business Investment Credit, (4) Industrial Recovery Credit, (5) Research Expense Credit, (6) Venture Capital Investment Credit, and (7) Neighborhood Assistance Program Credit. The Indiana Economic Development Corporation (IEDC) approves the tax credits for programs (1) through (6). The Indiana Housing and Community Development Authority (IHCDA) approves the tax credits for the Neighborhood Assistance Program Credit. The following is a summary of these programs where the taxes abated exceeded \$1 million individually or in the aggregate.

### *Coal Gasification Technology Investment Credit*

The Coal Gasification Technology Investment Credit is created by IC 6-3.1-29. This program was created to foster job creation and higher wages, reduce air pollution as a result of the generation of electricity through fossil fuels, and promote investment in integrated coal gasification power plants and fluidized bed combustion technology. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, insurance premiums tax liability, or utility receipts tax. The credit must be claimed on the taxpayer's annual state income tax return or returns filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and is for a qualified investment

in an integrated coal gasification power plant equal to the sum of 10% of the taxpayer's qualified investment for the first \$500,000,000 invested; 5% of the taxpayer's qualified investment that exceeds \$500,000,000, only if the facility is dedicated primarily to serving Indiana retail electric or gas utility consumers. For qualified investment in fluidized bed combustion technology, the credit is equal to the sum of 7% of the taxpayer's qualified investment for the first \$500,000,000 invested; 3% of the taxpayer's qualified investment that exceeds \$500,000,000. Qualified investment is defined as a taxpayer's expenditures for all real and tangible personal property incorporated in and used as part of an integrated coal gasification power plant or a fluidized bed combustion technology and transmission equipment and other real and personal property located at the site of an integrated coal gasification power plant or a fluidized bed combustion technology that is employed specifically to serve the integrated coal gasification power plant or fluidized bed combustion technology. In order to award a tax credit under this program, the IEDC must determine the taxpayer's proposed investment satisfies the requirements of IC 6-3.1-29. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-29. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

*Economic Development for a Growing Economy (EDGE) Credit*

The Economic Development for a Growing Economy Credit is created by IC 6-3.1-13. This program was created to foster job creation in Indiana, job retention in Indiana, and to foster employment in Indiana of students who participate in a course of study that includes a cooperative arrangement between an educational institution and an employer for the training of students in high wage, high demand jobs that require an industry certification. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC). The amount and duration of this tax credit shall be determined by the IEDC. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed

for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which the excess may, at the discretion of the IEDC, be refunded to the taxpayer. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-13. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation or retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

*Hoosier Business Investment Credit*

The Hoosier Business Investment Credit is created by IC 6-3.1-26. This program was created to foster job creation and create higher wages in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and may not exceed 10% of the taxpayer's qualified investment in a taxable year for qualified investment that is not a logistics investment and 25% of the qualified investment made in a taxable year if the qualified investment is a logistics investment. Qualified investment is defined as the amount of the taxpayer's expenditures in Indiana for the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution equipment; the purchase of new computers and related equipment; costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; onsite infrastructure improvements; the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities; costs associated with retooling existing machinery and equipment; costs associated with the construction of special purpose building and foundations for use in the computer, software, biological sciences, or telecommunications industry; costs associated with the purchase of machinery, equipment or special purpose buildings used to make motion pictures or audio productions; and a logistics investment as further described in IC 6-3.1-26.8.5 that are certified by the IEDC under this

chapter as being eligible for the credit. The term does not include property that can be readily moved outside Indiana. In order to award a tax credit under this program, the IEDC must determine the following conditions exist, the applicant's project will raise the total earnings of employees of the applicant in Indiana or substantially enhance the logistics industry by creating new jobs, preserving existing jobs that otherwise would be lost, increasing wages in Indiana, or improving the overall Indiana economy, in the case of a logistics investment being claimed by the applicant; the applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana; receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of the applicant's employees in Indiana, or other employees in Indiana in the case of a logistics investment being claimed by the applicant; awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data; the credit is not prohibited by the relocation of jobs from one location in Indiana to another location in Indiana; in the case of a qualified investment that is not being claimed as a logistics investment by the applicant, the average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-26. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to the creation or retention of full-time, permanent jobs for Indiana residents at the project location and new capital investment in Indiana.

#### *Industrial Recovery Credit*

The Industrial Recovery Credit is created by IC 6-3.1-11. This program was created to foster the rehabilitation of property located within an industrial recovery site. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, or insurance premiums tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and may not exceed 15% for a plant that was in service at least fifteen years ago but less than

thirty years ago, 20% for a plant that was placed in service at least thirty years ago but less than forty years ago, and 25% if a plant was placed in service at least forty years ago. Qualified investment is defined as the amount of the taxpayer's expenditures for rehabilitation of property located within an industrial recovery site. Rehabilitation is defined as the remodeling repair, or betterment of real property in any manner or enlargement or extension of real property. Plant is defined as a building or complex of buildings used, or designed and constructed for use, in production, manufacturing, fabrication, assembly, processing, refining, finishing, or warehousing of tangible personal property, whether the tangible personal property is or was for sale to third parties or for use by the owner in the owner's business. In order to award a tax credit under this program, the IEDC must consider the following factors; the level of distress in the surrounding community caused by the loss of jobs at the vacant industrial facility; evidence of support for the designation by residents, businesses, and private organizations in the surrounding community; evidence of a commitment by private or governmental entities to assist in the financing of improvements or redevelopment activities benefiting the vacant industrial facility; whether the industrial recovery site is within an economic revitalization area designated under IC 6-1.1-12.1. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-11. The State has made no other commitments other than to reduce the applicable taxes as part of this program. In order to receive a tax credit, the taxpayer must commit to new capital investment in Indiana within the statutory parameters.

#### *Research Expense Credit*

The Research Expense Credit is created by IC 6-3.1-4. The program was created to incentivize research investment in Indiana. This program provides a credit against a taxpayer's adjusted gross income tax liability. The credit must be claimed on the taxpayer's annual state income tax return filed with the Indiana Department of Revenue. The program is administered by the Indiana Economic Development Corporation (IEDC), and the credit may be calculated one of two ways, listed below, as elected by the taxpayer. For Indiana qualified research expense incurred after December 31, 2007, the credit is equal to 15% of the Indiana qualified research expense less the taxpayer's base amount of Indiana qualified research expense, up to \$1,000,000. For qualified research expense in excess of \$1,000,000, the credit amount is equal to 10%. For Indiana qualified

research expense incurred after December 31, 2009, the taxpayer's research expense tax credit is equal to 10% of the part of the taxpayer's Indiana qualified research expense for the taxable year that exceeds 50% of the taxpayer's average Indiana qualified research expense for the 3 taxable years preceding the taxable year for which the credit is being determined. If the taxpayer did not have Indiana qualified research expense in any 1 of the 3 taxable years preceding the taxable year for which the credit is being determined, the amount of the research expense tax credit is equal to 5% of the taxpayer's Indiana qualified research expense for the taxable year. Indiana qualified research expense is defined as qualified research expense that is incurred for research conducted in Indiana. Qualified research expense means qualified research expense as defined in Section 41(b) of the Internal Revenue Code. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-4. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

#### *Venture Capital Investment Credit*

The Venture Capital Investment Credit is created by IC 6-3.1-24. This credit was created to improve access to capital for fast growing Indiana companies by providing individual and corporate investors an incentive to invest in early stage firms. This program provides a credit against a taxpayer's adjusted gross income tax, financial institutions tax, insurance premiums tax, or state gross retail and use tax liability. The credit must be claimed on the taxpayer's state income tax return or returns filed with the Indiana Department of Revenue. The credit is administered by the Indiana Economic Development Corporation (IEDC) and is equal to 20% of the taxpayer's qualified investment capital provided to the qualified Indiana business or \$1,000,000, whichever is less. Qualified Indiana business is defined as an independently owned and operated business that is certified as a qualified Indiana business by the IEDC. Qualified investment capital is defined as debt or equity capital that is provided to a qualified Indiana business. However, the term does not include debt that is provided by a financial institution (as defined in IC 5-13-4-10) after May 15, 2005 and is secured by a valid mortgage,

security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all collateral or security interests of other taxpayers that provide debt or equity capital to the qualified Indiana business. In order to award a tax credit under this program, the IEDC must certify the taxpayer's proposed investment plan. The proposed investment plan must include the name and address of the taxpayer, the name and address of each proposed recipient of the taxpayer's proposed investment; the amount of the proposed investment; a copy of the certification issued by the IEDC stating the business being invested in is a qualified Indiana business, and any other information required by the IEDC. The IEDC must determine that the proposed investment would qualify for the taxpayer credit under this program, and the amount of proposed investment would not result in the total amount of tax credits certified for the calendar year exceeding \$12,500,000. The total amount of credits that may be approved by the IEDC for a calendar year may not exceed \$12,500,000. The tax credit will be recaptured if the IEDC determines the taxpayer is noncompliant with the requirements of the tax credit agreement or all of the provisions of IC 6-3.1-24. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

#### *Neighborhood Assistance Program Credit*

The Neighborhood Assistance Program (NAP) Credit is created by IC 6-3.1-9. The IHCDA distributes state tax credits to eligible non-profit organizations through an application approval process that they use to raise funds for their activities of community services, crime prevention, education, job training, and neighborhood assistance in economically disadvantaged areas or households. Each fiscal year, NAP State tax credits are capped at \$2.5 million and the maximum credit per donor is \$25,000. NAP tax credits are distributed to donors at 50% of the contribution amount and are subtracted from a donor's adjusted gross income or financial institutions tax liability on their annual state income tax returns. Unused portions of the credit may not be carried forward or carried back and the credit is nonrefundable. The State has made no other commitments other than to reduce the applicable taxes as part of this program.

The state tax abatements for the fiscal year ended June 30, 2018 are:

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated</b>
Coal Gasification Technology Investment Credit	
Corporate Income Tax	\$ 15,699
Economic Development for a Growing Economy (EDGE) Credit	
Individual Income Tax	2,988
Corporate Income Tax	52,738
Hoosier Business Investment Credit	
Individual Income Tax	910
Corporate Income Tax	4,445
Industrial Recovery Credit	
Individual Income Tax	99
Corporate Income Tax	1,962
Neighborhood Assistance Credit	
Individual Income Tax	2,084
Corporate Income Tax	5
Research Expense Credit	
Individual Income Tax	22,197
Corporate Income Tax	37,419
Venture Capital Investment Credit	
Individual Income Tax	5,168
Corporate Income Tax	62

# REQUIRED SUPPLEMENTARY INFORMATION



		Employee Retirement Systems and Plans State Police Retirement Fund (amounts expressed in thousands)											
		6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2011	6/30/2012	6/30/2013	6/30/2010	6/30/2009
Actuarially determined contribution	\$ 25,857	\$ 20,556	\$ 19,455	\$ 17,119	\$ 17,271	\$ 17,271	\$ 14,005	\$ 47,588	\$ 16,059	\$ 13,240	\$ 13,352	\$ 14,318	
Contributions in relation to the actuarially determined contribution	25,002	20,556	18,073	13,451	13,451	13,451	3,266	(29,530)	2,151	2,806	4,758	13,429	
Contribution deficiency (excess)	855	-	1,382	3,668	68,786	68,786	68,490	63,347	66,083	64,948	66,603	889	
Covered payroll	87,972	75,731	68,786	68,219	68,219	68,219	20.4%	75.1%	24.3%	20.4%	20.0%	68,283	
Contributions as a percentage of covered payroll	28.4%	27.1%	26.3%	19.7%								19.7%	

**Notes to Schedule:**

*Valuation date*  
June 30, 2018

*Actuarial cost method*  
Entry age normal cost

*Amortization method*  
Level percentage of payroll, closed

*Remaining amortization period*  
23 years

*Asset valuation method*  
4 year smoothed value

*Inflation*  
2.25%

*Salary increases*  
3.5% for the pre-1987 plan. For the 1987 plan, 9% at ages 26 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older. New salary matrix effective July 1, 2018 is reflected.

*Investment rate of return*  
6.75%, net of pension plan investment expense, including inflation

*Retirement age*  
Pre-1987 Plan - Retirement rates are based on age with 10% assumed to retire at ages 42-45, 7.5% at ages 46-54, 10% at 55, 12.5% at 56, 15% at 57, 20% at 58, 40% at ages 59 and older, except 100% at 65 (with at least 20 years of service). Based on experience study through June 30, 2010.

1987 Plan - Retirement rates are based on years of service with 15% assumed to retire at 25 years of service, 12.5% at 26 years, 10% at 27 years, 7.5% at years 28 and 29, 10% at 30 years, 12.5% at 31 years, 15% at 32 years, 40% at 33 years, and 27.5% at 34 or more years, except 100% at age 65 (with at least 25 years of service). Based on experience study through June 30, 2010.

*Mortality*  
RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2017 Mortality Improvement Scale.

*Other information*  
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.  
Actuarially determined contribution includes the statutory pension contribution and the statutory supplemental contribution

Employee Retirement Systems and Plans State Police Supplemental Trust (amounts expressed in thousands)										
	6/30/2013	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
Actuarially determined contribution	\$ 5,049	\$ 5,308	\$ 4,904	\$ 5,195	\$ 4,029	\$ 4,525	\$ 4,167	\$ 4,343	\$ 4,451	\$ 4,193
Contributions in relation to the actuarially determined contribution	4,343	4,259	4,677	4,342	4,545	3,746	4,199	3,573	3,555	3,591
Contribution deficiency (excess)	706	1,049	227	853	(516)	779	(32)	770	896	602
Covered payroll	87,972	75,731	68,786	68,219	68,490	63,347	66,083	64,948	66,603	68,283
Contributions as a percentage of covered payroll	4.9%	5.6%	6.8%	6.4%	6.6%	5.9%	6.4%	5.5%	5.3%	5.3%

**Notes to Schedule:**

*Valuation date*  
June 30, 2018

*Actuarial cost method*  
Entry age normal cost

*Amortization method*  
Over the average remaining service of all plan participants

*Remaining amortization period*  
As of June 30, 2018 the amortization period is 11.841 years.

*Asset valuation method*  
Not applicable

*Inflation*  
2.25%

*Salary increases*  
3.5% for the pre-1987 plan. For the 1987 plan, 9% at ages 26 and younger, annual increase reduced 0.5% per year reaching 4% at age 36, annual increases of 4% at ages 36 and older. New salary matrix effective July 1, 2018 is reflected.

*Investment rate of return*  
2.98% net of pension plan investment expense, including inflation. 3.13% as of June 30, 2017. Rate is S&P Municipal Bond 20 year high grade rate index

*Retirement age*  
Pre-1987 Plan - Retirement rates are based on age with 10% assumed to retire at ages 42-45, 7.5% at ages 46-54, 10% at 55, 12.5% at 56, 15% at 57, 20% at 58, 40% at ages 59 and older, except 100% at 65 (with at least 20 years of service). Based on experience study through June 30, 2010.  
1987 Plan - Retirement rates are based on years of service with 15% assumed to retire at 25 years of service, 12.5% at 26 years, 10% at 27 years, 7.5% at years 28 and 29, 10% at 30 years, 12.5% at 31 years, 15% at 32 years, 40% at 33 years, and 27.5% at 34 or more years, except 100% at age 65 (with at least 25 years of service). Based on experience study through June 30, 2010.

*Mortality*  
RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2017 Mortality Improvement Scale.

*Other information*  
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan)**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 4,393	\$ 4,033	\$ 4,078	\$ 4,820	\$ 5,341	\$ 4,794
Contributions in relation to the actuarially determined contribution	6,175	5,691	5,297	5,215	5,359	19,740
Contribution deficiency (excess)	(1,782)	(1,658)	(1,219)	(395)	(18)	(14,946)
Covered payroll	29,387	27,428	25,526	25,133	25,825	24,675
Contributions as a percentage of covered payroll	21.0%	20.7%	20.8%	20.7%	20.8%	80.0%

**Notes to Schedule:**

*Valuation date*

Actuarially determined contribution rates are calculated as of June 30, with an effective date of January 1.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

20 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.5%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 Blue Collar Mortality and RP-2014 Disability Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

The actuarially determined contribution amounts are based on the average of the actuarially determined contribution rates developed in the actuarial valuations completed one year and two years prior to the beginning of the fiscal year, multiplied by actual payroll during the fiscal year.

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Prosecuting Attorneys' Retirement Fund**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 2,533	\$ 2,148	\$ 1,381	\$ 1,419	\$ 2,345	\$ 2,542
Contributions in relation to the actuarially determined contribution	3,014	1,486	1,440	1,063	1,174	19,443
Contribution deficiency (excess)	(481)	662	(59)	356	1,171	(16,901)
Covered payroll	21,578	22,635	21,372	21,145	20,608	18,805
Contributions as a percentage of covered payroll	14.0%	6.6%	6.7%	5.0%	5.7%	103.4%

**Notes to Schedule:***Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

20 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

4.0%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 White Collar and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

The actuarially determined contribution amounts are developed in the actuarial valuations completed one year prior to the beginning of the fiscal year. Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Legislators' Defined Benefit Plan**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 237	\$ 170	\$ 138	\$ 119	\$ 138	\$ 140
Contributions in relation to the actuarially determined contribution	237	135	138	131	138	150
Contribution deficiency (excess)	-	35	-	(12)	-	(10)
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

*Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll) for accounting and Traditional Unit Credit for funding

*Amortization method*

Level dollar

*Remaining amortization period*

5 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.25%

*Investment rate of return*

6.75%

*Retirement age*

*Mortality*

RP-2014 White Collar and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

Based on the actuarial assumptions and methods, an actuarially determined contribution amount is computed. The INPRS Board of Trustees considers this information when requesting appropriations from the State. Member census data as of the prior end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project liabilities computed as of prior year end to the current year measurement date. N/A is not applicable as this is a closed plan with no payroll.

The effort and costs to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Judges' Retirement System**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 14,853	\$ 14,335	\$ 17,485	\$ 18,865	\$ 27,648	\$ 25,458
Contributions in relation to the actuarially determined contribution	15,117	16,824	16,946	21,020	20,895	111,419
Contribution deficiency (excess)	(264)	(2,489)	539	(2,155)	6,753	(85,961)
Covered payroll	53,350	54,755	51,382	48,582	46,041	47,595
Contributions as a percentage of covered payroll	28.3%	30.7%	33.0%	43.3%	45.4%	234.11%

**Notes to Schedule:**

*Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

20 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.5%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 White Collar and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006

*Other information*

The actuarially determined contribution amounts are developed in the actuarial valuations completed one year prior to the beginning of the fiscal year. Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Public Employees' Retirement Fund**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 148,871	\$ 140,631	\$ 143,499	\$ 133,755	\$ 134,976	\$ 114,353
Contributions in relation to the actuarially determined contribution	148,871	140,631	143,499	133,755	134,976	114,353
Contribution deficiency (excess)	-	-	-	-	-	-
State's covered payroll	1,305,016	1,276,857	1,199,921	1,162,622	1,213,031	1,173,716
Contributions as a percentage of covered payroll	11.4%	11.0%	12.0%	11.5%	11.1%	9.7%

**Notes to Schedule:***Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

20 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.50% - 4.25%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 Total Data Set and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/14 was 11.17%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Teachers' Retirement Fund Pre-1996 Account**  
(amounts expressed in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Statutorily determined contribution	\$ 918,021	\$ 871,141	\$ 887,643	\$ 845,774	\$ 825,617	\$ 1,003,847
Contributions in relation to the statutorily required contribution	918,021	871,141	887,643	845,774	825,617	1,003,847
Contribution deficiency (excess)	-	-	-	-	-	-

**Notes to Schedule:**

*Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

5 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.5% - 12.5%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 White Collar and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of Contributions**  
**Employee Retirement Systems and Plans**  
**Teachers' Retirement Fund 1996 Account**  
**(amounts expressed in thousands)**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarially determined contribution	\$ 814	\$ 879	\$ 758	\$ 772	\$ 735	\$ 761
Contributions in relation to the actuarially determined contribution	814	879	758	772	735	761
Contribution deficiency (excess)	-	-	-	-	-	-
State's covered payroll	11,016	11,722	10,108	10,288	10,380	10,150
Contributions as a percentage of covered payroll	7.4%	7.5%	7.5%	7.5%	7.1%	7.5%

**Notes to Schedule:**

*Valuation date*

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

*Actuarial cost method*

Entry age normal (Level Percent of Payroll)

*Amortization method*

Level dollar

*Remaining amortization period*

20 years, closed

*Asset valuation method*

5 year smoothing of gains and losses on the fair value of assets subject to a 20% corridor.

*Inflation*

2.25%

*Salary increases*

2.5% - 12.5%

*Investment rate of return*

6.75%

*Mortality*

RP-2014 White Collar and RP-2014 Disability Mortality Tables, with Social Security Administration generational improvement scale from 2006.

*Other information*

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

		Schedule of Contributions						Other Postemployment Benefit Plans					
		State Personnel Healthcare Plan						(amounts expressed in thousands)					
		6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarially determined contribution	\$ 3,042	\$ 3,060	\$ 1,538	\$ 1,839	\$ 1,010	\$ 941	\$ 2,964	\$ 4,664	\$ 6,292	\$ 6,292	\$ 6,292	\$ 6,292	\$ 7,716
Contributions in relation to the actuarially determined contribution	3,384	4,802	2,977	3,567	3,200	4,203	33,850	16,922	1,913	1,913	1,913	1,913	1,796
Contribution deficiency (excess)	(342)	(1,742)	(1,439)	(1,728)	(2,190)	(3,262)	(30,896)	(12,258)	4,379	4,379	4,379	4,379	5,920
Covered-employee payroll	1,296,877	1,245,383	1,148,771	1,180,296	1,219,424	1,178,197	1,170,773	1,184,288	1,251,207	1,251,207	1,251,207	1,251,207	1,293,479
Contributions as a percentage of covered-employee payroll	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	2.9%	1.4%	0.2%	0.2%	0.2%	0.2%	0.1%

**Notes to Schedule:**

*Valuation date*  
July 1, 2017 with results actuarially projected on a "no gain / no loss" basis to get to the June 30, 2018 measurement date

*Actuarial cost method*  
Entity age normal (Level Percent of Payroll)

*Amortization method*  
Level dollar

*Amortization period*  
29 years, closed

*Asset valuation method*  
Market value of assets

*Inflation*  
2.25%

*Healthcare cost trend rates*  
8.5% initial, decreasing 0.5% per year to an ultimate rate of 4.5%  
Salary increases  
2.25% for general wage inflation plus merit and productivity increases of 2.0% ages 20 and 30; 1.5% age 40; and 1.0% age 50 (sample rates at select ages only)

*Investment rate of return*  
3.56% as of July 1, 2017 and 3.67% as of June 30, 2018.

*Retirement age*  
Annual retirement rates follow the PERF, PARF, and Judges' retirement system rates.

*Mortality*  
Pre and post retirement mortality rates are based on SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale

*Other information*  
Census data as of June 30, 2017 was used in the valuation.



		Other Postemployment Benefit Plans					Conservation and Excise Police Healthcare Plan (amounts expressed in thousands)				
		6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
Actuarially determined contribution	\$ 3,831	\$ 3,349	\$ 3,313	\$ 3,124	\$ 2,822	\$ 3,053	\$ 3,675	\$ 4,423	\$ 5,373	\$ 4,178	
Contributions in relation to the actuarially determined contribution	6,241	3,718	3,575	2,437	2,482	2,893	6,889	1,336	1,303	982	
Contribution deficiency (excess)	(2,410)	(369)	(262)	687	340	160	(3214)	3,087	4,070	3,196	
Covered-employee payroll	16,981	15,602	14,497	15,106	15,969	16,038	15,541	16,283	N/A	N/A	
Contributions as a percentage of covered-employee payroll	36.8%	23.8%	24.7%	16.1%	15.5%	18.0%	44.3%	8.2%	N/A	N/A	

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employee Retirement Systems and Plans**  
**State Police Retirement Fund**  
**(amounts expressed in thousands)**

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Total pension liability</b>					
Service cost	\$ 14,409	\$ 14,537	\$ 14,356	\$ 13,747	\$ 13,576
Interest	39,358	37,930	35,912	34,935	33,758
Changes of benefit terms	-	-	275	269	147
Differences between expected and actual experience	42,319	(562)	4,765	778	1,112
Changes of assumptions	(6,232)	(5)	9,230	775	533
Benefit payments, including refunds of employee contributions	(34,228)	(33,677)	(34,955)	(32,923)	(30,724)
<b>Net change in total pension liability</b>	<b>55,626</b>	<b>18,223</b>	<b>29,583</b>	<b>17,581</b>	<b>18,402</b>
<b>Total pension liability, beginning</b>	<b>588,603</b>	<b>570,380</b>	<b>540,797</b>	<b>523,216</b>	<b>504,814</b>
<b>Total pension liability, ending</b>	<b>\$ 644,229</b>	<b>\$ 588,603</b>	<b>\$ 570,380</b>	<b>\$ 540,797</b>	<b>\$ 523,216</b>
<b>Plan fiduciary net position</b>					
Contributions, employer	\$ 20,556	\$ 18,073	\$ 13,451	\$ 14,005	\$ 47,588
Contributions, employee	3,997	4,043	3,967	3,763	3,786
Net investment income	41,977	(10,454)	(990)	44,883	29,787
Benefit payments, including refunds of employee contributions	(34,228)	(33,677)	(34,955)	(32,923)	(30,724)
Administrative expense	(388)	(306)	(300)	(307)	(261)
Other	1	1	-	(11)	2
<b>Net change in plan fiduciary net position</b>	<b>31,915</b>	<b>(22,320)</b>	<b>(18,827)</b>	<b>29,410</b>	<b>50,178</b>
<b>Plan fiduciary net position, beginning</b>	<b>426,851</b>	<b>449,171</b>	<b>467,998</b>	<b>438,588</b>	<b>388,410</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 458,766</b>	<b>\$ 426,851</b>	<b>\$ 449,171</b>	<b>\$ 467,998</b>	<b>\$ 438,588</b>
<b>Net pension liability</b>	<b>\$ 185,463</b>	<b>\$ 161,752</b>	<b>\$ 121,209</b>	<b>\$ 72,799</b>	<b>\$ 84,628</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71.2%	72.5%	78.7%	86.5%	83.8%
<b>Covered payroll</b>	75,731	68,786	68,219	68,490	63,347
<b>Net pension liability as a percentage of covered payroll</b>	244.9%	235.2%	177.7%	106.3%	133.6%

**Notes to Schedule:**

*Measurement date:* Actuarial valuation reports from the prior fiscal year.

*Benefit changes.* There were no changes in benefit terms during the fiscal year.

*Changes of assumptions.* 6/30/2017 Mortality Assumption: The mortality improvement scale was changed to the MP-2016 Scale. 6/30/2016 Mortality Assumption:

Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2015 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted to 2006 with MP-2015 Mortality Improvement Scale.

6/30/2015 Mortality Assumption: Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted to 2006 with MP-2015 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted to 2006 with MP-2015 Mortality Improvement Scale.

6/30/2014 Mortality Assumption: Mortality rates for healthy members were based on the 2014 separate non-annuitant and annuitant mortality tables (separate male and female tables) as published by the IRS. Mortality rates for disabled members were based on the same tables increased by 115% for

disabled retirements and disabled terminations with deferred benefits. 6/30/2013 Mortality Assumption: Mortality rates for healthy members were based on the 2013 separate non-annuitant and annuitant mortality tables (separate male and female tables) as published by the IRS. Mortality rates for disabled members were based on the same tables increased by 115% for disabled retirements and disabled terminations with deferred benefits.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employee Retirement Systems and Plans**  
**State Police Supplemental Trust**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>
<b>Total pension liability</b>		
Service cost	\$ 4,422	\$ 3,776
Interest	582	1,143
Differences between expected and actual experience	(59)	(476)
Changes of assumptions	(645)	4,125
Benefit payments, including refunds of employee contributions, and administrative and other expenses	<u>(4,259)</u>	<u>(4,677)</u>
<b>Net change in total pension liability</b>	<b>41</b>	<b>3,891</b>
<b>Total pension liability, beginning</b>	<b>17,043</b>	<b>13,152</b>
<b>Total pension liability, ending</b>	<b><u>\$ 17,084</u></b>	<b><u>\$ 17,043</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Covered payroll</b>	<b>75,731</b>	<b>68,786</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>22.6%</b>	<b>24.8%</b>

**Notes to Schedule:**

*Benefit changes.* There were no changes in benefit terms during the fiscal year.

*Measurement date:* Actuarial valuation report from the prior fiscal year.

*Changes of assumptions.* Mortality rates for healthy members were based on the RP-2014 Blue Collar Mortality Tables adjusted from 2006 using MP-2016 Mortality Improvement Scale. Mortality rates for disabled members were based on the RP-2014 Mortality tables for disabled members adjusted from 2006 using MP-2016 Mortality Improvement Scale.

3.13% discount rate, net of pension plan investment expense, including inflation at June 30, 2017. Discount rate of 2.71% at June 30, 2016. Rate is S&P Municipal Bond 20 year high grade rate index. Rate prior to June 30, 2016 was 6.75%.

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported. For the July 1, 2016 actuarial valuation, the inflation assumption was reduced from 3.50% to 2.25%. For the July 1, 2017 actuarial valuation the inflation assumption rate remained at 2.25%.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2016 for GASB-S73 purposes.

**Schedule of Changes in Net Pension Liability and Related Ratios****Employee Retirement Systems and Plans****State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan****(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Total pension liability</b>					
Service cost	\$ 3,550	\$ 3,011	\$ 3,905	\$ 3,841	\$ 3,811
Interest	9,389	8,955	8,384	8,031	7,740
Differences between expected and actual experience	120	470	845	(430)	(1,845)
Changes of assumptions	(2,578)	-	2,669	-	(40)
Benefit payments, including refunds of employee contributions	(6,826)	(6,267)	(6,608)	(5,938)	(4,836)
Member reassignments	(26)	-	-	-	(15)
Other	9	-	-	-	-
<b>Net change in total pension liability</b>	<b>3,638</b>	<b>6,169</b>	<b>9,195</b>	<b>5,504</b>	<b>4,815</b>
<b>Total pension liability, beginning</b>	<b>138,965</b>	<b>132,796</b>	<b>123,601</b>	<b>118,097</b>	<b>113,282</b>
<b>Total pension liability, ending</b>	<b>\$ 142,603</b>	<b>\$ 138,965</b>	<b>\$ 132,796</b>	<b>\$ 123,601</b>	<b>\$ 118,097</b>
<b>Plan fiduciary net position</b>					
Contributions, employer	\$ 5,691	\$ 5,367	\$ 5,215	\$ 5,359	\$ 19,740
Contributions, employee	1,102	1,016	1,004	1,019	1,006
Net investment income	8,869	1,313	(71)	13,339	4,702
Benefit payments, including refunds of employee contributions	(6,825)	(6,245)	(6,609)	(5,938)	(4,836)
Administrative expense	(124)	(139)	(158)	(141)	(121)
Member reassignments	(26)	(21)	-	-	(15)
<b>Net change in plan fiduciary net position</b>	<b>8,687</b>	<b>1,291</b>	<b>(619)</b>	<b>13,638</b>	<b>20,476</b>
<b>Plan fiduciary net position, beginning</b>	<b>111,329</b>	<b>110,038</b>	<b>110,657</b>	<b>97,019</b>	<b>76,543</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 120,016</b>	<b>\$ 111,329</b>	<b>\$ 110,038</b>	<b>\$ 110,657</b>	<b>\$ 97,019</b>
<b>Net pension liability</b>	<b>\$ 22,587</b>	<b>\$ 27,636</b>	<b>\$ 22,758</b>	<b>\$ 12,944</b>	<b>\$ 21,078</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	84.2%	80.1%	82.9%	89.5%	82.2%
<b>Covered payroll</b>	27,428	25,526	25,133	25,825	24,675
<b>Net pension liability as a percentage of covered payroll</b>	82.4%	108.3%	90.6%	50.1%	85.4%

**Notes to Schedule:****Measurement date:** Actuarial valuation reports from the prior fiscal year.**Benefit changes.** There were no changes to the plan that impacted the pension benefits during the fiscal year.**Changes of assumptions.** An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; 2) the future salary increases assumption changed from 3.25% to 2.5% per year; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationaly using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; 4) the retirement assumption changed to reflect higher likelihood of retirement at certain ages; 5) the termination assumption changed from an age-based table to a service-based table; and 6) the dependent assumption was adjusted to reflect recent experience.

For disabled members, in 2017 the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table was assumed instead of the RP-2014 (with MP-2014 improvement removed) Healthy Annuitant Mortality Tables with collar adjustments.

The effort and cost to recreate financial statement information for 10 years was not practical.

Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employee Retirement Systems and Plans**  
**Prosecuting Attorneys' Retirement Fund**  
**(amounts expressed in thousands)**

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Total pension liability</b>					
Service cost	\$ 1,650	\$ 1,626	\$ 1,603	\$ 1,587	\$ 1,568
Interest	5,714	5,239	4,409	4,207	3,816
Changes of benefit terms	6,547	-	-	-	1,346
Differences between expected and actual experience	1,996	4,058	4,551	-	1,474
Changes of assumptions	(216)	-	5,216	-	(109)
Benefit payments, including refunds of employee contributions	(4,069)	(3,747)	(3,254)	(2,398)	(2,235)
Other	-	(3)			
<b>Net change in total pension liability</b>	<b>11,622</b>	<b>7,173</b>	<b>12,525</b>	<b>3,396</b>	<b>5,860</b>
<b>Total pension liability, beginning</b>	<b>85,033</b>	<b>77,861</b>	<b>65,336</b>	<b>61,940</b>	<b>56,080</b>
<b>Total pension liability, ending</b>	<b><u>\$ 96,655</u></b>	<b><u>\$ 85,034</u></b>	<b><u>\$ 77,861</u></b>	<b><u>\$ 65,336</u></b>	<b><u>\$ 61,940</u></b>
 <b>Plan fiduciary net position</b>					
Contributions, employer	\$ 1,486	\$ 1,440	\$ 1,063	\$ 1,174	\$ 19,443
Contributions, employee	1,358	1,279	1,269	1,334	1,271
Net investment income	4,167	589	(34)	6,581	1,897
Benefit payments, including refunds of employee contributions	(4,071)	(3,747)	(3,254)	(2,398)	(2,235)
Administrative expense	(157)	(193)	(127)	(108)	(145)
Other	-	-	-	4	-
<b>Net change in plan fiduciary net position</b>	<b>2,783</b>	<b>(632)</b>	<b>(1,083)</b>	<b>6,587</b>	<b>20,231</b>
<b>Plan fiduciary net position, beginning</b>	<b>52,792</b>	<b>53,424</b>	<b>54,507</b>	<b>47,920</b>	<b>27,689</b>
<b>Plan fiduciary net position, ending</b>	<b><u>\$ 55,575</u></b>	<b><u>\$ 52,792</u></b>	<b><u>\$ 53,424</u></b>	<b><u>\$ 54,507</u></b>	<b><u>\$ 47,920</u></b>
 <b>Net pension liability</b>	<b><u>\$ 41,080</u></b>	<b><u>\$ 32,242</u></b>	<b><u>\$ 24,437</u></b>	<b><u>\$ 10,829</u></b>	<b><u>\$ 14,020</u></b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>57.5%</b>	<b>62.1%</b>	<b>68.6%</b>	<b>83.4%</b>	<b>77.4%</b>
 <b>Covered payroll</b>	<b>22,635</b>	<b>21,372</b>	<b>21,145</b>	<b>20,608</b>	<b>18,805</b>
 <b>Net pension liability as a percentage of covered payroll</b>	<b>181.5%</b>	<b>150.9%</b>	<b>115.6%</b>	<b>52.5%</b>	<b>74.6%</b>

**Notes to Schedule:**

**Measurement date:** Actuarial valuation reports from the prior fiscal year.

**Benefit changes.** Per 2016 Senate Enrolled Act No. 265, the PERF offset reflected in the PARF benefit formula was changed to be the actual PERF benefit amount the member is receiving for members who commence their PERF benefit before their PARF benefit. As a result of this change, for current active and inactive vested members, the PERF benefit commencement timing assumption was updated to 75% assumed to commence their PERF benefit at the earliest PERF eligibility and 25% assumed to commence their PERF benefit at PARF commencement. In 2013, HB 1057 changed the benefits in the Prosecuting Attorneys' Retirement Fund to be comparable to the Judges' Retirement Fund.

**Changes of assumptions.** In 2013, the interest crediting rate on member contributions was changed to 3.5% from 5.5%. An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year 2) The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; and 3) the retirement assumption changed from an age and points-based table to an age and service-based table, reflecting higher rates of retirement after 22 years of service. In 2017, for disabled members, the mortality assumption was updated from the RP-2014 (with MP-2014 improvement removed) White collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables.

The effort and cost to recreate financial statement information for 10 years was not practical.

Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employee Retirement Systems and Plans**  
**Legislators' Defined Benefit Plan**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Total pension liability</b>					
Service cost	\$ 1	\$ 2	\$ 3	\$ 3	\$ 2
Interest	259	280	269	277	291
Differences between expected and actual experience	(113)	(233)	(68)	(36)	(140)
Changes of assumptions	-	-	325	-	-
Benefit payments, including refunds of employee contributions	(358)	(359)	(370)	(363)	(365)
<b>Net change in total pension liability</b>	<b>(211)</b>	<b>(310)</b>	<b>159</b>	<b>(119)</b>	<b>(212)</b>
<b>Total pension liability, beginning</b>	<b>4,015</b>	<b>4,325</b>	<b>4,166</b>	<b>4,285</b>	<b>4,497</b>
<b>Total pension liability, ending</b>	<b>\$ 3,804</b>	<b>\$ 4,015</b>	<b>\$ 4,325</b>	<b>\$ 4,166</b>	<b>\$ 4,285</b>
 <b>Plan fiduciary net position</b>					
Contributions, employer	\$ 135	\$ 138	\$ 131	\$ 138	\$ 150
Net investment income	221	27	(5)	439	201
Benefit payments, including refunds of employee contributions	(356)	(359)	(370)	(363)	(365)
Administrative expense	(53)	(61)	(71)	(62)	(34)
<b>Net change in plan fiduciary net position</b>	<b>(53)</b>	<b>(255)</b>	<b>(315)</b>	<b>152</b>	<b>(48)</b>
<b>Plan fiduciary net position, beginning</b>	<b>2,918</b>	<b>3,174</b>	<b>3,489</b>	<b>3,337</b>	<b>3,385</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 2,865</b>	<b>\$ 2,919</b>	<b>\$ 3,174</b>	<b>\$ 3,489</b>	<b>\$ 3,337</b>
 <b>Net pension liability</b>	<b>\$ 939</b>	<b>\$ 1,096</b>	<b>\$ 1,151</b>	<b>\$ 677</b>	<b>\$ 948</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	75.3%	72.7%	73.4%	83.7%	77.9%
 <b>Covered payroll</b>	N/A	N/A	N/A	N/A	N/A
 <b>Net pension liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

**Measurement date:** Actuarial valuation reports from the prior fiscal year.

**Benefit changes.** There were no changes to the plan that impacted the pension benefits during the fiscal year.

**Changes of assumptions.** An assumption study was performed in April of 2015 resulting in an update to the following 'assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; and 2) The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. For disabled members, in 2017, the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table was assumed instead of the RP-2014 (with MP-2014 improvement removed) Healthy Annuitant Mortality Tables with collar adjustments.

N/A is not applicable as this is a closed plan with no payroll.

The effort and cost to recreate financial statement information for 10 years was not practical.

Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employee Retirement Systems and Plans**  
**Judges' Retirement System**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Total pension liability</b>					
Service cost	\$ 14,762	\$ 13,870	\$ 15,283	\$ 15,302	\$ 16,084
Interest	34,083	31,889	31,753	30,992	30,047
Differences between expected and actual experience	(3,107)	7,182	8,411	(16,026)	(13,603)
Changes of assumptions	(1,213)	-	(31,926)	-	186
Benefit payments, including refunds of employee contributions	(22,099)	(20,922)	(19,432)	(18,527)	(17,579)
Member reassignments	-	-	-	4	121
Other	183	162	-	-	-
<b>Net change in total pension liability</b>	<b>22,609</b>	<b>32,181</b>	<b>4,089</b>	<b>11,745</b>	<b>15,256</b>
<b>Total pension liability, beginning</b>	<b>501,126</b>	<b>468,945</b>	<b>464,855</b>	<b>453,110</b>	<b>437,854</b>
<b>Total pension liability, ending</b>	<b>\$ 523,735</b>	<b>\$ 501,126</b>	<b>\$ 468,944</b>	<b>\$ 464,855</b>	<b>\$ 453,110</b>
 <b>Plan fiduciary net position</b>					
Contributions, employer	\$ 16,824	\$ 16,946	\$ 21,020	\$ 20,895	\$ 111,419
Contributions, employee	3,468	3,239	3,292	2,856	2,631
Net investment income	35,197	5,323	(102)	51,890	16,955
Benefit payments, including refunds of employee contributions	(22,100)	(20,922)	(19,432)	(18,527)	(17,579)
Administrative expense	(124)	(148)	(165)	(146)	(126)
Member reassignments	-	-	-	4	121
Other	-	-	9	6	5
<b>Net change in plan fiduciary net position</b>	<b>33,265</b>	<b>4,438</b>	<b>4,622</b>	<b>56,978</b>	<b>113,426</b>
<b>Plan fiduciary net position, beginning</b>	<b>441,790</b>	<b>437,352</b>	<b>432,730</b>	<b>375,752</b>	<b>262,326</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 475,055</b>	<b>\$ 441,790</b>	<b>\$ 437,352</b>	<b>\$ 432,730</b>	<b>\$ 375,752</b>
 <b>Net pension liability</b>	<b>\$ 48,680</b>	<b>\$ 59,336</b>	<b>\$ 31,592</b>	<b>\$ 32,125</b>	<b>\$ 77,358</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.7%	88.2%	93.3%	93.1%	82.9%
 <b>Covered payroll</b>	54,755	51,382	48,582	46,041	47,595
 <b>Net pension liability as a percentage of covered payroll</b>	88.9%	115.5%	65.0%	69.8%	162.5%

**Notes to Schedule:**

**Measurement date:** Actuarial valuation reports from the prior fiscal year.

**Benefit changes.** There were no changes to the plan that impacted the pension benefits during the fiscal year.

**Changes of assumptions.** An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.0% per year to 2.25% per year; 2) the future salary increases assumption changed from 4.0% to 2.5% per year; 3) the cost-of-living assumption decreased from 4.0% to 2.5% per year; 4) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) White Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report; 5) the retirement assumption changed from an age-based table to an age and service based table, reflecting higher rates of retirement after 22 years of service; 6) the termination assumption changed from an age-based table to 3% for all members; and 7) the dependent assumption was adjusted to reflect recent experience. For disabled members, in 2017 the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table was assumed instead of the RP-2014 (with MP-2014 improvement removed) Healthy Annuitant Mortality Tables with collar adjustments.

The effort and cost to recreate financial statement information for 10 years was not practical.

Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of the State's Proportionate Share of the Net Pension Liability**  
**Employee Retirement Systems and Plans**  
**Public Employees' Retirement Fund**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	25.74%	25.04%	24.27%	24.85%	24.45%
State's proportion of the net pension liability (asset)	\$ 1,148,261	\$ 1,136,293	\$ 988,605	\$ 652,920	\$ 837,311
State's proportionate share of the net pension liability (asset)	1,276,857	1,199,921	1,162,622	1,213,031	1,173,716
State's covered payroll					
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.9%	94.7%	85.0%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	76.6%	75.3%	77.3%	84.3%	78.8%

**Notes to Schedule:**

**Measurement date:** Actuarial valuation reports from the prior fiscal year.

**Benefit changes.** There were no changes to the plan that impacted pension benefits during the fiscal year.

**Plan amendments.** In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider. Beginning January 1, 2018 ASA annuitizations were accommodated through a third party provider.

**Changes of assumptions.** An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) the inflation assumption changed from 3.00% to 2.25%; 2) the future salary increase assumption changed from an age-based table ranging from 3.25% to 4.5% to an age-based table ranging from 2.50% to 4.25%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee report; 4) the retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. If eligible for an unreduced retirement benefit upon termination from employment, 100% commence immediately; 5) the termination assumption was updated based on recent experience. For members earning less than \$20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than \$20,000, the table were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule; 6) the disability assumption was updated based on recent experience; and 7) the ASA annuitization assumptions was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2018. For disabled members, in 2017, the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table was assumed instead of the RP-2014 (with MP-2014 improvement removed) Healthy Annuitant Mortality Tables with collar adjustments.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of the State's Proportionate Share of the Net Pension Liability**  
**Employee Retirement Systems and Plans**  
**Teachers' Retirement Fund Pre-1996 Account**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	100.00%	100.00%	100.00%	100.00%	100.00%
State's proportion of the net pension liability (asset)	\$ 11,919,139	\$ 12,052,671	\$ 11,917,837	\$ 10,853,349	\$ 11,248,396
State's proportionate share of the net pension liability (asset)	28.8%	28.4%	30.0%	33.6%	31.7%
Plan fiduciary net position as a percentage of the total pension liability					

**Notes to Schedule:**

*Measurement date:* Actuarial valuation reports from the prior fiscal year.

*Benefit changes.* Beginning July 1, 2017, the minimum pension benefit paid to a regular retired member receiving an unreduced pension benefit is \$185 per month.

*Plan amendments.* In 2014, HB 1075 impacted the TRF Pre-1996 Account by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate.

*Changes of assumptions.* An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) the inflation assumption changed from 3.00% to 2.25% per year; 2) the future salary increase assumption changed from a table ranging from 3.00% to 12.50% to a table ranging from 2.50% to 12.50%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 White Collar Mortality Table with Social Security Administration generational projection scale from 2006; 4) the retirement assumption was updated based on recent experience; and 5) the termination assumption was updated based on recent experience. For disabled members, in 2017 the mortality assumption was changed to the RP-2014 Disabled Mortality Table with generational improvements from 2006 based on the 2014 Social Security Administration Trustee's Report.

The effort and cost to recreate financial statement information for 10 years was not practical.

Information was prepared prospectively from June 30, 2013 for GASB-568 purposes.

**Schedule of the State's Proportionate Share of the Net Pension Liability**  
**Employee Retirement Systems and Plans**  
**Teachers' Retirement Fund 1996 Account**  
**(amounts expressed in thousands)**

	<b>6/30/2017</b>	<b>0.39%</b>	<b>6/30/2016</b>	<b>0.35%</b>	<b>6/30/2015</b>	<b>0.38%</b>	<b>6/30/2014</b>	<b>0.40%</b>	<b>6/30/2013</b>	<b>0.42%</b>
State's proportion of the net pension liability (asset)	\$ 2,571	\$ 2,739	\$ 1,977	\$ 191	\$ 191	\$ 191	\$ 191	\$ 191	\$ 1,310	
State's proportionate share of the net pension liability (asset)	11,722	10,108	10,288	10,380	10,380	10,380	10,380	10,380	10,150	
State's covered payroll										
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.9%	27.1%	19.2%	1.8%	1.8%	1.8%	1.8%	1.8%	12.9%	
Plan fiduciary net position as a percentage of the total pension liability	90.4%	87.8%	91.1%	99.1%	99.1%	99.1%	99.1%	99.1%	93.4%	

**Notes to Schedule:**

**Measurement date:** Actuarial valuation reports from the prior fiscal year.

**Benefit changes.** Beginning July 1, 2017, the minimum pension benefit paid to a regularly retired member receiving an unreduced pension benefit is \$185/month. Plan amendments. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate.

Beginning January 1, 2018 ASA annuitizations were accommodated through a third party provider.

**Changes of assumptions.** An assumption study was performed in April of 2015 resulting in an update to the following assumptions: 1) The inflation assumption changed from 3.00% to 2.25% per year; 2) the future salary increases assumption changed from a table ranging from 3.00% to 12.50% to a table ranging from 2.50% to 12.50%; 3) the mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 White Collar Mortality Table with Social Security Administration generational projection scale from 2006; 4) the retirement assumption was updated based on recent experience; and 5) the termination assumption was updated based on recent experience. For disabled members, in 2017 the mortality assumption was changed to the RP-2014 Disabled Mortality Table with generational improvements from 2006 based on the 2014 Social Security Administration Trustee's Report.

The effort and cost to recreate financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB-S68 purposes.

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Other Postemployment Benefit Plans**  
**State Personnel Healthcare Plan**  
**(amounts expressed in thousands)**

	<b>6/30/2018</b>	<b>6/30/2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 2,113	\$ 2,334
Interest	1,910	1,536
Differences between expected and actual experience	(5,332)	(121)
Changes of assumptions	(1,164)	(1,081)
Benefit payments	(3,042)	(4,404)
<b>Net change in total OPEB liability</b>	<b>(5,515)</b>	<b>(1,736)</b>
<b>Total OPEB liability, beginning</b>	<b>53,040</b>	<b>54,776</b>
<b>Total OPEB liability, ending</b>	<b>\$ 47,525</b>	<b>\$ 53,040</b>
 <b>Plan fiduciary net position</b>		
Contributions, employer	\$ 3,384	\$ 4,802
Net investment income	547	292
Benefit payments	(3,042)	(4,404)
Administrative expense	(398)	(418)
<b>Net change in plan fiduciary net position</b>	<b>491</b>	<b>272</b>
<b>Plan fiduciary net position, beginning</b>	<b>44,998</b>	<b>44,726</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 45,489</b>	<b>\$ 44,998</b>
 <b>Net OPEB liability</b>	<b>\$ 2,036</b>	<b>\$ 8,042</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>95.7%</b>	<b>84.8%</b>
 <b>Covered-employee payroll</b>	<b>1,296,877</b>	<b>1,245,383</b>
 <b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>0.2%</b>	<b>0.6%</b>

**Notes to Schedule:***Changes of assumptions:*

1. Trend rates for medical and prescription drug benefits have an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.5%.
2. Discount rate was updated from 3.56% as of July 1, 2017 to 3.87% as of June 30, 2018 to reflect the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2018.

The effort and cost to recreate financial statement information for 10 years was not practical.  
 Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Other Postemployment Benefit Plans**  
**Indiana State Police Healthcare Plan**  
**(amounts expressed in thousands)**

	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 17,811	\$ 24,701
Interest	19,726	16,987
Changes of benefit terms	-	(34,808)
Differences between expected and actual experience	(21,242)	3,921
Changes of assumptions	(27,946)	(48,451)
Benefit payments	(6,994)	(8,656)
<b>Net change in total OPEB liability</b>	<u>(18,645)</u>	<u>(46,306)</u>
<b>Total OPEB liability, beginning</b>	<u>539,736</u>	<u>586,042</u>
<b>Total OPEB liability, ending</b>	<u><u>\$ 521,091</u></u>	<u><u>\$ 539,736</u></u>
 <b>Plan fiduciary net position</b>		
Contributions, employer	\$ 25,814	\$ 26,871
Contributions, employee	404	473
Net investment income	1,422	508
Benefit payments	(6,994)	(8,656)
Administrative expense	(606)	(589)
<b>Net change in plan fiduciary net position</b>	<u>20,040</u>	<u>18,607</u>
<b>Plan fiduciary net position, beginning</b>	<u>97,323</u>	<u>78,716</u>
<b>Plan fiduciary net position, ending</b>	<u><u>\$ 117,363</u></u>	<u><u>\$ 97,323</u></u>
 <b>Net OPEB liability</b>	<u><u>\$ 403,728</u></u>	<u><u>\$ 442,413</u></u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	22.5%	18.0%
 <b>Covered-employee payroll</b>	107,914	98,693
 <b>Net OPEB liability as a percentage of covered-employee payroll</b>	374.1%	448.3%

**Notes to Schedule:**

*Changes of assumptions:*

1. Trend rates for medical and prescription drug benefits have an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.5%.
2. Discount rate was updated from 3.56% as of July 1, 2017 to 3.87% as of June 30, 2018 to reflect the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2018.

The effort and cost to recreate financial statement information for 10 years was not practical.  
 Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Other Postemployment Benefit Plans**  
**Conservation and Excise Police Healthcare Plan**  
**(amounts expressed in thousands)**

	<b>6/30/2018</b>	<b>6/30/2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 1,795	\$ 2,327
Interest	2,035	1,956
Changes of benefit terms	-	(7,023)
Differences between expected and actual experience	5,739	(1,654)
Changes of assumptions	(3,387)	(5,925)
Benefit payments	(1,303)	(1,305)
<b>Net change in total OPEB liability</b>	<b>4,879</b>	<b>(11,624)</b>
<b>Total OPEB liability, beginning</b>	<b>56,024</b>	<b>67,648</b>
<b>Total OPEB liability, ending</b>	<b>\$ 60,903</b>	<b>\$ 56,024</b>
 <b>Plan fiduciary net position</b>		
Contributions, employer	\$ 6,241	\$ 3,718
Net investment income	213	79
Benefit payments	(1,303)	(1,305)
Administrative expense	(91)	(82)
<b>Net change in plan fiduciary net position</b>	<b>5,060</b>	<b>2,410</b>
<b>Plan fiduciary net position, beginning</b>	<b>15,176</b>	<b>12,766</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 20,236</b>	<b>\$ 15,176</b>
 <b>Net OPEB liability</b>	<b>\$ 40,667</b>	<b>\$ 40,848</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>33.2%</b>	<b>27.1%</b>
 <b>Covered-employee payroll</b>	<b>16,981</b>	<b>15,602</b>
 <b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>239.5%</b>	<b>261.8%</b>

**Notes to Schedule:***Changes of assumptions:*

1. Trend rates for medical and prescription drug benefits have an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.5%.
2. Discount rate was updated from 3.56% as of July 1, 2017 to 3.87% as of June 30, 2018 to reflect the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2018.

The effort and cost to recreate financial statement information for 10 years was not practical.  
 Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Other Postemployment Benefit Plans**  
**Legislators Retiree Healthcare Plan**  
**(amounts expressed in thousands)**

	<b>6/30/2018</b>	<b>6/30/2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 120	\$ 165
Interest	420	338
Differences between expected and actual experience	(1,527)	864
Changes of assumptions	(385)	(681)
Benefit payments	(620)	(555)
<b>Net change in total OPEB liability</b>	<b>(1,992)</b>	<b>131</b>
<b>Total OPEB liability, beginning</b>	<b>11,987</b>	<b>11,856</b>
<b>Total OPEB liability, ending</b>	<b>\$ 9,995</b>	<b>\$ 11,987</b>
 <b>Covered-employee payroll</b>	 5,443	 5,540
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 183.6%	 216.4%

**Notes to Schedule:**

*Changes of assumptions:*

1. Trend rates for medical and prescription drug benefits have an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.5%.
2. Discount rate was updated from 3.56% as of July 1, 2017 to 3.87% as of June 30, 2018 to reflect the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2018.

The effort and cost to recreate financial statement information for 10 years was not practical.

**Schedule of Investment Returns**  
**Annual Money-Weighted Rate of Return, Net of Investment Expense**  
**Other Postemployment Benefit Plans**

	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Single-employer defined benefit other postemployment benefit plan:</b>		
State Personnel Healthcare Plan (SPP)	1.2%	0.7%
Indiana State Police Healthcare Plan (ISPP)	1.3%	0.6%
Conservation and Excise Police Healthcare Plan (CEPP)	1.2%	0.6%

**Note:**

The effort and cost to recreate financial statement information for 10 years was not practical.  
Information was prepared prospectively from June 30, 2017 for GASB-S74 purposes.

## **Budgetary Information**

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (such as tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	General Fund				Variance to Final Budget	
	Budget		Actual			
	Original	Final				
<b>Revenues:</b>						
Taxes:						
Income	\$ 6,610,180	\$ 6,610,180	\$ 6,408,852	\$ (201,328)		
Sales	7,630,180	7,630,180	7,725,846	95,666		
Fuels	-	-	1,915	1,915		
Gaming	418,500	418,500	48,831	(369,669)		
Alcohol and tobacco	259,400	259,400	259,900	500		
Insurance	240,740	240,740	231,533	(9,207)		
Other	279,503	279,503	337,730	58,227		
Total taxes	15,438,503	15,438,503	15,014,607	(423,896)		
Current service charges	300,598	300,598	214,410	(86,188)		
Investment income	23,781	23,781	67,211	43,430		
Sales/rents	418	418	124	(294)		
Grants	-	-	5,568	5,568		
Other	22,600	22,600	40,892	18,292		
Total revenues	15,785,900	15,785,900	15,342,812	(443,088)		
<b>Expenditures:</b>						
Current:						
General government	893,587	2,545,941	1,007,696	1,538,245		
Public safety	1,706,846	1,167,108	1,140,325	26,783		
Health	52,073	46,665	45,615	1,050		
Welfare	4,019,659	1,437,724	1,201,906	235,818		
Conservation, culture and development	212,700	128,914	91,418	37,496		
Education	10,353,956	10,598,877	10,216,083	382,794		
Transportation	78,794	174,894	168,061	6,833		
Debt service:						
Capital lease principal	-	-	3,031	(3,031)		
Capital lease interest	-	-	526	(526)		
Total expenditures	17,317,615	16,100,123	13,874,661	2,225,462		
Excess of revenues over (under) expenditures	(1,531,715)	(314,223)	1,468,151	(1,782,374)		
<b>Other financing sources (uses):</b>						
Total other financing sources (uses)	(1,546,395)	(1,546,395)	(1,546,395)	-		
<b>Net change in fund balances</b>	<b>\$ (3,078,110)</b>	<b>\$ (1,860,618)</b>	<b>(78,244)</b>	<b>\$ 1,782,374</b>		
<b>Fund balances July 1, as restated</b>				<b>2,803,301</b>		
<b>Fund balances June 30</b>				<b>\$ 2,725,057</b>		

Public Welfare-Medicaid Assistance				Department of Health and Human Services							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final					Original	Final				
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
863,230	863,230	1,000,106		136,876		1,191	1,191	815		(376)	
-	-	-		-		-	-	-		-	
8,492,676	8,492,676	8,455,494		(37,182)		1,346,294	1,346,294	1,605,681		259,387	
-	-	4		4		1,918	1,918	100		(1,818)	
<u>9,355,906</u>	<u>9,355,906</u>	<u>9,455,604</u>		<u>99,698</u>		<u>1,349,403</u>	<u>1,349,403</u>	<u>1,606,596</u>		<u>257,193</u>	
						1,958	29,147	21,041		8,106	
						4,032	18,601	10,039		8,562	
						85,232	252,273	135,291		116,982	
11,448	17,930,017	11,475,302		6,454,715		622,204	2,399,075	1,372,153		1,026,922	
-	-	-		-		1,672	9,225	7,387		1,838	
-	-	-		-		257	87,158	86,742		416	
-	-	-		-		-	6	-		6	
-	-	-		-		-	-	-		61	
-	-	-		-		-	-	-		2	
<u>11,448</u>	<u>17,930,017</u>	<u>11,475,302</u>		<u>6,454,715</u>		<u>715,355</u>	<u>2,795,485</u>	<u>1,632,716</u>		<u>1,162,769</u>	
9,344,458	(8,574,111)	(2,019,698)		(6,554,413)		634,048	(1,446,082)	(26,120)		(1,419,962)	
<u>2,226,256</u>	<u>2,226,256</u>	<u>2,226,256</u>		<u>-</u>		<u>262,728</u>	<u>262,728</u>	<u>262,728</u>		<u>-</u>	
<u>\$ 11,570,714</u>	<u>\$ (6,347,855)</u>	<u>206,558</u>		<u>\$ 6,554,413</u>		<u>\$ 896,776</u>	<u>\$ (1,183,354)</u>	<u>236,608</u>		<u>\$ 1,419,962</u>	
				<u>456,898</u>						<u>(529,852)</u>	
				<u><b>\$ 663,456</b></u>						<u><b>\$ (293,244)</b></u>	

## Budget/GAAP Reconciliation Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	PUBLIC WELFARE-MEDICAID ASSISTANCE			US DEPARTMENT OF HEALTH & HUMAN SERVICES		Total
	GENERAL FUND					
Net change in fund balances (budgetary basis)	\$ (78,245)	\$ 206,558	\$ 236,608	\$ 364,920		
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:						
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	45,291	(98,479)	(266,909)	(320,096)		
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	69,592	90,431	(37,892)	122,131		
<b>Net change in fund balances (GAAP basis)</b>	<b>\$ 36,638</b>	<b>\$ 198,510</b>	<b>\$ (68,193)</b>	<b>\$ 166,955</b>		

## Infrastructure - Modified Reporting

### Condition Rating of the State's Highways and Bridges

**Roads**

Interstate Roads (excluding Rest Areas and Weigh Stations)  
 NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)  
 Non-NHS Roads

	Average International Roughness Index (IRI), Right Wheel Path (RWP)		
	2018	2017	2016
Interstate Roads (excluding Rest Areas and Weigh Stations)	74.9	77.6	80.0
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	95.6	95.1	95.6
Non-NHS Roads	105.2	105.4	105.4

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (170 and above). It is the State's policy to maintain a network average of no more than 101 IRI (RWP). Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

**Bridges**

Interstate Bridges  
 NHS Bridges - Non-Interstate  
 Non-NHS Bridges

	Average Sufficiency Rating		
	2018	2017	2016
Interstate Bridges	91.5%	90.9%	90.8%
NHS Bridges - Non-Interstate	91.6%	91.7%	91.5%
Non-NHS Bridges	90.4%	90.5%	90.5%

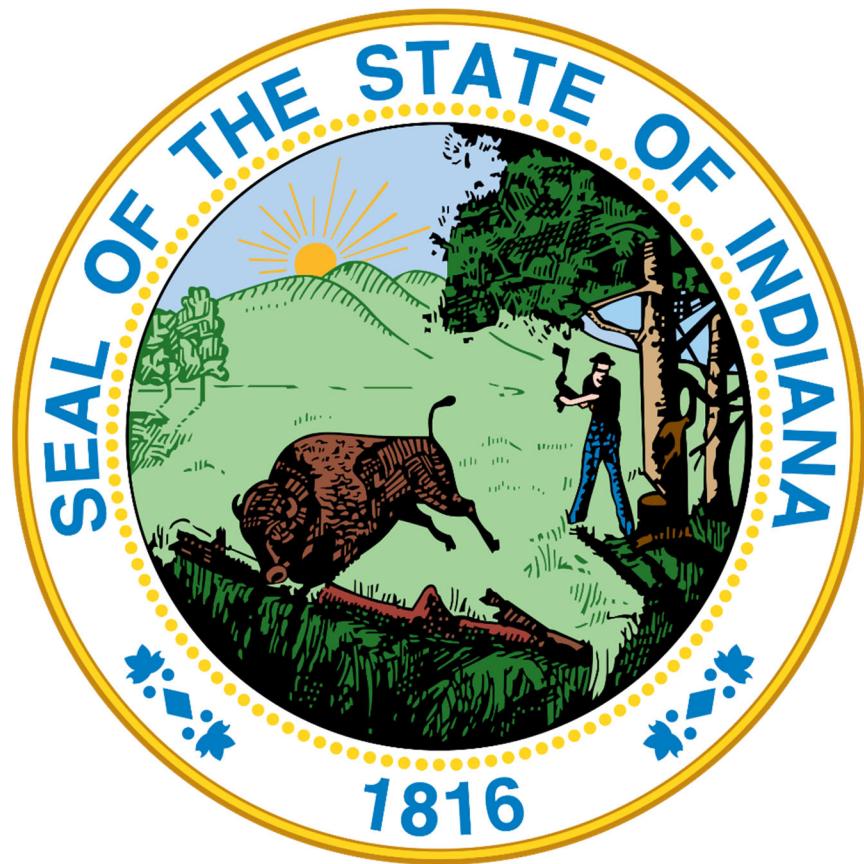
The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

**Infrastructure - Modified Reporting**  
**Comparison of Planned-to-Actual Maintenance/Preservation**  
**(amounts expressed in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Roads</b>					
Interstate Roads (including Rest Areas and Weigh Stations):					
Planned	\$ 72,028	\$ 246,165	\$ 126,191	\$ 89,148	\$ 161,222
Actual	20,210	171,413	125,283	104,327	160,064
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Planned	408,266	393,319	277,605	146,134	260,501
Actual	338,622	344,826	220,215	167,298	245,864
Roads at State Institutions and Properties					
Planned	3,934	-	260	-	868
Actual	-	453	241	-	322
Total					
Planned	484,228	639,484	404,056	235,282	422,591
Actual	358,832	516,692	345,739	271,625	406,250
<b>Bridges</b>					
Interstate Bridges					
Planned	\$ 132,093	\$ 106,125	\$ 57,794	\$ 59,637	\$ 40,755
Actual	104,728	141,487	82,044	44,736	28,728
NHS Bridges - Non-Interstate					
Planned	74,995	46,003	31,892	46,121	37,982
Actual	46,264	42,633	33,116	38,240	32,121
Non-NHS Bridges					
Planned	193,724	93,649	82,601	79,775	63,939
Actual	186,513	102,920	77,573	67,345	49,030
Bridges at State Institutions and Properties					
Planned	-	-	-	-	-
Actual	-	-	-	-	-
Total					
Planned	400,812	245,777	172,287	185,533	142,676
Actual	337,505	287,040	192,733	150,321	109,879

Source: Indiana Department of Transportation

## OTHER SUPPLEMENTARY INFORMATION



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Special Revenue Funds."

The following funds are used to account for transportation and motor vehicle related programs:

- Major Moves Construction Fund
- Motor Vehicle Highway
- Motor Vehicle Commission
- Road & Street, Primary Highway
- State Highway Fund

The following funds are used to account for health and environmental programs:

- Indiana Check-Up Plan
- Patients Compensation Fund
- Tobacco Settlement Fund

The following funds are used to receive and distribute certain revenues to the proper sources:

- State Gaming Fund
- Build Indiana Fund

The following fund is used to account for federal and non-federal programs:

- Fund 6000 Programs

The following fund is used to provide low interest construction and technology loans for qualifying schools:

- Common School Fund

The following funds are used to account for federal grant programs:

- U.S. Department of Agriculture
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Department of Education

## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Capital Projects Funds."

**State Police Building Commission Fund** – This fund accounts for new construction, rehabilitation and preventative maintenance for this state commission.

**Post War Construction Fund** – This fund accounts for new construction, rehabilitation and preventative maintenance of penal, benevolent and charitable institutions of the state.

### PERMANENT FUNDS

Permanent Funds account for resources of the State that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support State programs. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Permanent Funds."

**Next Level Indiana Trust Fund** – This fund is created per IC 8-14-15.1-5 and holds title to proceeds transferred to the trust under IC 8-15.5-11, including those held in the Next Generation Trust Fund under IC 8-14-15-5 as previously in effect before July 1, 2017, to be used exclusively for the provision of highways, roads, and bridges for the benefit of the people of Indiana and the users of those facilities.

**State of Indiana**  
**Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	<b>Non-Major Special Revenue Funds</b>	<b>Non-Major Capital Projects Funds</b>	<b>Non-Major Permanent Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 3,353,521	\$ 66,438	\$ 542,881	\$ 3,962,840
Cash, cash equivalents and investments-restricted	100	-	-	100
Receivables:				
Taxes (net of allowance for uncollectible accounts)	163,833	1,842	-	165,675
Accounts	62,008	90	-	62,098
Grants	171,597	-	-	171,597
Interest	643	-	-	643
Interfund loans	10,085	-	-	10,085
Due from component unit	12,990	-	-	12,990
Prepaid expenditures	43	-	-	43
Loans	409,171	-	-	409,171
Other	343	-	66	409
Total assets	<u>4,184,334</u>	<u>68,370</u>	<u>542,947</u>	<u>4,795,651</u>
<b>Total assets and deferred outflow of resources</b>	<b><u>\$ 4,184,334</u></b>	<b><u>\$ 68,370</u></b>	<b><u>\$ 542,947</u></b>	<b><u>\$ 4,795,651</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 326,693	\$ 459	\$ -	\$ 327,152
Salaries and benefits payable	24,629	98	-	24,727
Interfund loans	18,461	-	-	18,461
Interfunds services used	2,259	9	-	2,268
Intergovernmental payable	163,742	-	-	163,742
Tax refunds payable	6,108	-	-	6,108
Unearned revenue	331	-	-	331
Accrued liability for compensated absences-current	1,799	9	-	1,808
Other payables	343	-	66	409
Total liabilities	<u>544,365</u>	<u>575</u>	<u>66</u>	<u>545,006</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	<u>71,485</u>	<u>1</u>	<u>-</u>	<u>71,486</u>
Total deferred inflow of resources	<u>71,485</u>	<u>1</u>	<u>-</u>	<u>71,486</u>
<b>FUND BALANCE</b>				
Nonspendable	43	-	501,125	501,168
Restricted:	100	-	-	100
Committed	834,046	-	41,756	875,802
Assigned	2,795,115	67,794	-	2,862,909
Unassigned	(60,820)	-	-	(60,820)
Total fund balance	<u>3,568,484</u>	<u>67,794</u>	<u>542,881</u>	<u>4,179,159</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b><u>\$ 4,184,334</u></b>	<b><u>\$ 68,370</u></b>	<b><u>\$ 542,947</u></b>	<b><u>\$ 4,795,651</u></b>

**State of Indiana**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
<b>Revenues:</b>				
Taxes:				
Income	\$ 201	\$ -	\$ -	\$ 201
Sales	73,746	-	-	73,746
Fuels	1,471,237	-	-	1,471,237
Gaming	582,278	-	-	582,278
Alcohol and tobacco	147,319	20,191	-	167,510
Insurance	4,642	-	-	4,642
Financial Institutions	105,963	-	-	105,963
Other	16,007	-	-	16,007
Total taxes	2,401,393	20,191	-	2,421,584
Current service charges	1,612,149	4,739	-	1,616,888
Investment income	13,305	-	5,023	18,328
Sales/rents	15,765	44	-	15,809
Grants	3,627,947	1,529	-	3,629,476
Other	90,110	65	-	90,175
<b>Total revenues</b>	<b>7,760,669</b>	<b>26,568</b>	<b>5,023</b>	<b>7,792,260</b>
<b>Expenditures:</b>				
Current:				
General government	361,869	-	5	361,874
Public safety	484,261	-	-	484,261
Health	201,605	-	-	201,605
Welfare	1,179,110	-	-	1,179,110
Conservation, culture and development	462,311	-	-	462,311
Education	1,106,958	-	-	1,106,958
Transportation	2,910,189	-	1,231	2,911,420
Debt service:				
Capital lease principal	55,770	-	-	55,770
Capital lease interest	44,996	-	-	44,996
Capital outlay	-	16,570	-	16,570
<b>Total expenditures</b>	<b>6,807,069</b>	<b>16,570</b>	<b>1,236</b>	<b>6,824,875</b>
Excess (deficiency) of revenues over (under) expenditures	953,600	9,998	3,787	967,385
<b>Other financing sources (uses):</b>				
Transfers in	2,019,175	1,928	-	2,021,103
Transfers (out)	(2,961,269)	-	-	(2,961,269)
Issuance of capital lease	214,066	-	-	214,066
<b>Total other financing sources (uses)</b>	<b>(728,028)</b>	<b>1,928</b>	<b>-</b>	<b>(726,100)</b>
<b>Net change in fund balances</b>	<b>225,572</b>	<b>11,926</b>	<b>3,787</b>	<b>241,285</b>
<b>Fund Balance July 1, as restated</b>	<b>3,342,912</b>	<b>55,868</b>	<b>539,094</b>	<b>3,937,874</b>
<b>Fund Balance June 30</b>	<b>\$ 3,568,484</b>	<b>\$ 67,794</b>	<b>\$ 542,881</b>	<b>\$ 4,179,159</b>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 2,615	\$ 118,041	\$ 58,570	\$ 8,551
Cash, cash equivalents and investments-restricted	-	-	-	-
Receivables:				
Taxes (net of allowance for uncollectible accounts)	15,059	30,651	-	-
Accounts	1,151	16,641	6,675	-
Grants	-	-	-	-
Interest	-	5	-	-
Interfund loans	-	8,000	-	-
Due from component unit	-	-	-	12,990
Prepaid expenditures	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Total assets	<u>18,825</u>	<u>173,338</u>	<u>65,245</u>	<u>21,541</u>
<b>Total assets and deferred outflow of resources</b>	<b>\$ 18,825</b>	<b>\$ 173,338</b>	<b>\$ 65,245</b>	<b>\$ 21,541</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 70	\$ 82	\$ 1,575	\$ 272
Salaries and benefits payable	94	-	2,076	8
Interfund loans	-	-	-	-
Interfunds services used	29	55	47	-
Intergovernmental payable	4,015	53,363	-	-
Tax refunds payable	-	2,977	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	9	-	137	-
Other payables	-	-	-	-
Total liabilities	<u>4,217</u>	<u>56,477</u>	<u>3,835</u>	<u>280</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	398	-	-
Total deferred inflow of resources	<u>-</u>	<u>398</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted:	-	-	-	-
Committed	9,401	-	-	-
Assigned	5,207	116,463	61,410	21,261
Unassigned	-	-	-	-
Total fund balance	<u>14,608</u>	<u>116,463</u>	<u>61,410</u>	<u>21,261</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b>\$ 18,825</b>	<b>\$ 173,338</b>	<b>\$ 65,245</b>	<b>\$ 21,541</b>

STATE HIGHWAY FUND	MAJOR MOVES CONSTRUCTION FUND	INDIANA CHECK- UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND
\$ 607,484	\$ 363,358	\$ 196,493	\$ 327,003	\$ 208,626
-	-	-	-	-
-	-	17,864	2,543	-
13,852	-	-	3,132	78
10	-	-	54	-
-	31	-	107	116
-	-	-	1,623	-
-	-	-	-	-
-	-	-	-	-
9,077	-	-	104	-
-	152	-	-	140
<u>630,423</u>	<u>363,541</u>	<u>214,357</u>	<u>334,566</u>	<u>208,960</u>
<b>\$ 630,423</b>	<b>\$ 363,541</b>	<b>\$ 214,357</b>	<b>\$ 334,566</b>	<b>\$ 208,960</b>
\$ 20,857	\$ -	\$ 7,290	\$ 83,328	\$ 8,703
9,254	-	-	1,038	26
8,000	-	-	-	-
761	-	-	152	2
-	-	-	-	-
-	-	-	44	-
-	-	-	-	-
651	-	-	93	1
-	152	-	-	140
<u>39,523</u>	<u>152</u>	<u>7,290</u>	<u>84,655</u>	<u>8,872</u>
<b>307</b>	<b>-</b>	<b>8,311</b>	<b>678</b>	<b>-</b>
<b>307</b>	<b>-</b>	<b>8,311</b>	<b>678</b>	<b>-</b>
-	-	-	-	-
-	-	-	-	-
-	-	198,756	10,761	-
590,593	363,389	-	238,472	200,088
-	-	-	-	-
590,593	363,389	198,756	249,233	200,088
<b>\$ 630,423</b>	<b>\$ 363,541</b>	<b>\$ 214,357</b>	<b>\$ 334,566</b>	<b>\$ 208,960</b>

continued on next page

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	ROAD & STREET, PRIMARY HIGHWAY	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 35,654	\$ 126,933	\$ 182,044	\$ 9,559
Cash, cash equivalents and investments-restricted	-	-	-	-
Receivables:				
Taxes (net of allowance for uncollectible accounts)	17,992	-	-	-
Accounts	925	2	636	-
Grants	-	-	-	21,604
Interest	-	-	-	-
Interfund loans	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expenditures	-	-	-	-
Loans	-	-	399,263	-
Other	-	-	47	-
Total assets	<u>54,571</u>	<u>126,935</u>	<u>581,990</u>	<u>31,163</u>
<b>Total assets and deferred outflow of resources</b>	<b>\$ 54,571</b>	<b>\$ 126,935</b>	<b>\$ 581,990</b>	<b>\$ 31,163</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 4,430	\$ -	\$ 5,314
Salaries and benefits payable	-	16	-	254
Interfund loans	-	-	-	-
Interfunds services used	-	3	-	48
Intergovernmental payable	13,298	-	-	17,171
Tax refunds payable	3	-	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	-	2	-	17
Other payables	-	-	47	-
Total liabilities	<u>13,301</u>	<u>4,451</u>	<u>47</u>	<u>22,804</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	<u>250</u>	<u>-</u>	<u>-</u>	<u>20,391</u>
Total deferred inflow of resources	<u>250</u>	<u>-</u>	<u>-</u>	<u>20,391</u>
<b>FUND BALANCE</b>				
Nonspendable:	-	-	-	-
Restricted:	-	-	-	-
Committed:	-	-	581,943	-
Assigned:	41,020	122,484	-	-
Unassigned:	-	-	-	(12,032)
Total fund balance	<u>41,020</u>	<u>122,484</u>	<u>581,943</u>	<u>(12,032)</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b>\$ 54,571</b>	<b>\$ 126,935</b>	<b>\$ 581,990</b>	<b>\$ 31,163</b>

US DEPARTMENT OF LABOR	US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	OTHER NON- MAJOR SPECIAL REVENUE FUNDS	TOTAL
\$ -	\$ 501,960	\$ 16,449	\$ 590,181	\$ 3,353,521
-	-	-	100	100
-	-	-	79,724	163,833
-	1,083	-	17,833	62,008
6,584	71,239	25,539	46,567	171,597
-	-	-	384	643
-	-	-	462	10,085
-	-	-	-	12,990
-	43	-	-	43
-	-	-	727	409,171
-	-	-	4	343
<u>6,584</u>	<u>574,325</u>	<u>41,988</u>	<u>735,982</u>	<u>4,184,334</u>
<b>\$ 6,584</b>	<b>\$ 574,325</b>	<b>\$ 41,988</b>	<b>\$ 735,982</b>	<b>\$ 4,184,334</b>
\$ 2,136	\$ 128,147	\$ 7,482	\$ 57,007	\$ 326,693
2,021	75	1,044	8,723	24,629
8,376	-	-	2,085	18,461
412	6	76	668	2,259
-	-	74,110	1,785	163,742
-	-	-	3,084	6,108
-	-	-	331	331
158	14	69	648	1,799
-	-	-	4	343
<u>13,103</u>	<u>128,242</u>	<u>82,781</u>	<u>74,335</u>	<u>544,365</u>
<u>-</u>	<u>8,886</u>	<u>1,476</u>	<u>30,788</u>	<u>71,485</u>
<u>-</u>	<u>8,886</u>	<u>1,476</u>	<u>30,788</u>	<u>71,485</u>
-	43	-	-	43
-	-	-	100	100
-	-	-	33,185	834,046
-	437,154	-	597,574	2,795,115
<u>(6,519)</u>	<u>-</u>	<u>(42,269)</u>	<u>-</u>	<u>(60,820)</u>
<u>(6,519)</u>	<u>437,197</u>	<u>(42,269)</u>	<u>630,859</u>	<u>3,568,484</u>
<b>\$ 6,584</b>	<b>\$ 574,325</b>	<b>\$ 41,988</b>	<b>\$ 735,982</b>	<b>\$ 4,184,334</b>

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	STATE GAMING FUND	MOTOR VEHICLE HIGHWAY	MOTOR VEHICLE COMMISSION	BUILD INDIANA FUND
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	61,766	-	-
Fuels	-	940,484	-	-
Gaming	556,123	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	556,123	1,002,250	-	-
Current service charges	3,192	282,564	108,140	242,755
Investment income	-	60	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>559,315</b>	<b>1,284,874</b>	<b>108,140</b>	<b>242,755</b>
<b>Expenditures:</b>				
Current:				
General government	123,169	-	-	374
Public safety	-	18	87,591	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	600
Education	-	-	-	2,613
Transportation	-	565,114	-	1,625
Debt service:				
Capital lease principal	-	-	8	-
Capital lease interest	-	-	-	-
<b>Total expenditures</b>	<b>123,169</b>	<b>565,132</b>	<b>87,599</b>	<b>5,212</b>
Excess (deficiency) of revenues over (under) expenditures	436,146	719,742	20,541	237,543
<b>Other financing sources (uses):</b>				
Transfers in	2,285	2,845	2,425	3,750
Transfers (out)	(433,888)	(670,128)	(11,996)	(250,959)
Issuance of capital lease	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(431,603)</b>	<b>(667,283)</b>	<b>(9,571)</b>	<b>(247,209)</b>
<b>Net change in fund balances</b>	<b>4,543</b>	<b>52,459</b>	<b>10,970</b>	<b>(9,666)</b>
<b>Fund Balance July 1, as restated</b>	<b>10,065</b>	<b>64,004</b>	<b>50,440</b>	<b>30,927</b>
<b>Fund Balance June 30</b>	<b>\$ 14,608</b>	<b>\$ 116,463</b>	<b>\$ 61,410</b>	<b>\$ 21,261</b>

STATE HIGHWAY FUND	MAJOR MOVES CONSTRUCTION FUND	INDIANA CHECK- UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -
278,445	-	-	2,292	-
-	-	-	-	-
-	-	-	236	-
-	-	111,089	-	-
-	-	-	-	-
-	-	-	105,963	-
-	-	-	13,762	-
278,445	-	111,089	122,253	-
40,069	-	144,898	129,216	144,304
3	7,140	-	585	2,977
1,316	-	-	5,440	-
236	-	-	20,894	-
77,064	-	-	8,040	-
397,133	7,140	255,987	286,428	147,281
657,009	2,684	-	2,782	-
55,550	-	-	90	-
44,983	-	-	4	-
757,542	2,684	12,305	211,308	92,308
(360,409)	4,456	243,682	75,120	54,973
962,600	-	-	36,835	-
(719,331)	(127,533)	(233,654)	(134,008)	(20)
213,474	-	-	88	-
456,743	(127,533)	(233,654)	(97,085)	(20)
96,334	(123,077)	10,028	(21,965)	54,953
494,259	486,466	188,728	271,198	145,135
<b>\$ 590,593</b>	<b>\$ 363,389</b>	<b>\$ 198,756</b>	<b>\$ 249,233</b>	<b>\$ 200,088</b>

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**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>ROAD &amp; STREET, PRIMARY HIGHWAY</b>	<b>TOBACCO SETTLEMENT FUND</b>	<b>COMMON SCHOOL FUND</b>	<b>US DEPARTMENT OF AGRICULTURE</b>
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	136,127	-	-	-
Gaming	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	136,127	-	-	-
Current service charges	20,392	143,614	2,622	1
Investment income	-	3	303	-
Sales/rents	-	-	-	-
Grants	-	3	-	1,521,701
Other	-	5	1,216	-
<b>Total revenues</b>	<b>156,519</b>	<b>143,625</b>	<b>4,141</b>	<b>1,521,702</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	694	4,606
Public safety	-	2	-	4,122
Health	-	45,458	-	134,483
Welfare	-	-	-	1,027,349
Conservation, culture and development	-	-	-	3,007
Education	-	7,034	-	431,841
Transportation	133,139	-	-	-
Debt service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
<b>Total expenditures</b>	<b>133,139</b>	<b>52,494</b>	<b>694</b>	<b>1,605,408</b>
Excess (deficiency) of revenues over expenditures	23,380	91,131	3,447	(83,706)
<b>Other financing sources (uses):</b>				
Transfers in	-	800	-	79,649
Transfers (out)	-	(75,200)	-	(1,111)
Issuance of capital lease	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(74,400)</b>	<b>-</b>	<b>78,538</b>
<b>Net change in fund balances</b>	<b>23,380</b>	<b>16,731</b>	<b>3,447</b>	<b>(5,168)</b>
<b>Fund Balance July 1, as restated</b>	<b>17,640</b>	<b>105,753</b>	<b>578,496</b>	<b>(6,864)</b>
<b>Fund Balance June 30</b>	<b>\$ 41,020</b>	<b>\$ 122,484</b>	<b>\$ 581,943</b>	<b>\$ (12,032)</b>

US DEPARTMENT OF LABOR	US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	OTHER NON- MAJOR SPECIAL REVENUE FUNDS	Total
\$ -	\$ -	\$ -	\$ 201	\$ 201
-	-	-	9,688	73,746
-	-	-	116,181	1,471,237
-	-	-	25,919	582,278
-	-	-	36,230	147,319
-	-	-	4,642	4,642
-	-	-	-	105,963
-	-	-	2,245	16,007
547	-	-	195,106	2,401,393
-	-	-	349,835	1,612,149
-	-	-	2,234	13,305
-	-	-	9,009	15,765
112,770	1,002,421	725,632	244,290	3,627,947
3	75	-	3,707	90,110
<b>113,320</b>	<b>1,002,496</b>	<b>725,632</b>	<b>804,181</b>	<b>7,760,669</b>
5,982	1,695 19,748	489 1,586	95,470 230,215	361,869 484,261
-	138	-	5,410	201,605
112,765	- 1,667	73,442 28,086	77,170 304,979	1,179,110 462,311
-	-	646,090	5,176	1,106,958
-	1,410,939	-	136,897	2,910,189
122	-	-	-	55,770
9	-	-	-	44,996
<b>118,878</b>	<b>1,434,187</b>	<b>749,693</b>	<b>855,317</b>	<b>6,807,069</b>
<b>(5,558)</b>	<b>(431,691)</b>	<b>(24,061)</b>	<b>(51,136)</b>	<b>953,600</b>
3,955 (1,467) 504	712,343 (151,060) -	31,560 (1,414) -	180,128 (149,500) -	2,019,175 (2,961,269) 214,066
<b>2,992</b>	<b>561,283</b>	<b>30,146</b>	<b>30,628</b>	<b>(728,028)</b>
(2,566)	129,592	6,085	(20,508)	225,572
(3,953)	307,605	(48,354)	651,367	3,342,912
<b>\$ (6,519)</b>	<b>\$ 437,197</b>	<b>\$ (42,269)</b>	<b>\$ 630,859</b>	<b>\$ 3,568,484</b>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	<b>State Police Building Commission</b>	<b>Post War Construction</b>	<b>Other Non-Major Capital Projects Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash, cash equivalents and investments-unrestricted	\$ 3,461	\$ 53,635	\$ 9,342	\$ 66,438
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	1,842	-	1,842
Accounts	90	-	-	90
Total assets	<u>3,551</u>	<u>55,477</u>	<u>9,342</u>	<u>68,370</u>
<b>Total assets and deferred outflow of resources</b>	<b>\$ 3,551</b>	<b>\$ 55,477</b>	<b>\$ 9,342</b>	<b>\$ 68,370</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 68	\$ 205	\$ 186	\$ 459
Salaries and benefits payable	-	-	98	98
Interfunds services used	-	-	9	9
Accrued liability for compensated absences-current	-	-	9	9
Total liabilities	<u>68</u>	<u>205</u>	<u>302</u>	<u>575</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	-	1	-	1
Total deferred inflow of resources	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
<b>FUND BALANCE</b>				
Assigned	<u>3,483</u>	<u>55,271</u>	<u>9,040</u>	<u>67,794</u>
Total fund balance	<u>3,483</u>	<u>55,271</u>	<u>9,040</u>	<u>67,794</u>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b>\$ 3,551</b>	<b>\$ 55,477</b>	<b>\$ 9,342</b>	<b>\$ 68,370</b>

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Capital Projects Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>State Police Building Commission</b>	<b>Post War Construction</b>	<b>Other Non-Major Capital Projects Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Taxes:				
Alcohol and tobacco	\$ -	\$ 20,191	\$ -	\$ 20,191
Total taxes	-	20,191	-	20,191
Current service charges	2,024	-	2,715	4,739
Sales/rents	-	-	44	44
Grants	-	-	1,529	1,529
Other	-	-	65	65
Total revenues	2,024	20,191	4,353	26,568
<b>Expenditures:</b>				
Capital outlay	392	9,815	6,363	16,570
Total expenditures	392	9,815	6,363	16,570
Excess (deficiency) of revenues over (under) expenditures	1,632	10,376	(2,010)	9,998
<b>Other financing sources (uses):</b>				
Transfers in	-	-	1,928	1,928
Total other financing sources (uses)	-	-	1,928	1,928
<b>Net change in fund balances</b>	1,632	10,376	(82)	11,926
<b>Fund Balance July 1, as restated</b>	1,851	44,895	9,122	55,868
<b>Fund Balance June 30</b>	<b>\$ 3,483</b>	<b>\$ 55,271</b>	<b>\$ 9,040</b>	<b>\$ 67,794</b>

**State of Indiana**  
**Combining Balance Sheet**  
**Non-Major Permanent Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Next Level Indiana Trust Fund	Other Non-Major Permanent Funds	Total
<b>ASSETS</b>			
Cash, cash equivalents and investments-unrestricted	\$ 541,738	\$ 1,143	\$ 542,881
Other	66	-	66
<b>Total assets</b>	<b>541,804</b>	<b>1,143</b>	<b>542,947</b>
<b>Total assets and deferred outflow of resources</b>	<b>\$ 541,804</b>	<b>\$ 1,143</b>	<b>\$ 542,947</b>
<b>LIABILITIES</b>			
Other payables	\$ 66	\$ -	\$ 66
<b>Total liabilities</b>	<b>66</b>	<b>-</b>	<b>66</b>
<b>FUND BALANCE</b>			
Nonspendable	500,000	1,125	501,125
Committed	41,738	18	41,756
<b>Total fund balance</b>	<b>541,738</b>	<b>1,143</b>	<b>542,881</b>
<b>Total liabilities, deferred inflow of resources, and fund balance</b>	<b>\$ 541,804</b>	<b>\$ 1,143</b>	<b>\$ 542,947</b>

**State of Indiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Non-Major Permanent Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>Next Level Indiana Trust Fund</b>	<b>Other Non-Major Permanent Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Investment income	\$ 5,005	\$ 18	\$ 5,023
Total revenues	5,005	18	5,023
<b>Expenditures:</b>			
Current:			
General government	-	5	5
Transportation	1,231	-	1,231
Total expenditures	1,231	5	1,236
Excess (deficiency) of revenues over (under) expenditures	3,774	13	3,787
<b>Net change in fund balances</b>	<b>3,774</b>	<b>13</b>	<b>3,787</b>
<b>Fund Balance July 1, as restated</b>	<b>537,964</b>	<b>1,130</b>	<b>539,094</b>
<b>Fund Balance June 30</b>	<b>\$ 541,738</b>	<b>\$ 1,143</b>	<b>\$ 542,881</b>

**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>State Gaming Fund</b>			
	<b>Budget</b>		<b>Actual</b>	<b>Variance to Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	543,778	543,778	548,771	4,993
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	543,778	543,778	548,771	4,993
Current service charges	1,747	1,747	2,041	294
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>545,525</b>	<b>545,525</b>	<b>550,812</b>	<b>5,287</b>
<b>Expenditures:</b>				
Current:				
General government	5,741	596,165	127,436	468,729
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Debt service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
<b>Total expenditures</b>	<b>5,741</b>	<b>596,165</b>	<b>127,436</b>	<b>468,729</b>
Excess of revenues over (under) expenditures	539,784	(50,640)	423,376	(474,016)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(431,603)	(431,603)	(431,603)	-
<b>Net change in fund balances</b>	<b>\$ 108,181</b>	<b>\$ (482,243)</b>	<b>(8,227)</b>	<b>\$ 474,016</b>
<b>Fund balances July 1, as restated</b>			<b>10,843</b>	
<b>Fund balances June 30</b>			<b>\$ 2,616</b>	

Motor Vehicle Highway Fund				Motor Vehicle Commission							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
55,181	55,181	60,546	5,365								
422,514	422,514	931,527	509,013								
-	-	-	-								
-	-	-	-								
-	-	-	-								
-	-	-	-								
-	-	-	-								
-	-	-	-								
477,695	477,695	992,073	514,378								
274,443	274,443	267,507	(6,936)	98,286	98,286			107,766	9,480		
16	16	61	45								
-	-	-	-								
-	-	-	-								
-	-	-	-								
752,154	752,154	1,259,641	507,487	98,286	98,286			107,766	9,480		
-	-	-	-								
-	-	-	-	187,336	94,837			87,954	6,883		
-	-	-	-								
-	-	-	-								
-	-	-	-								
392,566	1,220,145	549,530	670,615								
-	-	-	-								
-	-	-	-								
392,566	1,220,145	549,530	670,615	187,336	94,837			87,962	6,875		
359,588	(467,991)	710,111	(1,178,102)	(89,050)	3,449			19,804	(16,355)		
(667,283)	(667,283)	(667,283)	-	(9,571)	(9,571)			(9,571)	-		
\$ (307,695)	\$ (1,135,274)	42,828	\$ 1,178,102	\$ (98,621)	\$ (6,122)			10,233	\$ 16,355		
		83,214						48,330			
		<b>\$ 126,042</b>						<b>\$ 58,563</b>			

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>Build Indiana Fund</b>			
	<b>Budget</b>		<b>Actual</b>	<b>Variance to Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Income	\$	-	\$	\$
Sales	-		-	-
Fuels	-		-	-
Gaming	-		-	-
Unemployment	-		-	-
Alcohol and tobacco	-		-	-
Insurance	-		-	-
Financial institutions	-		-	-
Other	-		-	-
Total taxes	-		-	-
Current service charges	220,045	220,045	253,833	33,788
Investment income	-		-	-
Sales/rents	-		-	-
Grants	-		-	-
Other	-		-	-
Total revenues	220,045	220,045	253,833	33,788
<b>Expenditures:</b>				
Current:				
General government	6,677	276,203	374	275,829
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	600	600	-
Education	6,708	615	2,613	(1,998)
Transportation	3,023	717	1,423	(706)
Debt service:				
Principal	-	-	-	-
Interest, finance fees	-	-	-	-
Total expenditures	16,408	278,135	5,010	273,125
Excess of revenues over (under) expenditures	203,637	(58,090)	248,823	(306,913)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	(247,209)	(247,209)	(247,209)	-
<b>Net change in fund balances</b>	<b>\$ (43,572)</b>	<b>\$ (305,299)</b>	<b>1,614</b>	<b>\$ 306,913</b>
<b>Fund balances July 1, as restated</b>			<b>6,936</b>	
<b>Fund balances June 30</b>			<b>\$ 8,550</b>	

State Highway Fund				Major Moves Construction Fund							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-	-	-	-
31,573	31,573	278,445	246,872	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
31,573	31,573	278,445	246,872	-	-	-	-	-	-	-	-
25,133	25,133	39,940	14,807	-	-	-	-	-	-	-	-
159	159	53	(106)	6,919	6,919	6,919	6,919	3,928	3,928	(2,991)	(2,991)
2,543	2,543	1,229	(1,314)	-	-	-	-	-	-	-	-
1,282	1,282	216	(1,066)	-	-	-	-	-	-	-	-
84,728	84,728	77,724	(7,004)	-	-	-	-	-	-	-	-
145,418	145,418	397,607	252,189	6,919	6,919	6,919	6,919	3,928	3,928	(2,991)	(2,991)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,103,941	613,452	434,617	178,835	75,000	168	168	168	-	-	-	-
-	-	55,550	(55,550)	-	-	-	-	-	-	-	-
-	-	44,983	(44,983)	-	-	-	-	-	-	-	-
1,103,941	613,452	535,150	78,302	75,000	168	168	168	-	-	-	-
(958,523)	(468,034)	(137,543)	(330,491)	(68,081)	6,751	6,751	6,751	3,760	3,760	2,991	2,991
243,269	243,269	243,269	-	(127,533)	(127,533)	(127,533)	(127,533)	-	-	-	-
\$ (715,254)	\$ (224,765)	105,726	\$ 330,491	\$ (195,614)	\$ (120,782)	\$ (123,773)	\$ (123,773)	\$ (2,991)	\$ (2,991)	\$ (2,991)	\$ (2,991)
		514,919				491,202					
		\$ 620,645				\$ 367,429					

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Indiana Check-Up Plan			Variance to Final Budget	
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes:					
Income	\$ -	\$ -	\$ -	\$ -	
Sales	-	-	-	-	
Fuels	-	-	-	-	
Gaming	-	-	-	-	
Unemployment	-	-	-	-	
Alcohol and tobacco	115,167	115,167	110,898	(4,269)	
Insurance	-	-	-	-	
Financial institutions	-	-	-	-	
Other	-	-	-	-	
Total taxes	115,167	115,167	110,898	(4,269)	
Current service charges	50,140	50,140	144,898	94,758	
Investment income	-	-	-	-	
Sales/rents	-	-	-	-	
Grants	-	-	-	-	
Other	-	-	-	-	
<b>Total revenues</b>	<b>165,307</b>	<b>165,307</b>	<b>255,796</b>	<b>90,489</b>	
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	
Public safety	-	-	-	-	
Health	128,976	27,673	15,169	12,504	
Welfare	-	-	-	-	
Conservation, culture and development	-	-	-	-	
Education	-	-	-	-	
Transportation	-	-	-	-	
Debt service:					
Principal	-	-	-	-	
Interest, finance fees	-	-	-	-	
<b>Total expenditures</b>	<b>128,976</b>	<b>27,673</b>	<b>15,169</b>	<b>12,504</b>	
Excess of revenues over (under) expenditures	36,331	137,634	240,627	(102,993)	
<b>Other financing sources (uses):</b>					
Total other financing sources (uses)	(233,654)	(233,654)	(233,654)	-	
<b>Net change in fund balances</b>	<b>\$ (197,323)</b>	<b>\$ (96,020)</b>	<b>6,973</b>	<b>\$ 102,993</b>	
<b>Fund balances July 1, as restated</b>			<b>186,632</b>		
<b>Fund balances June 30</b>			<b>\$ 193,605</b>		

Fund 6000 Programs				Patients Compensation Fund							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,219	2,219	2,285	2,285	66							
-	-	-	-								
747	747	236	236	(511)							
-	-	-	-								
-	-	-	-								
100,966	100,966	105,944	105,944	4,978							
15,146	15,146	13,260	13,260	(1,886)							
119,078	119,078	121,725	121,725	2,647							
138,840	138,840	128,895	128,895	(9,945)		135,718	135,718	151,005	151,005	15,287	
348	348	534	534	186		351	351	1,840	1,840	1,489	
4,867	4,867	5,441	5,441	574		-	-	-	-	-	
18,324	18,324	20,884	20,884	2,560		-	-	-	-	-	
12,915	12,915	8,260	8,260	(4,655)		-	-	-	-	-	
294,372	294,372	285,739	285,739	(8,633)		136,069	136,069	152,845	152,845	16,776	
19,585	314,973	135,571	135,571	179,402		-	-	-	-	-	
21,500	90,261	43,104	43,104	47,157		2,306	320,227	116,111	116,111	204,116	
2,657	6,040	3,780	3,780	2,260		-	-	-	-	-	
11,183	4,266	1,272	1,272	2,994		-	-	-	-	-	
6,592	27,378	11,370	11,370	16,008		-	-	-	-	-	
400	22,249	14,165	14,165	8,084		-	-	-	-	-	
2,657	1,780	2,788	2,788	(1,008)		-	-	-	-	-	
-	-	90	90	(90)		-	-	-	-	-	
-	-	4	4	(4)		-	-	-	-	-	
64,574	466,947	212,144	212,144	254,803		2,306	320,227	116,111	116,111	204,116	
229,798	(172,575)	73,595	73,595	(246,170)		133,763	(184,158)	36,734	36,734	(220,892)	
(97,173)	(97,173)	(97,173)	(97,173)	-		(20)	(20)	(20)	(20)	-	
\$ 132,625	\$ (269,748)	(23,578)	\$ 246,170	\$ 133,743	\$ (184,178)			36,714	\$ 220,892		
		273,871						169,264			
		\$ 250,293						\$ 205,978			

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Road and Street, Primary Highway			Variance to Final Budget	
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes:					
Income	\$ -	\$ -	\$ -	\$ -	
Sales	-	-	-	-	
Fuels	198,268	198,268	124,302	(73,966)	
Gaming	-	-	-	-	
Unemployment	-	-	-	-	
Alcohol and tobacco	-	-	-	-	
Insurance	-	-	-	-	
Financial institutions	-	-	-	-	
Other	-	-	-	-	
Total taxes	198,268	198,268	124,302	(73,966)	
Current service charges	17,793	17,793	19,974	2,181	
Investment income	-	-	-	-	
Sales/rents	-	-	-	-	
Grants	-	-	-	-	
Other	-	-	-	-	
<b>Total revenues</b>	<b>216,061</b>	<b>216,061</b>	<b>144,276</b>	<b>(71,785)</b>	
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	
Public safety	-	-	-	-	
Health	-	-	-	-	
Welfare	-	-	-	-	
Conservation, culture and development	-	-	-	-	
Education	-	-	-	-	
Transportation	-	568,995	127,347	441,648	
Debt service:					
Principal	-	-	-	-	
Interest, finance fees	-	-	-	-	
<b>Total expenditures</b>	<b>-</b>	<b>568,995</b>	<b>127,347</b>	<b>441,648</b>	
Excess of revenues over (under) expenditures	216,061	(352,934)	16,929	(369,863)	
<b>Other financing sources (uses):</b>					
Total other financing sources (uses)	-	-	-	-	
<b>Net change in fund balances</b>	<b>\$ 216,061</b>	<b>\$ (352,934)</b>	<b>16,929</b>	<b>\$ 369,863</b>	
<b>Fund balances July 1, as restated</b>			<b>18,725</b>		
<b>Fund balances June 30</b>			<b>\$ 35,654</b>		

Tobacco Settlement Fund				Common School Fund							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
139,109	139,109	143,614	143,614	4,505	4,505	2,863	2,863	2,622	2,622	(241)	(241)
9	9	3	3	(6)	(6)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	3	3	3	3	-	-	-	-	-	-
1	1	5	5	4	4	572	572	580	580	8	8
139,119	139,119	143,625	143,625	4,506	4,506	3,435	3,435	3,202	3,202	(233)	(233)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
161,177	64,451	43,614	43,614	20,837	20,837	-	-	-	-	-	-
12,433	-	-	-	-	-	-	-	-	-	-	-
6,841	20,353	7,035	7,035	13,318	13,318	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
180,451	84,804	50,649	50,649	34,155	34,155	-	-	6,018	6,018	-	-
(41,332)	54,315	92,976	92,976	(38,661)	(38,661)	3,435	3,435	(2,583)	(2,583)	3,202	3,202
(74,400)	(74,400)	(74,400)	(74,400)	-	-	-	-	-	-	-	-
\$ (115,732)	\$ (20,085)	18,576	\$ 38,661	\$ 3,435	\$ (2,583)	\$ 3,202	\$ 5,785				
		107,484				578,581					
		\$ 126,060				\$ 581,783					

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
 (amounts expressed in thousands)

	U.S. Department of Agriculture			Variance to Final Budget	
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes:					
Income	\$	-	\$	\$	
Sales	-		-	-	
Fuels	-		-	-	
Gaming	-		-	-	
Unemployment	-		-	-	
Alcohol and tobacco	-		-	-	
Insurance	-		-	-	
Financial institutions	-		-	-	
Other	-		-	-	
Total taxes	-		-	-	
Current service charges	-		1	1	
Investment income	-		-	-	
Sales/rents	-		-	-	
Grants	1,621,672	1,621,672	1,547,545	(74,127)	
Other	15	15	-	(15)	
Total revenues	1,621,687	1,621,687	1,547,546	(74,141)	
<b>Expenditures:</b>					
Current:					
General government	561	10,247	4,616	5,631	
Public safety	-	7,871	4,118	3,753	
Health	17,920	222,221	135,199	87,022	
Welfare	22,803	2,317,482	1,027,725	1,289,757	
Conservation, culture and development	790	9,504	3,045	6,459	
Education	3,230	476,696	426,631	50,065	
Transportation	-	-	-	-	
Debt service:					
Principal	-	-	-	-	
Interest, finance fees	-	-	-	-	
Total expenditures	45,304	3,044,021	1,601,334	1,442,687	
Excess of revenues over (under) expenditures	1,576,383	(1,422,334)	(53,788)	(1,368,546)	
<b>Other financing sources (uses):</b>					
Total other financing sources (uses)	78,538	78,538	78,538	-	
<b>Net change in fund balances</b>	<b>\$ 1,654,921</b>	<b>\$ (1,343,796)</b>	<b>24,750</b>	<b>\$ 1,368,546</b>	
<b>Fund balances July 1, as restated</b>			<b>5,206</b>		
<b>Fund balances June 30</b>			<b>\$ 29,956</b>		

U.S. Department of Labor				U.S. Department of Transportation							
Budget		Actual		Variance to Final Budget		Budget		Actual		Variance to Final Budget	
Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
515	515	547	32	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
123,053	123,053	118,825	(4,228)	1,003,306	1,003,306	1,019,834	16,528	-	-	-	-
-	-	3	3	-	-	75	75	-	-	-	-
123,568	123,568	119,375	(4,193)	1,003,306	1,003,306	1,019,909	16,603	-	-	-	-
<hr/>											
-	-	-	-	-	-	5,300	1,695	3,605			
33	10,848	5,962	4,886	7,289	60,819	20,508	40,311				
-	-	-	-	-	506	139	367				
-	3,933	-	3,933	-	13	-	13				
31,371	214,167	112,530	101,637	3,298	2,979	1,523	1,456				
-	525	-	525	-	-	-	-				
-	-	-	-	1,772,258	3,299,806	1,322,771	1,977,035				
-	-	122	(122)	-	-	-	-				
-	-	9	(9)	-	-	-	-				
31,404	229,473	118,623	110,850	1,782,845	3,369,423	1,346,636	2,022,787				
92,164	(105,905)	752	(106,657)	(779,539)	(2,366,117)	(326,727)	(2,039,390)				
2,488	2,488	2,488	-	561,283	561,283	561,283	-				
\$ 94,652	\$ (103,417)	3,240	\$ 106,657	\$ (218,256)	\$ (1,804,834)	234,556	\$ 2,039,390				
<hr/>											
		(5,318)				334,911					
		\$ (2,078)				\$ 569,467					

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**(Budgetary Basis)**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

<b>U.S. Department of Education</b>					
	<b>Budget</b>		<b>Actual</b>	<b>Variance to Final Budget</b>	
	<b>Original</b>	<b>Final</b>			
<b>Revenues:</b>					
Taxes:					
Income	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	- -	- -	- -	- -	- -
Fuels	- -	- -	- -	- -	- -
Gaming	- -	- -	- -	- -	- -
Unemployment	- -	- -	- -	- -	- -
Alcohol and tobacco	- -	- -	- -	- -	- -
Insurance	- -	- -	- -	- -	- -
Financial institutions	- -	- -	- -	- -	- -
Other	- -	- -	- -	- -	- -
Total taxes	- -	- -	- -	- -	- -
Current service charges	- -	- -	- -	- -	- -
Investment income	- -	- -	- -	- -	- -
Sales/rents	- -	- -	- -	- -	- -
Grants	700,192	700,192	769,651	69,459	
Other	4	4	- -	(4)	
<b>Total revenues</b>	<b>700,196</b>	<b>700,196</b>	<b>769,651</b>	<b>69,455</b>	
<b>Expenditures:</b>					
Current:					
General government	- -	944	487	457	
Public safety	305	2,685	1,576	1,109	
Health	- -	- -	- -	- -	
Welfare	20,565	265,460	76,941	188,519	
Conservation, culture and development	9,390	38,021	30,500	7,521	
Education	95,588	844,832	640,845	203,987	
Transportation	- -	- -	- -	- -	
Debt service:					
Principal	- -	- -	- -	- -	
Interest, finance fees	- -	- -	- -	- -	
<b>Total expenditures</b>	<b>125,848</b>	<b>1,151,942</b>	<b>750,349</b>	<b>401,593</b>	
Excess of revenues over (under) expenditures	574,348	(451,746)	19,302	(471,048)	
<b>Other financing sources (uses):</b>					
Total other financing sources (uses)	30,146	30,146	30,146	- -	
<b>Net change in fund balances</b>	<b>\$ 604,494</b>	<b>\$ (421,600)</b>	<b>49,448</b>	<b>\$ 471,048</b>	
<b>Fund balances July 1, as restated</b>			<b>(10,396)</b>		
<b>Fund balances June 30</b>			<b>\$ 39,052</b>		

	Other Non-Major Special Revenue Funds				Variance to Final Budget	
	Budget		Actual	Final		
	Original	Final				
<b>Revenues:</b>						
Taxes:						
Income	\$ 144	\$ 144	\$ 201	\$ 57		
Sales	9,395	9,395	9,657	262		
Fuels	166,060	166,060	96,678	(69,382)		
Gaming	25,392	25,392	25,714	322		
Unemployment	-	-	-	-		
Alcohol and tobacco	36,668	36,668	36,300	(368)		
Insurance	4,610	4,610	4,642	32		
Financial institutions	-	-	-	-		
Other	7,198	7,198	1,909	(5,289)		
Total taxes	249,467	249,467	175,101	(74,366)		
Current service charges	322,763	322,763	351,373	28,610		
Investment income	1,163	1,163	1,779	616		
Sales/rents	15,693	15,693	3,301	(12,392)		
Grants	397,742	397,742	321,285	(76,457)		
Other	1,367	1,367	1,520	153		
Total revenues	988,195	988,195	854,359	(133,836)		
<b>Expenditures:</b>						
Current:						
General government	93,830	383,934	95,988	287,946		
Public safety	258,413	562,371	223,823	338,548		
Health	10,526	7,800	4,850	2,950		
Welfare	62,601	968,998	66,898	902,100		
Conservation, culture and development	201,652	645,908	294,782	351,126		
Education	3,270	18,426	5,047	13,379		
Transportation	113,859	186,464	136,897	49,567		
Debt service:						
Principal	744,151,009	-	-	-		
Interest, finance fees	-	-	-	-		
Total expenditures	744,895,160	2,773,901	828,285	1,945,616		
Excess of revenues over (under) expenditures	(743,906,965)	(1,785,706)	26,074	(1,811,780)		
<b>Other financing sources (uses):</b>						
Total other financing sources (uses)	416,824	416,824	30,628	(386,196)		
<b>Net change in fund balances</b>	<b>\$ (743,490,141)</b>	<b>\$ (1,368,882)</b>	<b>56,702</b>	<b>\$ 1,425,584</b>		
<b>Fund balances July 1, as restated</b>			<b>560,793</b>			
<b>Fund balances June 30</b>			<b>\$ 617,495</b>			

## **Budget/GAAP Reconciliation Nonmajor Special Revenue Funds**

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

<b>(amounts expressed in thousands)</b>	<b>Nonmajor Special Revenue Funds</b>
Net change in fund balances (budgetary basis)	\$ 455,913
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:	
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(116,033)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(112,994)
Funds not subject to legally adopted budget	<u>(1,314)</u>
<b>Net change in fund balances (GAAP basis)</b>	<b><u>\$ 225,572</u></b>

## NON-MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

Enterprise Funds account for operations established to provide services to the general public in a manner similar to private business enterprises. Cost of providing the goods or services are financed or recovered primarily through fees and user charges. The non-major enterprise funds are as follows:

**Residual Malpractice Insurance Authority** – IC 34-18-17 created the Residual Malpractice Insurance Authority to make malpractice liability insurance available to those who cannot obtain this coverage through other insurers. The Indiana Department of Insurance is the designated residual malpractice insurance authority per State law. Revenues are from the premiums collected.

**Inns and Concessions** - This fund accounts for the operations of various State Park Inns which provide lodging throughout the year for park tourists, and for the restaurant and concessions at Fort Benjamin Harrison.

**State of Indiana**  
**Combining Statement of Fund Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	<b>Residual Malpractice Insurance Authority</b>	<b>Inns and Concessions</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments - unrestricted	\$ 64,395	\$ 13,006	\$ 77,401
Receivables:			
Accounts	97	351	448
Interest	258	-	258
Inventory	-	694	694
Prepaid expenses	-	78	78
Other assets	28	-	28
Total current assets	<u>64,778</u>	<u>14,129</u>	<u>78,907</u>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated/amortized	-	34	34
Capital assets being depreciated/amortized	-	714	714
less accumulated depreciation/amortization	-	(554)	(554)
Total capital assets, net of depreciation/amortization	<u>-</u>	<u>194</u>	<u>194</u>
Total noncurrent assets	<u>-</u>	<u>194</u>	<u>194</u>
<b>Total assets</b>	<b><u>64,778</u></b>	<b><u>14,323</u></b>	<b><u>79,101</u></b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	639	639
Claims payable	1,678	-	1,678
Salaries and benefits payable	-	461	461
Accrued liability for compensated absences	-	198	198
Unearned revenue	445	4,162	4,607
Other liabilities	15	259	274
Total current liabilities	<u>2,138</u>	<u>5,719</u>	<u>7,857</u>
Noncurrent liabilities:			
Accrued liability for compensated absences	-	564	564
Claims payable	22,868	-	22,868
Total noncurrent liabilities	<u>22,868</u>	<u>564</u>	<u>23,432</u>
<b>Total liabilities</b>	<b><u>25,006</u></b>	<b><u>6,283</u></b>	<b><u>31,289</u></b>
<b>Net position</b>			
Net investment in capital assets	-	194	194
Restricted-expendable:			
Unrestricted (deficit)	39,772	7,846	47,618
<b>Total net position</b>	<b><u>\$ 39,772</u></b>	<b><u>\$ 8,040</u></b>	<b><u>\$ 47,812</u></b>

**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2018**

(amounts expressed in thousands)

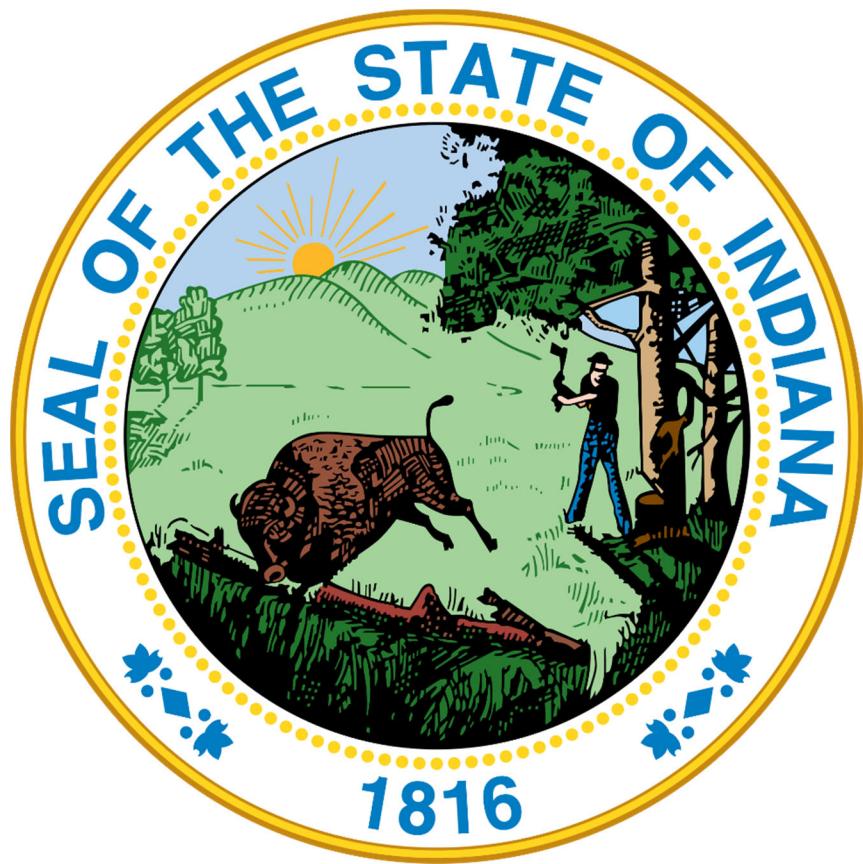
	Residual Malpractice Insurance Authority	Inns and Concessions	Total
<b>Operating revenues:</b>			
Sales/rents/premiums	\$ 698	\$ 26,737	\$ 27,435
Other	-	125	125
Total operating revenues	698	26,862	27,560
Cost of sales	-	5,407	5,407
Gross margin	698	21,455	22,153
<b>Operating expenses:</b>			
General and administrative expense	594	17,834	18,428
Claims expense	506	-	506
Depreciation and amortization	-	43	43
Other	-	18	18
Total operating expenses	1,100	17,895	18,995
Operating income (loss)	(402)	3,560	3,158
<b>Nonoperating revenues (expenses):</b>			
Interest and other investment income	-	48	48
Interest and other investment expense	(690)	-	(690)
Total nonoperating revenues (expenses)	(690)	48	(642)
Income before contributions and transfers	(1,092)	3,608	2,516
Transfers (out)	-	(2,089)	(2,089)
<b>Change in net position</b>	(1,092)	1,519	427
Total net position, July 1, as restated	40,864	6,521	47,385
<b>Total net position, June 30</b>	<b>\$ 39,772</b>	<b>\$ 8,040</b>	<b>\$ 47,812</b>

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>Residual Malpractice Insurance Authority</b>	<b>Inns and Concessions</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 659	\$ 26,956	\$ 27,615
Cash paid for general and administrative	(555)	(17,676)	(18,231)
Cash paid to suppliers	-	(5,372)	(5,372)
Cash paid for claims expense	(960)	-	(960)
Net cash provided (used) by operating activities	(856)	3,908	<b>3,052</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfers out	-	(2,089)	<b>(2,089)</b>
Net cash provided (used) by noncapital financing activities	-	(2,089)	<b>(2,089)</b>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition/construction of capital assets	-	(34)	<b>(34)</b>
Net cash provided (used) by capital and related financing activities	-	(34)	<b>(34)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of investments	5,000	-	<b>5,000</b>
Purchase of investments	(4,997)	-	<b>(4,997)</b>
Interest income (expense) on investments	1,149	48	<b>1,197</b>
Net cash provided (used) by investing activities	1,152	48	<b>1,200</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	296	1,833	<b>2,129</b>
<b>Cash and cash equivalents, July 1</b>	4,125	10,838	<b>14,963</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$ 4,421</b>	<b>\$ 12,671</b>	<b>\$ 17,092</b>
<b>Reconciliation of cash , cash equivalents and investments:</b>			
Cash and cash equivalents unrestricted at end of year	\$ 4,421	\$ 12,671	\$ 17,092
Investments unrestricted	59,974	335	<b>60,309</b>
<b>Cash, cash equivalents and investments per balance sheet</b>	<b>\$ 64,395</b>	<b>\$ 13,006</b>	<b>\$ 77,401</b>
<b>Noncash investing, capital and financing activities:</b>			
Increase (Decrease) in fair value of investments	\$ 3	\$ -	\$ 3

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2018**  
 (amounts expressed in thousands)

	<b>Residual Malpractice Insurance Authority</b>	<b>Inns and Concessions</b>	<b>Total</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (402)	\$ 3,560	\$ 3,158
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>			
Depreciation/amortization expense	-	43	43
(Increase) decrease in receivables	6	(51)	(45)
(Increase) decrease in inventory	-	34	34
(Increase) decrease in prepaid expenses	-	39	39
Increase (decrease) in claims payable	(454)	-	(454)
Increase (decrease) in accounts payable	-	24	24
Increase (decrease) in unearned revenue	(3)	145	142
Increase (decrease) in salaries payable	-	69	69
Increase (decrease) in compensated absences	-	50	50
Increase (decrease) in other payables	(3)	(5)	(8)
Net cash provided (used) by operating activities	<b>\$ (856)</b>	<b>\$ 3,908</b>	<b>\$ 3,052</b>



## INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of State agencies that supply goods or services to other agencies of governmental units on a cost-reimbursement basis.

**Institutional Industries** - This fund accounts for revenues and expenses incurred from the operation of inmate employment programs. Goods produced or manufactured as a result of such programs are sold to state agencies and political subdivisions of the State as well as to the general public.

**Administrative Services Revolving** – This fund is used to account for the following rotary funds.

**Information Technology Services** provides telecommunications and data processing services to State agencies. Revenues consist of charges to user agencies.

**Motor Pool Rotary Fund** accounts for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

**Printing Rotary Fund** accounts for the operation of the State Print Shop, which provides printing services to other State agencies. Revenues consist of charges to user agencies.

**General Services Rotary** accounts for postal service charges to agencies. Revenues consist of charges to user agencies.

**Aviation Rotary Fund** accounts for the operation and maintenance of state aircraft. Revenues consist of charges to user agencies.

**Self-Insurance Funds** - The self-insurance funds consist of the **State Police Health Insurance Fund, State Employee Disability Fund, State Employee Health Insurance Fund, and the Conservation and Excise Officers Health Insurance Fund**. These funds administer health insurance and disability plans for state employees, state police personnel, and conservation and excise police officers as well as for certain school corporations.

**State Personnel Department** - This fund accounts for revenues and expenses incurred by the Indiana State Personnel Department for providing human resource services to the executive branch of the government.

**Accounting Centralization** - This fund accounts for revenues and expenses incurred by the Indiana State Budget Agency for providing centralized accounting services to some smaller state agencies.

**State of Indiana**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Excise Officers Health Insurance Fund	State Personnel Department Fund	Conservation and Accounting Centralization	Total
<b>Assets</b>									
Current assets:									
Cash, cash equivalents and investments - unrestricted Receivables:	\$ 2,032	\$ 34,388	\$ 17,463	\$ 21,005	\$ 100,377	\$ 3,526	\$ 1,634	\$ -	\$ 180,425
Accounts	3,075	1,253	1,306	1,655	17,874	282	53	-	25,498
Interfund services provided	424	9,249	-	-	-	-	-	-	9,673
Inventory	3,166	113	-	-	-	-	-	-	3,279
Total current assets	<u>8,697</u>	<u>45,003</u>	<u>18,769</u>	<u>22,660</u>	<u>118,251</u>	<u>3,808</u>	<u>1,687</u>	-	<u>218,875</u>
Noncurrent assets:									
Capital assets:									
Capital assets being depreciated/amortized less accumulated depreciation/amortization	13,799	80,695	-	-	1,280	-	-	-	95,774
Total capital assets, net of depreciation/amortization	(10,443)	(38,285)	-	-	(183)	-	-	-	(48,911)
Total noncurrent assets	<u>3,356</u>	<u>42,410</u>	<u>-</u>	<u>-</u>	<u>1,097</u>	<u>-</u>	<u>-</u>	-	<u>46,863</u>
<b>Total assets</b>	<b><u>12,053</u></b>	<b><u>87,443</u></b>	<b><u>18,769</u></b>	<b><u>22,660</u></b>	<b><u>119,348</u></b>	<b><u>3,808</u></b>	<b><u>1,687</u></b>	-	<b><u>265,738</u></b>
<b>Deferred Outflows of Resources</b>									
Related to pensions	1,776	5,499	-	-	-	-	1,264	68	8,607
Related to OPEB	22	69	-	-	-	-	16	1	108
<b>Total deferred outflows of resources</b>	<b><u>1,798</u></b>	<b><u>5,568</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,280</u></b>	<b><u>69</u></b>	<b><u>8,715</u></b>
<b>Liabilities</b>									
Current liabilities:									
Accounts payable	1,794	419	3,520	3,183	36,598	840	10	-	46,364
Salaries and benefits payable	336	1,293	-	-	52	-	328	12	2,021
Accrued liability for compensated absences	317	2,154	-	-	35	-	331	26	2,863
Unearned revenue	2	-	-	-	-	-	-	-	2
Other liabilities	4	-	-	-	-	-	-	-	4
Total current liabilities	<u>2,453</u>	<u>3,866</u>	<u>3,520</u>	<u>3,183</u>	<u>36,685</u>	<u>840</u>	<u>669</u>	-	<u>51,254</u>
Noncurrent liabilities:									
Accrued liability for compensated absences	298	2,025	-	-	32	-	327	24	2,706
Net pension liability	5,971	18,487	-	-	-	-	4,249	230	28,937
OPEB Liability	42	129	-	-	-	-	30	2	203
Total noncurrent liabilities	<u>6,311</u>	<u>20,641</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>4,606</u>	<u>256</u>	<u>31,846</u>
<b>Total liabilities</b>	<b><u>8,764</u></b>	<b><u>24,507</u></b>	<b><u>3,520</u></b>	<b><u>3,183</u></b>	<b><u>36,717</u></b>	<b><u>840</u></b>	<b><u>5,275</u></b>	<b><u>294</u></b>	<b><u>83,100</u></b>
<b>Deferred Inflows of Resources</b>									
Related to pensions	45	138	-	-	-	-	32	2	217
Related to OPEB	6	18	-	-	-	-	4	-	28
<b>Total deferred inflows of resources</b>	<b><u>51</u></b>	<b><u>156</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>36</u></b>	<b><u>2</u></b>	<b><u>245</u></b>
<b>Net position</b>									
Net investment in capital assets	3,356	35,159	-	-	1,097	-	-	-	39,612
Unrestricted (deficit)	1,680	33,159	15,249	19,477	81,534	2,968	(2,344)	(227)	151,496
<b>Total net position</b>	<b><u>\$ 5,036</u></b>	<b><u>\$ 68,318</u></b>	<b><u>\$ 15,249</u></b>	<b><u>\$ 19,477</u></b>	<b><u>\$ 82,631</u></b>	<b><u>\$ 2,968</u></b>	<b><u>\$ (2,344)</u></b>	<b><u>\$ (227)</u></b>	<b><u>\$ 191,108</u></b>

**State of Indiana**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
<b>Operating revenues:</b>									
Sale/rents/premiums	\$ 33,697	\$ 132,052	\$ 39,592	\$ 24,051	\$ 366,430	\$ 6,159	\$ 9,980	\$ 265	\$ 601,981
Charges for services	- 1	- 32	-	- 1,470	-	-	-	78	10,277
Other									1,549
Total operating revenues	33,698	132,084	39,592	25,521	366,430	6,159	9,980	343	613,807
Cost of sales	18,047	2,030	-	-	-	-	-	-	20,077
Gross margin	15,651	130,054	39,592	25,521	366,430	6,159	9,980	343	593,730
<b>Operating expenses:</b>									
General and administrative expense	14,374	121,868	2,283	1,233	15,802	416	9,814	376	166,166
Health / disability benefit payments	-	-	28,607	16,059	314,201	4,692	-	-	364,559
Depreciation and amortization	270	11,202	-	-	46	-	-	-	11,518
Total operating expenses	14,644	133,070	31,890	17,292	330,049	5,108	9,814	376	542,243
Operating income (loss)	1,007	(3,016)	7,702	8,229	36,381	1,051	166	(33)	51,487
<b>Nonoperating revenues (expenses):</b>									
Interest and other investment income	2	-	-	-	-	-	-	-	2
Gain (Loss) on disposition of assets	(51)	(1,844)	-	-	(2)	(3,165)	-	-	(1,887)
Contributions to other postemployment benefits	-	-	(9,588)	(485)	(3,407)	(3,165)	-	-	(16,645)
Total nonoperating revenues (expenses)	(49)	(1,844)	(9,588)	(485)	(3,409)	(3,165)	-	-	(18,540)
Income before contributions and transfers	958	(4,880)	(1,886)	7,744	32,972	(2,114)	166	(33)	32,947
Capital contributions	-	16,413	-	-	-	-	-	-	16,413
Transfers in	-	1,176	-	-	-	-	-	-	1,176
Transfers (out)	(1,507)	-	-	-	-	-	-	-	(1,507)
Change in net position	(549)	12,729	(1,886)	7,744	32,972	(2,114)	166	(33)	49,029
Total net position, July 1, as restated	5,585	55,589	17,135	11,733	49,659	5,082	(2,510)	(194)	142,079
Total net position, June 30	<b>\$ 5,036</b>	<b>\$ 68,318</b>	<b>\$ 15,249</b>	<b>\$ 19,477</b>	<b>\$ 82,631</b>	<b>\$ 2,968</b>	<b>\$ (2,344)</b>	<b>\$ (227)</b>	<b>\$ 191,108</b>

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	State Accounting Centralization	Total
<b>Cash flows from operating activities:</b>									
Cash received from customers	\$ 33,738	\$ 133,021	\$ 39,562	\$ 25,196	\$ 368,795	\$ 6,141	\$ 9,959	\$ 265	\$ 616,727
Cash paid for general and administrative	(14,243)	(125,868)	(2,283)	(1,233)	(15,798)	(4,16)	(9,686)	(367)	(169,894)
Cash paid for salary/health/disability benefit payments			(28,669)	(17,178)	-	(4,455)	-	-	(50,302)
Cash paid to suppliers	(17,917)	(2,034)	-	-	(317,081)	-	-	-	(19,951)
Cash paid for claims expense	-	-	-	-	-	-	-	-	(317,081)
Other operating income	-	-	-	-	-	-	-	-	78
Net cash provided (used) by operating activities	<u>1,628</u>	<u>5,119</u>	<u>8,610</u>	<u>6,785</u>	<u>35,916</u>	<u>1,270</u>	<u>273</u>	<u>(24)</u>	<u>59,577</u>
<b>Cash flows from noncapital financing activities:</b>									
Transfers in	-	1,176	-	-	-	-	-	-	1,176
Transfers out	(1,507)	-	-	-	-	-	-	-	(1,507)
Increase (decrease) in contributed capital	-	16,413	-	-	-	-	-	-	16,413
Contributions to other postemployment benefits	-	-	(9,588)	(485)	(3,407)	(3,165)	-	-	(16,645)
Net cash provided (used) by noncapital financing activities	<u>(1,507)</u>	<u>17,589</u>	<u>(9,588)</u>	<u>(485)</u>	<u>(3,407)</u>	<u>(3,165)</u>	<u>-</u>	<u>-</u>	<u>(563)</u>
<b>Cash flows from capital and related financing activities:</b>									
Acquisition/construction of capital assets	(45)	(21,386)	-	-	-	-	-	-	(21,431)
Proceeds from sale of assets	1	1,246	-	-	-	-	-	-	1,247
Net cash provided (used) by capital and related financing activities	<u>(44)</u>	<u>(20,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,184)</u>
<b>Cash flows from investing activities:</b>									
Interest income (expense) on investments	-	2	-	-	-	-	-	-	2
Net cash provided (used) by investing activities	-	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	79	2,568	(978)	6,300	32,509	(1,895)	273	(24)	38,832
Cash and cash equivalents, July 1	1,963	31,820	18,441	14,705	67,868	5,421	1,361	24	141,593
Cash and cash equivalents, June 30	<u>\$ 2,032</u>	<u>\$ 34,388</u>	<u>\$ 17,463</u>	<u>\$ 21,005</u>	<u>\$ 100,377</u>	<u>\$ 3,526</u>	<u>\$ 1,634</u>	<u>\$ -</u>	<u>\$ 180,425</u>
<b>Reconciliation of cash, cash equivalents and investments:</b>									
Cash and cash equivalents unrestricted at end of year	\$ 2,032	\$ 34,388	\$ 17,463	\$ 21,005	\$ 100,377	\$ 3,526	\$ 1,634	\$ -	\$ 180,425
Cash, cash equivalents and investments per balance sheet	<u>\$ 2,032</u>	<u>\$ 34,388</u>	<u>\$ 17,463</u>	<u>\$ 21,005</u>	<u>\$ 100,377</u>	<u>\$ 3,526</u>	<u>\$ 1,634</u>	<u>\$ -</u>	<u>\$ 180,425</u>

**State of Indiana**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	Conservation and Excise Officers Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>									
Operating income (loss)	\$ 1,007	\$ (3,016)	\$ 7,702	\$ 8,229	\$ 36,381	\$ 1,051	\$ 166	\$ (33)	\$ 51,487
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation/amortization expense	271	11,202	-	(324)	45	(18)	-	-	11,518
(Increase) decrease in receivables	53	816	(29)	-	2,365	-	(21)	-	2,842
(Increase) decrease in interfund services provided	41	122	-	-	-	-	-	-	163
(Increase) decrease in inventory	354	(4)	-	-	-	-	-	-	350
(Increase) decrease in deferred outflows	468	1,314	-	-	(2,880)	-	-	-	2,057
(Increase) decrease in claims payable	-	(5,156)	937	(1,120)	(12)	237	(66)	-	(2,880)
Increase (decrease) in accounts payable	(225)	(4)	-	-	-	-	-	-	(5,405)
Increase (decrease) in unearned revenue	11	47	-	-	2	-	27	(2)	(4)
Increase (decrease) in salaries payable	(61)	290	-	-	15	-	(78)	-	85
Increase (decrease) in compensated absences	(51)	192	-	-	-	-	158	3	166
Increase (decrease) in net pension liabilities	(199)	(579)	-	-	-	-	(149)	(7)	302
Increase (decrease) in net OPEB liabilities	(36)	(109)	-	-	-	-	(23)	(1)	(934)
Increase (decrease) in deferred inflows	(1)	-	-	-	-	-	-	-	(168)
Increase (decrease) in other payables	-	-	-	-	-	-	-	-	(1)
Net cash provided (used) by operating activities	<b>\$ 1,628</b>	<b>\$ 5,119</b>	<b>\$ 8,610</b>	<b>\$ 6,785</b>	<b>\$ 35,916</b>	<b>\$ 1,270</b>	<b>\$ 273</b>	<b>\$ (24)</b>	<b>\$ 59,577</b>

## FIDUCIARY FUNDS

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others.

## PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other post-employment benefit plans.

**State Police Pension Fund** - This fund is used to account for assets held for a defined benefit, single-employer public employee retirement system administered by the Indiana State Police.

**State Police Supplemental Trust** - This fund is used to account for a defined benefit, single-employer public employee retirement system that provides additional benefits under the supplemental pension trust agreement administered by the Treasurer of the State of Indiana with the Indiana State Police.

**State Employee Retiree Health Benefit Trust Fund-DB** - This fund is used to account for assets held for the State's defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) administered by the State Personnel Department; Indiana State Police Plan (ISPP) administered by the Indiana State Police; and the Conservation and Excise Police Plan (CEPP) administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee.

**State Employee Retiree Health Benefit Trust Fund-DC** - This fund is used to account for assets held for a defined contribution, single-employer OPEB plan administered by the State Budget Agency.

**Indiana Public Retirement System** – INPRS administers and manages public pension plans including the Public Employees' Retirement Fund (PERF), the Teachers' Retirement Fund (TRF), the Prosecuting Attorney's Retirement Fund (PARF), the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund), the Legislators Retirement System (LRS), the Judges Retirement System (JRS), and the State Excise, Gaming Agent, Gaming Control Officers and Conservation Enforcement Officers' Retirement Plan (EG&C). The PERF, TRF, and 1977 Fund plans are cost-sharing, multiple-employer defined benefit plans. The LRS plan has both a single-employer defined benefit plan and a single-employer defined contribution plan. The PARF, JRS, and EG&C plans are single-employer defined benefit plans. INPRS also oversees three non-retirement funds which are the Pension Relief Fund, the Public Safety Officers' Special Death Benefit Fund and the State Employees' Death Benefit Fund.

## FIDUCIARY FUNDS

### PRIVATE-PURPOSE TRUST FUNDS

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

**Abandoned Property Fund** - This fund is used to administer abandoned property of individuals, private organizations and other governments held by the State.

**Private-Purpose Trust Fund** - This fund is used to account for a group of fund centers under which principal and interest benefit individuals, private organizations, or other governments.

## AGENCY FUNDS

Agency funds account for resources that are custodial in nature. They generally are amounts held by the State of Indiana on behalf of third parties.

**Employee Payroll, Withholding and Benefits Funds** - These funds are used for the disposition of various payroll-related deductions and contributions such as social security and insurance contributions.

**Local Distributions Fund** - This fund is composed of accounts used to distribute revenue collections to local units of government based upon statutory formulas.

**Child Support Fund** - This fund is used for the collection and distribution of child support payments.

**Department of Insurance Fund** - This fund includes security deposits of insurance companies, health maintenance organizations and third party administrators as required.

**Other Agency Funds** – This category comprises various escrows, revenue collection, and agency accounts for which the State acts in an agent capacity until proper disposition of the assets can be made.

**State of Indiana**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2018**

(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit		
	State Police Pension Fund	State Police Supplemental Trust	State Employee Retiree Health Benefit Trust Fund - DB	Indiana Public Retirement System		Total
				State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	
<b>Assets</b>						
Cash, cash equivalents and non-pension investments	\$ 9,602	\$ -	\$ -	\$ 7,676	\$ 19,323	\$ 45,691
Securities lending collateral						307,922
Receivables:						
Contributions	350	113	614	2,932	32,237	36,246
Interest	533	-	315	563	89,291	90,702
Securities lending	-	-	-	63	-	63
Member loans	77	-	-	-	-	77
From investment sales	-	-	-	-	-	
Other	28	-	-	-	-	8,496,263
Total receivables	988	113	929	3,558	8,617,791	8,623,379
Pension and other employee benefit investments at fair value:						
Short term investments	-	-	-	-	-	
Equity Securities	204,343	-	-	-	-	1,400,676
Debt Securities	125,820	-	175,932	312,722	8,877,603	9,081,946
Other	135,424	-	-	-	12,746,730	13,361,204
Total investments at fair value	465,587	-	175,932	312,722	11,586,438	11,721,862
Other assets	-	-	-	-	34,611,447	35,555,688
Property, plant and equipment net of accumulated depreciation	25	-	-	-	159	159
<b>Total assets</b>	<b>476,202</b>	<b>113</b>	<b>184,537</b>	<b>335,603</b>	<b>43,551,549</b>	<b>44,548,004</b>
<b>Liabilities</b>						
Accounts/escrows payable	99	-	-	26	8,808	8,933
Securities lending payable	-	-	-	63	-	63
Benefits payable	-	113	1,449	312	4,710	6,584
Investment purchases payable	-	-	-	-	8,747,161	8,747,161
Securities purchased payable	-	-	-	-	298,692	298,692
Securities lending collateral	-	-	-	-	307,922	307,922
Other	14	-	-	-	1,693	1,707
<b>Total liabilities</b>	<b>113</b>	<b>113</b>	<b>1,449</b>	<b>401</b>	<b>9,368,986</b>	<b>9,371,062</b>
<b>Net Position</b>						
Restricted for:						
Employees' pension benefits	476,089	-	183,088	335,202	34,167,784	34,643,873
OPEB benefits	-	-	-	-	-	518,290
Future death benefits	-	-	-	-	14,779	14,779
<b>Total net position</b>	<b>\$ 476,089</b>	<b>\$ -</b>	<b>\$ 183,088</b>	<b>\$ 335,202</b>	<b>\$ 34,182,563</b>	<b>\$ 35,176,942</b>

**State of Indiana**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Year Ended June 30, 2018**  
 (amounts expressed in thousands)

	Primary Government					Fiduciary in Nature Component Unit		
	State Police Pension Fund	State Police Supplemental Trust	State Employee Retiree Health Benefit Trust Fund -		Indiana Public Retirement System	Total		
			DB	DC				
<b>Additions:</b>								
Member contributions	\$ 4,683	\$ -	\$ 12,657	\$ -	\$ 349,246	\$ 366,586		
Employer contributions	25,002	4,343	34,554	26,327	984,332	1,074,558		
Contributions from the State of Indiana	-	-	-	-	1,124,814	1,124,814		
Net investment income (loss)	24,559	-	2,183	4,878	3,029,629	3,061,249		
Less investment expense	(1,482)	-	-	-	(205,262)	(206,744)		
Federal reimbursements	-	-	585	-	-	585		
Other	1	-	299	-	695	995		
Total additions	52,763	4,343	50,278	31,205	5,283,454	5,422,043		
<b>Deductions:</b>								
Pension and disability benefits	35,009	3,514	-	-	2,514,769	2,553,292		
Retiree health benefits	-	-	23,592	18,737	-	42,329		
Death benefits	-	-	-	-	1,634	1,634		
Refunds of contributions and interest	50	-	-	-	179,575	179,625		
Administrative	381	115	1,095	2,177	38,991	42,759		
Pension relief distributions	-	-	-	-	212,634	212,634		
Other	-	714	-	-	437	1,151		
Total deductions	35,440	4,343	24,687	20,914	2,948,040	3,033,424		
Net increase (decrease) in net position	17,323	-	25,591	10,291	2,335,414	2,388,619		
Net position restricted for pension and other employee benefits, July 1, as restated:								
Pension benefits	458,766	-	-	-	31,832,051	32,290,817		
OPEB benefits	-	-	157,497	324,911	-	482,408		
Future death benefits	-	-	-	-	15,098	15,098		
Net position restricted for pension and other employee benefits, June 30, as restated	\$ 476,089	\$ -	\$ 183,088	\$ 335,202	\$ 34,182,563	\$ 35,176,942		

**State of Indiana**  
**Combining Statement of Net Position**  
**Private-Purpose Trust Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
<b>ASSETS</b>			
Cash, cash equivalents and non-pension investments	\$ 32,385	\$ 38,805	\$ 71,190
Receivables:			
Accounts	-	144	144
Interest	-	47	47
Securities lending	-	4	4
Total receivables	-	195	195
<b>Total assets</b>	<b>32,385</b>	<b>39,000</b>	<b>71,385</b>
<b>LIABILITIES</b>			
Accounts/escrows payable	253	-	253
Salaries and benefits payable	92	-	92
Securities lending payable	-	4	4
<b>Total liabilities</b>	<b>345</b>	<b>4</b>	<b>349</b>
<b>NET POSITION</b>			
Restricted for:			
Trust beneficiaries	32,040	38,996	71,036
<b>Total net position</b>	<b>\$ 32,040</b>	<b>\$ 38,996</b>	<b>\$ 71,036</b>

**State of Indiana**  
**Combining Statement of Changes in Net Position**  
**Private-Purpose Trust Funds**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

	<b>Abandoned Property Fund</b>	<b>Private-Purpose Trust Fund</b>	<b>Total</b>
<b>Additions:</b>			
Current Service Charge	\$ -	\$ 9,671	\$ 9,671
Investment Income	264	395	659
Member Contributions	-	77	77
Donations/escheats	111,149	-	111,149
Total additions	111,413	10,143	121,556
<b>Deductions:</b>			
Payments to participants/beneficiaries	108,704	10,326	119,030
Total deductions	108,704	10,326	119,030
Net increase (decrease) in net position	2,709	(183)	2,526
<b>Net position, July 1, as restated</b>	<b>29,331</b>	<b>39,179</b>	<b>68,510</b>
<b>Net position, June 30</b>	<b>\$ 32,040</b>	<b>\$ 38,996</b>	<b>\$ 71,036</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2018**  
 (amounts expressed in thousands)

	Employee Payroll, Withholding and Benefits	Local Distributions	Child Support	Department of Insurance	Other Agency Funds	Total
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 1,080	\$ 550,450	\$ 17,978	\$ 228,944	\$ 63,522	\$ 861,974
Receivables:						
Taxes	-	18,443	-	-	816	19,259
Accounts	-	-	-	-	82	82
<b>Total assets</b>	<b>\$ 1,080</b>	<b>\$ 568,893</b>	<b>\$ 17,978</b>	<b>\$ 228,944</b>	<b>\$ 64,420</b>	<b>\$ 881,315</b>
<b>Liabilities:</b>						
Accounts/escrows payable	\$ 1,080	\$ 568,893	\$ 17,978	\$ 228,944	\$ 64,420	\$ 881,315
<b>Total liabilities</b>	<b>\$ 1,080</b>	<b>\$ 568,893</b>	<b>\$ 17,978</b>	<b>\$ 228,944</b>	<b>\$ 64,420</b>	<b>\$ 881,315</b>

**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

(amounts expressed in thousands)

	<u>Balance, July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30</u>
<b>Employee Payroll, Withholding and Benefits</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 1,014	\$ 2,339,914	\$ 2,339,848	\$ 1,080
Total assets	<u>\$ 1,014</u>	<u>\$ 2,339,914</u>	<u>\$ 2,339,848</u>	<u>\$ 1,080</u>
Liabilities:				
Accounts / escrows payable	\$ 1,014	\$ 2,339,914	\$ 2,339,848	\$ 1,080
Total liabilities	<u>\$ 1,014</u>	<u>\$ 2,339,914</u>	<u>\$ 2,339,848</u>	<u>\$ 1,080</u>
<b>Local Distributions</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 430,864	\$ 2,929,195	\$ 2,809,609	\$ 550,450
Receivables	<u>16,737</u>	<u>18,443</u>	<u>16,737</u>	<u>18,443</u>
Total assets	<u>\$ 447,601</u>	<u>\$ 2,947,638</u>	<u>\$ 2,826,346</u>	<u>\$ 568,893</u>
Liabilities:				
Accounts / escrows payable	\$ 447,601	\$ 2,947,638	\$ 2,826,346	\$ 568,893
Total liabilities	<u>\$ 447,601</u>	<u>\$ 2,947,638</u>	<u>\$ 2,826,346</u>	<u>\$ 568,893</u>
<b>Child Support</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 15,732	\$ 819,113	\$ 816,867	\$ 17,978
Total assets	<u>\$ 15,732</u>	<u>\$ 819,113</u>	<u>\$ 816,867</u>	<u>\$ 17,978</u>
Liabilities:				
Accounts / escrows payable	\$ 15,732	\$ 819,113	\$ 816,867	\$ 17,978
Total liabilities	<u>\$ 15,732</u>	<u>\$ 819,113</u>	<u>\$ 816,867</u>	<u>\$ 17,978</u>

continued on next page

**State of Indiana**  
**Combining Statement of Changes In Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

(amounts expressed in thousands)

	<u>Balance, July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30</u>
<b>Department of Insurance</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 231,854	\$ 6,961	\$ 9,871	\$ 228,944
Total assets	<u>\$ 231,854</u>	<u>\$ 6,961</u>	<u>\$ 9,871</u>	<u>\$ 228,944</u>
Liabilities:				
Accounts / escrows payable	\$ 231,854	\$ 6,961	\$ 9,871	\$ 228,944
Total liabilities	<u>\$ 231,854</u>	<u>\$ 6,961</u>	<u>\$ 9,871</u>	<u>\$ 228,944</u>
<b>Other Agency Funds</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 54,705	\$ 747,850	\$ 739,033	\$ 63,522
Receivables	826	898	826	898
Total assets	<u>\$ 55,531</u>	<u>\$ 748,748</u>	<u>\$ 739,859</u>	<u>\$ 64,420</u>
Liabilities:				
Accounts / escrows payable	\$ 55,531	\$ 748,748	\$ 739,859	\$ 64,420
Total liabilities	<u>\$ 55,531</u>	<u>\$ 748,748</u>	<u>\$ 739,859</u>	<u>\$ 64,420</u>
<b>Total Agency Funds</b>				
Assets:				
Cash, cash equivalents, and investments	\$ 734,169	\$ 6,843,033	\$ 6,715,228	\$ 861,974
Receivables	17,563	19,341	17,563	19,341
Total assets	<u>\$ 751,732</u>	<u>\$ 6,862,374</u>	<u>\$ 6,732,791</u>	<u>\$ 881,315</u>
Liabilities:				
Accounts / escrows payable	\$ 751,732	\$ 6,862,374	\$ 6,732,791	\$ 881,315
Total liabilities	<u>\$ 751,732</u>	<u>\$ 6,862,374</u>	<u>\$ 6,732,791</u>	<u>\$ 881,315</u>



## NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

### GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

**Indiana Economic Development Corporation** – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana's economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

### PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

**Indiana Stadium and Convention Building Authority** – The authority's responsibility is to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

**Indiana Bond Bank** – The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments.

**Indiana Housing and Community Development Authority** – The authority's purpose is to finance residential housing for persons and families of low and moderate incomes.

**Indiana Board for Depositories** – The board is responsible to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. It provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit.

**Indiana Secondary Market for Education Loans Inc.** – The company is responsible for purchasing education loans in the secondary market.

**White River State Park Development Commission** – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

**Ports of Indiana** – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

**State Fair Commission** – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

**Indiana Comprehensive Health Insurance Association** – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

**Indiana Political Subdivision Risk Management Commission** – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

**Indiana State Museum and Historic Sites Corporation** – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.

**Indiana Motorsports Commission** – The commission is responsible for financing and leasing real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district.

## COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University  
Indiana State University  
Ivy Tech Community College of Indiana  
University of Southern Indiana  
Vincennes University

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Indiana Economic Development Corporation	Totals
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and investments - unrestricted	\$ 8,619	\$ 8,619
Cash, cash equivalents and investments - restricted	125,308	125,308
Receivables (net)	3,173	3,173
Total current assets	137,100	137,100
Noncurrent assets:		
Loans	70,194	70,194
Capital assets:		
Capital assets being depreciated/amortized	424	424
less accumulated depreciation/amortization	(188)	(188)
Total capital assets, net of depreciation/amortization	236	236
Total noncurrent assets	70,430	70,430
<b>Total assets</b>	<b>207,530</b>	<b>207,530</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	1,860	1,860
<b>Total deferred outflows of resources</b>	<b>1,860</b>	<b>1,860</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	5,899	5,899
Unearned revenue	5,789	5,789
Other liabilities	336	336
Current portion of long-term liabilities	468	468
Total current liabilities	12,492	12,492
Noncurrent liabilities:		
Net pension and OPEB liabilities	4,797	4,797
Total noncurrent liabilities	4,797	4,797
<b>Total liabilities</b>	<b>17,289</b>	<b>17,289</b>
<b>Deferred inflows of resources</b>		
Related to pensions	72	72
<b>Total deferred inflows of resources</b>	<b>72</b>	<b>72</b>
<b>NET POSITION</b>		
Net investment in capital assets	236	236
Restricted - expendable:		
Grants/constitutional restrictions	186,639	186,639
Unrestricted	5,154	5,154
<b>Total net position</b>	<b>\$ 192,029</b>	<b>\$ 192,029</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**  
 (amounts expressed in thousands)

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Economic Development Corporation Total
	Expenses				
Indiana Economic Development Corporation	\$ 91,492	\$ 266	\$ 11,192	\$ -	\$ (80,034) \$ (80,034)
Total component units	\$ 91,492	\$ 266	\$ 11,192	\$ -	\$ (80,034) \$ (80,034)
General Revenues:					
Gaming tax				2,362	2,362
Investment earnings				1,184	1,184
Payments from State of Indiana				60,579	60,579
Total general revenues				64,125	64,125
Changes in net position				(15,909)	(15,909)
Net position - beginning				207,938	207,938
<b>Net position - ending</b>	<b>\$ 192,029</b>			<b>\$ 192,029</b>	<b>\$ 192,029</b>

**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**June 30, 2018**  
(amounts expressed in thousands)

	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories	Indiana Secondary Market for Education Loans Inc.
<b>Assets</b>					
Current assets:					
Cash, cash equivalents and investments - unrestricted	\$ -	\$ 14,751	\$ 67,923	\$ 195,050	\$ 105,208
Cash, cash equivalents and investments - restricted	53,346	46,068	244,767	-	1,844
Receivables (net)	1,721	179,161	9,040	1,010	2,667
Due from primary government	-	-	-	5,000	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	12	1,142
Loans	-	-	5,377	-	7,856
Investment in direct financing lease	10,055	-	-	-	-
Other assets	-	-	553	-	-
Total current assets	65,122	239,980	327,660	201,072	118,717
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	-	149,158	84,813	23,266
Cash, cash equivalents and investments - restricted	-	30,029	435,857	-	-
Receivables (net)	-	640,627	-	-	-
Due from primary government	-	-	-	20,000	-
Loans	-	-	83,514	-	91,219
Investment in direct financing lease	937,234	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Capital assets not being depreciated/amortized	-	-	-	-	-
Capital assets being depreciated/amortized	-	-	8,600	276	401
less accumulated depreciation/amortization	-	-	(6,658)	(245)	(244)
Total capital assets, net of depreciation/amortization	-	-	1,942	31	157
Total noncurrent assets	937,234	670,656	670,471	104,844	114,642
<b>Total assets</b>	<b>1,002,356</b>	<b>910,636</b>	<b>998,131</b>	<b>305,916</b>	<b>233,359</b>
<b>Deferred Outflows of Resources</b>					
Accumulated decrease in fair value of hedging derivatives	78,790	4,462	846	-	-
Debt refunding loss	762	9,012	2,825	-	-
Related to pensions	-	66	986	18	-
Deferred swap termination	65,704	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>145,256</b>	<b>13,540</b>	<b>4,657</b>	<b>18</b>	<b>-</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	14	962	5,989	62	716
Interest payable	14,379	10,314	3,658	-	33
Unearned revenue	-	-	64,323	-	-
Accrued liability for compensated absences	-	-	-	-	-
Other liabilities	-	32,123	-	-	-
Current portion of long-term liabilities	10,055	194,738	10,375	-	9,724
Total current liabilities	24,448	238,137	84,345	62	10,473
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Net pension and OPEB liabilities	-	203	4,314	81	-
Revenue bonds/notes payable	1,029,551	666,591	473,675	-	72,417
Derivative instrument liability	78,790	4,462	1,213	-	-
Other noncurrent liabilities	835	-	-	-	-
Total noncurrent liabilities	1,109,176	671,256	479,202	81	72,417
<b>Total liabilities</b>	<b>1,133,624</b>	<b>909,393</b>	<b>563,547</b>	<b>143</b>	<b>82,890</b>
<b>Deferred Inflows of Resources</b>					
Advanced payment for service concession agreement	-	-	-	-	-
Related to pensions	-	10	138	2	-
Related to irrevocable split interest agreements	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>10</b>	<b>138</b>	<b>2</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	-	-	1,942	31	157
Restricted - nonexpendable:					
Permanent funds	-	-	-	-	-
Restricted - expendable:					
Grants/constitutional restrictions	13,988	-	151,118	-	-
Future debt service	-	22	73,445	-	1,844
Student aid	-	-	-	-	-
Endowments	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted	-	14,751	212,598	305,758	148,468
<b>Total net position</b>	<b>\$ 13,988</b>	<b>\$ 14,773</b>	<b>\$ 439,103</b>	<b>\$ 305,789</b>	<b>\$ 150,469</b>

White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Indiana Motorsports Commission	Totals
\$ 4,376	\$ 16,245	\$ 4,665	\$ 11,596	\$ 4,917	\$ 6,794	\$ -	\$ 431,525
600	-	6,222	-	-	-	5,709	358,556
178	452	1,413	1,655	6	2,572	8	199,883
-	-	-	-	-	-	-	5,000
23	-	-	-	-	124	-	147
86	222	65	50	21	93	-	1,691
-	-	-	-	-	-	-	13,233
-	-	-	-	-	-	3,555	13,610
-	-	-	-	-	-	-	553
<b>5,263</b>	<b>16,919</b>	<b>12,365</b>	<b>13,301</b>	<b>4,944</b>	<b>9,583</b>	<b>9,272</b>	<b>1,024,198</b>
	22,000	-	-	-	906	-	280,143
150	-	-	-	-	1,967	-	468,003
-	-	-	-	-	66	-	640,693
-	-	-	-	-	-	-	20,000
-	-	-	-	-	-	-	174,733
-	-	-	-	-	-	82,835	1,020,069
-	-	-	-	-	101	-	101
81,697	34,898	16,501	-	-	-	-	133,096
54,015	144,475	147,745	-	-	1,081	-	356,593
(22,201)	(77,379)	(83,083)	-	-	(946)	-	(190,756)
<b>113,511</b>	<b>101,994</b>	<b>81,163</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>298,933</b>
<b>113,661</b>	<b>123,994</b>	<b>81,163</b>	<b>-</b>	<b>-</b>	<b>3,175</b>	<b>82,835</b>	<b>2,902,675</b>
<b>118,924</b>	<b>140,913</b>	<b>93,528</b>	<b>13,301</b>	<b>4,944</b>	<b>12,758</b>	<b>92,107</b>	<b>3,926,873</b>
	-	-	-	-	-	-	84,098
	-	-	-	-	-	-	12,599
169	439	1,041	-	-	1,823	-	4,542
-	-	-	-	-	-	-	65,704
<b>169</b>	<b>439</b>	<b>1,041</b>	<b>-</b>	<b>-</b>	<b>1,823</b>	<b>-</b>	<b>166,943</b>
300	1,310	1,328	29	71	431	-	11,212
-	-	-	-	-	-	1,556	29,940
-	-	435	-	-	184	-	64,942
-	-	195	-	-	-	-	195
-	718	-	-	-	-	-	32,841
31	-	1,690	-	-	-	3,555	230,168
<b>331</b>	<b>2,028</b>	<b>3,648</b>	<b>29</b>	<b>71</b>	<b>615</b>	<b>5,111</b>	<b>369,298</b>
	-	72	-	-	-	-	72
411	1,850	3,997	-	-	5,446	-	16,302
248	-	-	-	-	-	82,135	2,324,617
-	-	53,553	-	-	-	-	84,465
-	-	-	-	-	-	-	54,388
659	1,850	57,622	-	-	5,446	82,135	2,479,844
<b>990</b>	<b>3,878</b>	<b>61,270</b>	<b>29</b>	<b>71</b>	<b>6,061</b>	<b>87,246</b>	<b>2,849,142</b>
	3,654	-	-	-	-	-	3,654
3	16	30	-	-	44	-	243
-	-	-	-	-	101	-	101
<b>3</b>	<b>3,670</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>-</b>	<b>3,998</b>
113,232	101,276	25,920	-	-	135	-	242,693
-	-	-	-	-	782	-	782
-	-	490	-	-	1,900	4,861	172,357
-	-	5,731	-	-	-	-	81,042
3	-	-	-	-	-	-	3
-	-	-	-	-	973	-	973
747	-	-	-	-	5,159	-	5,906
-	-	-	-	-	167	-	167
4,118	32,528	1,128	13,272	4,873	(741)	-	736,753
<b>\$ 118,100</b>	<b>\$ 133,804</b>	<b>\$ 33,269</b>	<b>\$ 13,272</b>	<b>\$ 4,873</b>	<b>\$ 8,375</b>	<b>\$ 4,861</b>	<b>\$ 1,240,676</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	
Indiana Stadium and Convention Building Authority	\$ 52,031	\$ 51,156	\$ 4,129	\$ -	\$ 3,254	\$ 1,528	\$ -
Indiana Bond Bank	37,077	1,827	36,778	-	-	-	-
Indiana Housing and Community Development Authority	395,158	23,573	371,910	-	-	-	-
Indiana Board for Depositories	1,188	-	-	3,861	-	-	325
Indiana Secondary Market for Education Loans Inc.	5,689	-	3,713	-	-	-	2,673
White River State Park Development Commission	5,992	3,810	99	-	-	-	-
Ports of Indiana	9,966	12,595	451	36	-	-	-
Indiana State Fair Commission	32,693	20,283	225	48	-	-	-
Indiana Comprehensive Health Insurance Association	175	106	-	-	-	-	-
Indiana Political Subdivision Risk Management Commission	157	-	-	-	-	-	-
Indiana State Museum and Historic Sites Corporation	15,489	2,467	1,996	1,686	-	-	-
Indiana Motorsports Commission	5,440	2,000	-	-	-	-	-
Total component units	<u>\$ 561,055</u>	<u>\$ 117,817</u>	<u>\$ 423,162</u>	<u>\$ 1,770</u>	<u>\$ 3,254</u>	<u>\$ 1,528</u>	<u>\$ 325</u>
General revenues:							2,673
Investment earnings					676	150	7,476
Payments from State of Indiana					-	-	-
Total general revenues					676	150	7,476
Change in net position					3,930	1,678	2,673
Net position - beginning, as restated					10,058	13,095	431,302
<b>Net position - ending</b>	<b>\$ 13,988</b>	<b>\$ 14,773</b>	<b>\$ 14,773</b>	<b>\$ 439,103</b>	<b>\$ 439,103</b>	<b>\$ 303,116</b>	<b>\$ 305,789</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
(amounts expressed in thousands)

							Net (Expense) Revenue and Changes in Net Position			
	Indiana Secondary Market for Education Loans Inc.	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Indiana Motorsports Commission	Total	
Indiana Stadium and Convention Building Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,254	
Indiana Bond Bank	-	-	-	-	-	-	-	-	1,528	
Indiana Housing and Community Development Authority	-	-	-	-	-	-	-	-	325	
Indiana Board for Depositories	-	-	-	-	-	-	-	-	2,673	
Indiana Secondary Market for Education Loans Inc.	(1,976)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(1,976)	
White River State Park Development Commission	-	-	-	-	-	-	-	-	3,116	
Ports of Indiana	-	-	-	-	-	-	-	-	(12,137)	
Indiana State Fair Commission	-	-	-	-	-	-	-	-	(12,137)	
Indiana Comprehensive Health Insurance Association	-	-	-	-	-	-	-	-	(69)	
Indiana Political Subdivision Risk Management Commission	-	-	-	-	-	-	-	-	(157)	
Indiana State Museum and Historic Sites Corporation	-	-	-	-	-	-	-	-	(9,340)	
Indiana Motorsports Commission	-	-	-	-	-	-	-	-	(3,440)	
Total component units	(1,976)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(18,306)	
General revenues:										
Investment earnings	7,715	43	202	56	-	62	233	60	16,673	
Payments from State of Indiana	-	743	-	10,230	-	-	8,286	3,296	22,534	
Total general revenues	7,715	786	202	10,286	-	62	8,499	3,356	39,207	
Change in net position	5,739	(1,297)	3,318	(1,851)	(69)	(95)	(841)	(85)	20,901	
Net position - beginning, as restated	144,730	119,397	130,486	35,120	13,341	4,968	9,216	4,946	129,775	
<b>Net position - ending</b>	<b>\$ 150,469</b>	<b>\$ 118,100</b>	<b>\$ 133,804</b>	<b>\$ 33,269</b>	<b>\$ 13,272</b>	<b>\$ 4,873</b>	<b>\$ 8,375</b>	<b>\$ 4,861</b>	<b>\$ 1,240,676</b>	

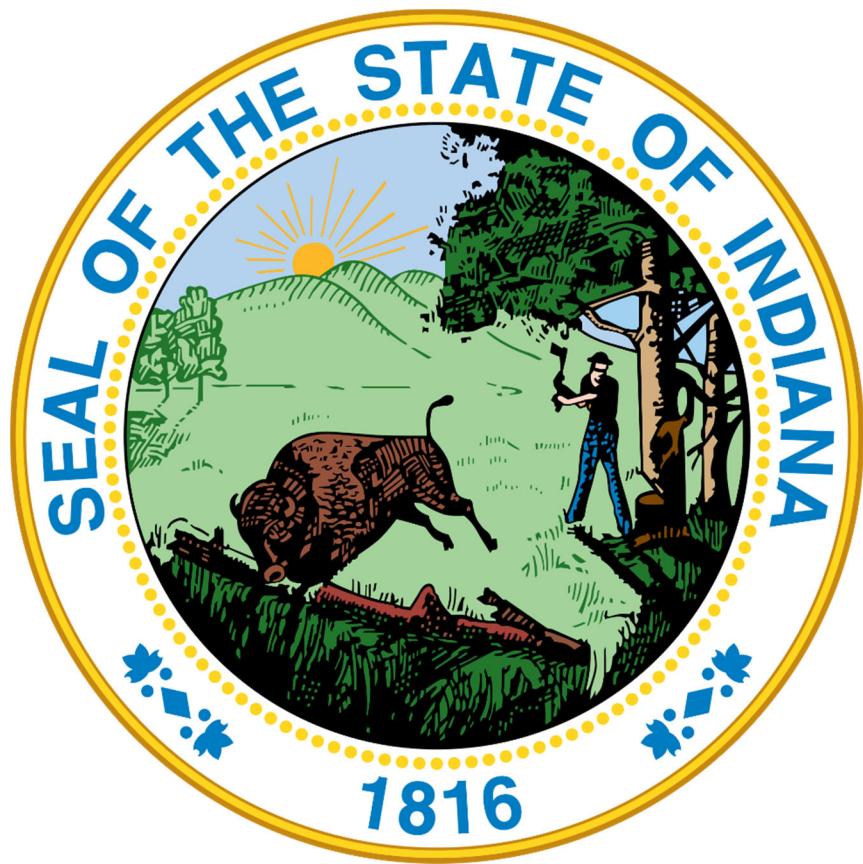
**State of Indiana**  
**Combining Statement of Net Position**  
**Non-Major Discretely Presented Component Units -**  
**Colleges and Universities**  
**June 30, 2018**  
(amounts expressed in thousands)

	<b>Ball State University</b>	<b>Indiana State University</b>	<b>Ivy Tech Community College</b>	<b>University of Southern Indiana</b>	<b>Vincennes University</b>	<b>Totals</b>
<b>Assets</b>						
Current assets:						
Cash, cash equivalents and investments - unrestricted	\$ 103,407	\$ 21,927	\$ 219,244	\$ 52,152	\$ 67,462	\$ 464,192
Cash, cash equivalents and investments - restricted	130,885	28,645	4,523	2,722	5,761	172,536
Receivables (net)	28,796	23,764	53,021	11,474	9,117	126,172
Due from primary government	330	-	-	3,336	-	3,666
Inventory	1,212	11	17	1,332	1,461	4,033
Prepaid expenses	1,730	3,120	948	85	305	6,188
Investment in direct financing lease	-	-	278	-	-	278
Other assets	20,422	2,475	-	6,550	17	29,464
Total current assets	286,782	79,942	278,031	77,651	84,123	806,529
Noncurrent assets:						
Cash, cash equivalents and investments - unrestricted	176,269	117,387	290,287	52,310	100,821	737,074
Cash, cash equivalents and investments - restricted	239,321	71,943	39,768	121,092	109,127	581,251
Receivables (net)	9,706	6,550	9,439	5,654	436	31,785
Investment in direct financing lease	-	-	5,184	-	-	5,184
Net pension and OPEB assets	3,201	32,454	-	-	-	35,655
Other assets	4,689	11	236	5,090	217	10,243
Capital assets:						
Capital assets not being depreciated/amortized	68,090	70,266	52,039	39,358	23,486	253,239
Capital assets being depreciated/amortized	1,075,263	770,029	978,564	360,378	341,581	3,525,815
less accumulated depreciation/amortization	(442,166)	(307,546)	(385,008)	(203,169)	(130,640)	(1,468,529)
Total capital assets, net of depreciation/amortization	701,187	532,749	645,595	196,567	234,427	2,310,525
Total noncurrent assets	1,134,373	761,094	990,509	380,713	445,028	3,711,717
<b>Total assets</b>	<b>1,421,155</b>	<b>841,036</b>	<b>1,268,540</b>	<b>458,364</b>	<b>529,151</b>	<b>4,518,246</b>
<b>Deferred Outflows of Resources</b>						
Accumulated decrease in fair value of hedging derivatives	-	-	-	700	7	707
Debt refunding loss	-	790	-	-	-	790
Related to pensions	18,153	4,816	4,149	2,095	202	29,415
Related to OPEB	17,362	192	-	993	12,165	30,712
<b>Total deferred outflows of resources</b>	<b>35,515</b>	<b>5,798</b>	<b>4,149</b>	<b>3,788</b>	<b>12,374</b>	<b>61,624</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	24,546	9,887	33,740	7,584	7,247	83,004
Interest payable	5,647	2,121	-	648	293	8,709
Unearned revenue	854	6,871	12,377	1,861	3,454	25,417
Accrued liability for compensated absences	4,017	3,860	9,946	338	1,239	19,400
Other liabilities	8,125	5,813	4,563	5,637	6,097	30,235
Current portion of long-term liabilities	14,775	13,711	49,984	9,053	6,462	93,985
Total current liabilities	57,964	42,263	110,610	25,121	24,792	260,750
Noncurrent liabilities:						
Accrued liability for compensated absences	3,472	264	5,247	3,036	-	12,019
Net pension and OPEB liabilities	71,463	17,182	59,704	33,181	518	182,048
Funds held in trust for others	-	-	-	-	59,865	59,865
Advances from federal government	-	7,268	-	-	960	8,228
Revenue bonds/notes payable	353,416	238,644	273,576	81,288	56,270	1,003,194
Derivative instrument liability	-	-	-	700	7	707
Other noncurrent liabilities	9,770	1,964	27,738	6	-	39,478
Total noncurrent liabilities	438,121	265,322	366,265	118,211	117,620	1,305,539
<b>Total liabilities</b>	<b>496,085</b>	<b>307,585</b>	<b>476,875</b>	<b>143,332</b>	<b>142,412</b>	<b>1,566,289</b>
<b>Deferred Inflows of Resources</b>						
Service concession arrangement receipts	-	1,882	-	-	-	1,882
Related to pensions	2,193	328	3,038	481	106	6,146
Related to OPEB	19,769	1,764	3,343	2,062	6,088	33,026
<b>Total deferred inflows of resources</b>	<b>21,962</b>	<b>3,974</b>	<b>6,381</b>	<b>2,543</b>	<b>6,194</b>	<b>41,054</b>
<b>Net Position</b>						
Net investment in capital assets	376,564	306,941	329,465	105,308	171,635	1,289,913
Restricted - nonexpendable:						
Permanent funds	-	45,325	-	-	-	45,325
Instruction and research	26,288	-	1,300	8,602	-	36,190
Student aid	44,803	701	27,777	30,135	19,018	122,434
Other purposes	9,460	2,654	3,602	8,360	5,158	29,234
Restricted - expendable:						
Grants/constitutional restrictions	6,801	1,798	15,127	-	1,244	24,970
Future debt service	-	-	-	108	-	108
Instruction and research	71,451	5,171	104	19,159	-	95,885
Student aid	57,927	2,084	4,875	39,465	9,608	113,959
Endowments	-	12,965	3,792	-	-	16,757
Capital projects	125,507	11,394	40,104	5,026	14,802	196,833
Other purposes	13,628	1,802	2,872	11,859	2,795	32,956
Unrestricted	206,194	144,440	360,415	88,255	168,659	967,963
<b>Total net position</b>	<b>\$ 938,623</b>	<b>\$ 535,275</b>	<b>\$ 789,433</b>	<b>\$ 316,277</b>	<b>\$ 392,919</b>	<b>\$ 2,972,527</b>

**State of Indiana**  
**Combining Statement of Activities**  
**Non-Major Discretely Presented Component Units -**  
**Colleges and Universities**  
**For the Year Ended June 30, 2018**  
(amounts expressed in thousands)

Component Units	Program Revenues						Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Ball State University	Indiana State University	Ivy Tech State College	University of Southern Indiana	Vincennes University	Total
Ball State University	\$ 503,614	\$ 240,911	\$ 107,999	\$ 9,126	\$ (145,578)	\$ (65,826)	\$ -	\$ -	\$ -	\$ (145,578)
Indiana State University	257,884	116,860	67,685	7,513	-	-	-	-	-	(65,826)
Ivy Tech Community College	539,474	140,933	174,571	12,075	-	-	(211,895)	-	-	(211,895)
University of Southern Indiana	162,821	75,299	33,770	18,537	-	-	-	(35,215)	-	(35,215)
Vincennes University	124,853	37,568	46,206	12,407	-	-	-	-	(28,672)	(28,672)
Total component units	<u>\$ 1,588,646</u>	<u>\$ 611,571</u>	<u>\$ 430,231</u>	<u>\$ 59,658</u>	<u>(145,578)</u>	<u>(65,826)</u>	<u>(211,895)</u>	<u>(35,215)</u>	<u>(28,672)</u>	<u>(487,186)</u>
General revenues:										
Investment earnings										
Payments from State of Indiana										
Other										
Total general revenues										
Change in net position										
Net position - beginning										
Net position - ending										

\$ 938,623 \$ 535,275 \$ 789,433 \$ 316,277 \$ 392,919 \$ 2,972,527



# STATISTICAL SECTION

## Comprehensive Annual Financial Report



The Indiana War Memorial located in Downtown Indianapolis. Photo Credit: Indiana War Memorial Commission

Hoosiers have long been known for their patriotism and service in our nation's armed forces. Nowhere is this better represented than at the Indiana War Memorial Plaza in Downtown Indianapolis. This 25 acre historic district contains more monuments honoring veterans than any other city in the United States, outside of Washington DC. The interior of the Indiana War Memorial contains a large auditorium, various battle flags from Indiana Military Regiments, and a list of the names of all Hoosiers who participated in WWI and all Hoosiers killed or missing in action from WWII, Korea, and Vietnam.

## STATISTICAL SECTION

The statistical section is presented to provide report users a historical perspective and assistance in assessing the current financial status and trends for the State.

### FINANCIAL TRENDS

These schedules contain trend information to assist users in understanding and assessing how the State's financial position has changed over time.

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### REVENUE CAPACITY

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### DEBT CAPACITY

This schedule is to assist users in understanding and assessing the State's debt burden and its ability to issue debt.

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### DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules are intended to assist users in understanding the socioeconomic environment within with the State operates and to provide information that facilitates comparisons of financial statement information.

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### OPERATING INFORMATION

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**State of Indiana**  
**Net Position by Component**  
 (accrual basis of accounting, dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 10,315,310	\$ 10,722,683	\$ 11,344,650	\$ 12,175,413	\$ 13,303,374	\$ 13,501,419	\$ 14,467,992	\$ 14,934,600	\$ 15,637,070	\$ 15,809,335
Restricted	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298	998,609	1,150,867	1,129,787	1,085,063
Unrestricted	6,534,641	5,728,165	6,979,715	6,158,902	5,475,103	(4,327,353)	(4,194,352)	(5,198,962)	(5,691,081)	(5,062,064)
Total governmental activities net position	<u>\$ 18,173,538</u>	<u>\$ 17,912,814</u>	<u>\$ 18,897,480</u>	<u>\$ 19,218,192</u>	<u>\$ 19,739,578</u>	<u>\$ 10,174,364</u>	<u>\$ 11,272,239</u>	<u>\$ 10,886,505</u>	<u>\$ 11,075,776</u>	<u>\$ 11,832,334</u>
Business-type activities										
Net investment in capital assets	\$ 122	\$ 88	\$ 84	\$ 685	\$ 664	\$ 535	\$ 138	\$ 238	\$ 203	\$ 194
Restricted	-	-	-	-	-	-	-	-	477,659	732,369
Unrestricted	(785,205)	(1,610,178)	(1,690,540)	(1,551,507)	(1,213,658)	(801,568)	(23,485)	47,332	47,182	47,618
Total business-type activities net position	<u>\$ (785,083)</u>	<u>\$ (1,610,080)</u>	<u>\$ (1,680,456)</u>	<u>\$ (1,550,822)</u>	<u>\$ (1,212,994)</u>	<u>\$ (801,033)</u>	<u>\$ (23,347)</u>	<u>\$ 280,616</u>	<u>\$ 525,044</u>	<u>\$ 780,181</u>
Primary government										
Net investment in capital assets	\$ 10,315,432	\$ 10,722,771	\$ 11,344,734	\$ 12,176,098	\$ 13,304,038	\$ 13,501,954	\$ 14,468,150	\$ 14,934,838	\$ 15,637,273	\$ 15,809,529
Restricted	1,323,587	1,461,966	573,115	883,877	961,101	1,000,298	998,609	1,383,913	1,607,446	1,817,432
Unrestricted	5,749,436	4,117,987	5,289,175	4,607,395	4,261,445	(5,128,921)	(4,217,847)	(5,151,630)	(5,643,899)	(5,014,446)
Total primary government net position	<u>\$ 17,388,455</u>	<u>\$ 16,302,724</u>	<u>\$ 17,207,024</u>	<u>\$ 17,667,370</u>	<u>\$ 18,526,584</u>	<u>\$ 9,373,331</u>	<u>\$ 11,248,892</u>	<u>\$ 11,167,121</u>	<u>\$ 11,600,820</u>	<u>\$ 12,612,515</u>

**State of Indiana**  
**Changes in Net Position**  
 (accrual basis of accounting, dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,166,273	\$ 1,669,190	\$ 2,261,226	\$ 2,642,907	\$ 1,473,954	\$ 1,585,751	\$ 1,541,725	\$ 1,463,523	\$ 1,342,700	\$ 1,375,785
Public safety	1,467,650	1,496,660	1,357,672	1,330,270	1,524,459	1,393,036	1,269,265	1,567,570	1,644,817	1,623,302
Health	369,134	394,570	344,115	305,202	406,096	347,353	439,288	374,283	378,157	388,511
Welfare	8,939,383	9,785,881	9,805,753	11,157,839	12,557,829	11,755,743	13,142,033	14,270,402	15,142,643	14,898,813
Conservation, culture, and development	673,972	580,275	529,963	589,356	536,561	515,844	588,540	545,276	432,801	581,985
Education	8,926,507	10,308,922	10,367,047	10,277,460	10,136,572	9,379,911	10,527,684	11,671,576	11,036,405	11,306,329
Transportation	1,267,572	1,907,655	1,748,590	1,533,603	1,805,690	2,158,639	1,857,660	2,175,511	1,974,142	2,823,556
Interest expense										
Total governmental activities expenses	25,911,523	26,143,745	26,415,162	27,837,294	28,446,372	27,136,247	29,415,190	32,113,692	31,904,337	33,043,715
Business-type activities:										
Unemployment compensation fund	2,341,269	3,223,194	3,217,559	1,893,947	1,160,585	674,844	403,533	330,419	305,407	257,338
Other	39,922	24,044	23,167	22,604	24,694	23,351	22,924	23,234	25,411	25,092
Total business-type activities expenses	\$ 2,381,191	\$ 3,247,238	\$ 3,240,726	\$ 1,916,551	\$ 1,182,279	\$ 698,195	\$ 426,457	\$ 353,653	\$ 330,818	\$ 282,330
Total primary government expenses	\$ 26,192,714	\$ 29,350,953	\$ 29,655,988	\$ 29,753,845	\$ 29,634,656	\$ 27,534,442	\$ 29,841,647	\$ 32,467,345	\$ 32,235,155	\$ 33,326,145

**Program Revenues**

Governmental activities:										
Charges for services:										
General government	\$ 684,886	\$ 586,805	\$ 636,558	\$ 700,218	\$ 376,407	\$ 528,424	\$ 529,676	\$ 615,099	\$ 605,749	\$ 598,903
Public safety	413,815	483,421	446,955	467,599	473,665	480,497	490,259	530,775	525,811	574,531
Health	7,362	8,076	8,129	8,407	204,529	101,354	139,909	149,554	199,355	300,035
Welfare	45,226	23,344	179,991	861,089	919,557	1,080,291	818,330	822,463	902,829	988,731
Conservation, culture, and development	162,403	159,542	149,781	155,953	155,828	148,077	161,771	167,467	159,760	166,471
Education	4,518	8,489	4,202	4,381	7,950	3,383	2,851	2,583	2,312	2,310
Transportation	36,088	46,231	46,900	54,977	91,990	77,861	77,558	81,642	35,219	153,759
Operating grants and contributions	10,494,940	11,223,452	10,939,012	11,065,618	10,335,986	9,082,931	10,872,352	11,974,446	12,649,237	12,433,899
Capital grants and contributions										
Total governmental activities program revenues	11,870,235	12,137,397	9	12,410,628	13,318,222	13,834,746	13,508,960	14,353,932	15,531,332	16,059,266
Business-type activities:										
Charges for services:										
Unemployment compensation fund	1,223,731	2,393,810	1,628,446	983,708	830,527	950,328	1,175,303	629,899	548,336	501,716
Other	28,185	27,280	26,103	26,961	25,463	26,338	26,001	26,924	27,443	27,560
Operating grants and contributions	10,523	-	1,496,679	1,043,864	668,790	134,988	4,217	-	-	-
Capital grants and contributions										
Total business-type activities program revenues	\$ 1,262,439	\$ 2,421,090	\$ 3,151,228	\$ 2,054,533	\$ 1,525,867	\$ 1,111,829	\$ 1,205,521	\$ 656,823	\$ 575,779	\$ 529,276
Total primary government program revenues	\$ 13,132,674	\$ 14,960,459	\$ 15,561,856	\$ 15,372,775	\$ 15,364,613	\$ 14,820,789	\$ 15,539,453	\$ 16,188,155	\$ 16,059,045	\$ 16,816,002

**Net (Expense)/Revenue**

Governmental activities:										
Charges for services:										
General government	\$ (13,941,288)	\$ (13,604,376)	\$ (14,004,534)	\$ (14,519,052)	\$ (14,614,631)	\$ (13,627,287)	\$ (15,061,258)	\$ (16,582,360)	\$ (15,845,071)	\$ (16,756,989)
Public safety	(1,118,752)	(826,148)	(89,198)	(137,982)	(413,634)	(779,084)	(303,170)	(244,961)	(246,546)	
Health	\$ (15,060,040)	\$ (14,430,524)	\$ (14,094,032)	\$ (14,381,070)	\$ (14,274,043)	\$ (13,213,653)	\$ (14,282,194)	\$ (15,000,110)	\$ (16,510,143)	

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Income taxes	\$ 5,135,598	\$ 4,495,576	\$ 5,781,340	\$ 5,424,347	\$ 5,371,040	\$ 5,311,823	\$ 6,259,262	\$ 6,234,704	\$ 6,452,611	\$ 6,362,676
Sales taxes	6,146,378	5,937,225	6,365,077	6,520,664	6,842,294	6,985,678	7,286,581	7,336,630	7,577,292	7,804,942
Fuel taxes	763,994	799,356	754,839	762,563	79,659	763,833	793,966	806,895	871,189	1,472,521
Gaming taxes	880,491	911,633	904,353	867,055	788,636	681,383	642,910	629,910	623,460	630,249
Unemployment taxes	-	807	320	102	80	914	-	-	-	-
Inheritance taxes	183,214	127,673	160,917	169,769	166,820	53,701	-	-	-	-
Alcohol & Tobacco taxes	540,201	458,420	464,699	479,621	503,879	445,381	443,214	441,935	418,609	418,609
Insurance taxes	187,329	179,024	189,948	206,733	211,987	224,711	223,039	235,310	230,997	230,997
Financial institution taxes	26,264	55,611	84,743	71,467	121,369	72,976	120,900	120,226	103,735	105,001
Other taxes	506,599	265,900	222,603	228,919	251,579	325,265	329,780	316,652	326,418	355,862
Investment earnings	91,331	33,566	22,460	16,345	27,990	19,769	22,084	38,318	46,641	89,242
Other	41,116	76,288	35,283	90,078	58,915	58,912	52,093	32,217	27,814	44,159
Transfers within primary government	(2,113)	2,572	2,618	2,101	2,769	2,724	2,753	2,550	2,242	2,089
Total governmental activities	14,500,302	13,343,652	14,989,200	14,839,764	15,136,017	15,457,070	16,159,133	16,196,826	16,708,359	17,513,547
Business-type activities:										
Investment earnings	6,260	3,713	1,750	3,753	9	1,061	1,375	3,343	1,709	10,380
Other	-	-	10,000	-	-	-	-	-	-	-
Transfers within primary government	2,113	(2,572)	(2,618)	(2,101)	(2,769)	(2,724)	(2,753)	(2,550)	(2,242)	(2,089)
Total business-type activities	8,373	1,141	9,132	1,632	(2,60)	(1,673)	(1,378)	(793)	(532)	8,291
Total primary government	14,508,675	13,344,793	14,986,332	14,841,416	15,136,257	15,455,397	16,157,755	16,197,419	16,707,826	17,521,838
<b>Changes in Net Position</b>										
Governmental activities:										
Business-type activities	559,014	(260,724)	984,666	320,712	521,386	1,829,783	1,097,875	(385,734)	863,288	756,558
Other	(1,110,379)	(825,007)	\$ 904,300	\$ 460,346	\$ 856,214	\$ 411,961	\$ 777,686	\$ 303,963	244,428	255,137
Total primary government	\$ (551,365)	\$ (1,085,731)	\$ 904,300	\$ 460,346	\$ 856,214	\$ 2,241,744	\$ 1,875,561	\$ (81,771)	\$ 1,107,716	\$ 1,011,695

**State of Indiana**  
**Fund Balances, Governmental Funds,**  
*(modified accrual basis of accounting, dollars in thousands)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund (Pre-GASB 54)										
Reserved	\$ 73,682	\$ 304,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,488,457	2,213,432	\$ 2,517,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total general fund	\$ 1,562,139	\$ 2,517,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund (Per GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expense										
Total Nonspendable										
Restricted										
Administration										
Total Restricted										
Committed										
Administration										
Economic development										
Roads & bridges										
Total Committed										
Assigned										
Administration										
Corrections										
Police & protection										
Mental health										
Public health										
Child services										
Disability & aging										
Economic development										
Environmental										
Natural resources										
Higher education										
Secondary education										
Roads & bridges										
Capital outlay										
Other purposes										
Encumbrances										
Total Assigned										
Unassigned										
Total general fund										

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**State of Indiana**  
**Fund Balances, Governmental Funds,**  
*(modified accrual basis of accounting, dollars in thousands)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All other Governmental Funds (Pre-GASB 54)	\$ 3,584,616	\$ 2,269,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved										
Unreserved, reported in:										
Special revenue funds	2,514,631	2,184,021	-	-	-	-	-	-	-	-
Capital project funds	83,961	89,829	-	-	-	-	-	-	-	-
Permanent funds	661,509	740,778	\$ 5,284,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total all other governmental funds	<u>\$ 6,844,717</u>	<u>\$ 5,284,078</u>								
All other Governmental Funds (Per GASB 54)										
Nonspendable										
Permanent fund principal	\$ -	\$ -	\$ -	\$ 501,125	\$ 520,665	\$ 520,665	\$ 521,028	\$ 501,125	\$ 520,124	\$ 501,125
Long-term loans	-	-	-	-	-	922	680	496	344	-
Prepaid expense	-	-	-	-	520,665	<u>521,587</u>	<u>521,708</u>	<u>501,621</u>	<u>520,468</u>	<u>501,288</u>
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>					<u>501,168</u>
Restricted										
Natural resources	-	-	-	-	-	-	-	-	100	100
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>100</u>	<u>100</u>
Committed										
Administration	-	-	-	580,245	6,734	8,581	7,682	7,721	8,802	8,441
Public health	-	-	3	306,793	316,290	353,881	284,504	197,400	188,728	198,756
Economic development	-	-	-	103	11,270	10,313	9,911	7,402	6,464	9,435
Environmental	-	-	-	-	561	646	537	568	1,412	2,502
Natural resources	-	-	-	-	468	144	19,123	-	16,759	15,791
Higher education	-	-	4	-	4	3	4	5	5	18
Secondary education	-	-	553,686	72	564,681	569,555	572,843	577,124	580,199	583,646
Roads & bridges	-	-	16,180	171,733	166,166	175,343	194,812	45,732	37,964	41,738
Other purposes	-	-	-	-	14,818	14,972	14,277	14,067	14,431	15,475
Total Committed	<u>-</u>	<u>-</u>	<u>569,873</u>	<u>1,058,946</u>	<u>1,080,992</u>	<u>1,133,438</u>	<u>1,103,693</u>	<u>850,019</u>	<u>854,764</u>	<u>875,802</u>
Assigned										
Administration	-	-	423,553	263,210	155,532	136,070	131,935	133,584	162,538	196,200
Corrections	-	-	14,976	26,945	10,676	11,872	13,430	14,193	21,859	18,321
Police & protection	-	284,551	511,947	190,802	256,484	229,190	287,489	312,432	336,665	336,665
Mental health	-	62,709	52,335	62,061	68,576	51,328	46,995	50,493	46,339	46,339
Public health	-	689,801	575,680	692,340	665,393	734,043	727,099	807,403	995,403	995,403
Child services	-	134,377	112,146	133,753	160,895	183,926	141,464	85,563	74,277	74,277
Disability & aging	-	8,958	7,476	9,445	9,223	8,455	3,445	8,752	5,494	5,494
Economic development	-	43,734	53,942	43,135	47,554	51,685	59,352	15,196	21,904	21,904
Environmental	-	94,757	116,874	88,426	113,320	113,366	113,164	115,774	95,566	95,566
Natural resources	-	104,476	128,861	105,746	128,959	137,433	138,636	147,242	131,717	131,717
Higher education	-	27,812	19,745	23,582	42,080	35,764	69,297	94,518	13,773	13,773
Secondary education	-	35,396	25,129	29,638	9,626	20,612	21,614	21,475	19,335	19,335
Roads & bridges	-	2,071,404	1,490,793	1,141,414	1,118,884	1,094,302	1,165,886	1,310,925	1,431,421	1,431,421
Capital outlay	-	138,978	86,366	66,192	76,883	63,059	93,811	84,245	97,034	97,034
Other purposes	-	99,270	61,690	52,351	57,454	72,376	78,425	74,361	83,841	83,841
Total Assigned	<u>-</u>	<u>4,234,753</u>	<u>3,533,138</u>	<u>2,805,153</u>	<u>2,906,273</u>	<u>2,940,904</u>	<u>3,094,454</u>	<u>3,312,776</u>	<u>3,567,290</u>	<u>3,567,290</u>
Unassigned										
Total all other governmental funds	<u>\$ -</u>	<u>\$ 5,057,518</u>	<u>\$ 4,234,753</u>	<u>\$ 258,550</u>	<u>\$ 176,649</u>	<u>\$ 180,202</u>	<u>\$ 327,955</u>	<u>\$ 384,701</u>	<u>\$ 4,051,973</u>	<u>\$ 4,423,575</u>

**State of Indiana**  
**Changes in Fund Balances, Governmental Funds**,  
*(modified accrual basis of accounting, dollars in thousands)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Income taxes	\$ 5,174,275	\$ 4,434,924	\$ 5,501,154	\$ 6,308,356	\$ 5,773,137	\$ 5,441,631	\$ 5,891,093	\$ 6,246,897	\$ 6,300,908	\$ 6,440,729
Sales taxes	6,155,721	5,978,919	796,624	747,545	6,654,008	6,822,875	7,046,734	7,269,291	7,351,788	7,578,508
Fuels taxes	772,613	880,504	911,548	807	904,354	867,073	788,545	785,744	795,023	809,692
Gaming taxes	-	-	-	320	102	80	80	914	642,902	629,941
Unemployment taxes	183,216	127,674	160,912	169,792	160,820	160,820	160,820	160,820	-	-
Inheritance taxes	540,100	458,109	463,608	477,507	477,448	477,448	477,448	477,448	-	-
Alcohol and tobacco taxes	187,329	179,024	189,948	206,734	211,987	224,712	224,712	223,040	235,310	235,022
Insurance taxes	16,025	56,726	56,726	92,763	120,571	92,862	120,571	125,754	119,345	103,504
Financial institutions taxes	515,711	272,861	221,264	238,459	251,551	325,299	329,380	316,982	326,489	326,489
Other taxes	1,501,504	1,325,594	1,472,570	2,212,027	2,268,429	2,424,542	2,219,401	2,366,344	2,443,345	2,786,028
Current service charges	197,569	449,357	170,768	86,750	56,005	44,743	49,744	68,260	70,288	107,568
Investment income	20,369	18,123	19,264	28,523	21,412	21,771	22,181	19,680	22,890	15,933
Sales/rent	9,459,340	10,469,843	10,783,807	10,827,180	11,280,430	11,342,554	11,850,748	13,119,923	13,471,561	13,381,619
Grants	748,771	359,975	95,156	160,771	147,936	136,346	135,805	99,510	131,032	131,314
Total revenues	26,353,047	25,840,108	27,095,752	28,575,479	28,815,464	29,512,015	30,349,617	31,880,875	32,747,085	33,877,175
<b>Expenditures</b>										
General government	4,188,547	1,685,082	2,206,773	2,597,513	1,884,770	1,505,475	1,654,082	1,545,461	1,344,013	1,344,013
Public safety	1,499,499	1,388,199	1,348,998	1,343,299	1,615,975	1,410,723	1,383,479	1,537,649	1,629,484	1,641,158
Health	372,181	384,249	345,552	308,994	407,354	332,624	439,529	375,616	377,809	385,661
Welfare	8,777,637	9,708,584	9,911,129	11,072,382	12,187,764	12,322,600	12,978,655	14,347,763	15,103,284	15,151,914
Conservation, culture and development	661,585	615,349	587,669	538,297	556,795	514,655	518,478	546,644	554,436	560,228
Education	8,957,503	10,311,411	10,115,073	10,189,027	10,276,564	10,542,087	10,688,255	10,941,014	11,047,001	11,402,989
Transportation	2,100,952	2,363,333	2,297,316	2,444,590	2,564,367	2,436,606	2,625,744	2,499,595	2,949,489	3,079,147
Capital outlay	-	-	-	-	14,006	16,999	26,252	15,715	20,599	16,570
Debt service	-	-	-	-	-	-	-	-	-	-
Capital lease principal	-	-	-	-	-	-	-	-	-	-
Capital lease interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	26,557,904	26,466,207	26,812,510	28,494,102	29,507,595	29,117,69	30,422,172	31,916,773	33,135,976	33,686,066
Revenues over (under) expenditures	(204,857)	(626,099)	283,242	81,377	(692,131)	400,246	(72,555)	(35,898)	(388,891)	191,109
<b>Other Financing Sources (Uses)</b>										
Transfers in	10,576,393	10,025,593	6,597,579	7,280,645	6,326,178	6,066,309	6,252,261	6,016,790	6,635,800	6,041,929
Transfers (out)	(10,569,905)	(10,019,079)	(6,594,961)	(7,239,094)	(6,329,465)	(6,061,530)	(6,245,727)	(6,014,288)	(6,634,550)	(6,039,509)
Proceeds from capital leases	5,658	14,472	2,985	31,817	18,511	10,645	4,625	6,142	476,505	214,711
Total other financing sources (uses)	12,146	20,986	5,613	73,368	15,224	15,424	11,159	8,634	477,447	217,131
<b>Net Change in Fund Balances</b>	<b>\$ (192,711)</b>	<b>\$ (605,113)</b>	<b>\$ 288,855</b>	<b>\$ 154,745</b>	<b>\$ (676,907)</b>	<b>\$ 415,670</b>	<b>\$ (61,396)</b>	<b>\$ (27,264)</b>	<b>\$ 88,556</b>	<b>\$ 408,240</b>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	0.36%	0.34%	0.32%	0.31%

**State of Indiana**  
**Taxable Sales by Industry\***  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

	<u>2009 **</u>	<u>2010 ***</u>	<u>2011 ***</u>	<u>2012 ***</u>	<u>2013 ***</u>	<u>2014 ***</u>	<u>2015 ***</u>	<u>2016 ***</u>	<u>2017 ***</u>	<u>2018</u>
Agriculture/forestry, fishing, and other	\$ 143,980	\$ 130,506	\$ 135,294	\$ 135,444	\$ 136,412	\$ 150,593	\$ 161,969	\$ 171,660	\$ 182,270	\$ 166,950
Construction	1,622,410	1,287,363	1,353,103	1,520,616	1,592,656	1,780,574	1,888,894	1,903,919	2,094,355	2,060,586
Finance, insurance, and real estate	2,332,475	2,100,786	2,098,467	2,152,149	2,188,192	2,303,728	2,511,263	2,801,687	2,981,289	3,191,112
Government	1,922,834	1,808,307	1,979,346	1,894,443	1,884,436	2,057,278	2,116,331	2,068,591	2,337,057	2,438,053
Manufacturing	3,910,780	3,187,292	3,714,371	3,939,194	4,096,792	4,053,764	4,210,331	4,470,524	4,771,982	5,073,158
Mining	123,336	112,955	115,908	126,663	127,682	159,467	168,588	158,101	163,330	187,607
Retail trade	47,618,955	48,240,197	50,420,210	52,125,809	52,623,610	53,406,312	54,186,874	56,144,935	57,611,013	59,315,468
Services	20,121,642	19,549,496	20,230,328	21,458,423	22,104,670	22,722,737	23,739,849	24,481,117	24,959,059	25,653,330
Transportation and public utilities	9,195,783	8,118,776	8,914,346	8,689,260	9,269,358	10,112,509	10,116,269	9,226,874	9,946,505	10,491,950
Wholesale trade	5,419,005	4,939,744	5,396,290	5,836,771	5,929,317	6,284,313	6,425,613	6,759,705	6,993,388	7,130,241
Unknown**	3,486,278	3,352,457	3,599,049	3,506,984	3,446,126	3,697,164	4,037,346	4,517,725	5,150,762	5,347,028
<b>Total</b>	<b>\$ 95,897,488</b>	<b>\$ 92,327,879</b>	<b>\$ 97,956,712</b>	<b>\$ 101,385,756</b>	<b>\$ 103,399,281</b>	<b>\$ 106,738,439</b>	<b>\$ 109,543,327</b>	<b>\$ 112,704,838</b>	<b>\$ 117,191,000</b>	<b>\$ 121,055,483</b>

Direct sales tax rate

7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7%

**Source: Indiana Department of Revenue**

\* Indiana Code 6-8-1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on a Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form.

Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

\*\*\* Taxable sales for 2009 through 2017 are corrected.

**State of Indiana**  
**Sales Tax Revenue Payers by Industry\***  
**Fiscal Years 2012 and 2018**  
*(in thousands of dollars)*

	Fiscal Year Ended June 30, 2012			Fiscal Year Ended June 30, 2018		
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total
Agricultural/forestry, fishing, and other	3,434	1.92%	8,127	0.13%	3,612	2.08%
Construction	8,293	4.65%	91,237	1.50%	7,400	4.26%
Finance, insurance, and real estate	4,589	2.57%	129,129	2.12%	4,562	2.62%
Government	1,121	0.63%	113,667	1.87%	1,071	0.62%
Manufacturing	16,025	8.98%	236,352	3.89%	16,273	9.36%
Mining	329	0.18%	7,600	0.12%	285	0.16%
Retail trade	54,271	30.41%	3,127,549	51.41%	54,532	31.37%
Services	60,303	33.79%	1,287,505	21.17%	59,870	34.44%
Transportation and public utilities	4,321	2.42%	521,356	8.57%	3,938	2.27%
Wholesale trade	10,791	6.05%	350,206	5.76%	10,215	5.88%
Unknown**	14,976	8.39%	210,419	3.46%	12,061	6.94%
<b>Total</b>	<b>178,453</b>	<b>100.00%</b>	<b>\$ 6,083,147</b>	<b>100.00%</b>	<b>173,819</b>	<b>100.00%</b>

**Source: Indiana Department of Revenue**

\* Indiana Code 6-8-1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

\*\* Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

**State of Indiana**  
**Personal Income Tax Filers and Liability by Income Level**  
**Fiscal Years 2011 and 2017**  
*(in millions of dollars)*

Income Level	Fiscal YE 2011			Fiscal YE 2017		
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	Percentage of Total
\$50,000 and under	2,149,425	69.38%	1,614	27.09%	2,165,392	66.13%
\$50,001 - \$100,000	656,305	21.18%	1,907	32.01%	691,104	21.11%
\$100,001 - \$250,000	258,127	8.33%	1,506	25.28%	363,989	11.12%
\$250,001 - \$1,000,000	31,219	1.01%	579	9.72%	49,350	1.51%
\$1,000,001 and over	2,977	0.10%	352	5.92%	4,749	0.15%
<b>Total</b>	<b>3,098,053</b>	<b>100.00%</b>	<b>5,958</b>	<b>100.00%</b>	<b>3,274,584</b>	<b>100.00%</b>

Source: Indiana Department of Revenue

**State of Indiana**  
**Personal Income by Industry**  
**Last Ten Fiscal Years**  
*(in millions of dollars)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Farm earnings	\$ 2,282	\$ 1,544	\$ 1,603	\$ 2,774	\$ 2,267	\$ 5,319	\$ 3,018	\$ 1,233	\$ 1,562	\$ 913
Agriculture, forestry, fishing, and hunting	316	285	421	331	391	454	520	649	600	577
Mining	584	505	591	765	689	666	660	569	522	601
Construction and utilities	11,840	10,416	10,899	11,989	13,782	13,422	13,378	13,503	14,056	15,077
Manufacturing	36,035	30,489	31,872	33,705	35,791	36,743	39,127	40,809	41,518	43,644
Wholesale trade	8,311	7,591	7,947	8,650	9,014	9,221	9,608	9,881	9,976	10,407
Retail trade	9,803	9,668	10,048	10,433	10,460	10,773	11,226	11,981	12,615	13,150
Transportation and warehousing	6,959	6,525	6,929	7,372	7,874	8,052	8,444	8,718	8,900	9,197
Information	2,783	2,685	2,546	2,491	2,762	2,815	2,954	2,756	2,712	2,711
Finance and insurance	7,188	6,812	7,110	7,430	7,798	7,912	8,362	8,779	9,237	9,660
Real estate and rental and leasing	3,800	6,342	7,808	9,215	9,141	8,721	8,201	8,831	9,555	9,823
Services	27,220	26,164	27,683	29,497	31,362	32,170	34,052	35,324	36,789	38,536
Management of companies and enterprises	2,743	2,517	2,578	2,825	3,033	3,320	3,501	3,698	4,002	4,154
Health care and social assistance	18,819	19,308	20,389	20,895	22,047	22,694	23,400	24,413	26,092	27,672
Arts, entertainment, and recreation	1,633	1,536	1,642	1,569	1,570	1,829	1,940	1,939	1,928	2,021
Government and government enterprises	22,690	23,253	23,458	23,640	23,480	23,256	24,049	24,508	24,991	25,599
Total personal income	<u>\$ 163,006</u>	<u>\$ 155,640</u>	<u>\$ 163,524</u>	<u>\$ 173,581</u>	<u>\$ 181,461</u>	<u>\$ 187,367</u>	<u>\$ 192,440</u>	<u>\$ 197,591</u>	<u>\$ 205,056</u>	<u>\$ 213,742</u>

Note: The Services industry includes professional, scientific, and technical services, administrative and waste management services, educational services, accommodation and food services, and other services, except public administration.

Source: U.S. Department of Commerce - Bureau of Economic Analysis, SAINC5N - Personal income by major component and earnings by NAICS industry

**State of Indiana  
Personal Income Tax Rates  
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Income Tax Revenues (in millions)	\$ 4,305	\$ 3,864	\$ 4,584	\$ 4,765	\$ 4,620	\$ 4,889	\$ 5,233	\$ 5,266	\$ 5,435	\$ 5,816
Personal Income (in millions)	225,843	219,713	229,477	244,551	256,258	259,525	269,593	279,705	289,164	301,008
Average Effective Rate <sup>1</sup>	1.9%	1.8%	2.0%	1.9%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%

Tax Rates on the Portion of Taxable Income in Ranges <sup>2</sup>		
<b>Tax Years 2008-10</b>		
Tax Rate	0.8% \$0-20	2.5% \$21-40
Income Bracket (in thousands)	\$41-60	\$61-80
<b>Tax Years 2011-13</b>		
Tax Rate	0.8% \$0-20	2.5% \$21-40
Income Bracket (in thousands)	\$41-60	\$61-80
<b>Tax Years 2014-17</b>		
Tax Rate	0.8% \$0-20	2.5% \$21-40
Income Bracket (in thousands)	\$41-60	\$61-80

<sup>1</sup> Average effective rate equals tax collections divided by income.

<sup>2</sup> This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's/homeowner's property tax deduction minus exemptions. The State income tax rate was 3.4% from 2008 through 2014, 3.3% for 2015 and 2016, and 3.23% for 2017.

**Sources:** U.S. Department of Commerce - Bureau of Economic Analysis; Auditor of State Financial Records; U.S. Census Bureau; & Indiana Department of Revenue Tax Forms.

**State of Indiana**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Capital leases	\$ 1,286,107	\$ 1,269,809	\$ 1,225,312	\$ 1,209,977	\$ 1,156,910	\$ 1,112,599	\$ 1,057,910	\$ 1,000,258	\$ 822,444	\$ 974,346
<b>Total Governmental Activities</b>	<u>\$ 1,286,107</u>	<u>\$ 1,269,809</u>	<u>\$ 1,225,312</u>	<u>\$ 1,209,977</u>	<u>\$ 1,156,910</u>	<u>\$ 1,112,599</u>	<u>\$ 1,057,910</u>	<u>\$ 1,000,258</u>	<u>\$ 822,444</u>	<u>\$ 974,346</u>
<b>Total Primary Government</b>	<u><u>\$ 1,286,107</u></u>	<u><u>\$ 1,269,809</u></u>	<u><u>\$ 1,225,312</u></u>	<u><u>\$ 1,209,977</u></u>	<u><u>\$ 1,156,910</u></u>	<u><u>\$ 1,112,599</u></u>	<u><u>\$ 1,057,910</u></u>	<u><u>\$ 1,000,258</u></u>	<u><u>\$ 822,444</u></u>	<u><u>\$ 974,346</u></u>
<b>Debt as a Percentage of Personal Income</b>	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%
<b>Amount of Debt per Capita</b> <i>(in whole dollars)</i>	\$ 199	\$ 196	\$ 188	\$ 185	\$ 176	\$ 169	\$ 160	\$ 151	\$ 123	\$ 146

## State of Indiana

### State Facts

<b>AREA</b>	36,291 square miles, which includes 253 square miles of water. Length, 275 miles; width, 144 miles. Highest altitude, 1,257 feet in Wayne County; lowest altitude, 320 feet in Posey County.
<b>CLIMATE</b>	Four distinct seasons. Average temperatures in July can range from 73 and 78 degrees Fahrenheit; January averages range from 35 to 36 degrees Fahrenheit. Record high: 116 degrees at Collegeville in 1936. Record low: 35 below zero at Greensburg in 1951. Average annual precipitation is 40 inches.
<b>STATE CAPITAL</b>	Indianapolis (combination of Indiana and Greek word "polis" meaning city -- therefore, Indianapolis means "city of Indiana.")
<b>STATE MOTTO</b>	The Crossroads of America. Adopted 1937.
<b>STATE FLOWER</b>	Peony. Adopted 1957.
<b>STATE TREE</b>	Tulip tree (yellow poplar). Adopted 1931.
<b>STATE BIRD</b>	Cardinal. Adopted 1933.
<b>STATE SONG</b>	"On the Banks of the Wabash, Far Away" by Paul Dresser. Adopted 1913.
<b>STATE POEM</b>	"Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.
<b>STATE STONE</b>	Limestone. Adopted 1971.
<b>STATE SEAL</b>	The seal depicts a pioneer scene: a woodsman felling a tree, a bison fleeing from the sound of the axe and the sun gleaming over a distant hill. In use since 1801, the seal was officially adopted in 1963.
<b>STATE FLAG</b>	The Indiana flag displays 19 gold stars surrounding a gold torch centered on a rectangular field of blue. The torch stands for liberty and enlightenment. Thirteen stars in the outer circle represent the 13 original states; the five in the inner circle represent the five states next admitted to the Union. The star above the torch stands for Indiana, the 19th state. Adopted 1917.
<b>STATE NAME</b>	The name Indiana means "land of the Indians." It was coined in 1800 when Congress carved the new state of Ohio from the Northwest Territory and designated the remaining vast area as the Indiana Territory. The territorial name was retained when Indiana became a state in 1816.
<b>NICKNAME</b>	Residents of Indiana have long been referred to as "Hoosiers," and according to the Indiana Historical Bureau, the term came into general usage in the 1830s as a result of a poem entitled "The Hoosiers Nest" by John Finley of Richmond. On January 8, 1933, John W. Davis offered "Hoosier State" as a toast at the Jackson Dinner. The origins of the actual word have been in debate for well over a century. The earliest written documentation of Hoosier was in 1827 in a diary quoted by Sandford Cox. The oral tradition goes back much earlier.

# State of Indiana

## County Facts

County Name	2018		2018		2018	
	Total Population	Area Sq. Miles	County Road Miles	Municipal Street Miles	County Bridges	
ADAMS	34,387	345	678.72	97.06	160	
ALLEN	355,200	671	1,321.67	1,275.83	390	
BARTHLOMEW	76,418	402	681.56	285.65	202	
BENTON	9,221	409	658.00	56.29	118	
BLACKFORD	12,621	167	322.02	60.18	59	
BOONE	61,612	427	753.07	270.74	189	
BROWN	15,242	319	382.29	11.90	83	
CARROLL	20,155	347	756.78	43.39	116	
CASS	38,966	415	867.15	122.56	121	
CLARK	110,232	384	466.60	429.64	141	
CLAY	26,890	364	666.96	81.96	157	
CLINTON	33,224	407	776.00	86.82	162	
CRAWFORD	11,086	312	460.74	34.97	79	
DAVIESS	31,648	430	786.84	116.15	125	
DEARBORN	50,047	306	501.96	82.30	101	
DECATUR	26,156	370	636.02	93.50	181	
DEKALB	42,318	366	710.88	148.48	102	
DELAWARE	117,874	396	785.18	462.00	194	
DUBOIS	41,889	433	652.04	184.61	164	
ELKHART	198,045	468	1,151.04	468.82	172	
FAYETTE	24,201	215	377.06	64.76	86	
FLOYD	74,578	149	347.43	183.62	87	
FOUNTAIN	17,240	397	652.75	74.50	143	
FRANKLIN	21,448	394	623.25	27.28	118	
FULTON	20,836	368	778.17	54.51	57	
GIBSON	33,503	498	950.48	137.62	252	
GRANT	69,993	421	798.85	280.25	189	
GREENE	33,165	549	870.69	103.91	161	
HAMILTON	298,641	401	570.67	1,414.04	305	
HANCOCK	67,627	305	650.06	195.45	157	
HARRISON	38,991	479	824.78	36.77	74	
HENDRICKS	145,423	417	773.00	489.52	240	
HENRY	49,265	400	778.25	149.49	142	
HOWARD	82,752	293	584.35	340.75	136	
HUNTINGTON	37,572	369	672.96	124.13	114	
JACKSON	42,376	520	732.01	132.94	183	
JASPER	33,478	562	935.27	84.23	126	
JAY	21,398	386	734.07	82.20	162	
JEFFERSON	32,428	366	529.80	80.28	101	
JENNINGS	28,525	377	666.18	44.13	128	
JOHNSON	140,126	315	582.45	445.67	158	
KNOX	38,440	516	870.53	172.87	206	
KOSCIUSKO	76,872	540	1,171.82	200.54	108	
LAGRANGE	37,657	381	783.24	41.69	57	
LAKE	496,005	513	520.82	2,041.39	178	
LAPORTE	111,467	607	1,028.88	356.09	119	
LAWRENCE	46,134	459	658.77	132.07	127	
MADISON	131,643	453	868.24	558.88	216	

County Name	2018		2018		2018	
	Total Population	Area Sq. Miles	County Road Miles	Municipal Street Miles	County Bridges	
MARION	905,965	392	1,930.41	1,614.57	536	
MARSHALL	47,051	443	910.94	130.91	116	
MARTIN	10,334	345	371.47	31.30	45	
MIAMI	37,175	377	785.21	87.28	127	
MONROE	137,974	386	709.20	268.02	153	
MONTGOMERY	38,124	507	831.61	94.88	172	
MORGAN	68,894	406	686.77	124.82	140	
NEWTON	14,244	413	659.64	41.73	122	
NOBLE	47,007	412	809.94	114.74	64	
OHIO	6,128	87	136.05	10.60	32	
ORANGE	19,840	405	597.06	65.20	106	
OWEN	21,575	390	623.83	24.09	111	
PARKE	17,339	445	732.90	45.37	175	
PERRY	19,338	384	485.49	62.60	99	
PIKE	12,845	335	544.02	30.23	110	
PORTER	164,343	425	789.76	523.84	127	
POSEY	25,910	412	708.18	66.02	149	
PULASKI	13,402	433	876.73	32.24	73	
PUTNAM	37,963	490	751.18	89.03	221	
RANDOLPH	25,967	457	856.64	83.35	217	
RIPLEY	30,457	442	708.29	87.28	134	
RUSH	17,468	409	748.21	38.65	194	
SAINT JOSEPH	266,931	396	1,140.02	711.55	101	
SCOTT	24,181	466	308.92	54.67	73	
SHELBY	43,924	193	827.51	111.05	186	
SPENCER	20,952	409	743.64	66.81	166	
STARKE	23,363	310	674.50	57.26	58	
STEUBEN	34,090	309	618.09	98.61	49	
SULLIVAN	21,475	457	856.95	88.63	178	
SWITZERLAND	10,613	221	354.77	11.18	41	
TIPPPECANOE	172,413	500	850.71	444.08	208	
TIPTON	15,930	261	556.88	45.45	84	
UNION	7,516	168	264.55	14.69	42	
VANDERBURGH	179,703	241	570.94	547.97	157	
VERMILLION	16,212	263	395.00	81.27	76	
VIGO	107,848	415	836.86	369.91	188	
WABASH	32,888	398	729.46	117.52	156	
WARREN	8,508	368	546.76	23.92	94	
WARRICK	59,689	391	754.48	91.91	114	
WASHINGTON	28,262	561	764.36	65.13	114	
WAYNE	68,917	405	687.21	255.40	233	
WELLS	27,315	368	706.87	94.49	131	
WHITE	24,643	497	906.54	77.86	165	
WHITLEY	33,292	337	630.23	67.00	88	
<b>Total</b>	<b>6,513,023</b>	<b>36,117</b>	<b>65,329.13</b>	<b>19,625.54</b>	<b>13,071</b>	

Source: Association of Indiana Counties 2018 County Fact Book, Indiana Department of Transportation, United States Department of Commerce - Bureau of Census

**State of Indiana**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Population										
State (in thousands)	6,425	6,459	6,490	6,515	6,536	6,567	6,593	6,611	6,634	6,667
Percentage change	0.7%	0.5%	0.5%	0.4%	0.3%	0.5%	0.4%	0.3%	0.3%	0.5%
National (in thousands)	304,094	306,772	309,338	311,644	313,993	316,235	318,623	321,040	323,406	325,719
Percentage change	1.0%	0.9%	0.8%	0.7%	0.8%	0.7%	0.8%	0.8%	0.7%	0.7%
Total Personal Income										
State (in millions)	\$ 225,843	\$ 219,713	\$ 229,477	\$ 244,551	\$ 256,258	\$ 259,525	\$ 269,593	\$ 279,705	\$ 289,164	\$ 301,008
Percentage change	5.0%	-2.7%	4.4%	6.6%	4.8%	1.3%	3.9%	3.8%	3.4%	4.1%
National (in millions)	\$ 12,435,527	\$ 12,051,307	\$ 12,541,995	\$ 13,315,478	\$ 13,998,383	\$ 14,175,503	\$ 14,983,140	\$ 15,711,634	\$ 16,115,630	\$ 16,820,250
Percentage change	3.7%	-3.1%	4.1%	6.2%	5.1%	1.3%	5.7%	4.9%	2.6%	4.4%
Per Capita Personal Income										
State	\$ 35,152	\$ 34,015	\$ 35,358	\$ 37,535	\$ 39,209	\$ 39,517	\$ 40,890	\$ 42,312	\$ 43,588	\$ 45,150
Percentage change	4.3%	-3.2%	3.9%	6.2%	4.5%	0.8%	3.5%	3.5%	3.0%	3.6%
National	\$ 40,904	\$ 39,284	\$ 40,545	\$ 42,727	\$ 44,562	\$ 44,826	\$ 47,025	\$ 48,940	\$ 49,831	\$ 51,640
Percentage change	2.7%	-4.0%	3.2%	5.4%	4.3%	0.5%	4.9%	4.1%	1.8%	3.6%
Resident Civilian Labor Force and Employment										
Civilian labor force (in thousands)	3,232	3,194	3,175	3,182	3,170	3,188	3,225	3,267	3,327	3,320
Employed (in thousands)	3,042	2,865	2,846	2,892	2,906	2,944	3,033	3,109	3,180	3,203
Unemployed (in thousands)	190	329	330	290	264	192	158	147	147	117
Unemployment rate	5.9%	10.3%	10.4%	9.1%	8.3%	7.7%	6.0%	4.8%	4.8%	3.5%
State and Area Employment										
Goods-producing industries	6,700	6,500	6,600	6,900	6,800	7,100	7,200	6,500	5,900	6,000
Mining and logging	134,700	114,700	116,900	124,200	124,400	126,600	124,600	130,100	135,200	138,700
Construction	487,600	438,700	452,800	469,300	486,000	496,700	514,400	520,200	526,700	532,700
Subtotal goods-producing industries	<u>629,900</u>	<u>559,900</u>	<u>576,300</u>	<u>600,400</u>	<u>617,200</u>	<u>625,400</u>	<u>646,200</u>	<u>656,800</u>	<u>667,800</u>	<u>677,400</u>
Service-producing industries										
Transportation and utilities	130,200	123,500	127,200	130,400	133,900	136,300	138,300	143,000	145,100	145,700
Information	39,200	36,600	34,900	35,400	35,700	36,800	34,400	33,200	32,300	30,300
Financial activities	133,800	129,600	131,700	130,200	129,000	128,400	129,100	132,700	135,100	135,800
Wholesale trade	121,700	112,900	112,700	115,700	116,100	117,200	118,500	118,200	118,500	119,800
Retail trade	314,800	303,600	305,900	310,600	313,500	315,800	320,700	328,200	333,300	333,600
Professional and business services	276,000	267,600	283,800	293,100	300,100	318,700	329,800	334,100	333,500	337,700
Education and health services	414,500	417,600	420,400	426,400	436,800	431,600	440,700	453,100	461,900	476,700
Leisure and hospitality	283,000	272,500	275,200	280,000	288,200	292,400	297,400	304,100	307,600	306,800
Other services	117,500	114,100	115,500	116,800	119,800	124,600	125,600	126,400	126,500	128,300
State government	114,000	114,700	112,700	115,000	112,400	118,000	117,500	119,000	116,200	115,700
Federal government	37,800	39,200	38,800	38,000	37,600	35,200	36,400	37,200	38,200	37,900
Local government	285,000	283,400	275,100	278,400	272,100	273,000	272,400	272,100	271,100	272,400
Subtotal service-producing industries	<u>2,267,500</u>	<u>2,215,300</u>	<u>2,233,900</u>	<u>2,270,000</u>	<u>2,295,200</u>	<u>2,337,400</u>	<u>2,361,400</u>	<u>2,401,300</u>	<u>2,419,300</u>	<u>2,437,500</u>
Total Nonfarm Wage and Salary Employment	<u>2,896,500</u>	<u>2,775,200</u>	<u>2,810,200</u>	<u>2,870,400</u>	<u>2,912,400</u>	<u>2,962,800</u>	<u>3,007,600</u>	<u>3,058,100</u>	<u>3,087,100</u>	<u>3,114,900</u>

Sources: U.S. Department of Commerce - Bureau of Economic Analysis (BEA), U.S. Department of Labor - Bureau of Labor Statistics, and U.S. Census Bureau (via BEA data).

**State of Indiana**  
**Twenty Largest Indiana Public Companies**  
 (ranked by 2016 revenue)

Ranking	Company	2016 Revenue (in millions)	City
1	Anthem Inc.	\$ 84,900	Indianapolis
2	Eli Lilly and Co.	21,200	Indianapolis
3	Cummins Inc.	17,500	Columbus
4	Steel Dynamics Inc.	7,800	Fort Wayne
5	Zimmer Biomet Holdings Inc.	7,700	Warsaw
6	Berry Global Group Inc.	6,500	Evansville
7	Simon Property Group Inc.	5,400	Indianapolis
8	Thor Industries	4,600	Elkhart
9	NiSource Inc.	4,500	Merrillville
10	CNO Financial Group Inc.	4,000	Carmel
11	Calumet Specialty Products Partners LP	3,600	Indianapolis
12	KAR Auction Services Inc.	3,200	Carmel
13	Vectren Corp.	2,400	Evansville
14	Allegion PLC	2,200	Carmel
15	Wabash National Corp.	1,800	Lafayette
15	The Finish Line Inc.	1,800	Indianapolis
15	Allison Transmission Holdings Inc.	1,800	Indianapolis
18	LCI Industries	1,700	Elkhart
19	Hillenbrand Inc.	1,500	Batesville
20	Patrick Industries Inc.	1,200	Indianapolis

SOURCE: Indianapolis Business Journal, 2018 Book of Lists.

**State of Indiana**  
**Twenty Largest Indiana Private Companies**  
 (Ranked by 2016 Revenue)

Ranking	Company	2016 Revenue (in millions)	City
1	Do It Best Corp.	\$ 3,000	Fort Wayne
2	Cook Group Inc.	2,200	Bloomington
3	OneAmerica Financial Partners, Inc.	2,100	Indianapolis
4	LDI Ltd. LLC	1,700	Indianapolis
4	Petroleum Traders Corp.	1,700	Fort Wayne
6	White Lodging Services Corp.	1,600	Merrillville
7	The Bob Rohrman Auto Group	1,000	Lafayette
7	Steel Warehouse Co. LLC	1,000	South Bend
9	Koch Enterprises Inc.	950,000	Evansville
10	Elwood Staffing	852,200	Columbus
11	Indiana Farm Bureau Insurance--Property/Casualty	850,000	Indianapolis
12	CountryMark	844,400	Indianapolis
13	USIC LLC	810,300	Indianapolis
14	Ray Skillman Auto Centers	805,000	Indianapolis
15	Atlas World Group Inc.	795,200	Evansville
16	Telamon Corp.	783,000	Carmel
17	Co-Alliance LLP	713,000	Avon
18	Federal Home Loan Bank of Indianapolis	694,900	Indianapolis
19	Hoosier Energy Rural Electric Cooperative Inc.	687,500	Bloomington
20	Jasper Engines & Transmissions	577,700	Jasper

SOURCE: Indianapolis Business Journal, 2018 Book of Lists.

**State of Indiana  
Principal Employers  
Current Year and Nine Years Ago**

	2017			2008		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Wal-Mart Stores Inc.	39,055	1	1.26%	41,545	1	1.40%
U.S. Government	37,600	2	1.21%	37,100	2	1.25%
State of Indiana (1)	30,888	3	0.99%	35,622	3	1.20%
Indiana University Health	28,078	4	0.90%	N/A		
The Kroger Company	22,548	5	0.73%	8,500	10	0.29%
Indiana University	22,049	6	0.71%	16,781	4	0.56%
Thor Industries	15,077	7	0.48%	N/A		
Purdue University	14,964	8	0.48%	14,632	6	0.49%
Franciscan Alliance Inc.	13,386	9	0.43%	N/A		
Eli Lilly and Co.	12,682	10	0.41%	14,694	5	0.49%
St. Vincent Health	12,652	11	0.41%	10,455	9	0.35%
Community Health Network	12,213	12	0.39%	7,950	11	0.27%
Cummins Inc.	9,500	13	0.31%	N/A		
FedEx Corp	9,100	14	0.29%	7,600	12	0.26%
Amazon.com	9,000	15	0.29%	N/A		
ArcelorMittal	8,478	16	0.27%	N/A		
Cook Group Inc.	7,390	17	0.24%	N/A		
City of Indianapolis/Marion County	7,134	18	0.23%	10,691	8	0.36%
General Motors Corp.	7,000	19	0.23%	N/A		
LCI Industries	6,639	20	0.21%	N/A		
<b>Total</b>	<b>325,433</b>		<b>10.47%</b>	<b>205,570</b>		<b>6.91%</b>

(1) Full time State employees paid through the Auditor of State's Office as of June 2017 and June 2008.  
N/A = Not available

**Sources:** Indianapolis Business Journal, 2018 and 2009 Book of Lists; and Auditor of State payroll records.

**State of Indiana**  
**School Enrollment**  
**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public School Enrollment, Grades K-12										
Elementary (KG through Grade 6)	548,908	548,157	549,182	550,468	551,803	554,421	555,344	557,983	557,257	556,228
Secondary (Grades 7 through 12)	484,162	481,034	477,886	478,186	479,581	476,685	475,457	477,455	476,516	477,879
Total, all grades	<u>1,033,070</u>	<u>1,029,191</u>	<u>1,027,068</u>	<u>1,028,654</u>	<u>1,031,384</u>	<u>1,031,106</u>	<u>1,030,801</u>	<u>1,035,438</u>	<u>1,033,773</u>	<u>1,034,107</u>
Public Higher Education Enrollment <sup>1</sup>										
Indiana University	81,896	83,141	86,424	85,540	85,373	84,786	82,671	83,228	82,830	81,261
Purdue University	55,131	55,351	56,476	56,645	56,701	57,284	58,704	59,186	59,526	60,241
Ball State University	18,175	19,014	18,771	18,231	18,255	18,340	18,831	19,526	19,965	19,202
Indiana State University	10,758	11,491	11,450	11,574	11,273	10,772	10,282	9,738	9,685	8,839
Ivy Tech Community College	34,992	40,324	42,708	45,065	49,727	56,024	58,719	65,957	67,588	63,351
University of Southern Indiana	7,369	8,182	8,137	7,668	7,822	8,215	8,740	9,031	8,971	8,789
Vincennes University	4,783	9,620	9,551	10,032	10,162	9,825	9,393	10,077	9,410	7,704
Total, public colleges and universities	<u>213,105</u>	<u>227,122</u>	<u>233,516</u>	<u>234,755</u>	<u>239,313</u>	<u>245,246</u>	<u>247,340</u>	<u>256,743</u>	<u>257,975</u>	<u>249,387</u>

<sup>1</sup> based on Fall full-time equivalent enrollment. Starting with 2018, census counts are limited to degree-seeking students. Prior years include both degree and non-degree seeking students.

Sources: Indiana Commission for Higher Education (for Public Higher Education Enrollment); and Indiana Department of Education (for Grades K-12)

**State of Indiana**  
**Largest Indiana Private Colleges & Universities**  
(Ranked by Fall 2017 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2017 FTE Enrollment	Location
1	Indiana Wesleyan University	12,948	Marion
2	University of Notre Dame	12,326	Notre Dame
3	Indiana Tech	7,230	Fort Wayne
4	University of Indianapolis	6,591	Indianapolis
5	WGU Indiana	5,006	Indianapolis
6	Butler University	4,969	Indianapolis
7	Valparaiso University	3,872	Valparaiso
8	University of Evansville	3,064	Evansville
9	Rose Hulman Institute of Technology	2,989	Terre Haute
10	Marian University	2,973	Indianapolis
11	Trine University	2,610	Angola
12	University of Saint Francis	2,482	Fort Wayne
13	Harrison College	2,279	Indianapolis
14	Anderson University	2,232	Anderson
15	DePauw University	2,146	Greencastle
16	Taylor University	1,994	Upland
17	Grace College	1,924	Winona
18	Manchester University	1,554	North Manchester

SOURCE: Indianapolis Business Journal, 2018 Book of Lists

**State of Indiana  
Operating Indicators by Function of Government  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Department of Revenue	1	N/A	2,820,773	2,767,493	2,734,420	2,721,693	2,565,620	2,328,203	2,268,856	2,179,678
Number of Tax Returns Filed Electronically	1	N/A	3,258,929	3,257,836	3,328,805	3,353,918	3,254,314	3,140,076	3,094,479	2,986,371
Number of Tax Returns Processed	1	N/A	86.6%	84.9%	82.1%	81.1%	78.8%	74.1%	73.3%	73.5%
Percent of Tax Returns Filed Electronically	2	48,823	64,986	77,184	65,414	102,120	12,969	18,48	21,784	23,752
Number of Taxpayers Assisted - Walk-in	2	611,277	821,115	1,116,757	823,387	753,939	630,352	534,680	416,231	367,217
Number of Taxpayers Assisted - Telephone		660,100	886,101	1,193,941	888,801	856,059	643,321	553,428	438,015	390,969
Number of Taxpayers Assisted - Total										383,603
Department of Administration										
Construction projects administered	66	48	50	53	43	33	67	38	72	79
Construction Value excluding design fee (thousands)	\$42,516	\$45,102	\$44,200	\$36,352	\$27,613	\$27,448	\$31,161	\$22,265	\$25,585	\$31,817
<b>Public Safety</b>										
Department of Corrections										
Department Active Personnel	5,880	5,935	6,121	6,074	6,094	6,256	6,198	6,064	6,768	7,071
Number of Adult Institutions	4	18	19	20	20	20	20	20	21	21
Incarcerated Offenders	26,628	25,731	25,993	27,693	29,329	29,156	28,378	28,307	29,278	29,314
Average Cost Per Diem	\$58.36	\$57.39	\$57.89	\$54.43	\$55.42	\$55.19	\$54.85	\$54.53	\$53.69	\$54.28
Contract Beds	198	263	307	301	341	333	294	167	167	317
Average Offender Age at Intake	33.3	33.0	33.0	32.9	33.6	32.7	32.7	32.6	32.5	32.4
Average Offender Age - Current	38.4	38.1	37.9	37.9	36.9	36.9	36.6	36.6	36.3	36.4
Supervised Offenders	5	6,783	7,577	8,865	9,596	10,385	9,581	10,606	9,037	8,383
State Police										
Active State Troopers	1,223	1,251	1,201	1,242	1,241	1,243	1,245	1,244	1,255	1,311
Number of Traffic Citations Issued	217,771	205,525	229,829	207,919	231,683	323,604	364,070	431,173	513,496	521,758
Number of Firearm Permits Issued	69,264	78,376	117,993	83,603	103,082	84,831	69,325	76,844	81,868	102,568
Number of Limited Criminal History Searches (fee)	373,787	346,657	325,802	324,612	294,152	247,458	270,547	255,845	243,130	254,309
Number of Limited Criminal History Searches (no fee)	490,877	519,751	533,172	442,088	424,537	396,197	390,912	370,857	371,984	407,318
Health										
Department of Health										
Number of Birth and Death Certificates Issued	70,195	76,696	79,076	41,454	34,012	42,076	49,208	61,884	46,236	49,420
Number of Adoption Records Received	4,529	4,363	3,936	3,936	3,904	1,831	3,402	2,186	N/A	N/A
Number of Marriage Records Received	43,452	43,382	49,157	44,143	44,841	41,301	48,756	39,586	32,000	18,270
Welfare										
FSSA										
Medicaid and Children's Health Insurance Program (CHIP) recipients	1,760,489	1,745,418	1,726,948	1,500,587	1,365,748	1,303,958	1,279,288	1,274,341	1,232,456	965,852
Temporary Assistant for Needy Families (TANF) recipients	12,938	14,801	16,832	19,290	22,396	28,285	37,591	63,278	119,957	124,765
Supplemental Nutritional Assistance Program (SNAP) recipients	601,062	654,722	720,822	814,959	879,342	924,180	908,511	882,716	823,818	684,280
Conservation, Culture, and Development										
Department of Natural Resources										
Hunting licenses sold	345,846	357,822	311,457	375,061	395,258	400,575	458,156	447,003	484,264	434,508
Fishing licenses sold	413,852	416,420	415,088	459,630	474,361	418,535	496,423	429,373	472,174	511,345
Trapping licenses sold	4,049	4,131	4,929	5,556	5,670	4,609	3,714	3,326	3,043	4,045
Transportation										
Department of Transportation										
Construction projects administered	421	455	545	528	487	379	425	443	819	467
Construction value excluding design fee (thousands)	\$339,919	\$253,384	\$299,045	\$307,886	\$262,629	\$248,003	\$282,352	\$253,751	\$479,562	\$233,888
Construction awarded amount (thousands)	\$1,225,911	\$1,071,018	\$1,000,398	\$935,990	\$954,516	\$1,018,335	\$996,806	\$1,443,156	\$1,410,254	\$1,280,037
Business-type activities										
Unemployment Insurance										
Number of payments made to claimants (thousands)	886	1,071	1,251	1,469	2,032	2,324	2,588	3,144	4,525	5,416
Percentage of unemployment	340.0%	3.9%	4.3%	4.9%	5.9%	8.4%	8.7%	9.0%	10.0%	8.3%

Notes:

1 Tax Year (January 1 - December 31)

2 Fiscal Year (July 1-June 30)

3 2014 through 2018 walk-ins assisted included the DoR's main, district, and motor carrier offices. Prior years included only the main office.

4 Includes inmates held in county jails and contract beds

5 Excludes Indiana parolees on parole in other states; includes other states parolees supervised by Indiana

Sources: Various state agencies.

**State of Indiana**  
**Capital Assets Statistics by Function of Government**  
**Last Ten Fiscal Years**

Function	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Conservation, Culture and Development</b>										
<i>Department of Natural Resources</i>										
Acres of land (parks, lakes, etc.) owned	433,472	435,487	413,835	411,686	414,212	410,817	406,243	385,950	381,267	378,411
Number of state parks	24	24	24	24	24	24	24	24	24	24
Number of reservoirs	8	8	8	8	8	8	8	8	9	9
Number of state forests	15	15	15	15	16	16	15	16	15	16
Number of fish & wildlife areas	21	21	25	26	26	26	25	22	21	21
Number of dams	131	132	132	132	133	133	134	134	129	129
Number of vehicles	1,761	1,877	1,986	1,996	2,041	2,071	2,073	2,049	2,067	2,278
Number of watercraft, registered	730	735	746	799	822	901	899	899	879	928
Number of watercraft, non-registered	332	315	319	324	306	210	212	212	201	196
<b>Education</b>										
<i>Department of Education</i>										
Number of public schools, K-12	1,913	1,925	1,926	1,938	1,923	1,928	1,931	1,936	1,941	1,971
Number of non-public schools, K-12 *	302	309	308	301	301	304	294	293	304	309
<i>Commission for Higher Education</i>										
Number of public postsecondary institutions										
number of institutions	7	7	7	7	7	7	7	7	7	7
number of campuses	38	36	43	41	43	43	47	47	39	39
Number of private not-for-profit postsecondary institutions										
number of institutions	30	30	31	31	29	31	32	32	32	31
number of campuses	30	30	31	31	29	31	32	32	32	31
Number of private for profit postsecondary institutions **										
number of institutions	27	29	31	29	29	32	36	Unavailable	Unavailable	Unavailable
number of campuses	42	48	59	59	59	61	65	Unavailable	Unavailable	Unavailable
<b>General Government</b>										
<i>Department of Administration</i>										
Number of buildings	12	12	12	10	10	10	7	7	7	7
Number of fleet service vehicles ***	1,725	1,211	1,341	235	239	285	257	259	270	332
Number of aircraft	0	0	0	0	0	0	0	0	7	10
<b>Public Safety</b>										
<i>Department of Correction</i>										
Number of adult facilities	18	19	20	20	20	20	20	21	21	21
Number of juvenile facilities	3	4	4	4	4	4	5	6	6	7
Number of parole facilities	10	10	10	10	10	10	9	9	9	9
Number of vans	274	280	282	284	289	299	291	294	310	313
<i>State Police</i>										
Number of state police posts	14	14	14	14	14	14	14	14	17	18
Number of state police cars	1,769	1,797	1,699	1,728	1,937	2,080	1,931	1,847	1,807	1,792
Number of aircraft	5	3	3	3	5	6	6	0	0	0
Number of trailers	125	125	118	117	121	120	116	108	108	98
<b>Transportation</b>										
<i>Department of Transportation</i>										
Number of interstate miles	1,265	1,265	1,265	1,238	1,236	1,238	1,014	1,014	1,014	1,185
Number of non-interstate miles	9,941	9,937	9,944	9,947	9,933	9,930	10,127	10,095	9,942	10,014
Number of Interstate and non-interstate total miles	11,206	11,202	11,209	11,185	11,169	11,168	11,141	11,109	10,956	11,199
Number of interstate bridges	1,431	1,433	1,432	1,381	1,392	1,377	1,264	1,263	1,256	1,260
Number of non-interstate bridges	4,361	4,324	4,317	4,308	4,233	4,081	4,056	4,049	3,977	3,954
Number of Interstate and non-interstate total bridges	5,792	5,757	5,749	5,689	5,625	5,458	5,320	5,312	5,233	5,214
Acreage from excess land	11,358	11,339	11,513	7,165	5,974	6,022	5,879	5,216	4,810	3,270
Acreage from fixed assets	2,385	2,269	2,278	2,262	2,243	2,262	2,298	2,286	2,289	2,343
Total acres of land owned	13,743	13,608	13,791	9,427	8,217	8,284	8,177	7,502	7,099	5,613
Number of heavy equipment owned	3,072	3,457	3,259	3,186	3,101	2,827	2,902	2,864	2,777	2,749
<b>Welfare</b>										
<i>Family and Social Services Administration</i>										
Number of hospitals owned	6	6	6	6	6	6	6	6	6	6
<b>Health</b>										
<i>Indiana State Department of Health</i>										
Number of pieces of laboratory equipment	825	720	751	751	749	757	742	777	751	631

Noted: \* Includes only the accredited and freeway schools.

\*\* Institutions authorized through the Board for Proprietary Education, which is administered through ICHE; the list includes eight not-for-profit institutions

\*\*\* Increases since 2016 due to policy change requiring vehicle purchases to be made through the Department of Administration

Sources: Various state agencies.

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

Function of Government	June 2018	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009
<b>General Government</b>	4,908	4,821	4,828	4,854	4,872	4,937	4,901	5,152	5,323	5,551
<b>Public Safety</b>	10,416	10,399	10,453	10,478	10,666	10,936	11,162	10,893	11,376	11,975
<b>Health</b>	753	745	744	773	783	794	783	802	835	932
<b>Welfare</b>	7,943	7,867	7,852	7,608	7,392	7,037	6,907	6,858	7,302	7,508
<b>Conservation, Culture and Development</b>	3,035	3,033	3,090	3,192	3,272	3,366	3,275	3,251	3,290	3,481
<b>Education</b>	616	606	620	619	641	532	550	706	766	671
<b>Transportation</b>	3,556	3,417	3,390	3,325	3,346	3,532	3,685	3,668	3,909	4,046
<b>Totals</b>	<b>31,227</b>	<b>30,888</b>	<b>30,977</b>	<b>30,849</b>	<b>30,972</b>	<b>31,134</b>	<b>31,263</b>	<b>31,330</b>	<b>32,801</b>	<b>34,164</b>
<b>G - Governor's Authority</b>	<b>28,634</b>	<b>28,286</b>	<b>28,315</b>	<b>28,157</b>	<b>28,279</b>	<b>28,398</b>	<b>28,485</b>	<b>28,472</b>	<b>29,911</b>	<b>31,254</b>
<b>J - Judiciary</b>	<b>908</b>	<b>894</b>	<b>886</b>	<b>865</b>	<b>845</b>	<b>831</b>	<b>835</b>	<b>830</b>	<b>846</b>	<b>835</b>
<b>O - Other Elected Officials</b>	<b>1,095</b>	<b>1,062</b>	<b>1,107</b>	<b>1,083</b>	<b>1,065</b>	<b>1,049</b>	<b>1,049</b>	<b>1,067</b>	<b>1,056</b>	<b>1,093</b>
<b>D - Disability Leave - in pay status</b>	<b>370</b>	<b>425</b>	<b>419</b>	<b>455</b>	<b>471</b>	<b>511</b>	<b>545</b>	<b>610</b>	<b>647</b>	<b>624</b>
<b>D2 - Disability Leave - in non-pay status</b>	<b>220</b>	<b>221</b>	<b>250</b>	<b>289</b>	<b>312</b>	<b>345</b>	<b>349</b>	<b>351</b>	<b>341</b>	<b>358</b>
<b>Total</b>	<b>31,227</b>	<b>30,888</b>	<b>30,977</b>	<b>30,849</b>	<b>30,972</b>	<b>31,134</b>	<b>31,263</b>	<b>31,330</b>	<b>32,801</b>	<b>34,164</b>

**Employees Other Than Full Time Paid Through The Auditor of State's Office**

Function of Government	June 2018	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009
General Government	188	180	209	185	182	173	150	138	152	196
Public Safety	204	159	169	141	410	260	296	1,168	292	365
Health	1	1	2	1	1	3	-	-	-	6
Welfare	310	298	300	295	319	35	349	313	351	384
Conservation, Culture and Development	1,513	1,546	1,462	1,433	1,511	1,480	1,492	1,557	1,142	2,942
Education	128	155	174	133	127	105	109	112	110	160
Transportation	125	138	110	66	64	154	170	102	86	105
<b>Totals</b>	<b>2,469</b>	<b>2,477</b>	<b>2,426</b>	<b>2,254</b>	<b>2,614</b>	<b>2,210</b>	<b>2,566</b>	<b>3,390</b>	<b>2,133</b>	<b>4,158</b>
<b>G - Governor's Authority</b>	<b>2,378</b>	<b>2,387</b>	<b>2,312</b>	<b>2,135</b>	<b>2,502</b>	<b>2,103</b>	<b>2,476</b>	<b>3,292</b>	<b>2,036</b>	<b>4,015</b>
<b>J - Judiciary</b>	<b>19</b>	<b>19</b>	<b>22</b>	<b>25</b>	<b>25</b>	<b>17</b>	<b>18</b>	<b>15</b>	<b>12</b>	<b>11</b>
<b>O - Other Elected Officials</b>	<b>72</b>	<b>71</b>	<b>92</b>	<b>94</b>	<b>87</b>	<b>90</b>	<b>72</b>	<b>83</b>	<b>85</b>	<b>131</b>
<b>D2 - Disability Leave - in non-pay status</b>	<b>-</b>	<b>1</b>								
<b>Total</b>	<b>2,469</b>	<b>2,477</b>	<b>2,426</b>	<b>2,254</b>	<b>2,614</b>	<b>2,210</b>	<b>2,566</b>	<b>3,390</b>	<b>2,133</b>	<b>4,158</b>

**Pension, Death Benefits, and Former Governors  
Number of People Paid Through The Auditor of State's Office**

Category	June 2018	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010	June 2009
Governor's Widows	3	3	3	2	2	2	2	1	1	2
Death Benefits (Police)	23	23	25	26	28	30	30	31	33	31
Former Governors	2	2	2	3	3	2	3	3	2	2
Police Pension	1,591	1,617	1,622	1,617	1,584	1,622	1,550	1,536	1,531	1,499
<b>Total</b>	<b>1,619</b>	<b>1,645</b>	<b>1,652</b>	<b>1,648</b>	<b>1,617</b>	<b>1,656</b>	<b>1,584</b>	<b>1,571</b>	<b>1,567</b>	<b>1,534</b>

