

INDIANA

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

Michael R. Pence, Governor



Prepared by the Office of
Indiana Auditor of State

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

STATE OF INDIANA

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

Michael R. Pence, Governor



Prepared by:

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

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

Please visit our web site at www.in.gov/auditor/

MISSION STATEMENT

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

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



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

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

STATE OF INDIANA

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page	i
Acknowledgments	ii
Mission Statement	iii
Auditors of State	v
Table of Contents	vi
Letter of Transmittal	xi
Certificate of Achievement for Excellence in Financial Reporting	xvii
State Organization Chart and Selected State Officials	xviii

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	6
Basic Financial Statements:	22
Government-Wide Financial Statements:	23
Statement of Net Position	24
Statement of Activities	25
Fund Financial Statements:	26
Balance Sheet – Governmental Funds	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Fund Net Position – Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Statement of Fiduciary Net Position – Fiduciary Funds	36
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	37
Combining Statement of Net Position – Discretely Presented Component Units	38
Combining Statement of Activities – Discretely Presented Component Units	40
Combining Statement of Net Position Discretely Presented Component Units – Proprietary Funds	42

Combining Statement of Activities Discretely Presented Component Units – Proprietary Funds	44
Combining Statement of Net Position Discretely Presented Component Units – Colleges and Universities	46
Combining Statement of Activities Discretely Presented Component Units – Colleges and Universities	48
Notes to the Financial Statements	49
Required Supplementary Information:	115
Schedule of Funding Progress	
Employee Retirement Systems and Plans	116
Other Postemployment Benefits	117
Schedule of Employer Contributions	
Other Postemployment Benefits	118
Budgetary Information	119
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Major Funds (Budgetary Basis)	120
Budget/GAAP Reconciliation – Major Funds	122
Infrastructure – Modified Reporting	
Condition Rating of the State’s Highways and Bridges	123
Comparison of Needed-to-Actual Maintenance/Preservation	124
Other Supplementary Information:	125
Non-Major Governmental Funds:	126
Balance Sheet – Non-Major Governmental Funds	128
Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	129
Combining Balance Sheet – Non-Major Special Revenue Funds	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	134
Combining Balance Sheet – Non-Major Capital Projects Funds	138
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Projects Funds	139
Combining Balance Sheet – Non-Major Permanent Funds	140
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Permanent Funds	141
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Non-Major Funds (Budgetary Basis)	142
Budget/GAAP Reconciliation Non-Major Special Revenue Funds	154
Non-Major Proprietary Funds:	155
Combining Statement of Net Position – Non-Major Enterprise Funds	156
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Non-Major Enterprise Funds	157
Combining Statement of Cash Flows – Non-Major Enterprise Funds	158
Internal Service Funds:	161
Combining Statement of Net Position – Internal Service Funds	162
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	163
Combining Statement of Cash Flows – Internal Service Funds	164

Fiduciary Funds:	166
Combining Statement of Fiduciary Net Position – Pension and Other Employee	
Benefit Trust Funds	168
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee	
Benefit Trust Funds	169
Combining Statement of Net Position – Private Purpose Trust Funds	170
Combining Statement of Changes in Net Position – Private Purpose Trust Funds	171
Combining Statement of Net Position – Agency Funds	172
Combining Statement of Changes in Assets and Liabilities – Agency Funds	173
Non-Major Discretely Presented Component Units:	176
Combining Statement of Net Position	
Non-Major Discretely Presented Component Units – Governmental Funds	178
Combining Statement of Activities	
Non-Major Discretely Presented Component Units – Governmental Funds	179
Combining Statement of Net Position	
Non-Major Discretely Presented Component Units – Proprietary Funds	180
Combining Statement of Activities	
Non-Major Discretely Presented Component Units – Proprietary Funds	182
Combining Statement of Net Position	
Non-Major Discretely Presented Component Units – Colleges and Universities	184
Combining Statement of Activities	
Non-Major Discretely Presented Component Units – Colleges and Universities	185

STATISTICAL SECTION

Net Position by Component	189
Changes in Net Position	190
Fund Balances – Governmental Funds	192
Changes in Fund Balances – Governmental Funds	194
Taxable Sales by Industry	195
Sales Tax Revenue Payers by Industry	196
Personal Income by Tax Filers and Liability by Income Level	197
Personal Income by Industry	198
Personal Income by Tax Rates	199
Ratio of Outstanding Debt by Type	200
State Facts	201
County Facts	202
Demographics and Economic Statistics	203
Twenty Largest Indiana Public Companies	204
Twenty Largest Indiana Private Companies	205
Principal Employers	206
School Enrollment	207
Largest Indiana Private College & Universities	208
Operating Indicators by Function of Government	209
Capital Assets Statistics by Function of Government	210
Full Time State Employees Paid Through the Auditor of State’s Office	211
Employees Other Than Full Time Paid Through the Auditor of State’s Office	212
Pension, Death Benefits, and Former Governors –	
Number of People Paid Through the Auditor of State’s Office	213

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo provided by the Indiana State Library.



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





AUDITOR OF STATE

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December 30, 2013

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

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

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

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

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

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

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

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

Profile of the Government

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

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

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

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

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

Factors Affecting Economic and Financial Conditions

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

Local Economy

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

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

Cash Management and Investments

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

Debt Administration

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

Financial Policies

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

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

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

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

Long-Term Financial Planning

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

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

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

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

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

Major Initiatives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Awards and Acknowledgements

Certificate of Achievement Award

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

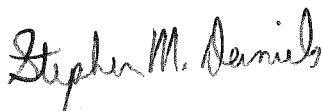
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Sincerely,



Stephen M. Daniels
Deputy Auditor of State
State of Indiana



Christopher D. Atkins
Director
Office of Management and Budget



Government Finance Officers Association

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

Presented to

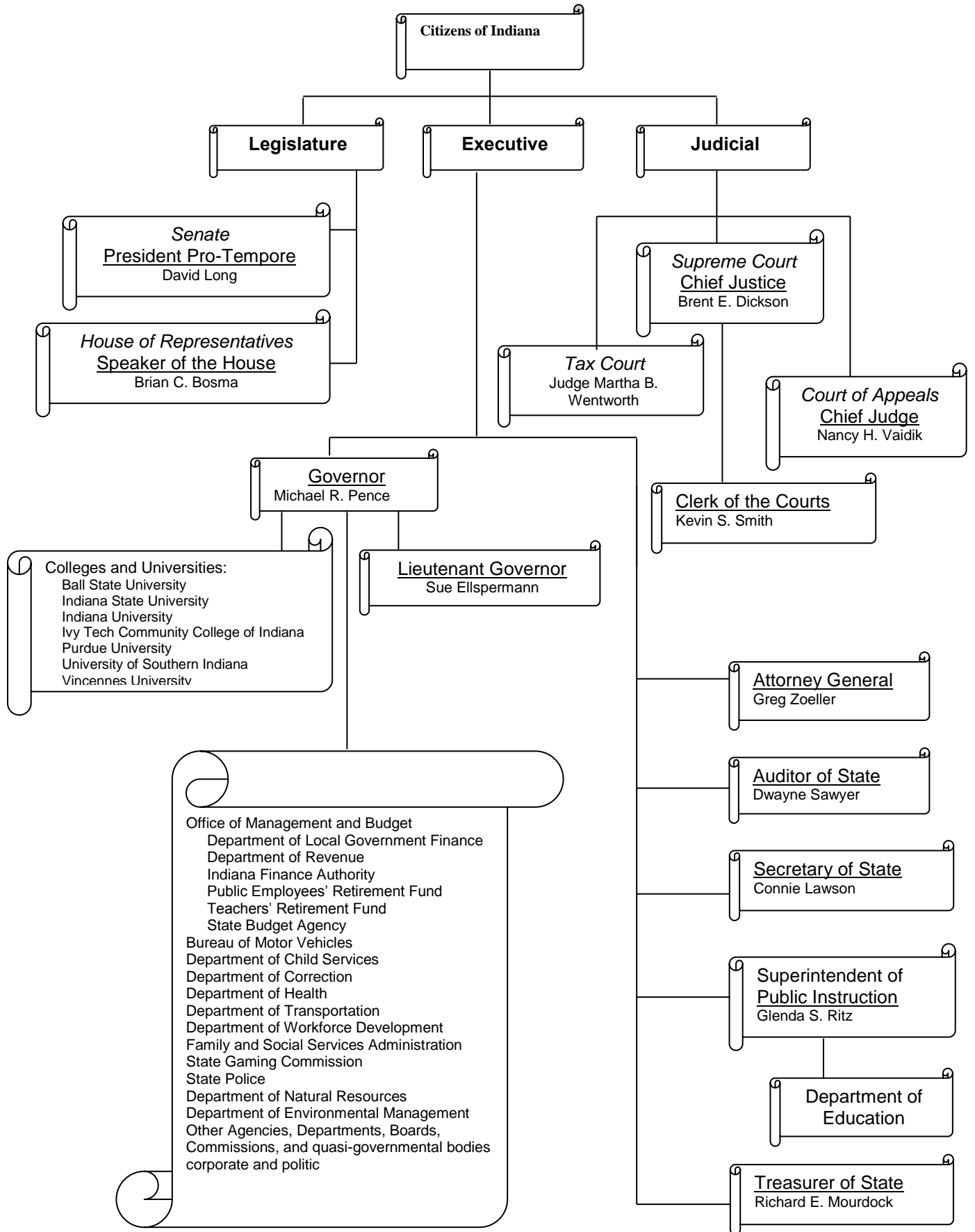
State of Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

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

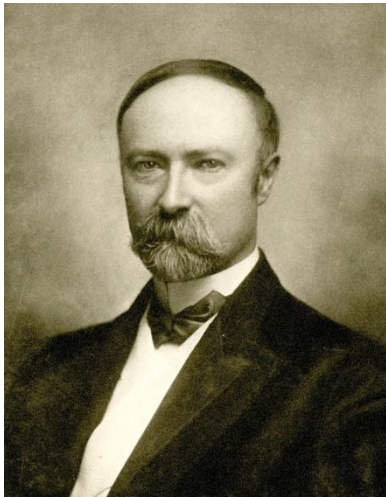
Executive Director/CEO



FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photos provided by the Indiana State Library.



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

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

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

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

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



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

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

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

Opinions

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

Other Matters*Required Supplementary Information*

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

Other Information

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

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

INDEPENDENT AUDITOR'S REPORT


(Continued)

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

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

Other Reporting Required by Government Auditing Standards

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


Paul D. Joyce, CPA
State Examiner

December 30, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS



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

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

Financial Highlights

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

Key Economic Indicators

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

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

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

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

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

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

Overview of the Financial Statements

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

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Financial Analysis of the State as a Whole

Net Position

The following is condensed from the Statement of Net Position:

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

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

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

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

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

Changes in Net Position

The following is condensed from the Statement of Activities:

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

Governmental Activities

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

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

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

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

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

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

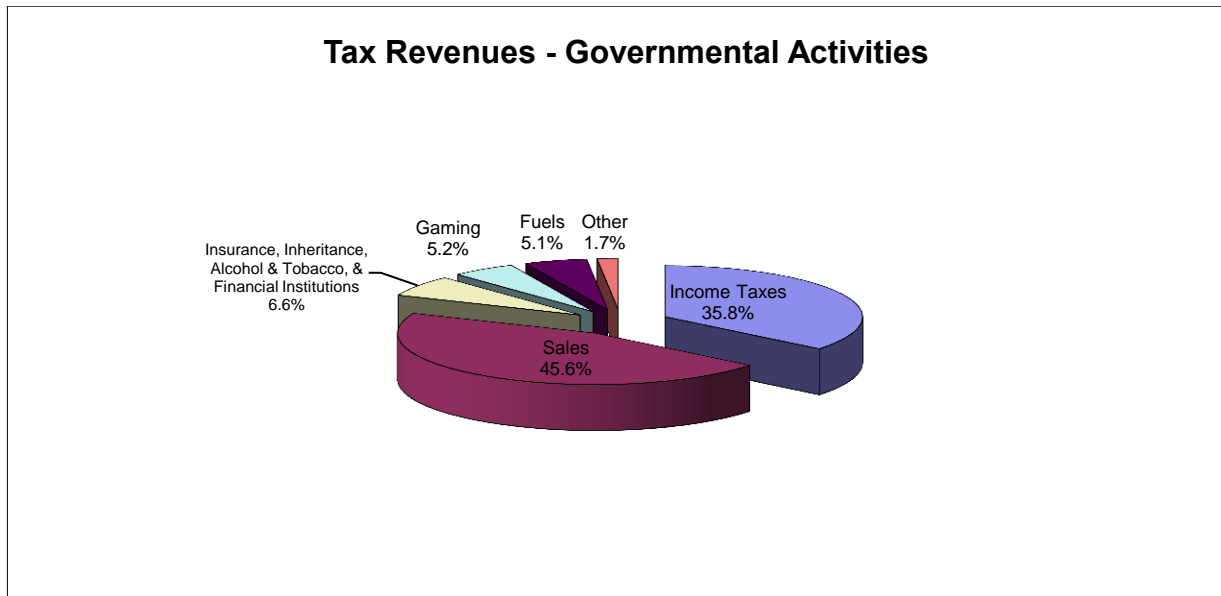
Welfare expenses increased by \$1.4 billion due to increases in hospital payments (including managed care payments for the hospital portion of the capitation payment) and nursing facility payments due to rate increases as part of provider assessment programs and increases in Supplemental payments of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

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

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

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

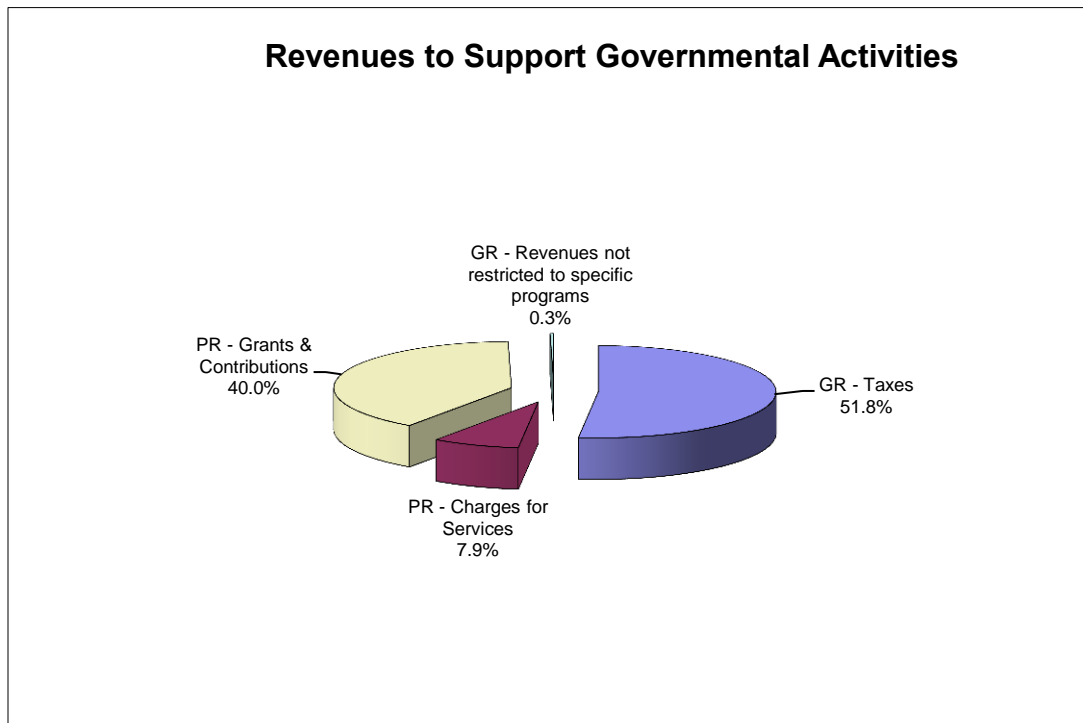
Tax revenues for governmental activities were broken down as follows:



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

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

Total revenues for governmental activities were broken down as follows:



PR = program revenues
GR = general revenues

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

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

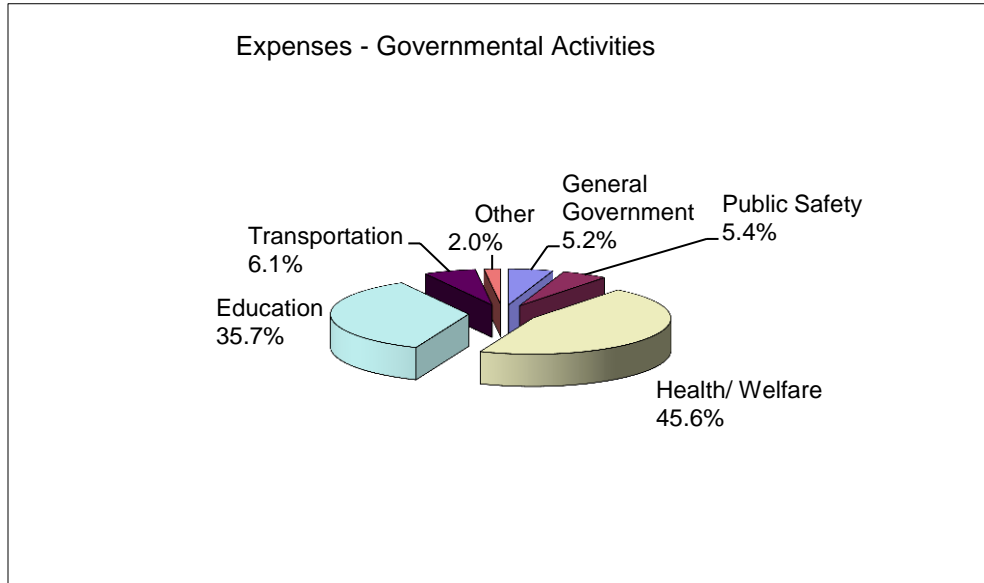
Some of the major expenses were Medicaid assistance, \$8.3 billion, the federal food stamp program in the U.S. Department of Agriculture Fund, \$1.6 billion, and the U.S. Department of Health and Human Services Fund, \$1.3 billion.

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

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

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

Total expenses for governmental activities were broken down as follows:



Business-type Activities

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

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

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

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

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

Financial Analysis of the State's Funds

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

General Fund

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

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

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

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

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

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

Public Welfare-Medicaid Assistance Fund

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

Major Moves Construction Fund

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

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

General Fund Budgetary Highlights

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

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

Capital Asset and Debt Administration

Capital Assets

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

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

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

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

Long-term Obligations

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

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

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

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

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

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

Infrastructure

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

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

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

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

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

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

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

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

Economic Factors

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

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

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

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

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

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

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

Contacting the Auditor of State

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

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



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

24 - State of Indiana - Comprehensive Annual Financial Report

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

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

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

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues		Primary Government		Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government:						
Governmental activities:						
General government	\$ 1,476,098	\$ 511,917	\$ 118,007	\$ -	\$ (846,174)	\$ -
Public safety	1,526,556	473,665	200,986	-	(851,905)	(851,905)
Health	409,262	140,498	180,883	-	(87,881)	(87,881)
Welfare	12,546,861	919,557	8,531,477	-	(3,095,827)	(3,095,827)
Conservation, culture and development	555,650	153,828	265,713	-	(136,109)	(136,109)
Education	10,136,785	7,950	1,034,695	-	(9,094,140)	(9,094,140)
Transportation	1,729,731	91,990	1,275,894	-	(361,847)	(361,847)
Unallocated interest expense	216	-	-	-	(216)	-
Total governmental activities	28,381,159	2,299,405	11,607,655	-	(14,474,099)	(14,474,099)
Business-type activities:						
Unemployment Compensation Fund	1,160,585	830,527	670,532	-	340,474	340,474
Malpractice Insurance Authority	2,785	2,112	-	-	(673)	(673)
Inns and Concessions	20,755	23,733	-	-	2,978	2,978
Wabash Memorial Bridge	1,154	618	87	87	(449)	(449)
Total business-type activities	1,185,279	856,990	670,532	87	342,330	342,330
Total primary government	\$ 29,566,438	\$ 3,156,395	\$ 12,278,187	\$ 87	(14,131,769)	-
Component units:						
Governmental	31,365	161	1,501	-	-	(29,703)
Proprietary	2,398,258	1,738,521	595,372	7,578	-	(56,787)
Colleges and universities	6,336,061	3,393,068	1,137,912	63,562	-	(1,741,519)
Total component units	8,765,684	5,131,750	1,734,785	71,140	-	(1,828,009)
General Revenues:						
Income tax		\$ 5,371,040			\$ 5,371,040	\$ -
Sales tax		6,845,294			6,845,294	-
Fuels tax		771,434			771,434	-
Gaming tax		788,636			788,636	1,203
Unemployment tax		80			80	-
Inheritance tax		160,820			160,820	-
Alcohol & Tobacco tax		503,879			503,879	-
Insurance tax		211,987			211,987	-
Financial Institutions tax		121,369			121,369	-
Other tax		261,197			261,197	-
Total taxes		15,035,736			15,035,736	1,203
Revenue not restricted to specific programs:						
Investment earnings		27,990	9	9	27,999	522,739
Payments from State of Indiana		-	-	-	-	1,474,773
Other		58,915	-	-	58,915	582,215
Transfers within primary government		2,769	(2,769)	(2,769)	-	-
Total general revenues and transfers		15,125,410	(2,760)	(2,760)	15,122,650	2,580,930
Changes in net position		651,311	339,570		990,881	752,921
Net position - beginning, as restated		19,218,192	(1,550,822)		17,667,370	11,641,308
Net position - ending		\$ 19,869,503	\$ (1,211,252)		\$ 18,658,251	\$ 12,394,229

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

(amounts expressed in thousands)

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

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

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

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

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

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

(amounts expressed in thousands)

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

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

(amounts expressed in thousands)

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

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

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

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

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

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

(amounts expressed in thousands)

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

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

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

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

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

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

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

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

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

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



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

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

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

June 30, 2013

(amounts expressed in thousands)

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

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

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

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

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



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

(amounts expressed in thousands)

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

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

(amounts expressed in thousands)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS



STATE OF INDIANA

Notes to the Financial Statements
June 30, 2013

I. Summary of Significant Accounting Policies	51
A. Reporting Entity	51
B. Government-Wide and Fund Financial Statements	55
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	55
D. Eliminating Internal Activity	57
E. Assets, Liabilities and Equity	57
1. Deposits, Investments and Securities Lending	57
2. Receivables and Payables	58
3. Interfund Transactions and Balances	59
4. Inventories and Prepaid Items	59
5. Restricted Net Position	59
6. Capital Assets	59
7. Compensated Absences	60
8. Long-Term Obligations	61
9. Fund Balance	61
II. Reconciliation of Government-Wide and Fund Financial Statements	62
A. Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .	62
B. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	62
III. Stewardship, Compliance and Accountability	63
A. Deficit Fund Equity	63
B. Fund Balance	63
IV. Detailed Notes on All Funds	64
A. Deposits, Investments and Securities Lending	64
1. Primary Government – Other than Major Moves and Next Generation Funds, Investment Trust Funds, and Pension and Other Employee Benefit Trust Funds	64
2. Pension and Other Employee Benefit Trust Funds – Primary Government	71
3. Pension Trust Funds – Fiduciary in Nature Component Unit	76
B. Interfund Transactions	86
C. Taxes Receivable/Tax Refunds Payable	90
D. Capital Assets	90
E. Leases	92
F. Long-Term Obligations	93
G. Prior Period Adjustments and Reclassifications	93
V. Other Information	95
A. Risk Management	95
B. Contingencies and Commitments	96
C. Other Revenue	98
D. Economic Stabilization Fund	98
E. Employee Retirement Systems and Plans	98
F. Other Postemployment Benefits – Defined Benefit and Defined Contribution Plans	106
G. Pollution Remediation Obligations	114

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Units

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

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

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

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

Discretely Presented Component Units

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary in Nature Component Unit

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Financial Statement Presentation

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

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

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

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

The following special revenue funds are presented as major.

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

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

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

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

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

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

The State reports the following major enterprise fund:

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

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

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

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

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

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

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

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

D. Eliminating Internal Activity

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

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

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

E. Assets, Liabilities and Equity

1. Deposits, Investments and Securities Lending

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

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

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

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

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

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

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

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

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

2. Receivables and Payables

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

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

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

Sales tax – Due by the 20th day after the end of the month collected.

Fuel tax – Gasoline tax is due the 20th day after the end of the month collected. Special fuel tax, depending on the status of the taxpayer, is due by the 15th day after the end of the month collected or the 15th 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 20th day after the end of the month collected.

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

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

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

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

3. Interfund Transactions and Balances

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

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

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

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

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

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

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

4. Inventories and Prepaid Items

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

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

5. Restricted Net Position

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

6. Capital Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The State’s major collections are:

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

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

7. Compensated Absences

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

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

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

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

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

8. Long-Term Obligations

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

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

9. Fund Balance

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

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

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

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

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

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

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

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

B. Fund Balance

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

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

Investment Policy

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

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

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

Interest Rate Risk

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

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

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

Custodial Credit Risk

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

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

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

Credit Risk

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

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

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

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

Concentration of Credit Risk

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

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

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

Foreign Currency Risk

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

Securities Lending

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

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

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

Cash collateral may be invested. Cash collateral is

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

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

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

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

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

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

Collateral percentage: 102.21%

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

Major Moves Construction Fund/Next Generation Trust Funds

Investment Policy

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

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

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

Interest Rate Risk

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

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

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

Custodial Credit Risk

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

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

Investment Custodial Credit Risk – The custodial

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

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

Credit Risk

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

The investment managers must adhere to the following guidelines:

Intermediate and Core Fixed Income Managers

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

Core Plus Fixed Income Managers

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

Hybrid Fixed Income Managers

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

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

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

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

Concentration of Credit Risk

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

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

FNMA 6.83% \$90,539

Foreign Currency Risk

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

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

Securities Lending

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

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

TrustIndiana, Local Government Investment Pool (Investment Trust Funds)

Investment Policy

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

Valuation of Investments

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

Interest Rate Risk

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

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

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

Custodial Credit Risk

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

At June 30, 2013, the balance of 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:

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

Concentration of Credit Risk

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

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

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

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

Securities Lending

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

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

State Police Pension Fund

Investment Policy

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

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

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

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

Credit Risk

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

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

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

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

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

Interest Rate Risk

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

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

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

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

Securities Lending

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

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

State Employee Retiree Health Benefit Trust Fund-DB

Investment Policy

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

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

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

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

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

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

Credit Risk

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

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

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

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

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

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

Foreign Currency Risk

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

Securities Lending

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

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

Interest Rate Risk

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

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

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

State Employee Retiree Health Benefit Trust Fund-DC

Investment Policy

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

Credit Risk

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

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

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

Custodial Credit Risk

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

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

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

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

Concentration of Credit Risk

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

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

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

Foreign Currency Risk

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

Securities Lending

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

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

Interest Rate Risk

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

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

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

3. Pension Trust Funds – Fiduciary in Nature Component Unit

Indiana Public Retirement System

Investment Guidelines and Limitations

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

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

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

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

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

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

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

Custodial Credit Risk

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

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

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

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

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

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

Interest Rate Risk

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

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

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

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

Credit Risk

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

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

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

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

Concentration of Credit Risk

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

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

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

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

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

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

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

Foreign Currency Risk

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

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

INPRS has exposure to foreign currency fluctuation as follows:

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

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

Securities Lending

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

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

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

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

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

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

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

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

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

Repurchase Agreements

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

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

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

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

Derivative Financial Instruments

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

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

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

Futures

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

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

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

Options

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

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

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

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

Swaps

Interest Rate Swaps

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

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

Inflation Swap

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

Credit Default Swaps

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

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

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

Forwards

Foreign Currency

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

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

Interest Rate Risk

The Fund has exposure to interest rate risk due to

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

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

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

Foreign Currency Risk

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

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

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

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

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

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

B. Interfund Transactions

Interfund Loans

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

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

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

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

Interfund Services Provided/Used

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

internal service funds, for goods and services rendered.

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

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

Due From/Due To

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

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

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

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

Interfund Transfers

Major Governmental Funds

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

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

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

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

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

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

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

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

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

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

Proprietary Funds

Non-Major Enterprise Funds

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

Internal Service Funds

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

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

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

C. Taxes Receivable/Tax Refunds Payable

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

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

D. Capital Assets

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

Primary Government – Governmental Activities

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

Primary Government – Business-Type Activities

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

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

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

E. Leases

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

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

Operating Leases

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

Capital Leases Liabilities

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

F. Long-Term Obligations

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

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

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

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

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

G. Prior Period Adjustments and Reclassifications

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

Prior Period Adjustments

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

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

receivable in the prior year.

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

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

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

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

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

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

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

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

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

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

V. OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

B. Contingencies and Commitments

Litigation

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

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

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

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

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

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

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

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

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

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

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

payments will be available to class members as outlined.

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

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

Other Litigation

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

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

Other Loss Contingencies

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

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

Construction Commitments

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

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

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

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

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

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

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

Encumbrances

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

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

C. Other Revenue

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

D. Economic Stabilization Fund

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

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

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

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

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

E. Employee Retirement Systems and Plans

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

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

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

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

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

State Police Retirement Fund (Presented as a pension fund)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funded Status and Funding Progress As of June

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The State sponsors the following defined contribution plan:

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

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

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

F. Other Postemployment Benefits

Defined Benefit Plans

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

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

Separate financial reports are not issued for these plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

as understood by the employer and plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

	State Personnel Healthcare Plan	Legislature's Healthcare Plan	Indiana State Police Healthcare Plan	Conservation and Excise Police Health Care Plan
Actuarial valuation date	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open	Level dollar amount, open
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	Market Value of Assets	N/A	Market Value of Assets	Market Value of Assets
Actuarial assumptions:				
Inflation rate	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	4.50%	5.25%	4.50%
Projected salary increases	4.00%	4.00%	4.00%	4.00%
Healthcare inflation rate	9.2%	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65	9.2% pre-65 & 10.0% post-65

GASB 45 regulations permit employers to use the most recent available actuarial information up to two years prior to the current period. The State elected to use the actuarial results for the period ending June 30, 2012 projected to June 30, 2013 with adjustments for known experience for the period ending June 30, 2013. There have been no material changes in the retiree health benefits or contribution requirements from the most recent available actuarial valuation for the period ending June 30, 2012. However, the premiums and per capita costs were updated for the current year valuation.

Defined Contribution Plan

Plan Description The State of Indiana sponsors one single employer defined contribution OPEB plan established as a trust fund, the Retiree Health Benefit Trust Fund, in IC 5-10-8-8.5. The State established this trust fund to provide funding for the retiree health benefit plan developed under IC 5-10-8.5. The plan is a benefit to employees who retire

and are eligible for and have received a normal, unreduced or disability retirement benefit (as determined by statutes and codes governing a State public employee retirement fund). Qualified retirees of the State are eligible to receive retirement medical benefits from this Plan. Retirees' and/or covered dependents' qualifying health insurance and medical costs are eligible for reimbursement from their reimbursement account, subject to Plan conditions and limitations.

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

State of Indiana Combining Statement of Fiduciary Net Position June 30, 2013	
	State Employee Retiree Health Benefit Trust Fund - DC
Assets	
Cash, cash equivalents and non-pension investments	\$ 2,154
Contributions	141
Interest	62
Total receivables	203
Pension and other employee benefit investments at fair value:	
Debt Securities	220,035
Total investments at fair value	220,035
Total assets	222,392
Liabilities:	
Accounts/escrows payable	19
Benefits payable	258
Total liabilities	277
Net Position	
Restricted for:	
OPEB benefits	222,115
Total net position	\$ 222,115

state government to pay for participants' medical insurance after retirement. Legislation passed by the 2012 Indiana General Assembly removed from eligibility in the DC plan all Conservation Officers, all Excise Officers, and employees of the Indiana State Police who did not previously waive coverage under the agency's DB plan. Benefits are entitled to be received from this account for a participant who: a) is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under the Public Employees' Retirement Fund; or b) has completed at least 10 years of service as an elected or appointed officer; or c) has completed at least 15 years of service with the state for an employee. A surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.

The trust meets the requirements of a qualified OPEB trust. The trust is qualified under section 115 of the Internal Revenue Code.

Contributions The State is required to make annual contributions to the account based on the following schedule:

State of Indiana Combining Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2013	
	State Employee Retiree Health Benefit Trust Fund - DC
Additions:	
Employer contributions	\$ 22,245
Net investment income (loss)	285
Total additions	22,530
Deductions:	
Retiree health benefits	14,651
Administrative	111
Total deductions	14,762
Net increase (decrease) in net position	7,768
Net position restricted for pension and other employee benefits, July 1, as restated:	
OPEB benefits	214,347
Net position restricted for pension and other employee benefits, June 30	\$ 222,115

Employee's Age	Annual State Contributions
Less than 30	\$500
At least 30, but less than 40	\$800
At least 40, but less than 50	\$1,100
At least 50	\$1,400

An additional bonus contribution is to be made upon a participant's retirement with normal unreduced benefits if the retirement occurs between July 1, 2007 and July 1, 2017, and the retiree on the last day of service has completed at least 15 years of service or 10 years of service as an elected or appointed officer. The additional bonus contribution amount is one thousand dollars (\$1,000) multiplied by the participant's years of service (rounded down to the nearest whole year).

At June 30, 2013, the plan participants consisted of:

Plan Provisions Benefit provisions for this plan are established or may be amended by the State legislature. The State Budget Agency of the State of Indiana is the administrator of the plan pursuant to Indiana Code 5-10-8-8.5. The plan establishes a retirement medical benefits account for elected officers, appointed officers, and most employees of the executive, legislative, and judicial branches of

Description	Number
Active participants with accounts, not yet retired	28,567
Retired participants with accounts	5,082
Total	33,649

At June 30, 2013, plan participants' retirement medical plan account balances totaled \$250.9 million which consisted of \$150.3 million in unretired active participants' accounts and \$100.6 million in retired participants' accounts.

This plan is a defined contribution individual account for GASB 45 purposes. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in the Retiree Health Benefit Trust Fund created by the State as a dedicated trust fund.

The trust fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. Cigarette tax revenues to the fund were suspended effective July 1, 2011 and are to resume on July 1, 2013. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.

The annual required contribution for the fiscal year ending June 30, 2012 was \$34.4 million. For the fiscal year ending June 30, 2013, \$22.2 million was contributed by state agencies that are funded by federal or dedicated funds for their portion of funding. The accumulated General Fund balance held by the trust covered the remainder of the annual required contribution. The retiree contribution includes the bonus contributions of \$1,000 per year of service to employees retiring after July 1, 2007 who also met certain minimum age and service requirements.

G. Pollution Remediation Obligations

Nature and source of pollution remediation obligations:

Three state agencies have identified themselves as responsible or potentially responsible parties to remediate fifty-one pollution sites pursuant to the State's implementation of GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations effective July 1, 2008. Obligating events for the cleanup of these sites include the federal Superfund law, being named by a regulator to remediate hazardous wastes and contamination, violation of the Resource Conservation and Recovery Act, and voluntarily assuming responsibility because of imminent threats to human health and the environment.

Amount of the estimated liability, methods and assumptions used for the estimate, and the potential for changes:

The State's total estimated liability is \$44.7 million of which \$5.4 million is estimated to be payable within one year and \$39.3 million estimated to be payable in more than one year. State agencies calculated their estimated liabilities using various approaches including existing agreements, contractor bids/surveys, records of decisions from regulators, matching requirements under the Superfund law, previous actual costs to cleanup similar sites, investigation activities, well known and recognized estimation methods, and through the sampling and knowing the size and volume of existing contamination at a site. Superfund site estimated liabilities also applied a rolling thirty year liability as this was the number of years determined to be reasonably estimable. The estimated liabilities of state agencies are subject to annual review and adjustment for changes in agreements, laws, regulations, court decisions, price increases or decreases for goods and services used in cleanup, and other relevant changes that come to light.

Estimated recoveries reducing the liability:

The estimated recoveries total \$18.2 million. Of this total, \$0.09 million is unrealizable or has not yet been realized and has been applied to reduce the State's total estimated liability. Estimated recoveries include the proceeds from the sale of stock, bankruptcy court settlements, coverage of allowable costs by the State's Excess Liability Trust Fund (ELTF), and credits received for work performed on Superfund sites. The ELTF state law states that if insufficient funds exist to pay claims neither the State nor the Fund are liable for unpaid claims. The State recognized \$4.3 million of program revenue for four sites whose realized recoveries exceeded the pollution remediation liability.

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	-----Fiduciary in Nature Component Unit-----						
		SPRF	PERF - State	EGC	JRS	PARF	LRS	TRF - Pre- 1996 Account
Valuation Date: July 1, 2013								
Actuarial value of assets	\$	465,961	\$ 4,415,371	\$ 98,608	\$ 381,240	\$ 48,762	\$ 3,428	\$ 5,235,104
Actuarial accrued liability (AAL)		523,216	5,690,281	118,097	453,110	61,940	4,295	16,462,379
Excess of assets over (unfunded) AAL		(57,255)	(1,274,910)	(19,489)	(71,870)	(13,178)	(867)	(11,227,275)
Funded ratio		89%	78%	83%	84%	79%	80%	32%
Covered payroll		64,347	1,647,454	26,201	46,967	21,217	*	1,383,428
Excess (unfunded) AAL as a percentage of covered payroll		-89%	-77%	-74%	-153%	-62%	*	-812%
Valuation Date: July 1, 2012								
Actuarial value of assets	\$	372,177	\$ 4,141,524	\$ 76,007	\$ 260,096	\$ 27,501	\$ 3,377	\$ 4,978,107
Actuarial accrued liability (AAL)		504,814	5,542,414	113,283	437,854	56,080	4,503	16,522,015
Excess of assets over (unfunded) AAL		(132,637)	(1,400,890)	(37,276)	(177,758)	(28,579)	(1,126)	(11,543,908)
Funded ratio		74%	75%	67%	59%	49%	75%	30%
Covered payroll		66,083 **	1,648,023	25,752	45,138	21,705	*	1,637,066
Excess (unfunded) AAL as a percentage of covered payroll		-201%	-85%	-145%	-394%	-132%	*	-705%
Valuation Date: July 1, 2011								
Actuarial value of assets	\$	361,457	\$ 4,158,786	\$ 72,599	\$ 248,623	\$ 25,651	\$ 3,634	\$ 5,227,402
Actuarial accrued liability (AAL)		470,852	5,264,131	101,534	400,274	53,252	4,621	16,318,404
Excess of assets over (unfunded) AAL		(109,395)	(1,105,345)	(28,935)	(151,651)	(27,601)	(987)	(11,091,002)
Funded ratio		77%	79%	72%	62%	48%	79%	32%
Covered payroll		64,948	1,641,686	24,028	45,764	18,082	*	1,762,750
Excess (unfunded) AAL as a percentage of covered payroll		-168%	-67%	-120%	-331%	-153%	*	-629%
<p>SPRF - State Police Retirement Fund (Administered by the Treasurer of the State of Indiana) PERF - Public Employees' Retirement Fund (Administered by the INPRS Board of Trustees) EGC - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the INPRS Board of Trustees) JRS - Judges' Retirement System (Administered by the INPRS Board of Trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the INPRS Board of Trustees) LRS - Legislators' Retirement System (Administered by the INPRS Board of Trustees) TRF - Teachers' Retirement Fund (Administered by the INPRS Board of Trustees)</p> <p>* The benefit formula is determined based on service rather than compensation. July 1, 2013: The unfunded liability is expressed per active participant and there were 24 active participants. The unfunded liability per active participant was \$36,139; July 1, 2012: The unfunded liability is expressed per active participant and there were 6 active participants. The unfunded liability per active participant was \$187,726; July 1, 2011: The unfunded liability is expressed per active participant and there were 7 active participants. The unfunded liability per active participant was \$141,021.</p> <p>** 2013 schedule information is corrected from that reported in the 2012 schedule.</p>								

Schedule of Funding Progress Other Postemployment Benefits

(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
State Personnel Healthcare Plan						
6/30/2013	\$ 44,011	\$ 39,999	\$ (4,012)	110.0%	\$ 1,208,402	-0.3%
6/30/2012	44,008	36,643	(7,365)	120.1%	1,166,823	-0.6%
6/30/2011	14,007	37,733	23,726	37.1%	1,187,028	2.0%
Legislature's Healthcare Plan						
6/30/2013	-	12,078	12,078	0.0%	1,696	712.1%
6/30/2012	-	11,956	11,956	0.0%	1,787	669.1%
6/30/2011	-	9,092	9,092	0.0%	1,696	536.1%
Indiana State Police Healthcare Plan						
6/30/2013	21,133	297,104	275,971	7.1%	87,040 *	317.1%
6/30/2012	17,033	291,148	274,115	5.9%	87,040	314.9%
6/30/2011	5,280	306,132	300,852	1.7%	86,192	349.0%
Conservation and Excise Police Healthcare Plan						
6/30/2013	7,446	38,810	31,364	19.2%	25,532	122.8%
6/30/2012	5,773	41,804	36,031	13.8%	24,931 **	144.5%
6/30/2011	-	49,510	49,510	0.0%	24,595 **	201.3%

Notes:

* Covered payroll is from the June 30, 2012 actuarial results.

** 2012 and 2011 covered payroll for Conservation and Excise Police Healthcare Plan are corrected from prior year.

Schedule of Employer Contributions Other Postemployment Benefits

(amounts expressed in thousands)

Year Ended June 30	State Personnel Healthcare Plan			Legislature's Healthcare Plan			Indiana State Police Healthcare Plan			Conservation and Excise Police Healthcare Plan			Retiree Health Benefit Trust Fund		
	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	Annual Required Contribution	Annual Percentage Contributed	
2013	\$ 941	446.9%	\$ 827	64.5%	\$ 27,419	42.6%	\$ 3,053	94.8%	\$ 34,400	*	100.0%				
2012	2,964	1141.9%	815	59.9%	27,794	67.0%	3,675	187.5%	34,400		100.0%				
2011	4,664	362.8%	561	62.8%	30,155	45.7%	4,423	30.2%	52,075		100.0%				

* This is the annual required contribution for the fiscal year ending June 30, 2012.

Budgetary Information

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds. The General Assembly enacts the budget through passage of specific appropriations.

The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one appropriation, fund, or agency of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law, but only when: (1) the uses and purposes to which the funds are transferred are uses and purposes which the agency is permitted or required to perform; and (2) and the transfers are within the same agency of the state to which the appropriation was originally made. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund, certain recurring expenditures are not budgeted (medical service payments, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all funds regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	General Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 5,743,344	\$ 5,743,344	\$ 5,516,096	\$ (227,248)
Sales	6,796,200	6,796,200	6,799,250	3,050
Gaming	673,800	673,800	77,572	(596,228)
Inheritance	145,000	145,000	165,479	20,479
Alcohol and tobacco	282,700	282,700	300,698	17,998
Insurance	177,200	177,200	207,775	30,575
Other	279,167	279,167	242,575	(36,592)
Total taxes	14,097,411	14,097,411	13,309,445	(787,966)
Current service charges	147,464	147,464	200,062	52,598
Investment income	25,000	25,000	28,203	3,203
Sales/rents	615	615	1,391	776
Grants	-	-	11,733	11,733
Other	134,482	134,482	57,524	(76,958)
Total revenues	14,404,972	14,404,972	13,608,358	(796,614)
Expenditures:				
Current:				
General government	1,284,544	2,403,649	1,766,895	636,754
Public safety	808,271	826,438	763,974	62,464
Health	39,008	51,243	38,805	12,438
Welfare	3,828,218	3,303,849	805,593	2,498,256
Conservation, culture and development	114,475	113,789	54,613	59,176
Education	9,135,294	9,190,852	8,914,685	276,167
Transportation	43,891	44,814	1,071	43,743
Total expenditures	15,253,701	15,934,634	12,345,636	3,588,998
Excess of revenues over (under) expenditures	(848,729)	(1,529,662)	1,262,722	(2,792,384)
Other financing sources (uses):				
Total other financing sources (uses)	(1,516,357)	(1,516,357)	(1,516,357)	-
Net change in fund balances	\$ (2,365,086)	\$ (3,046,019)	(253,635)	\$ 2,792,384
Fund balances July 1, as restated			2,646,859	
Fund balances June 30			\$ 2,393,224	

Public Welfare-Medicaid Assistance				Major Moves Construction Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
677,313	677,313	1,001,125	323,812	-	-	-	-
-	-	-	-	59,144	59,144	24,639	(34,505)
4,573,095	4,573,095	5,947,972	1,374,877	-	-	-	-
20,552	20,552	33,630	13,078	-	-	-	-
5,270,960	5,270,960	6,982,727	1,711,767	59,144	59,144	24,639	(34,505)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	11,503,438	8,781,256	2,722,182	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	50,000	86,000	10,153	75,847
-	11,503,438	8,781,256	2,722,182	50,000	86,000	10,153	75,847
5,270,960	(6,232,478)	(1,798,529)	(4,433,949)	9,144	(26,856)	14,486	(41,342)
1,598,243	1,598,243	1,598,243	-	(412,706)	(412,706)	(412,706)	-
<u>\$ 6,869,203</u>	<u>\$ (4,634,235)</u>	<u>(200,286)</u>	<u>\$ 4,433,949</u>	<u>\$ (403,562)</u>	<u>\$ (439,562)</u>	<u>(398,220)</u>	<u>\$ 41,342</u>
		620,909				1,176,732	
		<u>\$ 420,623</u>				<u>\$ 778,512</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)	GENERAL FUND	PUBLIC WELFARE- MEDICAID ASSIS	MAJOR MOVES CONSTRUCTION FUND	Total
Net change in fund balances (budgetary basis)	\$ (253,635)	\$ (200,286)	\$ (398,220)	\$ (852,141)
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:				
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	(81,240)	(358,108)	(8,832)	(448,180)
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	281,981	519,224	(303)	800,901
Net change in fund balances (GAAP basis)	\$ (52,894)	\$ (39,170)	\$ (407,356)	\$ (499,420)

Infrastructure - Modified Reporting Condition Rating of the State's Highways and Bridges

Roads	Average International Roughness Index (IRI)		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Roads (excluding Rest Areas and Weigh Stations)	79.1%	82.8%	82.6%
NHS Roads - Non-Interstate (excluding Rest Areas and Weigh Stations)	87.3%	84.4%	83.6%
Non-NHS Roads	95.7%	94.2%	94.3%

The condition of road pavement is based on the International Roughness Index (IRI), which is a measure of the roughness of the pavement in terms of inches per mile, and applies both to Portland cement concrete (PCC) and hot mix asphalt (HMA) pavements. IRI's range from zero for a pavement that is perfectly smooth to ratings above 170 for a pavement that warrants replacement. The condition index is used to classify roads in excellent condition (0-79), good condition (80-114), satisfactory condition (115-149), fair condition (150-169), and poor condition (above 170). It is the State's policy to maintain a network average of no more than 95 IRI. Condition assessments are determined on an annual basis for all roads maintained by INDOT. The ratings provided are based on data gathered during the summer (May to October) for each fiscal year. The data is evaluated and compared to standard criteria by the end of the fiscal year.

Bridges	Average Sufficiency Rating		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interstate Bridges	90.1%	89.1%	88.9%
NHS Bridges - Non-Interstate	89.7%	89.9%	89.9%
Non-NHS Bridges	88.8%	88.0%	87.4%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

Infrastructure - Modified Reporting
Comparison of Needed-to-Actual Maintenance/Preservation
(amounts expressed in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Roads					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 189,542	\$ 205,878	\$ 222,707	\$ 241,935	\$ 263,764
Actual	123,699	165,740	194,727	226,401	246,089
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	282,843	296,337	314,282	381,433	391,641
Actual	298,356	337,507	364,173	423,949	571,000
Roads at State Institutions and Properties					
Needed	1,030	1,699	2,046	2,073	1,734
Actual	3,132	5,183	3,386	1,635	4,884
Total					
Needed	473,415	503,914	539,035	625,441	657,139
Actual	425,187	508,430	562,286	651,985	821,973
Bridges					
Interstate Bridges					
Needed	\$ 46,568	\$ 55,371	\$ 62,746	\$ 75,181	\$ 82,668
Actual	36,820	58,245	54,505	51,416	37,931
NHS Bridges - Non-Interstate					
Needed	51,418	41,395	27,240	25,706	24,438
Actual	28,553	26,733	27,085	24,299	7,794
Non-NHS Bridges					
Needed	76,918	106,891	84,736	79,055	48,214
Actual	80,470	102,491	73,713	60,861	39,707
Bridges at State Institutions and Properties					
Needed	-	1	-	5	-
Actual	752	108	-	354	253
Total					
Needed	174,904	203,658	174,722	179,947	155,320
Actual	146,595	187,577	155,303	136,930	85,685

Data provided by Comparative Report of Preservation Costs

OTHER SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Special Revenue Funds."

The following funds are used to account for transportation and motor vehicle related programs:

- Motor Vehicle Highway
- Motor Vehicle Commission
- Road & Street, Primary Highway
- State Highway Department

The following funds are used to account for health and environmental programs:

- Indiana Check-Up Plan
- Patients Compensation Fund
- Tobacco Settlement Fund

The following funds are used to receive and distribute certain revenues to the proper sources:

- State Gaming Fund
- Build Indiana Fund

The following fund is used to account for federal and non-federal programs:

- Fund 6000 Programs

The following fund is used to provide low interest construction and technology loans for qualifying schools:

- Common School Fund

The following funds are used to account for federal grant programs:

- U.S. Department of Agriculture
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Department of Education
- U.S. Department of Health and Human Services

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital project funds account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Capital Projects Funds."

State Police Building Commission Fund – This fund accounts for new construction, rehabilitation and preventative maintenance for this state commission.

Post War Construction Fund – This fund accounts for new construction, rehabilitation and preventative maintenance of penal, benevolent and charitable institutions of the state.

PERMANENT FUNDS

Permanent Funds account for resources of the State that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support State programs. Funds of material significance are presented separately in these combining statements. All other funds are included under the description "Other Non-Major Permanent Funds."

Next Generation Trust Fund - This fund is used to hold title to proceeds transferred to the trust under IC 8-15.5-11. The interest is appropriated every five years beginning March 15, 2011 and is to be used exclusively for the provision of highways, roads, and bridges for the benefit of the people of Indiana and the users of those facilities.

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

	<u>Non-Major Special Revenue Funds</u>	<u>Non-Major Capital Projects Funds</u>	<u>Non-Major Permanent Funds</u>	<u>Total</u>
ASSETS				
Cash, cash equivalents and investments-unrestricted	\$ 2,489,334	\$ 45,750	\$ 577,968	\$ 3,113,052
Receivables:				
Taxes (net of allowance for uncollectible accounts)	165,864	1,956	-	167,820
Accounts	54,195	93	-	54,288
Grants	284,852	-	-	284,852
Interest	167	-	2	169
Interfund loans	8,000	-	-	8,000
Due from component unit	3,389	-	-	3,389
Prepaid expenditures	850	72	-	922
Loans	368,591	-	-	368,591
Other	6	-	5	11
Total assets	<u>3,375,248</u>	<u>47,871</u>	<u>577,975</u>	<u>4,001,094</u>
Total assets and deferred outflow of resources	<u>\$ 3,375,248</u>	<u>\$ 47,871</u>	<u>\$ 577,975</u>	<u>\$ 4,001,094</u>
LIABILITIES				
Accounts payable	\$ 550,265	\$ 1,553	\$ -	\$ 551,818
Salaries and benefits payable	45,988	-	-	45,988
Interfund loans	88,620	709	-	89,329
Interfund services used	4,844	-	-	4,844
Intergovernmental payable	121,744	-	-	121,744
Tax refunds payable	5,516	-	-	5,516
Unearned revenue	67,756	8	-	67,764
Accrued liability for compensated absences-current	3,756	-	-	3,756
Other payables	7	-	5	12
Total liabilities	<u>888,496</u>	<u>2,270</u>	<u>5</u>	<u>890,771</u>
FUND BALANCE				
Nonspendable:	-	-	520,665	520,665
Committed:	1,024,379	-	57,305	1,081,684
Assigned:	1,638,313	46,310	-	1,684,623
Unassigned:	(175,940)	(709)	-	(176,649)
Total fund balance	<u>2,486,752</u>	<u>45,601</u>	<u>577,970</u>	<u>3,110,323</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 3,375,248</u>	<u>\$ 47,871</u>	<u>\$ 577,975</u>	<u>\$ 4,001,094</u>

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

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Total
Revenues:				
Taxes:				
Income	\$ 201	\$ -	\$ -	\$ 201
Sales	10,355	-	-	10,355
Fuels	765,519	-	-	765,519
Gaming	710,921	-	-	710,921
Unemployment	80	-	-	80
Alcohol and tobacco	159,250	19,049	-	178,299
Insurance	4,497	-	-	4,497
Financial Institutions	120,571	-	-	120,571
Other	24,977	-	-	24,977
Total taxes	1,796,371	19,049	-	1,815,420
Current service charges	1,220,162	1,786	-	1,221,948
Investment income	2,166	-	10,042	12,208
Sales/rents	20,043	-	-	20,043
Grants	5,582,391	-	-	5,582,391
Other	57,616	-	-	57,616
Total revenues	8,678,749	20,835	10,042	8,709,626
Expenditures:				
Current:				
General government	403,989	-	-	403,989
Public safety	841,120	-	-	841,120
Health	368,664	-	-	368,664
Welfare	3,094,565	-	-	3,094,565
Conservation, culture and development	501,767	-	668	502,435
Education	1,369,046	-	-	1,369,046
Transportation	2,552,805	-	65	2,552,870
Capital outlay	-	14,006	-	14,006
Total expenditures	9,131,956	14,006	733	9,146,695
Excess (deficiency) of revenues over (under) expenditures	(453,207)	6,829	9,309	(437,069)
Other financing sources (uses):				
Transfers in	2,475,309	3,516	318	2,479,143
Transfers (out)	(2,075,467)	(76,144)	-	(2,151,611)
Proceeds from capital lease	3,430	-	-	3,430
Total other financing sources (uses)	403,272	(72,628)	318	330,962
Net change in fund balances	(49,935)	(65,799)	9,627	(106,107)
Fund Balance July 1, as restated	2,536,687	111,400	568,343	3,216,430
Fund Balance June 30	\$ 2,486,752	\$ 45,601	\$ 577,970	\$ 3,110,323

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013
(amounts expressed in thousands)

	<u>STATE GAMING FUND</u>	<u>MOTOR VEHICLE HIGHWAY</u>	<u>MOTOR VEHICLE COMMISSION</u>	<u>BUILD INDIANA FUND</u>
ASSETS				
Cash, cash equivalents and investments- unrestricted	\$ 2,318	\$ 46,708	\$ 12,557	\$ 5,244
Receivables:				
Taxes (net of allowance for uncollectible accounts)	11,772	10,385	-	-
Accounts	-	5,127	3,224	-
Grants	-	-	-	-
Interest	-	-	-	-
Interfund loans	-	8,000	-	-
Due from component unit	-	-	-	3,389
Prepaid expenditures	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Total assets	<u>14,090</u>	<u>70,220</u>	<u>15,781</u>	<u>8,633</u>
Total assets and deferred outflow of resources	<u>\$ 14,090</u>	<u>\$ 70,220</u>	<u>\$ 15,781</u>	<u>\$ 8,633</u>
LIABILITIES				
Accounts payable	\$ 31	\$ 2,974	\$ 2,072	\$ 18
Salaries and benefits payable	158	923	1,792	9
Interfund loans	-	-	-	-
Interfund services used	28	950	69	-
Intergovernmental payable	83	23,832	-	-
Tax refunds payable	-	2,556	-	-
Unearned revenue	-	6,644	-	-
Accrued liability for compensated absences- current	17	30	149	1
Other payables	-	-	-	-
Total liabilities	<u>317</u>	<u>37,909</u>	<u>4,082</u>	<u>28</u>
FUND BALANCE				
Committed:	11,156	-	-	-
Assigned:	2,617	32,311	11,699	8,605
Unassigned:	-	-	-	-
Total fund balance	<u>13,773</u>	<u>32,311</u>	<u>11,699</u>	<u>8,605</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 14,090</u>	<u>\$ 70,220</u>	<u>\$ 15,781</u>	<u>\$ 8,633</u>

<u>STATE HIGHWAY FUND</u>	<u>INDIANA CHECK- UP PLAN</u>	<u>FUND 6000 PROGRAMS</u>	<u>PATIENTS COMPENSATION FUND</u>	<u>ROAD & STREET, PRIMARY HIGHWAY</u>
\$ 412,519	\$ 316,442	\$ 320,309	\$ 193,745	\$ 5,319
2,969	20,225	45,291	-	13,092
6,553	-	13,574	11,304	459
345	-	1,594	-	-
78	-	3	45	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,124	-	359	-	-
-	-	-	6	-
<u>435,588</u>	<u>336,667</u>	<u>381,130</u>	<u>205,100</u>	<u>18,870</u>
<u>\$ 435,588</u>	<u>\$ 336,667</u>	<u>\$ 381,130</u>	<u>\$ 205,100</u>	<u>\$ 18,870</u>
\$ 48,007	\$ 11,705	\$ 4,147	\$ 113,070	\$ -
12,290	4	1,162	26	-
8,000	-	-	-	-
498	-	148	1	-
-	-	1,319	-	6,829
-	-	2,886	-	-
741	8,668	40,335	-	5,615
1,099	-	46	1	-
-	-	-	6	-
<u>70,635</u>	<u>20,377</u>	<u>50,043</u>	<u>113,104</u>	<u>12,444</u>
-	316,290	10,813	-	-
364,953	-	320,274	91,996	6,426
-	-	-	-	-
<u>364,953</u>	<u>316,290</u>	<u>331,087</u>	<u>91,996</u>	<u>6,426</u>
<u>\$ 435,588</u>	<u>\$ 336,667</u>	<u>\$ 381,130</u>	<u>\$ 205,100</u>	<u>\$ 18,870</u>

continued on next page

State of Indiana
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013
(amounts expressed in thousands)

	<u>TOBACCO SETTLEMENT FUND</u>	<u>COMMON SCHOOL FUND</u>	<u>US DEPARTMENT OF AGRICULTURE</u>	<u>US DEPARTMENT OF LABOR</u>
ASSETS				
Cash, cash equivalents and investments-unrestricted	\$ 98,741	\$ 211,099	\$ 35,794	\$ 1,190
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	-	-	-
Accounts	-	-	-	180
Grants	-	-	2,702	5,803
Interest	6	7	-	-
Interfund loans	-	-	-	-
Due from component unit	-	-	-	-
Prepaid expenditures	-	-	-	-
Loans	-	351,874	-	-
Other	-	-	-	-
Total assets	<u>98,747</u>	<u>562,980</u>	<u>38,496</u>	<u>7,173</u>
Total assets and deferred outflow of resources	<u>\$ 98,747</u>	<u>\$ 562,980</u>	<u>\$ 38,496</u>	<u>\$ 7,173</u>
LIABILITIES				
Accounts payable	\$ 3,122	\$ -	\$ 4,034	\$ 1,736
Salaries and benefits payable	106	-	316	3,218
Interfund loans	-	-	-	-
Interfund services used	8	-	19	689
Intergovernmental payable	-	-	11,334	-
Tax refunds payable	-	-	-	-
Unearned revenue	-	-	-	-
Accrued liability for compensated absences-current	5	-	30	255
Other payables	-	-	-	-
Total liabilities	<u>3,241</u>	<u>-</u>	<u>15,733</u>	<u>5,898</u>
FUND BALANCE				
Committed:	-	562,980	-	-
Assigned:	95,506	-	22,763	1,275
Unassigned:	-	-	-	-
Total fund balance	<u>95,506</u>	<u>562,980</u>	<u>22,763</u>	<u>1,275</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 98,747</u>	<u>\$ 562,980</u>	<u>\$ 38,496</u>	<u>\$ 7,173</u>

<u>US DEPARTMENT OF TRANSPORTATION</u>	<u>US DEPARTMENT OF EDUCATION</u>	<u>US DEPARTMENT OF HEALTH & HUMAN SERVICES</u>	<u>OTHER NON- MAJOR SPECIAL REVENUE FUNDS</u>	<u>TOTAL</u>
\$ 14,687	\$ 22,149	\$ -	\$ 790,513	\$ 2,489,334
-	-	-	62,130	165,864
1,320	-	-	12,454	54,195
130,486	12,085	83,283	48,554	284,852
-	-	-	28	167
-	-	-	-	8,000
-	-	-	-	3,389
850	-	-	-	850
-	-	-	3,234	368,591
-	-	-	-	6
<u>147,343</u>	<u>34,234</u>	<u>83,283</u>	<u>916,913</u>	<u>3,375,248</u>
<u>\$ 147,343</u>	<u>\$ 34,234</u>	<u>\$ 83,283</u>	<u>\$ 916,913</u>	<u>\$ 3,375,248</u>
\$ 174,194	\$ 11,278	\$ 82,043	\$ 91,834	\$ 550,265
65	2,155	11,539	12,225	45,988
-	-	80,620	-	88,620
7	78	1,414	935	4,844
-	76,319	-	2,028	121,744
-	-	-	74	5,516
-	-	-	5,753	67,756
1	202	885	1,035	3,756
-	-	-	1	7
<u>174,267</u>	<u>90,032</u>	<u>176,501</u>	<u>113,885</u>	<u>888,496</u>
-	-	-	123,140	1,024,379
-	-	-	679,888	1,638,313
(26,924)	(55,798)	(93,218)	-	(175,940)
<u>(26,924)</u>	<u>(55,798)</u>	<u>(93,218)</u>	<u>803,028</u>	<u>2,486,752</u>
<u>\$ 147,343</u>	<u>\$ 34,234</u>	<u>\$ 83,283</u>	<u>\$ 916,913</u>	<u>\$ 3,375,248</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>STATE GAMING FUND</u>	<u>MOTOR VEHICLE HIGHWAY</u>	<u>MOTOR VEHICLE COMMISSION</u>	<u>BUILD INDIANA FUND</u>
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	383,893	-	-
Gaming	685,590	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	<u>685,590</u>	<u>383,893</u>	<u>-</u>	<u>-</u>
Current service charges	2,077	272,333	108,036	164,815
Investment income	-	-	-	-
Sales/rents	-	30	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	<u>687,667</u>	<u>656,256</u>	<u>108,036</u>	<u>164,815</u>
Expenditures:				
Current:				
General government	133,494	-	-	9
Public safety	-	189,813	83,975	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	470
Education	-	253	-	4,264
Transportation	-	276,722	-	-
Total expenditures	<u>133,494</u>	<u>466,788</u>	<u>83,975</u>	<u>4,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>554,173</u>	<u>189,468</u>	<u>24,061</u>	<u>160,072</u>
Other financing sources (uses):				
Transfers in	918	97,161	-	85,327
Transfers (out)	(570,247)	(281,171)	(17,852)	(247,617)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	<u>(569,329)</u>	<u>(184,010)</u>	<u>(17,852)</u>	<u>(162,290)</u>
Net change in fund balances	(15,156)	5,458	6,209	(2,218)
Fund Balance July 1, as restated	28,929	26,853	5,490	10,823
Fund Balance June 30	\$ 13,773	\$ 32,311	\$ 11,699	\$ 8,605

STATE HIGHWAY FUND	INDIANA CHECK- UP PLAN	FUND 6000 PROGRAMS	PATIENTS COMPENSATION FUND	ROAD & STREET, PRIMARY HIGHWAY
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,989	-	-
29,446	-	4,218	-	193,511
-	-	339	-	-
-	-	57	-	-
-	122,872	-	-	-
-	-	-	-	-
-	-	120,571	-	-
-	-	21,208	-	-
<u>29,446</u>	<u>122,872</u>	<u>148,382</u>	<u>-</u>	<u>193,511</u>
33,702	-	90,701	98,578	17,800
159	-	95	234	-
1,856	-	7,164	-	-
2,269	-	16,095	-	-
43,796	-	5,903	-	-
<u>111,228</u>	<u>122,872</u>	<u>268,340</u>	<u>98,812</u>	<u>211,311</u>
-	-	100,035	-	-
-	-	24,012	229,845	-
-	113,439	647	-	-
-	-	996	-	-
-	-	13,044	-	-
-	-	8,713	-	-
737,140	-	1,952	-	73,548
<u>737,140</u>	<u>113,439</u>	<u>149,399</u>	<u>229,845</u>	<u>73,548</u>
<u>(625,912)</u>	<u>9,433</u>	<u>118,941</u>	<u>(131,033)</u>	<u>137,763</u>
870,026	-	55,972	-	-
(183,815)	-	(133,306)	(9)	(139,608)
3,430	-	-	-	-
<u>689,641</u>	<u>-</u>	<u>(77,334)</u>	<u>(9)</u>	<u>(139,608)</u>
63,729	9,433	41,607	(131,042)	(1,845)
<u>301,224</u>	<u>306,857</u>	<u>289,480</u>	<u>223,038</u>	<u>8,271</u>
<u>\$ 364,953</u>	<u>\$ 316,290</u>	<u>\$ 331,087</u>	<u>\$ 91,996</u>	<u>\$ 6,426</u>

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State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	TOBACCO SETTLEMENT FUND	COMMON SCHOOL FUND	US DEPARTMENT OF AGRICULTURE	US DEPARTMENT OF LABOR
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial Institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	132,476	5,133	208	436
Investment income	1,229	8	-	-
Sales/rents	-	-	-	-
Grants	-	-	1,976,477	145,560
Other	20	122	6	10
Total revenues	<u>133,725</u>	<u>5,263</u>	<u>1,976,691</u>	<u>146,006</u>
Expenditures:				
Current:				
General government	-	1	318	-
Public safety	-	-	3,290	5,202
Health	43,723	-	110,016	-
Welfare	-	-	1,564,007	2,349
Conservation, culture and development	-	-	2,808	138,442
Education	-	-	362,787	82
Transportation	-	-	-	-
Total expenditures	<u>43,723</u>	<u>1</u>	<u>2,043,226</u>	<u>146,075</u>
Excess (deficiency) of revenues over expenditures	<u>90,002</u>	<u>5,262</u>	<u>(66,535)</u>	<u>(69)</u>
Other financing sources (uses):				
Transfers in	-	-	58,655	2,669
Transfers (out)	(87,539)	-	(289)	(1,699)
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses)	<u>(87,539)</u>	<u>-</u>	<u>58,366</u>	<u>970</u>
Net change in fund balances	2,463	5,262	(8,169)	901
Fund Balance July 1, as restated	93,043	557,718	30,932	374
Fund Balance June 30	<u>\$ 95,506</u>	<u>\$ 562,980</u>	<u>\$ 22,763</u>	<u>\$ 1,275</u>

US DEPARTMENT OF TRANSPORTATION	US DEPARTMENT OF EDUCATION	US DEPARTMENT OF HEALTH & HUMAN SERVICES	OTHER NON- MAJOR SPECIAL REVENUE FUNDS	Total
\$ -	\$ -	\$ -	\$ 201	\$ 201
-	-	-	8,366	10,355
-	-	-	154,451	765,519
-	-	-	24,992	710,921
-	-	-	23	80
-	-	-	36,378	159,250
-	-	-	4,497	4,497
-	-	-	-	120,571
-	-	-	3,769	24,977
-	-	-	232,677	1,796,371
-	25	1,025	292,817	1,220,162
-	-	-	441	2,166
-	-	-	10,993	20,043
1,210,557	729,462	1,020,432	481,539	5,582,391
-	46	100	7,613	57,616
<u>1,210,557</u>	<u>729,533</u>	<u>1,021,557</u>	<u>1,026,080</u>	<u>8,678,749</u>
283	819	14,200	154,830	403,989
18,521	2,107	8,835	275,520	841,120
42	-	91,125	9,672	368,664
21	86,076	1,272,671	168,445	3,094,565
1,980	32,044	-	312,979	501,767
-	700,135	3,961	288,851	1,369,046
1,286,949	-	-	176,494	2,552,805
<u>1,307,796</u>	<u>821,181</u>	<u>1,390,792</u>	<u>1,386,791</u>	<u>9,131,956</u>
<u>(97,239)</u>	<u>(91,648)</u>	<u>(369,235)</u>	<u>(360,711)</u>	<u>(453,207)</u>
176,393	45,487	455,615	627,086	2,475,309
(25,235)	(774)	(71,588)	(314,718)	(2,075,467)
-	-	-	-	3,430
<u>151,158</u>	<u>44,713</u>	<u>384,027</u>	<u>312,368</u>	<u>403,272</u>
53,919	(46,935)	14,792	(48,343)	(49,935)
<u>(80,843)</u>	<u>(8,863)</u>	<u>(108,010)</u>	<u>851,371</u>	<u>2,536,687</u>
<u>\$ (26,924)</u>	<u>\$ (55,798)</u>	<u>\$ (93,218)</u>	<u>\$ 803,028</u>	<u>\$ 2,486,752</u>

State of Indiana
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2013
(amounts expressed in thousands)

	<u>State Police Building Commission</u>	<u>Post War Construction</u>	<u>Other Non-Major Capital Projects Funds</u>	<u>Total</u>
ASSETS				
Cash, cash equivalents and investments- unrestricted	\$ 3,914	\$ 28,387	\$ 13,449	\$ 45,750
Receivables:				
Taxes (net of allowance for uncollectible accounts)	-	1,956	-	1,956
Accounts	93	-	-	93
Prepaid expenditures	-	72	-	72
Total assets	<u>4,007</u>	<u>30,415</u>	<u>13,449</u>	<u>47,871</u>
Total assets and deferred outflow of resources	<u>\$ 4,007</u>	<u>\$ 30,415</u>	<u>\$ 13,449</u>	<u>\$ 47,871</u>
LIABILITIES				
Accounts payable	\$ 88	\$ 1,232	\$ 233	\$ 1,553
Interfund loans	-	-	709	709
Unearned revenue	-	8	-	8
Total liabilities	<u>88</u>	<u>1,240</u>	<u>942</u>	<u>2,270</u>
FUND BALANCE				
Assigned:	3,919	29,175	13,216	46,310
Unassigned:	-	-	(709)	(709)
Total fund balance	<u>3,919</u>	<u>29,175</u>	<u>12,507</u>	<u>45,601</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 4,007</u>	<u>\$ 30,415</u>	<u>\$ 13,449</u>	<u>\$ 47,871</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	State Police Building Commission	Post War Construction	Other Non-Major Capital Projects Funds	Total
Revenues:				
Taxes:				
Alcohol and tobacco	\$ -	\$ 19,049	\$ -	\$ 19,049
Total taxes	-	19,049	-	19,049
Current service charges	1,786	-	-	1,786
 Total revenues	 1,786	 19,049	 -	 20,835
Expenditures:				
Capital outlay	3,816	8,635	1,555	14,006
 Total expenditures	 3,816	 8,635	 1,555	 14,006
 Excess (deficiency) of revenues over (under) expenditures	 (2,030)	 10,414	 (1,555)	 6,829
Other financing sources (uses):				
Transfers in	-	-	3,516	3,516
Transfers (out)	-	(76,144)	-	(76,144)
 Total other financing sources (uses)	 -	 (76,144)	 3,516	 (72,628)
 Net change in fund balances	 (2,030)	 (65,730)	 1,961	 (65,799)
Fund Balance July 1, as restated	5,949	94,905	10,546	111,400
Fund Balance June 30	\$ 3,919	\$ 29,175	\$ 12,507	\$ 45,601

State of Indiana
Combining Balance Sheet
Non-Major Permanent Funds
June 30, 2013
(amounts expressed in thousands)

	<u>Next Generation Trust Fund</u>	<u>Other Non-Major Permanent Funds</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments- unrestricted	\$ 556,831	\$ 21,137	\$ 577,968
Receivables:			
Interest	2	-	2
Other	5	-	5
Total assets	<u>556,838</u>	<u>21,137</u>	<u>577,975</u>
Total assets and deferred outflow of resources	<u>\$ 556,838</u>	<u>\$ 21,137</u>	<u>\$ 577,975</u>
LIABILITIES			
Other payables	<u>5</u>	<u>-</u>	<u>5</u>
Total liabilities	<u>5</u>	<u>-</u>	<u>5</u>
FUND BALANCE			
Nonspendable:	500,000	20,665	520,665
Committed:	<u>56,833</u>	<u>472</u>	<u>57,305</u>
Total fund balance	<u>556,833</u>	<u>21,137</u>	<u>577,970</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 556,838</u>	<u>\$ 21,137</u>	<u>\$ 577,975</u>

State of Indiana
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Permanent Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>Next Generation Trust Fund</u>	<u>Other Non-Major Permanent Funds</u>	<u>Total</u>
Revenues:			
Taxes:			
Investment income	\$ 9,981	\$ 61	\$ 10,042
Total revenues	<u>9,981</u>	<u>61</u>	<u>10,042</u>
Expenditures:			
Current:			
Conservation, culture and development	-	668	668
Transportation	<u>65</u>	<u>-</u>	<u>65</u>
Total expenditures	<u>65</u>	<u>668</u>	<u>733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,916</u>	<u>(607)</u>	<u>9,309</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>318</u>	<u>318</u>
Total other financing sources (uses)	<u>-</u>	<u>318</u>	<u>318</u>
Net change in fund balances	9,916	(289)	9,627
Fund Balance July 1, as restated	<u>546,917</u>	<u>21,426</u>	<u>568,343</u>
Fund Balance June 30	<u>\$ 556,833</u>	<u>\$ 21,137</u>	<u>\$ 577,970</u>

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	State Gaming Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	748,171	748,171	685,583	(62,588)
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	748,171	748,171	685,583	(62,588)
Current service charges	1,550	1,550	2,077	527
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	749,721	749,721	687,660	(62,061)
Expenditures:				
Current:				
General government	2,904	723,752	133,521	590,231
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	2,904	723,752	133,521	590,231
Excess of revenues over (under) expenditures	746,817	25,969	554,139	(528,170)
Other financing sources (uses):				
Total other financing sources (uses)	(569,329)	(569,329)	(569,329)	-
Net change in fund balances	\$ 177,488	\$ (543,360)	(15,190)	\$ 528,170
Fund balances July 1, as restated			17,506	
Fund balances June 30			\$ 2,316	

Motor Vehicle Highway Fund				Motor Vehicle Commission			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
403,743	403,743	385,183	(18,560)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
403,743	403,743	385,183	(18,560)	-	-	-	-
261,569	261,569	272,455	10,886	103,034	103,034	106,932	3,898
-	-	-	-	-	-	-	-
2,062	2,062	106	(1,956)	-	-	-	-
637	637	-	(637)	17	17	-	(17)
43	43	1	(42)	11	11	-	(11)
668,054	668,054	657,745	(10,309)	103,062	103,062	106,932	3,870
10,160	9,040	7,038	2,002	-	-	-	-
148,745	200,455	197,874	2,581	106,726	87,312	84,061	3,251
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
265	257	256	1	-	-	-	-
267,960	551,738	270,349	281,389	-	-	-	-
427,130	761,490	475,517	285,973	106,726	87,312	84,061	3,251
240,924	(93,436)	182,228	(275,664)	(3,664)	15,750	22,871	(7,121)
(184,010)	(184,010)	(184,010)	-	(17,852)	(17,852)	(17,852)	-
\$ 56,914	\$ (277,446)	(1,782)	\$ 275,664	\$ (21,516)	\$ (2,102)	5,019	\$ 7,121
		55,655				6,517	
		\$ 53,873				\$ 11,536	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Build Indiana Fund			Variance to Final Budget
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	147,590	147,590	164,519	16,929
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	-	-	-	-
Total revenues	147,590	147,590	164,519	16,929
Expenditures:				
Current:				
General government	5,775	184,858	9	184,849
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	470	470	-
Education	6,116	4,713	4,252	461
Transportation	-	-	-	-
Total expenditures	11,891	190,041	4,731	185,310
Excess of revenues over (under) expenditures	135,699	(42,451)	159,788	(202,239)
Other financing sources (uses):				
Total other financing sources (uses)	(162,290)	(162,290)	(162,290)	-
Net change in fund balances	\$ (26,591)	\$ (204,741)	(2,502)	\$ 202,239
Fund balances July 1, as restated			7,744	
Fund balances June 30			\$ 5,242	

State Highway Fund				Indiana Check-Up Plan			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
29,756	29,756	29,479	(277)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	121,292	121,292	122,891	1,599
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,756	29,756	29,479	(277)	121,292	121,292	122,891	1,599
32,458	32,458	33,815	1,357	-	-	-	-
173	173	81	(92)	-	-	-	-
1,659	1,659	1,856	197	-	-	-	-
2,046	2,046	2,230	184	-	-	-	-
41,821	41,821	43,796	1,975	-	-	-	-
107,913	107,913	111,257	3,344	121,292	121,292	122,891	1,599
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,298	406,312	102,122	304,190
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
993,567	1,319,549	750,909	568,640	-	-	-	-
993,567	1,319,549	750,909	568,640	12,298	406,312	102,122	304,190
(885,654)	(1,211,636)	(639,652)	(571,984)	108,994	(285,020)	20,769	(305,789)
686,211	686,211	686,211	-	-	-	-	-
\$ (199,443)	\$ (525,425)	46,559	\$ 571,984	\$ 108,994	\$ (285,020)	20,769	\$ 305,789
		344,355				295,582	
		\$ 390,914				\$ 316,351	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Fund 6000 Programs			Variance to Final Budget
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	1,941	1,941	1,984	43
Fuels	2,932	2,932	-	(2,932)
Gaming	460	460	386	(74)
Unemployment	44	44	57	13
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	94,212	94,212	112,521	18,309
Other	14,138	14,138	20,213	6,075
Total taxes	113,727	113,727	135,161	21,434
Current service charges	102,765	102,765	91,230	(11,535)
Investment income	101	101	98	(3)
Sales/rents	4,497	4,497	7,164	2,667
Grants	19,632	19,632	15,036	(4,596)
Other	4,628	4,628	5,903	1,275
Total revenues	245,350	245,350	254,592	9,242
Expenditures:				
Current:				
General government	3,879	386,688	101,880	284,808
Public safety	3,379	58,812	23,938	34,874
Health	743	3,272	829	2,443
Welfare	524	16,022	1,222	14,800
Conservation, culture and development	8,774	43,610	16,195	27,415
Education	703	13,917	8,916	5,001
Transportation	2,810	4,875	2,076	2,799
Total expenditures	20,812	527,196	155,056	372,140
Excess of revenues over (under) expenditures	224,538	(281,846)	99,536	(381,382)
Other financing sources (uses):				
Total other financing sources (uses)	(77,334)	(77,334)	(77,334)	-
Net change in fund balances	\$ 147,204	\$ (359,180)	22,202	\$ 381,382
Fund balances July 1, as restated			297,099	
Fund balances June 30			\$ 319,301	

Patients Compensation Fund				Road and Street, Primary Highway			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	189,795	189,795	193,833	4,038
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	189,795	189,795	193,833	4,038
103,058	103,058	87,274	(15,784)	17,464	17,464	17,736	272
371	371	192	(179)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	26	26	-	(26)
103,429	103,429	87,466	(15,963)	207,285	207,285	211,569	4,284
-	-	-	-	-	-	-	-
1,584	204,811	140,696	64,115	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	292,055	73,569	218,486
1,584	204,811	140,696	64,115	-	292,055	73,569	218,486
101,845	(101,382)	(53,230)	(48,152)	207,285	(84,770)	138,000	(222,770)
(9)	(9)	(9)	-	(139,608)	(139,608)	(139,608)	-
\$ 101,836	\$ (101,391)	(53,239)	\$ 48,152	\$ 67,677	\$ (224,378)	(1,608)	\$ 222,770
		246,982				6,927	
		\$ 193,743				\$ 5,319	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Tobacco Settlement Fund			Variance to Final Budget
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	132,558	132,558	132,476	(82)
Investment income	14	14	1,223	1,209
Sales/rents	-	-	-	-
Grants	11	11	-	(11)
Other	615	615	20	(595)
Total revenues	133,198	133,198	133,719	521
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health	135,552	147,380	43,944	103,436
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	135,552	147,380	43,944	103,436
Excess of revenues over (under) expenditures	(2,354)	(14,182)	89,775	(103,957)
Other financing sources (uses):				
Total other financing sources (uses)	(87,539)	(87,539)	(87,539)	-
Net change in fund balances	\$ (89,893)	\$ (101,721)	2,236	\$ 103,957
Fund balances July 1, as restated			96,014	
Fund balances June 30			\$ 98,250	

Common School Fund				U.S. Department of Agriculture			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	105	105	-	(105)
-	-	-	-	105	105	-	(105)
5,050	5,050	5,133	83	146	146	208	62
-	-	2	2	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	535,005	535,005	530,223	(4,782)
654	654	122	(532)	7	7	6	(1)
5,704	5,704	5,257	(447)	535,263	535,263	530,437	(4,826)
-	86,180	-	86,180	514	9,519	258	9,261
-	-	-	-	-	6,683	3,297	3,386
-	-	-	-	15,417	198,516	110,683	87,833
-	-	-	-	1,532	235,707	102,071	133,636
-	-	-	-	699	8,321	2,858	5,463
-	-	-	-	4,600	388,545	360,132	28,413
-	-	-	-	-	-	-	-
-	86,180	-	86,180	22,762	847,291	579,299	267,992
5,704	(80,476)	5,257	(85,733)	512,501	(312,028)	(48,862)	(263,166)
-	-	-	-	58,366	58,366	58,366	-
\$ 5,704	\$ (80,476)	5,257	\$ 85,733	\$ 570,867	\$ (253,662)	9,504	\$ 263,166
		557,717				26,350	
		\$ 562,974				\$ 35,854	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	U.S. Department of Labor			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	413	413	436	23
Investment income	-	-	-	-
Sales/rents	2	2	-	(2)
Grants	168,301	168,301	147,107	(21,194)
Other	11	11	10	(1)
Total revenues	168,727	168,727	147,553	(21,174)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	70	8,625	5,223	3,402
Health	-	-	-	-
Welfare	277	6,498	2,328	4,170
Conservation, culture and development	47,286	335,296	139,361	195,935
Education	-	141	82	59
Transportation	-	-	-	-
Total expenditures	47,633	350,560	146,994	203,566
Excess of revenues over (under) expenditures	121,094	(181,833)	559	(182,392)
Other financing sources (uses):				
Total other financing sources (uses)	970	970	970	-
Net change in fund balances	\$ 122,064	\$ (180,863)	1,529	\$ 182,392
Fund balances July 1, as restated			(609)	
Fund balances June 30			\$ 920	

U.S. Department of Transportation				U.S. Department of Education			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5	5	-	(5)	-	-	25	25
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,077,419	1,077,419	1,141,459	64,040	907,651	907,651	796,632	(111,019)
40	40	-	(40)	14	14	46	32
<u>1,077,464</u>	<u>1,077,464</u>	<u>1,141,459</u>	<u>63,995</u>	<u>907,665</u>	<u>907,665</u>	<u>796,703</u>	<u>(110,962)</u>
-	2,262	289	1,973	13	1,135	777	358
4,366	52,892	17,901	34,991	360	3,132	2,166	966
271	405	35	370	-	-	-	-
-	40	21	19	3,590	305,974	84,388	221,586
2,915	6,639	2,215	4,424	5,467	59,363	31,814	27,549
-	-	-	-	51,741	866,963	698,160	168,803
1,136,566	3,848,937	1,281,597	2,567,340	-	-	-	-
<u>1,144,118</u>	<u>3,911,175</u>	<u>1,302,058</u>	<u>2,609,117</u>	<u>61,171</u>	<u>1,236,567</u>	<u>817,305</u>	<u>419,262</u>
(66,654)	(2,833,711)	(160,599)	(2,673,112)	846,494	(328,902)	(20,602)	(308,300)
<u>151,158</u>	<u>151,158</u>	<u>151,158</u>	-	<u>44,713</u>	<u>44,713</u>	<u>44,713</u>	-
<u>\$ 84,504</u>	<u>\$ (2,682,553)</u>	(9,441)	<u>\$ 2,673,112</u>	<u>\$ 891,207</u>	<u>\$ (284,189)</u>	24,111	<u>\$ 308,300</u>
		3,497				(8,729)	
		<u>\$ (5,944)</u>				<u>\$ 15,382</u>	

continued on next page

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	U.S. Department of Health and Human Services			
	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues:				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Unemployment	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	1,510	1,510	1,025	(485)
Investment income	-	-	-	-
Sales/rents	-	-	-	-
Grants	1,095,539	1,095,539	1,016,189	(79,350)
Other	17	17	100	83
Total revenues	1,097,066	1,097,066	1,017,314	(79,752)
Expenditures:				
Current:				
General government	1,220	22,969	14,224	8,745
Public safety	1,799	15,591	8,655	6,936
Health	20,355	269,890	91,510	178,380
Welfare	283,093	2,406,265	1,265,175	1,141,090
Conservation, culture and development	-	-	-	-
Education	241	5,524	4,005	1,519
Transportation	-	-	-	-
Total expenditures	306,708	2,720,239	1,383,569	1,336,670
Excess of revenues over (under) expenditures	790,358	(1,623,173)	(366,255)	(1,256,918)
Other financing sources (uses):				
Total other financing sources (uses)	384,027	384,027	384,027	-
Net change in fund balances	\$ 1,174,385	\$ (1,239,146)	17,772	\$ 1,256,918
Fund balances July 1, as restated			(113,509)	
Fund balances June 30			\$ (95,737)	

State of Indiana
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
(Budgetary Basis)
For the Year Ended June 30, 2013
 (amounts expressed in thousands)

	Other Non-Major Special Revenue Funds			
	Budget		Actual	Variance to
	Original	Final		Final Budget
Revenues:				
Taxes:				
Income	\$ 178	\$ 178	\$ 201	\$ 23
Sales	8,231	8,231	8,419	188
Fuels	154,002	154,002	154,612	610
Gaming	24,518	24,518	25,137	619
Unemployment	58	58	23	(35)
Alcohol and tobacco	36,408	36,408	36,231	(177)
Insurance	4,297	4,297	4,497	200
Financial institutions	-	-	-	-
Other	6,150	6,150	3,692	(2,458)
Total taxes	233,842	233,842	232,812	(1,030)
Current service charges	314,416	314,416	293,594	(20,822)
Investment income	441	441	437	(4)
Sales/rents	14,800	14,800	10,993	(3,807)
Grants	787,417	787,417	464,656	(322,761)
Other	2,763	2,763	7,613	4,850
Total revenues	1,353,679	1,353,679	1,010,105	(343,574)
Expenditures:				
Current:				
General government	154,064	602,110	160,044	442,066
Public safety	161,684	698,143	266,897	431,246
Health	9,520	11,260	9,669	1,591
Welfare	28,030	1,342,803	162,734	1,180,069
Conservation, culture and development	202,426	690,876	301,634	389,242
Education	5,580	385,155	288,605	96,550
Transportation	202,139	223,013	174,256	48,757
Total expenditures	763,443	3,953,360	1,363,839	2,589,521
Excess of revenues over (under) expenditures	590,236	(2,599,681)	(353,734)	(2,245,947)
Other financing sources (uses):				
Total other financing sources (uses)	312,368	312,368	312,368	-
Net change in fund balances	\$ 902,604	\$ (2,287,313)	(41,366)	\$ 2,245,947
Fund balances July 1, as restated			813,058	
Fund balances June 30			\$ 771,692	

Budget/GAAP Reconciliation Nonmajor Special Revenue Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	Nonmajor Special Revenue Funds
Net change in fund balances (budgetary basis)	\$ 29,830
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:	
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	1,482,918
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(1,560,700)
Funds not subject to legally adopted budget	<u>(1,983)</u>
Net change in fund balances (GAAP basis)	<u><u>\$ (49,935)</u></u>

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds account for operations established to provide services to the general public in a manner similar to private business enterprises. Cost of providing the goods or services are financed or recovered primarily through fees and user charges. The non-major enterprise funds are as follows:

Residual Malpractice Insurance Authority – IC 34-18-17 created the Residual Malpractice Insurance Authority to make malpractice liability insurance available to those who cannot obtain this coverage through other insurers. The Indiana Department of Insurance is the designated residual malpractice insurance authority per State law. Revenues are from the premiums collected.

Inns and Concessions - This fund accounts for the operations of various State Park Inns which provide lodging throughout the year for park tourists, and for the restaurant and concessions at Fort Benjamin Harrison.

Wabash Memorial Bridge – This fund accounts for the operations of the Wabash River Toll Bridge. This bridge is a vital link for motorists traveling between White County, Illinois, and Posey County, Indiana.

State of Indiana
Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2013

(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Assets				
Current assets:				
Cash, cash equivalents and investments - unrestricted	\$ 66,005	\$ 5,758	\$ 510	\$ 72,273
Receivables:				
Accounts	283	323	200	806
Interest	476	-	-	476
Inventory	-	588	17	605
Prepaid expenses	14	84	-	98
Total current assets	<u>66,778</u>	<u>6,753</u>	<u>727</u>	<u>74,258</u>
Noncurrent assets:				
Capital assets:				
Capital assets being depreciated/amortized	-	499	610	1,109
less accumulated depreciation/amortization	-	(374)	(71)	(445)
Total capital assets, net of depreciation/amortization	<u>-</u>	<u>125</u>	<u>539</u>	<u>664</u>
Total noncurrent assets	<u>-</u>	<u>125</u>	<u>539</u>	<u>664</u>
Total assets	<u>66,778</u>	<u>6,878</u>	<u>1,266</u>	<u>74,922</u>
Liabilities				
Current liabilities:				
Accounts payable	-	547	281	828
Claims payable	3,861	-	-	3,861
Salaries and benefits payable	-	399	-	399
Accrued liability for compensated absences	-	235	-	235
Unearned revenue	1,079	3,014	-	4,093
Other liabilities	4	560	-	564
Total current liabilities	<u>4,944</u>	<u>4,755</u>	<u>281</u>	<u>9,980</u>
Noncurrent liabilities:				
Accrued liability for compensated absences	-	244	-	244
Claims payable	24,789	-	-	24,789
Total noncurrent liabilities	<u>24,789</u>	<u>244</u>	<u>-</u>	<u>25,033</u>
Total liabilities	<u>29,733</u>	<u>4,999</u>	<u>281</u>	<u>35,013</u>
Net position				
Net investment in capital assets	-	125	539	664
Unrestricted (deficit)	37,045	1,754	446	39,245
Total net position	<u>\$ 37,045</u>	<u>\$ 1,879</u>	<u>\$ 985</u>	<u>\$ 39,909</u>

State of Indiana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2013

(amounts expressed in thousands)

	<u>Residual Malpractice Insurance Authority</u>	<u>Inns and Concessions</u>	<u>Wabash Memorial Bridge</u>	<u>Total</u>
Operating revenues:				
Sales/rents/premiums	\$ 2,112	\$ 23,537	\$ 618	\$ 26,267
Other	-	196	-	196
Total operating revenues	2,112	23,733	618	26,463
Cost of sales	-	4,328	-	4,328
Gross margin	2,112	19,405	618	22,135
Operating expenses:				
General and administrative expense	615	16,371	458	17,444
Claims expense	1,532	-	-	1,532
Depreciation and amortization	-	24	144	168
Other	-	32	-	32
Total operating expenses	2,147	16,427	602	19,176
Operating income (loss)	(35)	2,978	16	2,959
Nonoperating revenues (expenses):				
Interest and other investment income	-	9	-	9
Interest and other investment expense	(638)	-	-	(638)
Gain (Loss) on disposition of assets	-	-	(552)	(552)
Total nonoperating revenues (expenses)	(638)	9	(552)	(1,181)
Income before contributions and transfers	(673)	2,987	(536)	1,778
Capital contributions	-	-	87	87
Transfers (out)	-	(2,769)	-	(2,769)
Change in net position	(673)	218	(449)	(904)
Total net position, July 1	37,718	1,661	1,434	40,813
Total net position, June 30	\$ 37,045	\$ 1,879	\$ 985	\$ 39,909

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2013

(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,989	\$ 23,653	\$ 694	\$ 26,336
Cash paid for general and administrative	(712)	(16,347)	(112)	(17,171)
Cash paid to suppliers	-	(4,361)	(329)	(4,690)
Cash paid for claims expense	(3,053)	-	-	(3,053)
Net cash provided (used) by operating activities	(1,776)	2,945	253	1,422
Cash flows from noncapital financing activities:				
Transfers out	-	(2,769)	-	(2,769)
Net cash provided (used) by noncapital financing activities	-	(2,769)	-	(2,769)
Cash flows from capital and related financing activities:				
Acquisition/construction of capital assets	-	(89)	(610)	(699)
Capital contributions	-	-	87	87
Net cash provided (used) by capital and related financing activities	-	(89)	(523)	(612)
Cash flows from investing activities:				
Proceeds from sales of investments	9,250	100	-	9,350
Purchase of investments	(9,508)	-	-	(9,508)
Interest income (expense) on investments	2,242	9	-	2,251
Net cash provided (used) by investing activities	1,984	109	-	2,093
Net increase (decrease) in cash and cash equivalents	208	196	(270)	134
Cash and cash equivalents, July 1	2,824	5,227	780	8,831
Cash and cash equivalents, June 30	\$ 3,032	\$ 5,423	\$ 510	\$ 8,965
Reconciliation of cash , cash equivalents and investments:				
Cash and cash equivalents unrestricted at end of year	\$ 3,032	\$ 5,423	\$ 510	\$ 8,965
Investments unrestricted	62,973	335	-	63,308
Cash, cash equivalents and investments per balance sheet	\$ 66,005	\$ 5,758	\$ 510	\$ 72,273
Noncash investing, capital and financing activities:				
Increase (Decrease) in fair value of investments	\$ (2,815)	\$ -	\$ -	\$ (2,815)

State of Indiana
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2013

(amounts expressed in thousands)

	Residual Malpractice Insurance Authority	Inns and Concessions	Wabash Memorial Bridge	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (35)	\$ 2,978	\$ 16	\$ 2,959
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	-	24	144	168
(Increase) decrease in receivables	155	11	11	177
(Increase) decrease in inventory	-	(33)	3	(30)
(Increase) decrease in prepaid expenses	-	6	-	6
Increase (decrease) in claims payable	(1,521)	-	-	(1,521)
Increase (decrease) in accounts payable	-	11	13	24
Increase (decrease) in deferred revenue	(292)	(167)	66	(393)
Increase (decrease) in salaries payable	-	43	-	43
Increase (decrease) in compensated absences	-	23	-	23
Increase (decrease) in other payables	(83)	49	-	(34)
Net cash provided (used) by operating activities	<u>\$ (1,776)</u>	<u>\$ 2,945</u>	<u>\$ 253</u>	<u>\$ 1,422</u>



INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of State agencies that supply goods or services to other agencies of governmental units on a cost-reimbursement basis.

Institutional Industries - This fund accounts for revenues and expenses incurred from the operation of inmate employment programs. Goods produced or manufactured as a result of such programs are sold to state agencies and political subdivisions of the State as well as to the general public.

Administrative Services Revolving – This fund is used to account for the following rotary funds.

Information Technology Services provides telecommunications and data processing services to State agencies. Revenues consist of charges to user agencies.

Motor Pool Rotary Fund accounts for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

Printing Rotary Fund accounts for the operation of the State Print Shop, which provides printing services to other State agencies. Revenues consist of charges to user agencies.

General Services Rotary accounts for postal service charges to agencies. Revenues consist of charges to user agencies.

Aviation Rotary Fund accounts for the operation and maintenance of state aircraft. Revenues consist of charges to user agencies.

Self-Insurance Funds - The self-insurance funds consist of the **State Police Health Insurance Fund, State Employee Disability Fund, and the State Employee Health Insurance Fund.** These funds administer health insurance and disability plans for state employees and state police personnel as well as for certain school corporations.

State Personnel Department - This fund accounts for revenues and expenses incurred by the Indiana State Personnel Department for providing human resource services to the executive branch of the government.

Accounting Centralization - This fund accounts for revenues and expenses incurred by the Indiana State Budget Agency for providing centralized accounting services to some smaller state agencies.

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

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Assets								
Current assets:								
Cash, cash equivalents and investments - unrestricted	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
Receivables:								
Accounts	4,435	943	1,755	1,535	15,769	-	-	24,437
Interfund services provided	406	7,918	-	-	-	-	-	8,324
Inventory	5,282	302	-	-	-	-	-	5,584
Total current assets	14,888	31,424	11,283	3,231	60,921	308	57	122,112
Noncurrent assets:								
Capital assets:								
Capital assets being depreciated/amortized less accumulated depreciation/amortization	16,669	55,751	-	-	-	-	-	72,420
Total capital assets, net of depreciation/amortization	(11,953)	(43,605)	-	-	-	-	-	(55,558)
Total noncurrent assets	4,716	12,146	-	-	-	-	-	16,862
	4,716	12,146	-	-	-	-	-	16,862
Total assets	19,604	43,570	11,283	3,231	60,921	308	57	138,974
Liabilities								
Current liabilities:								
Accounts payable	2,897	3,605	3,352	4,840	35,297	20	-	50,011
Salaries and benefits payable	445	1,436	-	-	67	446	21	2,415
Accrued liability for compensated absences	474	1,816	-	-	21	430	13	2,754
Unearned revenue	2	-	-	-	-	-	-	2
Other liabilities	1	-	-	-	-	-	-	1
Total current liabilities	3,819	6,857	3,352	4,840	35,385	896	34	55,183
Noncurrent liabilities:								
Accrued liability for compensated absences	418	1,596	-	-	16	364	11	2,405
Total noncurrent liabilities	418	1,596	-	-	16	364	11	2,405
Total liabilities	4,237	8,453	3,352	4,840	35,401	1,260	45	57,588
Net position								
Net investment in capital assets	4,716	12,147	-	-	-	-	-	16,863
Unrestricted (deficit)	10,651	22,970	7,931	(1,609)	25,520	(952)	12	64,523
Total net position	\$ 15,367	\$ 35,117	\$ 7,931	\$ (1,609)	\$ 25,520	\$ (952)	\$ 12	\$ 81,386

State of Indiana
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Operating revenues:								
Sales/rents/premiums	\$ 41,366	\$ 111,983	\$ 35,419	\$ 22,294	\$ 326,754	\$ -	\$ -	\$ 537,816
Charges for services	-	163	-	-	-	8,069	361	8,593
Other	133	1	-	613	-	-	-	747
Total operating revenues	41,499	112,147	35,419	22,907	326,754	8,069	361	547,156
Cost of sales	22,607	1,722	-	-	-	-	-	24,329
Gross margin	18,892	110,425	35,419	22,907	326,754	8,069	361	522,827
Operating expenses:								
General and administrative expense	14,727	104,062	2,150	600	17,969	8,582	320	148,410
Health / disability benefit payments	-	-	29,147	21,347	297,386	-	-	347,880
Depreciation and amortization	457	6,290	-	-	-	-	-	6,747
Total operating expenses	15,184	110,352	31,297	21,947	315,355	8,582	320	503,037
Operating income (loss)	3,708	73	4,122	960	11,399	(513)	41	19,790
Nonoperating revenues (expenses):								
Interest and other investment expense	(214)	(2)	-	-	-	-	-	(216)
Gain (Loss) on disposition of assets	93	(227)	-	-	-	-	-	(134)
Total nonoperating revenues (expenses)	(121)	(229)	-	-	-	-	-	(350)
Income before contributions and transfers	3,587	(156)	4,122	960	11,399	(513)	41	19,440
Transfers in	5,698	500	-	-	-	-	-	6,198
Transfers (out)	(122)	(20)	-	-	-	-	-	(142)
Change in net position	9,163	324	4,122	960	11,399	(513)	41	25,496
Total net position, July 1, as restated	6,204	34,793	3,809	(2,569)	14,121	(439)	(29)	55,890
Total net position, June 30	\$ 15,367	\$ 35,117	\$ 7,931	\$ (1,609)	\$ 25,520	\$ (952)	\$ 12	\$ 81,386

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Cash flows from operating activities:								
Cash received from customers	\$ 42,014	\$ 110,041	\$ 35,315	\$ 22,698	\$ 327,959	\$ 8,089	\$ 361	\$ 546,457
Cash paid for general and administrative	(14,683)	(104,002)	(2,175)	(600)	(17,799)	(8,456)	(324)	(148,039)
Cash paid for salary/health/disability benefit payments	-	-	(29,720)	(21,691)	(302,949)	-	-	(354,360)
Cash paid to suppliers	(24,330)	(694)	-	-	-	-	-	(25,024)
Net cash provided (used) by operating activities	3,001	5,345	3,420	407	7,211	(387)	37	19,034
Cash flows from noncapital financing activities:								
Transfers in	5,698	500	-	-	-	-	-	6,198
Transfers out	(122)	(20)	-	-	-	-	-	(142)
Net cash provided (used) by noncapital financing activities	5,576	480	-	-	-	-	-	6,056
Cash flows from capital and related financing activities:								
Acquisition/construction of capital assets	(71)	(7,370)	-	-	-	-	-	(7,441)
Proceeds from sale of assets	93	88	-	-	-	-	-	181
Principal payments -- capital leases	(5,761)	(109)	-	-	-	-	-	(5,870)
Interest paid	(214)	(2)	-	-	-	-	-	(216)
Net cash provided (used) by capital and related financing activities	(5,953)	(7,393)	-	-	-	-	-	(13,346)
Net increase (decrease) in cash and cash equivalents	2,624	(1,566)	3,420	407	7,211	(387)	37	11,744
Cash and cash equivalents, July 1	2,141	23,829	6,108	1,289	37,941	695	20	72,023
Cash and cash equivalents, June 30	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
Reconciliation of cash, cash equivalents and investments:								
Cash and cash equivalents unrestricted at end of year	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767
Cash, cash equivalents and investments per balance sheet	\$ 4,765	\$ 22,261	\$ 9,528	\$ 1,696	\$ 45,152	\$ 308	\$ 57	\$ 83,767

State of Indiana
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(amounts expressed in thousands)

	Institutional Industries	Administrative Services Revolving	State Police Health Insurance Fund	State Employee Disability Fund	State Employee Health Insurance Fund	State Personnel Department Fund	Accounting Centralization	Total
Operating income (loss)	\$ 3,708	\$ 73	\$ 4,122	\$ 960	\$ 11,399	\$ (513)	\$ 41	\$ 19,790
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation/amortization expense	457	6,290	-	-	-	-	-	6,747
(Increase) decrease in receivables	355	(628)	(104)	(210)	1,205	-	-	618
(Increase) decrease in interfund services provided	129	(1,478)	-	-	-	-	-	(1,349)
(Increase) decrease in inventory	(325)	15	-	-	-	-	-	(310)
Increase (decrease) in health and disability benefits payable	-	-	(573)	(343)	(5,563)	-	-	(6,479)
Increase (decrease) in accounts payable	(1,364)	1,014	(25)	-	171	20	-	(184)
Increase (decrease) in unearned revenue	(3)	-	-	-	-	-	-	(3)
Increase (decrease) in salaries payable	2	(322)	-	-	6	42	-	(272)
Increase (decrease) in compensated absences	43	381	-	-	(7)	64	(4)	477
Increase (decrease) in other payables	(1)	-	-	-	-	-	-	(1)
Net cash provided (used) by operating activities	\$ 3,001	\$ 5,345	\$ 3,420	\$ 407	\$ 7,211	\$ (387)	\$ 37	\$ 19,034

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income (loss)

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Depreciation/amortization expense

(Increase) decrease in receivables

(Increase) decrease in interfund services provided

(Increase) decrease in inventory

Increase (decrease) in health and disability benefits payable

Increase (decrease) in accounts payable

Increase (decrease) in unearned revenue

Increase (decrease) in salaries payable

Increase (decrease) in compensated absences

Increase (decrease) in other payables

Net cash provided (used) by operating activities

FIDUCIARY FUNDS

Fiduciary funds account for assets held by or on behalf of the government in a trustee capacity or as an agent on behalf of others.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other post-employment benefit plans.

The Public Employees' Retirement Fund – This fund is a defined benefit agent multiple-employer plan administered by the Public Employees' Retirement Fund Board of Trustees.

The State Teachers' Retirement Fund – This fund is a defined benefit, multiple-employer cost-sharing public employee retirement system, administered by the Indiana State Teachers' Retirement Fund Board of Trustees.

State Police Pension Fund - This fund is used to account for assets held for a defined benefit, single-employer public employee retirement system administered by the Indiana State Police.

State Employee Retiree Health Benefit Trust Fund-DB - This fund is used to account for assets held for the State's four defined benefit, single-employer OPEB plans: the State Personnel Plan (SPP) and Legislature Plan (LP) administered by the State Personnel Department; Indiana State Police Plan (ISPP) administered by the Indiana State Police; and the Conservation and Excise Police Plan (CEPP) administered by the Indiana State Excise Police and Indiana Conservation Officers Health Insurance Committee.

State Employee Retiree Health Benefit Trust Fund-DC - This fund is used to account for assets held for a defined contribution, single-employer OPEB plan administered by the State Budget Agency.

PRIVATE-PURPOSE TRUST FUNDS

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

Abandoned Property Fund - This fund is used to administer abandoned property of individuals, private organizations and other governments held by the State.

Private-Purpose Trust Fund - This fund is used to account for a group of fund centers under which principal and interest benefit individuals, private organizations, or other governments.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds account for resources that are custodial in nature. They generally are amounts held by the State of Indiana on behalf of third parties.

Employee Payroll, Withholding and Benefits Funds - These funds are used for the disposition of various payroll-related deductions and contributions such as social security and insurance contributions.

Local Distributions Fund - This fund is composed of accounts used to distribute revenue collections to local units of government based upon statutory formulas.

Child Support Fund - This fund is used for the collection and distribution of child support payments.

Department of Insurance Fund - This fund includes security deposits of insurance companies, health maintenance organizations and third party administrators as required.

Other Agency Funds – This category comprises various escrows, revenue collection, and agency accounts for which the State acts in an agent capacity until proper disposition of the assets can be made.

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

(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature Component Unit	
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Indiana Public Retirement System	Total
Assets					
Cash, cash equivalents and non-pension investments	\$ 105,526	\$ 11,943	\$ 2,154	\$ 11,295	\$ 130,918
Securities lending collateral	-	-	-	1,080,547	1,080,547
Receivables:					
Contributions	224	51	141	19,711	20,127
Interest	372	50	62	91,424	91,908
Member loans	257	-	-	-	257
From investment sales	20,607	-	-	2,406,506	2,427,113
Other	-	-	-	2,302	2,302
Total receivables	21,460	101	203	2,519,943	2,541,707
Pension and other employee benefit investments at fair value:					
Short term investments	-	-	-	1,496,036	1,496,036
Equity Securities	205,281	-	-	6,678,067	6,883,348
Debt Securities	109,037	60,546	220,035	11,636,389	12,026,007
Other	-	-	-	7,842,229	7,842,229
Total investments at fair value	314,318	60,546	220,035	27,652,721	28,247,620
Other assets	-	-	-	304	304
Property, plant and equipment net of accumulated depreciation	-	-	-	12,154	12,154
Total assets	441,304	72,590	222,392	31,276,964	32,013,250
Liabilities:					
Accounts/escrows payable	94	-	19	6,277	6,390
Salaries and benefits payable	-	-	-	2,589	2,589
Benefits payable	-	-	258	87,692	87,950
Investment purchases payable	-	-	-	2,842,609	2,842,609
Securities purchased payable	2,622	-	-	172,606	175,228
Securities lending collateral	-	-	-	1,080,547	1,080,547
Total liabilities	2,716	-	277	4,192,320	4,195,313
Net Position					
Restricted for:					
Employees' pension benefits	438,588	-	-	27,068,066	27,506,654
OPEB benefits	-	72,590	222,115	-	294,705
Future death benefits	-	-	-	12,336	12,336
Local units	-	-	-	4,242	4,242
Total net position	\$ 438,588	\$ 72,590	\$ 222,115	\$ 27,084,644	\$ 27,817,937

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

(amounts expressed in thousands)

	Primary Government			Fiduciary in Nature	Total
	State Police Pension Fund	State Employee Retiree Health Benefit Trust Fund - DB	State Employee Retiree Health Benefit Trust Fund - DC	Component Unit Indiana Public Retirement System	
Additions:					
Member contributions	\$ 3,786	\$ 949	\$ -	\$ 326,518	\$ 331,253
Employer contributions	47,588	4,110	22,245	2,087,315	2,161,258
Contributions from the State of Indiana	-	-	-	89,132	89,132
Net investment income (loss)	30,824	27	285	1,653,578	1,684,714
Less investment expense	(1,037)	-	-	(139,265)	(140,302)
Federal reimbursements	-	548	-	-	548
Transfers from other retirement funds	-	-	-	14,759	14,759
Other	2	200	-	106	308
Total additions	81,163	5,834	22,530	4,032,143	4,141,670
Deductions:					
Pension and disability benefits	30,724	-	-	2,130,689	2,161,413
Retiree health benefits	-	-	14,651	-	14,651
Death benefits	-	-	-	1,744	1,744
Refunds of contributions and interest	-	-	-	98,414	98,414
Administrative	261	58	111	32,193	32,623
Pension relief distributions	-	-	-	219,814	219,814
Capital projects	-	-	-	13,728	13,728
Transfers to other retirement funds	-	-	-	14,759	14,759
Other	-	-	-	284	284
Total deductions	30,985	58	14,762	2,511,625	2,557,430
Net increase (decrease) in net position	50,178	5,776	7,768	1,520,518	1,584,240
Net position restricted for pension and other employee benefits, July 1, as restated:					
Pension benefits	388,410	-	-	25,547,239	25,935,649
OPEB benefits	-	66,814	214,347	-	281,161
Future death benefits	-	-	-	12,366	12,366
Local units	-	-	-	4,521	4,521
Net position restricted for pension and other employee benefits, June 30	\$ 438,588	\$ 72,590	\$ 222,115	\$ 27,084,644	\$ 27,817,937

State of Indiana
Combining Statement of Net Position
Private-Purpose Trust Funds
June 30, 2013

(amounts expressed in thousands)

	Abandoned Property Fund	Private Purpose Trust Fund	Total
ASSETS			
Cash, cash equivalents and non-pension investments	\$ 9,716	\$ 15,399	\$ 25,114
Receivables:			
Taxes	-	4,478	4,478
Interest	1	2	3
Total receivables	1	4,480	4,481
Total assets	9,717	19,879	29,595
LIABILITIES			
Accounts/escrows payable	206	414	620
Salaries and benefits payable	105	-	105
Intergovernmental payable	-	2,364	2,364
Total liabilities	312	2,778	3,089
NET POSITION			
Restricted for:			
Trust beneficiaries	9,405	17,101	26,506
Total net position	\$ 9,405	\$ 17,101	\$ 26,506

State of Indiana
Combining Statement of Changes in Net Position
Private-Purpose Trust Funds
June 30, 2013

(amounts expressed in thousands)

	Abandoned Property Fund	Private-Purpose Trust Fund	Total
Additions:			
Taxes	\$ -	\$ 86,714	\$ 86,714
Investment Income	22	47	69
Member Contributions	-	1,614	1,614
Donations/escheats	110,366	-	110,366
	<hr/>		
Total additions	110,388	88,375	198,763
	<hr/>		
Deductions:			
Payments to participants/beneficiaries	133,464	92,143	225,607
	<hr/>		
Total deductions	133,464	92,143	225,607
	<hr/>		
Net increase (decrease) in net position	(23,076)	(3,768)	(26,844)
	<hr/>		
Net position, July 1, as restated	32,481	20,869	53,350
	<hr/>		
Net position, June 30	\$ 9,405	\$ 17,101	\$ 26,506
	<hr/> <hr/>		

State of Indiana
Combining Statement of Net Position
Agency Funds
June 30, 2013

(amounts expressed in thousands)

	Employee Payroll, Withholding and Benefits	Local Distributions	Child Support	Department of Insurance	Other Agency Funds	Total
Assets:						
Cash, cash equivalents and investments	\$ 2,951	\$ 165,011	\$ 19,335	\$ 252,611	\$ 78,358	\$ 518,266
Receivables:						
Taxes	-	151,969	-	-	16,581	168,550
Other	-	-	-	-	54	54
Total assets	\$ 2,951	\$ 316,980	\$ 19,335	\$ 252,611	\$ 94,993	\$ 686,870
Liabilities:						
Accounts/escrows payable	\$ 2,951	\$ 316,980	\$ 19,335	\$ 252,611	\$ 78,412	\$ 670,289
Other liabilities	-	-	-	-	16,581	16,581
Total liabilities	\$ 2,951	\$ 316,980	\$ 19,335	\$ 252,611	\$ 94,993	\$ 686,870

State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

(amounts expressed in thousands)

	<u>Balance, July 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30</u>
Employee Payroll, Withholding and Benefits				
Assets:				
Cash, cash equivalents, and investments	\$ 215	\$ 3,631,492	\$ 3,628,756	\$ 2,951
Total assets	<u>\$ 215</u>	<u>\$ 3,631,492</u>	<u>\$ 3,628,756</u>	<u>\$ 2,951</u>
Liabilities:				
Accounts / escrows payable	\$ 215	\$ 3,631,492	\$ 3,628,756	\$ 2,951
Total liabilities	<u>\$ 215</u>	<u>\$ 3,631,492</u>	<u>\$ 3,628,756</u>	<u>\$ 2,951</u>
Local Distributions				
Assets:				
Cash, cash equivalents, and investments	\$ 29,285	\$ 1,704,515	\$ 1,568,789	\$ 165,011
Receivables	128,425	151,969	128,425	151,969
Total assets	<u>\$ 157,710</u>	<u>\$ 1,856,484</u>	<u>\$ 1,697,214</u>	<u>\$ 316,980</u>
Liabilities:				
Accounts / escrows payable	\$ 157,710	\$ 1,856,484	\$ 1,697,214	\$ 316,980
Total liabilities	<u>\$ 157,710</u>	<u>\$ 1,856,484</u>	<u>\$ 1,697,214</u>	<u>\$ 316,980</u>
Child Support				
Assets:				
Cash, cash equivalents, and investments	\$ 18,201	\$ 1,451,301	\$ 1,450,167	\$ 19,335
Total assets	<u>\$ 18,201</u>	<u>\$ 1,451,301</u>	<u>\$ 1,450,167</u>	<u>\$ 19,335</u>
Liabilities:				
Accounts / escrows payable	\$ 18,201	\$ 1,451,301	\$ 1,450,167	\$ 19,335
Total liabilities	<u>\$ 18,201</u>	<u>\$ 1,451,301</u>	<u>\$ 1,450,167</u>	<u>\$ 19,335</u>

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State of Indiana
Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Balance, July 1	Additions	Deductions	Balance, June 30
Department of Insurance				
Assets:				
Cash, cash equivalents, and investments	\$ 257,832	\$ 7,310	\$ 12,531	\$ 252,611
Total assets	<u>\$ 257,832</u>	<u>\$ 7,310</u>	<u>\$ 12,531</u>	<u>\$ 252,611</u>
Liabilities:				
Accounts / escrows payable	\$ 257,832	\$ 7,310	\$ 12,531	\$ 252,611
Total liabilities	<u>\$ 257,832</u>	<u>\$ 7,310</u>	<u>\$ 12,531</u>	<u>\$ 252,611</u>
Other Agency Funds				
Assets:				
Cash, cash equivalents, and investments	\$ 63,678	\$ 730,196	\$ 715,516	\$ 78,358
Receivables	15,211	16,635	15,211	16,635
Total assets	<u>\$ 78,889</u>	<u>\$ 746,831</u>	<u>\$ 730,727</u>	<u>\$ 94,993</u>
Liabilities:				
Accounts / escrows payable	\$ 63,731	\$ 730,250	\$ 715,569	\$ 78,412
Other liabilities	15,158	16,581	15,158	16,581
Total liabilities	<u>\$ 78,889</u>	<u>\$ 746,831</u>	<u>\$ 730,727</u>	<u>\$ 94,993</u>
Total Agency Funds				
Assets:				
Cash, cash equivalents, and investments	\$ 369,211	\$ 7,524,814	\$ 7,375,759	\$ 518,266
Receivables	143,636	168,604	143,636	168,604
Total assets	<u>\$ 512,847</u>	<u>\$ 7,693,418</u>	<u>\$ 7,519,395</u>	<u>\$ 686,870</u>
Liabilities:				
Accounts / escrows payable	\$ 497,689	\$ 7,676,837	\$ 7,504,237	\$ 670,289
Other liabilities	15,158	16,581	15,158	16,581
Total liabilities	<u>\$ 512,847</u>	<u>\$ 7,693,418</u>	<u>\$ 7,519,395</u>	<u>\$ 686,870</u>



NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

GOVERNMENTAL FUNDS

Governmental component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component unit consists of the following governmental fund:

Indiana Economic Development Corporation – The responsibility of this corporation is to improve the quality of life for the citizens of Indiana by encouraging the diversification of Indiana’s economy, by the orderly economic development and growth of Indiana, the creation of new jobs, the growth and modernization of existing industry and the promotion of Indiana.

PROPRIETARY FUNDS

Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens. The non-major discretely presented component units consist of the following proprietary funds:

Indiana Stadium and Convention Building Authority – The authority’s responsibility is to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

Indiana Bond Bank – The Bond Bank issues debt obligations and invests the proceeds in various projects of State and local governments.

Indiana Housing and Community Development Authority – The authority’s purpose is to finance residential housing for persons and families of low and moderate incomes.

Indiana Board for Depositories – The board is responsible to ensure the safekeeping and prompt payment of all public funds deposited in Indiana banks. It provides insurance on public funds in excess of the Federal Deposit Insurance Corporation limit.

Indiana Secondary Market for Education Loans Inc. – The company is responsible for purchasing education loans in the secondary market.

White River State Park Development Commission – The responsibility of this commission is to design and implement a plan for the establishment and development of park, exposition, educational, athletic, and recreational projects to be located within one mile from the banks of the Indiana White River in a consolidated first-class city and county.

Ports of Indiana – The responsibility of this commission is to construct, maintain, and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers.

State Fair Commission – This commission is responsible for holding the annual Indiana State Fair and for operating and maintaining the State Fairgrounds and other properties it owns.

Indiana Comprehensive Health Insurance Association – The responsibility of this Association is to assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the Association for coverage.

Indiana Political Subdivision Risk Management Commission – This commission is responsible for administering the Basic and Catastrophic funds that aid political subdivisions in protecting themselves against liabilities.

Indiana State Museum and Historic Sites Corporation – The responsibility of this corporation is to operate and administer the state historic sites including the Indiana State Museum which collects, conserves and exhibits artifacts and materials reflecting the cultural and natural history of Indiana.

COLLEGES AND UNIVERSITIES

College and university funds are used to account for the operations of state-supported colleges and universities. The non-major discretely presented component units consist of the following institutions:

Ball State University
Indiana State University
Ivy Tech Community College of Indiana
University of Southern Indiana
Vincennes University

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units -
Governmental Funds
June 30, 2013

(amounts expressed in thousands)

	Indiana Economic Development Corporation	Totals
Assets		
Current assets:		
Cash, cash equivalents and investments - unrestricted	\$ 151,575	\$ 151,575
Receivables (net)	1,015	1,015
Total current assets	152,590	152,590
Noncurrent assets:		
Loans	35,289	35,289
Capital assets:		
Capital assets being depreciated/amortized	427	427
less accumulated depreciation/amortization	(330)	(330)
Total capital assets, net of depreciation/amortization	97	97
Total noncurrent assets	35,386	35,386
Total assets	187,976	187,976
Liabilities		
Current liabilities:		
Accounts payable	2,540	2,540
Unearned revenue	16,222	16,222
Other liabilities	344	344
Current portion of long-term liabilities	236	236
Total current liabilities	19,342	19,342
Total liabilities	19,342	19,342
NET POSITION		
Net investment in capital assets	97	97
Restricted - expendable:		
Other purposes	317	317
Unrestricted	168,220	168,220
Total net position	\$ 168,634	\$ 168,634

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Economic Development Corporation	Total
Indiana Economic Development Corporation	\$ 31,365	\$ 161	\$ 1,501	\$ -	\$ (29,703)	\$ (29,703)
Total component units	\$ 31,365	\$ 161	\$ 1,501	\$ -	(29,703)	(29,703)
General Revenues:						
Gaming tax					1,203	1,203
Investment earnings					207	207
Payments from State of Indiana					48,381	48,381
Total general revenues					49,791	49,791
Changes in net position					20,088	20,088
Net position - beginning					148,546	148,546
Net position - ending					\$ 168,634	\$ 168,634

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units -
Proprietary Funds
June 30, 2013

(amounts expressed in thousands)

	Indiana Stadium and Convention Building Authority	Indiana Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories	Indiana Secondary Market for Education Loans Inc.
Assets					
Current assets:					
Cash, cash equivalents and investments - unrestricted	\$ 45,120	\$ -	\$ 65,706	\$ 168,833	\$ 145,863
Cash, cash equivalents and investments - restricted	-	89,340	178,935	-	4,022
Receivables (net)	1,682	260,847	14,512	324	4,347
Due from primary government	-	-	-	5,000	-
Inventory	-	-	-	-	-
Prepaid expenses	-	-	-	6	65
Loans	-	-	20,672	-	14,115
Investment in direct financing lease	660	-	-	-	-
Other assets	-	-	2,063	-	-
Total current assets	47,462	350,187	281,888	174,163	168,412
Noncurrent assets:					
Cash, cash equivalents and investments - unrestricted	-	-	92,335	80,973	15,143
Cash, cash equivalents and investments - restricted	-	29,273	886,604	-	-
Receivables (net)	-	1,452,746	581	-	-
Due from primary government	-	-	-	45,000	-
Loans	-	-	38,686	-	154,136
Investment in direct financing lease	953,731	-	-	-	-
Other assets	-	16,500	-	-	-
Capital assets:					
Capital assets not being depreciated/amortized	-	-	-	-	-
Capital assets being depreciated/amortized	-	-	6,906	215	1,458
less accumulated depreciation/amortization	-	-	(4,386)	(192)	(1,297)
Total capital assets, net of depreciation/amortization	-	-	2,520	23	161
Total noncurrent assets	953,731	1,498,519	1,020,726	125,996	169,440
Total assets	1,001,193	1,848,706	1,302,614	300,159	337,852
Deferred Outflows of Resources					
Accumulated decrease in fair value of hedging derivatives	155,370	14,234	8,129	-	-
Deferred refunding costs	-	-	7,898	-	-
Total deferred outflows of resources	155,370	14,234	16,027	-	-
Liabilities					
Current liabilities:					
Accounts payable	67	1,265	12,523	17	7,486
Interest payable	8,711	21,654	12,063	-	50
Unearned revenue	-	-	24,879	-	-
Other liabilities	-	39,137	-	1	-
Current portion of long-term liabilities	660	292,155	18,470	-	750
Total current liabilities	9,438	354,211	67,935	18	8,286
Noncurrent liabilities:					
Accrued liability for compensated absences	-	-	-	-	-
Net pension and OPEB liabilities	-	-	-	-	-
Unearned revenue	-	487	-	-	-
Revenue bonds/notes payable	976,301	1,475,348	826,104	-	189,381
Derivative instrument liability	155,370	14,234	8,129	-	-
Other noncurrent liabilities	835	-	-	-	2,022
Total noncurrent liabilities	1,132,506	1,490,069	834,233	-	191,403
Total liabilities	1,141,944	1,844,280	902,168	18	199,689
Net Position					
Net investment in capital assets	-	-	2,520	23	161
Restricted - nonexpendable:					
Grants/constitutional restrictions	-	-	-	-	-
Student aid	-	-	-	-	-
Other purposes	-	-	-	-	-
Restricted - expendable:					
Grants/constitutional restrictions	-	-	99,909	-	-
Future debt service	-	3,095	151,893	-	4,022
Endowments	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unrestricted	14,619	15,565	162,151	300,118	133,980
Total net position	\$ 14,619	\$ 18,660	\$ 416,473	\$ 300,141	\$ 138,163

White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Totals
\$ 4,473	\$ 20,296	\$ 6,742	\$ 4,760	\$ 9,506	\$ 4,409	\$ 475,708
-	-	5,601	-	-	-	277,898
117	688	812	8,534	5	720	292,588
-	-	-	-	-	-	5,000
22	-	88	-	-	229	339
101	271	95	-	-	50	588
-	-	-	-	-	-	34,787
-	195	-	-	-	-	855
-	-	-	-	-	-	2,063
<u>4,713</u>	<u>21,450</u>	<u>13,338</u>	<u>13,294</u>	<u>9,511</u>	<u>5,408</u>	<u>1,089,826</u>
226	-	-	-	-	-	188,677
-	-	-	-	-	1,057	916,934
-	-	-	-	-	296	1,453,623
-	-	-	-	-	-	45,000
-	-	-	-	-	-	192,822
-	86	-	-	-	-	953,817
-	-	-	-	-	226	16,726
79,801	26,217	8,487	-	-	-	114,505
40,503	128,243	94,654	-	-	1,197	273,176
(15,638)	(61,343)	(58,147)	-	-	(609)	(141,612)
<u>104,666</u>	<u>93,117</u>	<u>44,994</u>	<u>-</u>	<u>-</u>	<u>588</u>	<u>246,069</u>
<u>104,892</u>	<u>93,203</u>	<u>44,994</u>	<u>-</u>	<u>-</u>	<u>2,167</u>	<u>4,013,668</u>
109,605	114,653	58,332	13,294	9,511	7,575	5,103,494
-	-	-	-	-	-	177,733
-	-	-	-	-	-	7,898
-	-	-	-	-	-	185,631
385	988	900	18,486	50	654	42,821
-	-	-	-	-	-	42,478
-	200	181	13,069	-	206	38,535
-	771	6	1,013	-	226	41,154
-	-	2,849	-	-	-	314,884
<u>385</u>	<u>1,959</u>	<u>3,936</u>	<u>32,568</u>	<u>50</u>	<u>1,086</u>	<u>479,872</u>
-	-	126	-	-	-	126
-	-	68	-	-	-	68
-	-	-	-	-	-	487
-	-	-	-	-	-	3,467,134
-	-	-	-	-	-	177,733
-	-	8,219	-	-	8	11,084
-	-	8,413	-	-	8	3,656,632
385	1,959	12,349	32,568	50	1,094	4,136,504
104,667	92,315	33,833	-	-	588	234,107
57	-	-	-	-	777	834
157	-	-	-	-	-	157
686	-	-	-	-	-	686
-	-	5,402	616	-	1,217	107,144
-	-	-	-	-	-	159,010
-	-	-	-	-	244	244
-	-	200	-	-	1,094	1,294
-	-	-	-	-	376	376
<u>3,653</u>	<u>20,379</u>	<u>6,548</u>	<u>(19,890)</u>	<u>9,461</u>	<u>2,185</u>	<u>648,769</u>
\$ 109,220	\$ 112,694	\$ 45,983	\$ (19,274)	\$ 9,461	\$ 6,481	\$ 1,152,621

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Indiana Stadium and Convention Building Authority	Indian Bond Bank	Indiana Housing and Community Development Authority	Indiana Board for Depositories
Indiana Stadium and Convention Building Authority	\$ 51,409	\$ 45,681	\$ 4,262	\$ -	\$ (1,466)	\$ -	\$ -	\$ -
Indiana Bond Bank	81,842	794	80,413	-	-	(635)	-	-
Indiana Housing and Community Development Authority	428,659	46,470	393,179	-	-	-	10,990	-
Indiana Board for Depositories	832	-	558	-	-	-	-	(274)
Indiana Secondary Market for Education Loans Inc.	35,195	-	64,508	-	-	-	-	-
White River State Park Development Commission	4,064	-	5	-	-	-	-	-
Ports of Indiana	7,244	2,510	-	1,135	-	-	-	-
Indiana State Fair Commission	28,538	10,648	425	6,443	-	-	-	-
Indiana Comprehensive Health Insurance Association	148,928	17,670	2,065	-	-	-	-	-
Indiana Political Subdivision Risk Management Commission	207	142,708	-	-	-	-	-	-
Indiana State Museum and Historic Sites Corporation	13,920	144	2,185	-	-	-	-	-
Total component units	\$ 800,838	\$ 269,677	\$ 547,600	\$ 7,578	\$ (1,466)	\$ (635)	\$ 10,990	\$ (274)
General revenues:								
Investment earnings					54	184	1,031	-
Payments from State of Indiana					-	-	-	-
Other					-	-	-	-
Total general revenues					54	184	1,031	-
Change in net position					(1,412)	(451)	12,021	(274)
Net position - beginning, as restated					16,031	19,111	404,452	300,415
Net position - ending					\$ 14,619	\$ 18,660	\$ 416,473	\$ 300,141

Net (Expense) Revenue and Changes in Net Position

	Indiana Secondary Market for Education Loans Inc.	White River State Park Development Commission	Ports of Indiana	Indiana State Fair Commission	Indiana Comprehensive Health Insurance Association	Indiana Political Subdivision Risk Management Commission	Indiana State Museum and Historic Sites Corporation	Total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(1,466)
	-	-	-	-	-	-	-	(635)
	-	-	-	-	-	-	-	10,990
	-	-	-	-	-	-	-	(274)
29,313	-	-	-	-	-	-	-	29,313
	(1,549)	-	-	-	-	-	-	(1,549)
	-	4,539	-	(4,000)	-	-	-	4,539
	-	-	-	-	(4,155)	-	-	(4,000)
	-	-	-	-	-	(63)	-	(4,155)
	-	-	-	-	-	-	(8,683)	(63)
29,313	(1,549)	4,539	(4,000)	(4,155)	(63)	(8,683)	(8,683)	24,017
794	8	42	11	10	33	152	2,319	
-	790	-	9,486	-	-	9,070	19,346	
-	-	3	-	-	-	-	3	
794	798	45	9,497	10	33	9,222	21,668	
30,107	(751)	4,584	5,497	(4,145)	(30)	539	45,685	
108,056	109,971	108,110	40,486	(15,129)	9,491	5,942	1,106,936	
\$	\$ 138,163	\$ 112,694	\$ 45,983	\$ (19,274)	\$ 9,461	\$ 6,481	\$ 1,152,621	

State of Indiana
Combining Statement of Net Position
Non-Major Discretely Presented Component Units -
Colleges and Universities
June 30, 2013
(amounts expressed in thousands)

	Ball State University	Indiana State University	Ivy Tech Community College	University of Southern Indiana	Vincennes University	Totals
Assets						
Current assets:						
Cash, cash equivalents and investments - unrestricted	\$ 167,560	\$ 51,148	\$ 268,120	\$ 39,800	\$ 25,320	\$ 551,948
Cash, cash equivalents and investments - restricted	-	-	-	-	38,543	38,543
Receivables (net)	42,207	16,607	37,525	14,898	8,269	119,506
Inventory	1,297	101	-	1,223	2,234	4,855
Prepaid expenses	3,288	1,547	294	19	228	5,376
Other assets	15,430	355	524	8,874	359	25,542
Total current assets	229,782	69,758	306,463	64,814	74,953	745,770
Noncurrent assets:						
Cash, cash equivalents and investments - unrestricted	2,470	111,657	-	-	-	114,127
Cash, cash equivalents and investments - restricted	293,157	46,047	107,697	137,341	126,411	710,653
Receivables (net)	9,579	8,143	35,708	-	583	54,013
Net pension and OPEB assets	9,080	14,238	-	-	8,901	32,219
Other assets	5,717	5,915	1,128	5,536	223	18,519
Capital assets:						
Capital assets not being depreciated/amortized	25,588	54,090	42,367	16,479	28,586	167,110
Capital assets being depreciated/amortized	910,537	566,127	836,134	300,827	285,149	2,898,774
less accumulated depreciation/amortization	(332,872)	(253,000)	(244,744)	(141,993)	(111,875)	(1,084,484)
Total capital assets, net of depreciation/amortization	603,253	367,217	633,757	175,313	201,860	1,981,400
Total noncurrent assets	923,256	553,217	778,290	318,190	337,978	2,910,931
Total assets	1,153,038	622,975	1,084,753	383,004	412,931	3,656,701
Deferred Outflows of Resources						
Accumulated decrease in fair value of hedging derivatives	-	-	-	2,084	127	2,211
Total deferred outflows of resources	-	-	-	2,084	127	2,211
Liabilities						
Current liabilities:						
Accounts payable	26,727	9,038	26,163	7,733	9,457	79,118
Interest payable	-	-	-	1,601	-	1,601
Unearned revenue	851	1,251	20,546	1,572	2,771	26,991
Accrued liability for compensated absences	-	3,394	10,393	290	1,187	15,264
Other liabilities	7,248	6,445	6,580	3,208	3,635	27,116
Current portion of long-term liabilities	11,475	9,622	61,958	11,404	4,376	98,835
Total current liabilities	46,301	29,750	125,640	25,808	21,426	248,925
Noncurrent liabilities:						
Accrued liability for compensated absences	7,648	642	5,866	2,485	-	16,641
Other postemployment benefits	-	-	19,357	7,767	-	27,124
Unearned revenue	-	2	-	-	-	2
Funds held in trust for others	-	-	-	-	36,559	36,559
Advances from federal government	-	7,716	-	-	1,116	8,832
Revenue bonds/notes payable	184,644	135,384	329,101	123,459	61,341	833,929
Derivative instrument liability	-	-	-	2,084	127	2,211
Other noncurrent liabilities	11,466	4,189	340	41	13	16,049
Total noncurrent liabilities	203,758	147,933	354,664	135,836	99,156	941,347
Total liabilities	250,059	177,683	480,304	161,644	120,582	1,190,272
Deferred Inflows of Resources						
Deferred service concession arrangement receipts	-	1,941	-	-	-	1,941
Total deferred inflows of resources	-	1,941	-	-	-	1,941
Net Position						
Net investment in capital assets	425,877	248,220	230,828	45,158	135,878	1,085,961
Restricted - nonexpendable:						
Permanent funds	-	36,957	-	-	-	36,957
Instruction and research	23,690	632	1,300	6,875	-	32,497
Student aid	40,054	2,174	21,616	23,741	18,528	106,113
Other purposes	8,048	1,943	2,515	6,460	4,295	23,261
Restricted - expendable:						
Grants/constitutional restrictions	3,475	4,660	7,545	-	59	15,739
Future debt service	6,448	-	-	123	-	6,571
Instruction and research	53,561	3,364	186	9,546	-	66,657
Student aid	45,746	-	4,146	22,066	6,742	78,700
Endowments	-	9,620	1,169	-	-	10,789
Capital projects	15,357	4,758	48,766	6,603	1,879	77,363
Other purposes	14,358	2,187	2,022	5,844	1,827	26,238
Unrestricted	266,365	128,836	284,356	97,028	123,268	899,853
Total net position	\$ 902,979	\$ 443,351	\$ 604,449	\$ 223,444	\$ 292,476	\$ 2,466,699

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

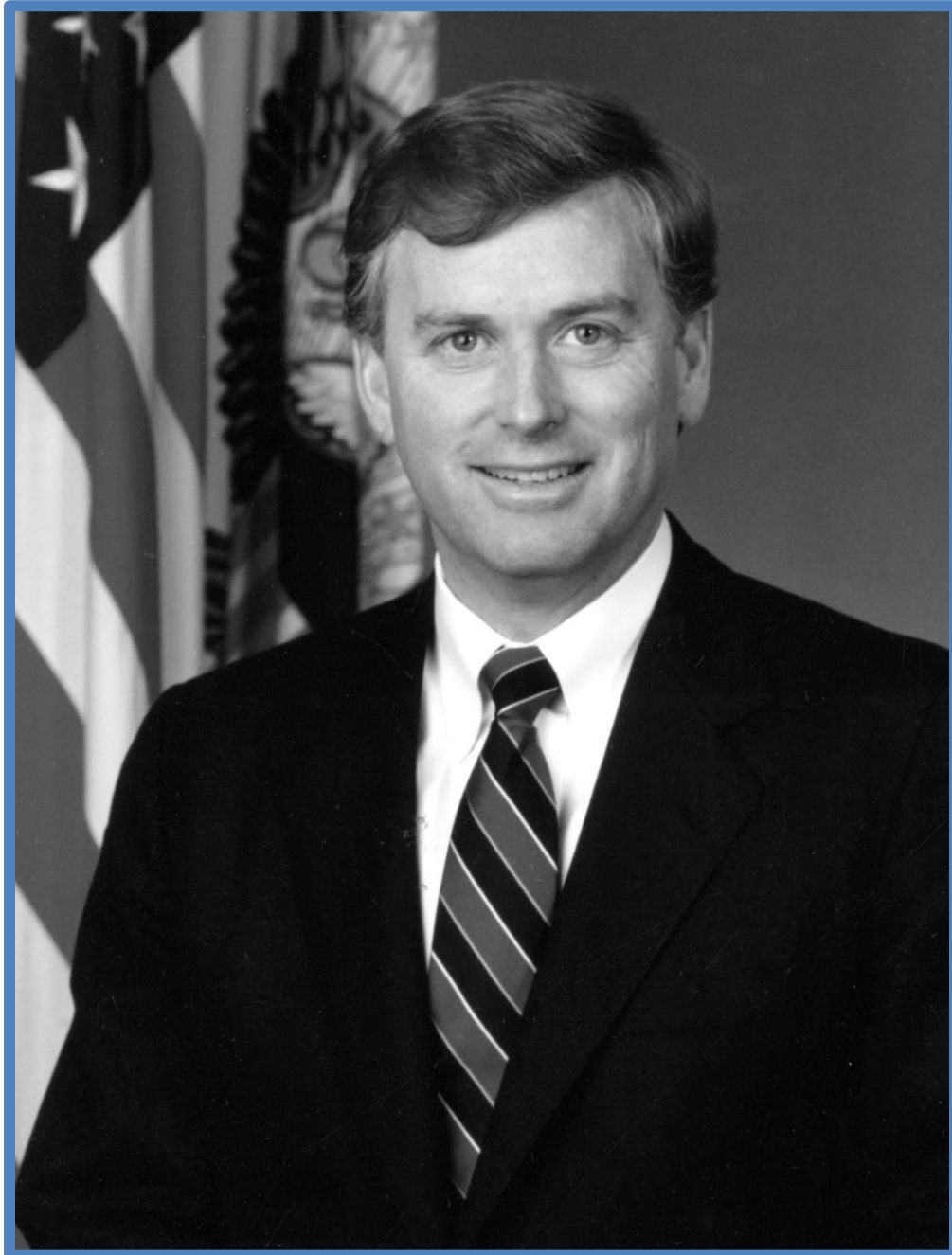
	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Ball State University	Indiana State University	Ivy Tech State College	University of Southern Indiana	Vincennes University	Total
Ball State University	\$ 439,116	\$ 235,469	\$ 24,289	\$ 3,659	\$ (175,699)	\$ -	\$ -	\$ -	\$ -	\$ (175,699)
Indiana State University	223,301	105,078	15,616	407	-	(102,200)	-	-	-	(102,200)
Ivy Tech Community College	649,263	167,316	33,626	1,835	-	-	(446,486)	-	-	(446,486)
University of Southern Indiana	152,791	74,136	27,031	584	-	-	-	(51,040)	-	(51,040)
Vincennes University	122,409	46,163	16,376	-	-	-	-	-	(59,870)	(59,870)
Total component units	\$ 1,586,880	\$ 628,162	\$ 116,938	\$ 6,485	(175,699)	(102,200)	(446,486)	(51,040)	(59,870)	(835,295)
General revenues:										
Investment earnings					20,332	7,362	5,956	8,621	2,668	44,939
Payments from State of Indiana					139,513	76,468	217,160	51,965	41,960	527,066
Other					54,397	36,061	261,516	2,458	24,655	379,087
Total general revenues					214,242	119,891	484,632	63,044	69,283	951,092
Change in net position					38,543	17,691	38,146	12,004	9,413	115,797
Net position - beginning, as restated					864,436	425,660	566,303	211,440	283,063	2,350,902
Net position - ending					\$ 902,979	\$ 443,351	\$ 604,449	\$ 223,444	\$ 292,476	\$ 2,466,699



STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Photo provided by the Indiana State Library.



QUAYLE, James Danforth (Dan), born in Indianapolis, Marion County, Ind., February 4, 1947; elected Vice President of the United States in 1988 with President George Herbert Walker Bush and was inaugurated January 20, 1989; is a resident of Paradise Valley, Ariz. Source: Biographical Directory of the U.S. Congress.

STATISTICAL SECTION

The statistical section is presented to provide report users a historical perspective and assistance in assessing the current financial status and trends for the State.

FINANCIAL TRENDS

These schedules contain trend information to assist users in understanding and assessing how the State's financial position has changed over time.

Net Position by Component	189
Changes in Net Position	190
Fund Balances, Governmental Funds	192
Changes in Fund Balances, Governmental Funds	194

REVENUE CAPACITY

These schedules contain information to assist users in understanding and assessing the factors affecting the State's ability to generate its own-source revenues.

Taxable Sales by Industry	195
Sales Tax Revenue Payers by Industry	196
Personal Income Tax Filers and Liability by Income Level	197
Personal Income by Industry	198
Personal Income Tax Rates	199

DEBT CAPACITY

This schedule is to assist users in understanding and assessing the State's debt burden and its ability to issue debt.

Ratios of Outstanding Debt by Type	200
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DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules are intended to assist users in understanding the socioeconomic environment within which the State operates and to provide information that facilitates comparisons of financial statement information.

State Facts	201
County Facts	202
Demographic and Economic Statistics	203
Twenty Largest Indiana Public Companies	204
Twenty Largest Indiana Private Companies	205
Principal Employers	206
School Enrollment	207
Largest Indiana Private Colleges & Universities	208

OPERATING INFORMATION

These schedules provide contextual information about the State's operations and resources to assist readers in using financial statement information to understand and assess the State's economic condition.

Operating Indicators by Function of Government	209
Capital Assets Statistics by Function of Government	210
Full Time State Employees Paid Through the Auditor of State's Office	211
Employees Other Than Full Time Paid Through The Auditor of State's Office	212
Pension, Death Benefits, and Former Governors, Number of People Paid Through the Auditor of State's Office	213

**State of Indiana
Net Position by Component**

(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 9,828,279	\$ 8,708,789	\$ 8,764,090	\$ 8,693,300	\$ 9,381,292	\$ 10,315,310	\$ 10,722,683	\$ 11,344,650	\$ 12,175,413	\$ 13,373,198
Restricted	580,918	534,646	1,040,953	1,077,585	719,791	1,323,587	1,461,966	573,115	883,877	899,224
Unrestricted	1,167,857	1,753,055	6,534,414	7,101,915	7,513,441	6,534,641	5,728,165	6,979,715	6,158,902	5,597,081
Total governmental activities net position	\$ 11,577,054	\$ 10,996,490	\$ 16,339,457	\$ 16,872,800	\$ 17,614,524	\$ 18,173,538	\$ 17,912,814	\$ 18,897,480	\$ 19,218,192	\$ 19,869,503
Business-type activities										
Net investment in capital assets	\$ 68,151	\$ 11,893	\$ 11,164	\$ 11,106	\$ 13,673	\$ 122	\$ 88	\$ 84	\$ 685	\$ 664
Restricted	834,010	452,708	448,929	342,192	301,054	-	-	-	-	-
Unrestricted	727,261	(4,278)	(1,336)	183	10,569	(785,205)	(1,610,178)	(1,690,540)	(1,551,507)	(1,211,916)
Total business-type activities net position	\$ 1,629,422	\$ 460,323	\$ 458,757	\$ 353,481	\$ 325,296	\$ (785,083)	\$ (1,610,090)	\$ (1,690,456)	\$ (1,550,822)	\$ (1,211,252)
Primary government										
Net investment in capital assets	\$ 9,896,430	\$ 8,720,682	\$ 8,775,254	\$ 8,704,406	\$ 9,394,965	\$ 10,315,432	\$ 10,722,771	\$ 11,344,734	\$ 12,176,098	\$ 13,373,862
Restricted	1,414,928	987,354	1,489,882	1,419,777	1,020,845	1,323,587	1,461,966	573,115	883,877	899,224
Unrestricted	1,895,118	1,748,777	6,533,078	7,102,098	7,524,010	5,749,436	4,117,987	5,289,175	4,607,395	4,385,165
Total primary government net position	\$ 13,206,476	\$ 11,456,813	\$ 16,798,214	\$ 17,226,281	\$ 17,939,820	\$ 17,388,455	\$ 16,302,724	\$ 17,207,024	\$ 17,667,370	\$ 18,658,251

State of Indiana
Changes in Net Position

(accrual basis of accounting, dollars in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 4,133,636	\$ 4,198,272	\$ 2,969,671	\$ 4,764,681	\$ 5,163,869	\$ 4,166,273	\$ 1,659,190	\$ 2,261,226	\$ 2,642,907	\$ 1,476,098
Public safety	1,211,825	1,207,563	1,181,061	1,250,115	1,381,648	1,467,650	1,496,660	1,357,672	1,330,270	1,526,556
Health	413,339	426,531	333,740	343,586	387,354	369,434	394,570	344,115	305,202	409,262
Welfare	7,039,564	7,297,887	7,261,688	7,974,068	9,201,141	8,933,383	9,785,881	9,805,753	11,157,839	12,546,861
Conservation, culture, and development	511,773	507,990	546,489	534,983	581,548	673,972	590,275	529,963	589,351	555,650
Education	6,360,264	6,598,563	6,971,170	7,012,838	7,367,214	8,926,507	10,308,922	10,367,047	10,277,460	10,136,785
Transportation	1,641,740	1,658,504	1,726,735	1,770,703	1,297,521	1,267,572	1,907,655	1,748,590	1,533,603	1,729,731
Unallocated interest expense	94,881	750	787	724	724	732	592	796	662	216
Total governmental activities expenses	\$ 21,407,022	\$ 21,896,060	\$ 20,991,341	\$ 23,651,742	\$ 25,381,019	\$ 25,811,523	\$ 26,143,745	\$ 26,415,162	\$ 27,837,294	\$ 28,381,159
Business-type activities:										
Toll roads	75,697	-	-	-	-	-	-	-	-	-
Aviation technology bonds	685	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	13,036	-	-	-	-	-	-	-	-	-
State revolving fund	60,990	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	868,940	713,120	692,907	758,673	845,956	2,341,269	3,223,194	3,217,559	1,893,947	1,160,585
State lottery commission	599,117	-	-	-	-	-	-	-	-	-
Other	39,588	31,981	31,981	32,945	24,480	39,922	24,044	23,167	22,604	24,694
Total business-type activities expenses	\$ 1,658,033	\$ 744,947	\$ 724,888	\$ 791,618	\$ 870,436	\$ 2,381,191	\$ 3,247,238	\$ 3,240,726	\$ 1,916,551	\$ 1,185,279
Total primary government expenses	\$ 23,065,055	\$ 22,641,007	\$ 21,716,229	\$ 24,443,360	\$ 26,251,455	\$ 28,192,714	\$ 29,390,983	\$ 29,655,888	\$ 29,753,845	\$ 29,566,438
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 287,985	\$ 444,845	\$ 464,728	\$ 490,980	\$ 837,677	\$ 684,486	\$ 586,805	\$ 636,558	\$ 700,218	\$ 511,917
Public safety	621,619	604,438	516,316	484,667	461,330	413,815	483,421	446,055	467,599	473,665
Health	19,758	32,963	12,702	11,155	15,030	17,362	8,076	8,129	8,407	140,498
Welfare	165,544	113,249	157,221	100,540	180,314	45,226	23,344	179,991	861,089	919,557
Conservation, culture, and development	97,756	102,410	114,004	123,264	145,246	162,403	159,542	149,781	155,963	153,828
Education	9,627	1,637	3,045	3,724	3,987	4,518	8,489	4,202	4,381	7,950
Transportation	3,797	3,973	18,542	39,174	38,142	36,088	46,231	46,900	54,977	91,990
Operating grants and contributions	7,469,214	7,388,752	7,653,298	8,572,608	9,372,760	10,494,940	11,223,452	10,939,012	11,065,618	11,607,655
Capital grants and contributions	14,077	15,587	11,754	11,260	26,882	21,397	9	-	-	-
Total governmental activities program revenues	\$ 8,689,377	\$ 8,707,854	\$ 8,951,610	\$ 9,837,372	\$ 11,081,368	\$ 11,870,235	\$ 12,539,369	\$ 12,410,628	\$ 13,318,242	\$ 13,907,060
Business-type activities:										
Charges for services:										
Toll roads	92,661	-	-	-	-	-	-	-	-	-
Aviation technology bonds	711	-	-	-	-	-	-	-	-	-
Airport facilities revenue bonds	12,916	-	-	-	-	-	-	-	-	-
State revolving fund	65,413	-	-	-	-	-	-	-	-	-
Unemployment compensation fund	-	599,437	663,084	629,716	653,778	1,223,731	2,393,810	1,628,446	983,708	830,527
State lottery commission	734,872	-	-	-	-	-	-	-	-	-
Other	30,605	31,356	32,846	30,628	28,590	28,185	27,280	26,103	26,961	26,463
Operating grants and contributions	122,200	-	-	-	134,559	10,523	-	1,496,679	1,043,864	670,532
Capital grants and contributions	62,790	-	-	-	816,927	1,262,439	2,421,090	3,151,228	2,054,533	1,527,609
Total business-type activities program revenues	\$ 1,122,168	\$ 630,793	\$ 695,930	\$ 660,344	\$ 1,189,826	\$ 1,313,267	\$ 14,960,459	\$ 15,561,856	\$ 15,372,775	\$ 15,434,669
Total primary government program revenues	\$ 9,811,545	\$ 9,338,647	\$ 9,647,540	\$ 10,497,716	\$ 11,898,295	\$ 13,183,502	\$ 14,960,459	\$ 15,561,856	\$ 15,372,775	\$ 15,434,669
Net (Expense)/Revenue										
Governmental activities	\$ (12,177,645)	\$ (13,188,206)	\$ (12,039,731)	\$ (13,814,370)	\$ (14,299,651)	\$ (13,941,288)	\$ (13,604,376)	\$ (14,004,534)	\$ (14,519,062)	\$ (14,474,099)
Business-type activities	(535,865)	(114,154)	(28,958)	(131,274)	(63,509)	(1,118,752)	(826,148)	(89,498)	137,982	342,330
Total primary government net expenses	\$ (13,253,510)	\$ (13,302,360)	\$ (12,068,689)	\$ (13,945,644)	\$ (14,363,160)	\$ (15,060,040)	\$ (14,430,524)	\$ (14,094,032)	\$ (14,381,070)	\$ (14,131,769)

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	Fiscal Year											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
General Revenues and Other Changes in Net Position												
Governmental activities:												
Taxes												
Income taxes	\$ 4,653,807	\$ 5,090,306	\$ 5,396,926	\$ 5,638,203	\$ 5,833,169	\$ 5,135,398	\$ 4,495,576	\$ 5,781,340	\$ 5,424,347	\$ 5,371,040		
Sales taxes	4,694,868	4,963,327	5,352,132	5,491,750	5,869,177	6,146,378	5,937,225	6,365,077	6,520,664	6,845,294		
Fuel taxes	827,525	831,010	879,313	707,354	677,084	763,994	799,356	754,839	762,563	771,434		
Gaming taxes	780,643	791,228	806,271	851,853	826,358	880,491	911,633	904,353	867,065	788,636		
Unemployment taxes	-	-	-	-	-	-	807	320	102	80		
Inheritance taxes	136,382	166,825	139,365	154,817	166,094	183,214	127,673	160,917	169,769	160,820		
Alcohol & Tobacco taxes	357,370	359,066	373,921	398,601	536,948	540,201	458,420	464,699	479,621	503,879		
Insurance taxes	180,705	190,253	181,501	197,064	203,110	187,329	179,024	189,948	206,793	211,987		
Financial institution taxes	81,181	70,067	79,018	59,003	37,419	26,264	55,611	84,743	71,467	121,369		
Other taxes	241,543	204,328	346,816	519,747	580,144	506,699	265,900	222,603	228,919	261,197		
Investment earnings	43,146	73,798	153,834	260,805	239,372	91,331	33,566	22,460	16,345	27,990		
Other	107,064	35,759	55,848	69,522	76,199	41,116	76,289	35,283	90,078	58,915		
Special item: Proceeds from lease of Toll Road	-	-	3,618,528	-	-	-	-	-	-	-		
Transfers within primary government	135,221	(958)	(818)	(1,006)	(3,699)	-	2,572	2,618	2,101	-		
Total governmental activities	12,239,455	12,775,009	17,382,655	14,347,713	15,041,375	14,500,302	13,343,652	14,989,200	14,839,764	15,125,410		
Business-type activities:												
Investment earnings	43,746	32,907	26,617	24,992	21,625	6,260	3,713	1,750	3,753	9		
Unemployment taxes	402,222	-	-	-	-	-	-	-	-	-		
Other	3,627	-	-	-	-	-	-	-	-	-		
Transfers within primary government	(135,221)	958	818	1,006	3,699	2,113	(2,572)	(2,618)	(2,101)	(2,769)		
Total business-type activities	314,374	33,865	27,435	25,998	25,324	8,373	1,141	9,132	1,652	(2,760)		
Total primary government	12,553,829	12,808,874	17,410,090	14,373,711	15,066,699	14,508,675	13,344,793	14,998,332	14,841,416	15,122,650		
Changes in Net Position												
Governmental activities	(478,190)	(413,197)	5,342,924	533,343	741,724	559,014	(260,724)	984,666	320,712	651,311		
Business-type activities	(221,491)	(80,289)	(1,523)	(105,216)	(28,195)	(1,110,379)	(825,007)	(80,366)	139,634	339,570		
Total primary government	\$ (699,681)	\$ (493,486)	\$ 5,341,401	\$ 428,067	\$ 713,539	\$ (551,365)	\$ (1,085,731)	\$ 904,300	\$ 460,346	\$ 990,881		

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

Income taxes

Sales taxes

Fuel taxes

Gaming taxes

Unemployment taxes

Inheritance taxes

Alcohol & Tobacco taxes

Insurance taxes

Financial institution taxes

Other taxes

Investment earnings

Other

Special item: Proceeds from lease of Toll Road

Transfers within primary government

Total governmental activities

Business-type activities:

Investment earnings

Unemployment taxes

Other

Transfers within primary government

Total business-type activities

Total primary government

Changes in Net Position

Governmental activities

Business-type activities

Total primary government

State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund (Pre-GASB 54)										
Reserved	\$ 400,937	\$ 395,316	\$ 396,736	\$ 409,227	\$ 616,861	\$ 73,682	\$ 304,233	\$ -	\$ -	\$ -
Unreserved	840,956	798,926	1,436,814	1,937,955	2,183,461	1,488,457	2,213,432	-	-	-
Total general fund	<u>\$ 1,241,893</u>	<u>\$ 1,194,242</u>	<u>\$ 1,833,550</u>	<u>\$ 2,347,182</u>	<u>\$ 2,800,322</u>	<u>\$ 1,562,139</u>	<u>\$ 2,517,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund (Per GASB 54)										
Restricted										
Administration								\$ 71,990	\$ 363,212	\$ 378,559
Total Restricted								<u>71,990</u>	<u>363,212</u>	<u>378,559</u>
Committed										
Administration									20,859	
Economic development										6,030
Total Committed									<u>20,859</u>	<u>6,030</u>
Assigned										
Administration								65,156	41,550	72,575
Corrections								6,717	11,680	46,195
Police & protection								1,679	2,920	11,277
Public health										22
Child services								77,285	73,302	205,713
Disability & aging										3
Economic development								26,044	9,733	862
Environmental								16,528	6,177	552
Natural resources								7,513	2,808	249
Secondary education								9,572	6,346	5,311
Roads & bridges								2,925	1,068	81
Capital outlay								84,855	54,112	92,884
Other purposes								1,515	966	1,762
Encumbrances								303,018	441,412	759,540
Total Assigned								<u>602,807</u>	<u>652,074</u>	<u>1,197,026</u>
Unassigned								2,358,283	2,354,999	1,756,635
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,033,080</u>	<u>\$ 3,391,144</u>	<u>\$ 3,338,250</u>

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State of Indiana
Fund Balances, Governmental Funds,
(modified accrual basis of accounting, dollars in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All other Governmental Funds (Pre-GASB 54)										
Reserved	\$ 1,767,167	\$ 1,583,392	\$ 2,019,809	\$ 2,286,840	\$ 2,283,874	\$ 3,584,616	\$ 2,269,450	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(781,296)	(630,732)	3,473,447	3,160,707	2,807,884	2,514,631	2,184,021	-	-	-
Capital project funds	86,266	81,284	91,149	90,207	78,953	83,961	89,829	-	-	-
Permanent funds	200,749	124,005	590,233	607,815	628,534	661,509	740,778	-	-	-
Total all other governmental funds	\$ 1,272,886	\$ 1,157,949	\$ 6,174,638	\$ 6,145,569	\$ 5,799,245	\$ 6,844,717	\$ 5,284,078	\$ -	\$ -	\$ -
All other Governmental Funds (Per GASB 54)										
Nonspendable										
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,125	\$ 520,665	\$ 520,665
Total Nonspendable	-	-	-	-	-	-	-	501,125	520,665	520,665
Committed										
Administration	-	-	-	-	-	-	-	-	580,245	7,426
Public health	-	-	-	-	-	-	-	3	306,793	316,290
Economic development	-	-	-	-	-	-	-	-	103	11,270
Environmental	-	-	-	-	-	-	-	-	-	561
Natural resources	-	-	-	-	-	-	-	-	-	468
Higher education	-	-	-	-	-	-	-	4	-	4
Secondary education	-	-	-	-	-	-	-	553,686	72	564,681
Roads & bridges	-	-	-	-	-	-	-	16,180	171,733	166,166
Other purposes	-	-	-	-	-	-	-	-	-	14,818
Total Committed	-	-	-	-	-	-	-	569,873	1,058,946	1,081,684
Assigned										
Administration	-	-	-	-	-	-	-	423,553	263,210	209,474
Corrections	-	-	-	-	-	-	-	14,976	26,945	10,676
Police & protection	-	-	-	-	-	-	-	284,551	511,947	190,802
Mental health	-	-	-	-	-	-	-	62,709	52,335	62,061
Public health	-	-	-	-	-	-	-	689,801	575,680	693,209
Child services	-	-	-	-	-	-	-	134,377	112,146	133,753
Disability & aging	-	-	-	-	-	-	-	8,958	7,476	9,445
Economic development	-	-	-	-	-	-	-	43,734	53,942	43,516
Environmental	-	-	-	-	-	-	-	94,757	116,874	96,334
Natural resources	-	-	-	-	-	-	-	104,476	128,861	105,755
Higher education	-	-	-	-	-	-	-	27,812	19,745	23,582
Secondary education	-	-	-	-	-	-	-	35,396	25,129	29,698
Roads & bridges	-	-	-	-	-	-	-	2,071,404	1,490,793	1,148,946
Capital outlay	-	-	-	-	-	-	-	138,978	86,366	70,015
Other purposes	-	-	-	-	-	-	-	99,270	61,690	48,600
Total Assigned	-	-	-	-	-	-	-	4,234,753	3,533,138	2,875,866
Unassigned	-	-	-	-	-	-	-	(248,233)	(258,550)	(176,649)
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,057,518	\$ 4,854,199	\$ 4,301,566

State of Indiana
Taxable Sales by Industry*
Last Ten Fiscal Years
(in thousands of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agricultural/forestry, fishing, and other	\$ 343,106	\$ 356,577	\$ 413,341	\$ 431,335	\$ 475,138	\$ 374,750	\$ 382,162	\$ 363,792	\$ 372,863	\$ 379,565
Construction	1,137,531	1,220,932	1,540,499	1,713,622	1,827,145	1,898,873	1,647,326	1,255,395	1,314,063	1,472,803
Finance, insurance, and real estate	900,459	870,350	946,265	964,544	1,000,612	1,049,043	1,058,010	948,291	935,015	994,822
Government	9,865	11,198	11,545	11,862	13,993	18,511	23,338	22,719	22,512	24,351
Manufacturing	2,076,227	2,159,586	2,719,729	2,928,781	3,133,406	3,229,466	2,699,025	2,284,778	2,684,744	2,922,975
Mining	35,774	42,613	54,431	56,697	58,879	55,152	51,740	49,250	84,869	89,994
Retail trade	16,265,898	16,375,391	20,590,246	20,954,520	21,527,722	21,127,367	18,227,083	17,459,027	18,530,189	19,471,712
Services	9,555,795	9,911,467	12,078,940	12,741,041	13,705,058	13,754,477	13,413,528	12,702,691	13,402,546	14,598,148
Transportation and public utilities	3,081,873	2,884,442	4,064,232	4,598,925	4,774,062	5,195,834	6,009,812	5,829,367	6,188,783	5,844,682
Wholesale trade	1,824,303	1,930,025	2,346,878	2,554,811	2,671,007	2,840,144	2,632,910	2,292,830	2,547,501	2,671,877
Unknown**	37,508,396	39,340,419	41,354,171	43,270,517	44,775,325	48,268,382	50,300,680	49,820,563	52,101,325	53,523,644
Total	\$ 72,739,227	\$ 75,103,000	\$ 86,120,277	\$ 90,226,655	\$ 93,962,347	\$ 97,811,999	\$ 96,445,614	\$ 93,028,703	\$ 98,184,410	\$ 101,994,573
Direct sales tax rate	5 - 6%	6%	6%	6%	6%	6 - 7%	7%	7%	7%	7%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7.1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form. Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana
Sales Tax Revenue Payers by Industry*
Fiscal Years 2006 and 2012
(in thousands of dollars)

	Fiscal Year Ended June 30, 2006			Fiscal Year Ended June 30, 2012			
	Number of Filers	% of Total	Tax Liability	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural/forestry, fishing, and other	3,896	2.01%	\$ 25,880.13	4,000	2.22%	\$ 22,773.88	0.37%
Construction	11,334	5.84%	102,817.32	10,097	5.59%	88,368.18	1.44%
Finance, insurance, and real estate	4,883	2.52%	57,872.61	4,253	2.36%	59,689.30	0.98%
Government	497	0.26%	711.69	484	0.27%	1,461.06	0.02%
Manufacturing	17,695	9.12%	175,726.84	16,541	9.16%	175,378.50	2.87%
Mining	383	0.20%	3,401.79	354	0.20%	5,399.65	0.09%
Retail trade	64,901	33.45%	1,257,271.22	56,241	31.16%	1,168,302.69	19.09%
Services	62,792	32.37%	764,462.44	58,897	32.63%	875,888.89	14.31%
Transportation and public utilities	4,937	2.54%	275,935.52	4,477	2.48%	350,680.94	5.73%
Wholesale trade	10,136	5.22%	153,288.66	12,920	7.16%	160,312.63	2.62%
Unknown**	12,554	6.47%	2,596,231.00	12,230	6.78%	3,211,418.61	52.48%
Total	194,008	100.00%	\$ 5,413,599.22	180,494	100.00%	\$ 6,119,674.33	100.00%

Source: Indiana Department of Revenue

* Indiana Code 6-8.1-7-1 prevents the disclosure of the top ten sales tax payers in Indiana as required by GASB Statement No. 44. This schedule is presented as a substitute for that requirement.

** Industry category is provided to the Department of Revenue on Sales Tax information submitted by retail merchants on their Business Tax Application. In the past, type of industry field was not required on the form.

Thus, businesses started prior to the addition of the industry category field were classified as unknown. The industry category field was added in recent years.

State of Indiana
Personal Income Tax Filers and Liability by Income Level
Fiscal Years 2006 and 2012
(in millions of dollars)

Income Level	Fiscal YE 2006			Fiscal YE 2012			
	Number of Filers	% of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	% of Total
\$50,000 and under	2,167,182	70.73%	\$ 1,497.43	2,142,579	69.07%	\$ 1,634.75	26.49%
\$50,001 - \$100,000	658,885	21.50%	1,784.88	647,386	20.87%	1,892.76	30.67%
\$100,001 - \$250,000	205,819	6.72%	1,117.14	275,379	8.88%	1,624.60	26.32%
\$250,001 - \$1,000,000	28,381	0.93%	486.42	33,801	1.09%	632.62	10.25%
\$1,000,001 and over	3,758	0.12%	417.13	3,087	0.10%	387.31	6.28%
Total	3,064,025	100.00%	\$ 5,303.00	3,102,232	100.00%	\$ 6,172.04	100.00%

Source: Indiana Department of Revenue

State of Indiana
Personal Income by Industry
Last Ten Fiscal Years
(in millions of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Farm earnings	\$ 1,266	\$ 2,052	\$ 1,332	\$ 1,136	\$ 1,507	\$ 2,664	\$ 2,022	\$ 1,938	\$ 3,077	\$ 2,821
Agriculture, forestry, fishing, and hunting	361	392	413	506	511	491	426	502	363	394
Mining	510	579	626	662	597	716	567	693	1,000	1,089
Construction and utilities	10,854	11,338	11,547	12,152	12,247	12,091	10,670	10,963	11,788	12,692
Manufacturing	34,195	35,835	36,397	37,580	37,538	36,627	31,001	32,815	35,167	37,514
Wholesale trade	6,797	7,159	7,485	7,920	8,326	8,458	7,674	7,843	8,240	8,628
Retail trade	9,977	10,156	10,345	10,740	10,674	10,258	9,905	10,118	10,448	10,868
Transportation and warehousing	5,655	6,073	6,438	6,863	7,005	6,861	6,415	6,608	7,043	7,594
Information	2,287	2,412	2,385	2,411	2,546	2,559	2,511	2,363	2,361	2,605
Finance and insurance	6,501	6,709	6,881	7,208	7,293	7,303	6,934	7,118	7,381	7,697
Real estate and rental and leasing	2,366	2,309	2,211	2,131	1,843	1,944	1,847	1,912	2,149	2,267
Services	21,423	22,708	23,885	25,617	26,591	27,612	26,497	27,366	29,113	30,807
Management of companies and enterprises	2,246	2,312	2,315	2,518	2,656	2,657	2,542	2,588	2,831	3,016
Health care and social assistance	14,310	15,179	15,900	16,993	17,759	19,023	19,520	20,273	20,700	21,955
Arts, entertainment, and recreation	1,673	1,740	1,728	1,782	1,786	1,792	1,689	1,742	1,738	1,734
Government and government enterprises	18,914	20,016	20,852	21,239	22,061	23,070	23,621	23,881	24,101	24,257
Total personal income	\$ 139,335	\$ 146,969	\$ 150,740	\$ 157,458	\$ 160,940	\$ 164,126	\$ 153,841	\$ 158,723	\$ 167,500	\$ 175,938

Note: The Services industry includes professional, scientific, and technical services, administrative and waste management services, educational services, accommodation and food services, and other services, except public administration.

Source: U.S. Department of Commerce - Bureau of Economic Analysis, SA05N NAICS - Personal income by major source and earnings by NAICS industry (1990-2012).

State of Indiana Personal Income Tax Rates Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Personal Income Tax Revenues (in millions)	\$ 3,644	\$ 3,808	\$ 4,213	\$ 4,382	\$ 4,580	\$ 4,826	\$ 4,305	\$ 3,864	\$ 4,584	\$ 4,765
Personal Income (in millions)	183,059	192,181	197,656	209,531	217,005	224,651	217,545	223,158	236,815	249,198
Average Effective Rate ¹	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.0%	1.7%	1.9%	1.9%

Tax Rates on the Portion of Taxable Income in Ranges ²			
Tax Years 2003-04			
Tax Rate	1.2%	2.7%	3.2%
Income Bracket (in thousands)	\$0-20	\$21-40	\$101-120
Tax Years 2005-08			
Tax Rate	1.2%	2.7%	3.2%
Income Bracket (in thousands)	\$0-20	\$41-60	\$101-120
Tax Years 2009-12			
Tax Rate	1.1%	2.6%	3.2%
Income Bracket (in thousands)	\$0-20	\$21-40	\$121+

¹ Average effective rate equals tax collections divided by income.

² This assumes (a) a family of four that consists of husband, wife, and two children and (b) state taxable income equals federal adjusted gross income minus renter's/homeowner's property tax deduction minus exemptions. The State income tax rate for the entire 10 years was 3.4%.

Sources: U.S. Department of Commerce - Bureau of Economic Analysis; Auditor of State Financial Records; U.S. Census Bureau; & Indiana Department of Revenue Tax Forms.

State of Indiana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Revenue bonds/notes payable	\$ 2,311,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital leases	24,953	1,271,258	1,307,072	1,333,099	1,321,593	1,286,107	1,269,809	1,225,312	1,209,977	1,156,910
Total Governmental Activities	<u>2,336,309</u>	<u>1,271,258</u>	<u>1,307,072</u>	<u>1,333,099</u>	<u>1,321,593</u>	<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>
Business-type Activities										
Revenue bonds/notes payable	411,930	-	-	-	-	-	-	-	-	-
Total Business-type Activities	<u>411,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 2,748,239</u>	<u>\$ 1,271,258</u>	<u>\$ 1,307,072</u>	<u>\$ 1,333,099</u>	<u>\$ 1,321,593</u>	<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>
Debt as a Percentage of Personal Income	1.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%
Amount of Debt per Capita <i>(in whole dollars)</i>	\$ 441	\$ 202	\$ 206	\$ 209	\$ 206	\$ 199	\$ 196	\$ 188	\$ 185	\$ 176

Note:
(a) In 2005, Business-type activities had no revenue bonds/notes payable because of the reclassification of some funds from blended component units to discretely presented component units. Starting in 2005, governmental activities had no revenue bonds/notes payable because of the reclassification of some funds from internal service funds to discretely presented component units.

State of Indiana

State Facts

AREA	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.
CLIMATE	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.
STATE CAPITAL	Indianapolis (combination of Indiana and Greek word "polis" meaning city -- therefore, Indianapolis means "city of Indiana.")
STATE MOTTO	The Crossroads of America. Adopted 1937.
STATE FLOWER	Peony. Adopted 1957.
STATE TREE	Tulip tree (yellow poplar). Adopted 1931.
STATE BIRD	Cardinal. Adopted 1933.
STATE SONG	"On the Banks of the Wabash, Far Away" by Paul Dresser. Adopted 1913.
STATE POEM	"Indiana", by Arthur Franklin Mapes, Kendallville. Adopted 1963.
STATE STONE	Limestone. Adopted 1971.
STATE SEAL	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.
STATE FLAG	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.
STATE NAME	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.
NICKNAME	Residents of Indiana have long been referred to as "Hoosiers," and according to the Indiana Historical Bureau, the term came into general usage in the 1830s as a result of a poem entitled "The Hoosiers Nest" by John Finley of Richmond. On January 8, 1933, John W. Davis offered "Hoosier State" as a toast at the Jackson Dinner. The origins of the actual word have been in debate for well over a century. The earliest written documentation of Hoosier was in 1827 in a diary quoted by Sandford Cox. The oral tradition goes back much earlier.

Source: Here Is Your Indiana Government, 2013-2014, Indiana Chamber of Commerce.

State of Indiana

County Facts

County Name	2010 Total Population	Area Sq. Miles	2012 County Road Miles	2012 Municipal Street Miles	2012 County Bridges
Adams	34,387	345	697	89	160
Allen	355,329	671	1,296	1,265	387
Bartholomew	76,794	402	690	277	204
Benton	8,854	409	672	57	118
Blackford	12,766	167	325	61	59
Boone	56,640	427	748	228	189
Brown	15,242	319	392	8	84
Carroll	20,155	347	768	41	114
Cass	38,966	415	882	118	124
Clark	110,232	384	487	360	139
Clay	26,890	364	662	83	157
Clinton	33,224	407	785	86	160
Crawford	10,713	312	450	35	79
Daviess	31,648	430	800	107	126
Dearborn	50,047	306	505	81	102
Decatur	25,740	370	646	94	187
Dekalb	42,223	366	724	145	102
Delaware	117,671	396	803	454	193
Dubois	41,889	433	655	181	164
Elkhart	197,559	468	1,151	450	170
Fayette	24,277	215	382	65	86
Floyd	74,578	149	352	183	92
Fountain	17,240	397	667	75	143
Franklin	23,087	394	629	26	118
Fulton	20,836	368	788.95	55	57
Gibson	33,503	498	959	137	252
Grant	70,061	421	809.11	282	190
Greene	33,165	549	877	104	159
Hamilton	274,569	401	585	1,283	301
Hancock	70,002	305	666	180	157
Harrison	39,364	479	831	36	77
Hendricks	145,448	417	756	429	237
Henry	49,462	400	793	147	141
Howard	82,752	293	605	319	133
Huntington	37,124	369	683	125	114
Jackson	42,376	520	736	130	186
Jasper	33,478	562	943	78	126
Jay	21,253	386	745	84	163
Jefferson	32,428	366	542	81	101
Jennings	28,525	377	669	41	128
Johnson	139,654	315	604	410	158
Knox	38,440	516	881	176	211
Kosciusko	77,358	540	1,173	195	108
Lagrange	37,128	381	792	37	57
Lake	496,005	513	539	1,962	179
Laporte	111,467	607	1,041	363	119
Lawrence	46,134	459	670	132	128
Madison	131,636	453	906	519	212

County Name	2010 Total Population	Area Sq. Miles	2012 County Road Miles	2012 Municipal Street Miles	2012 County Bridges
Marion	903,393	392	1,802	1,641	527
Marshall	47,051	443	923	125	114
Martin	10,334	345	375	32	44
Miami	36,903	377	791	90	127
Monroe	137,974	386	708	261	149
Montgomery	38,124	507	844	94	172
Morgan	68,894	406	697	124	143
Newton	14,244	413	666	42	123
Noble	47,536	412	822.07	112	64
Ohio	6,128	87	137	10	21
Orange	19,840	405	602	66	106
Owen	21,575	390	630	24	111
Parke	17,339	445	742	46	176
Perry	19,338	384	492.7	63	99
Pike	12,845	335	548	30	110
Porter	164,343	425	800	511	126
Posey	25,910	412	714	66	149
Pulaski	13,402	433	874	33	74
Putnam	37,963	490	755.41	89	222
Randolph	26,171	457	864	83	219
Ripley	28,818	442	725	76	135
Rush	17,392	409	762	40	194
St Joseph	266,931	396	1,158	712	103
Scott	24,181	466	312.35	56	73
Shelby	44,436	193	842	100	189
Spencer	20,952	409	745	61	164
Starke	23,363	310	673	58	59
Steuben	34,185	309	623	92	49
Sullivan	21,475	457	873	90	179
Switzerland	10,613	221	360	11	37
Tippecanoe	172,780	500	859	399	203
Tipton	15,936	261	568	38	81
Union	7,516	168	268	15	42
Vanderburgh	179,703	241	578.23	539	156
Vermillion	16,212	263	397	82	77
Vigo	107,848	415	842	368	187
Wabash	32,888	398	730	112	154
Warren	8,508	368	555	24	95
Warrick	59,689	391	752.03	93	114
Washington	28,262	561	772	65	134
Wayne	68,917	405	722	257	234
Wells	27,636	368	713	78	131
White	24,643	497	922	78	166
Whitley	33,292	337	632	64	89
Totals	6,483,802	36,117	65,931	18,918	13,072

Source: Association of Indiana Counties 2013 County Fact Book, Indiana Department of Transportation,
United States Department of Commerce, Bureau of Census 2010 Decennial Census,

**State of Indiana
Demographic and Economic Statistics
Last Ten Calendar Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Population										
State (in thousands)	6,197	6,233	6,279	6,333	6,380	6,425	6,459	6,490	6,516	6,537
Percentage change	0.7%	0.6%	0.7%	0.9%	0.7%	0.7%	0.5%	0.5%	0.4%	0.3%
National (in thousands)	290,108	292,805	295,517	298,380	301,231	304,094	306,772	309,326	311,588	313,914
Percentage change	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%
Total Personal Income										
State (in millions)	\$ 183,059	\$ 192,181	\$ 197,656	\$ 209,531	\$ 217,005	\$ 224,651	\$ 217,545	\$ 223,158	\$ 236,815	\$ 249,198
Percentage change	2.8%	5.0%	2.8%	6.0%	3.6%	3.5%	-3.2%	2.6%	6.1%	5.2%
National (in millions)	\$ 9,479,611	\$ 10,043,284	\$ 10,605,645	\$ 11,376,460	\$ 11,990,244	\$ 12,429,284	\$ 12,073,738	\$ 12,423,332	\$ 13,179,561	\$ 13,729,063
Percentage change	3.6%	5.9%	5.6%	7.3%	5.4%	3.7%	-2.9%	2.9%	6.1%	4.2%
Per Capita Personal Income										
State	\$ 29,542	\$ 30,833	\$ 31,481	\$ 33,087	\$ 34,016	\$ 34,966	\$ 33,679	\$ 34,386	\$ 36,342	\$ 38,119
Percentage change	2.1%	4.4%	2.1%	5.1%	2.8%	2.8%	-3.7%	2.1%	5.7%	4.9%
National	\$ 32,676	\$ 34,300	\$ 35,888	\$ 38,127	\$ 39,804	\$ 40,873	\$ 39,357	\$ 40,163	\$ 42,298	\$ 43,735
Percentage change	2.8%	5.0%	4.6%	6.2%	4.4%	2.7%	-3.7%	2.0%	5.3%	3.4%
Resident Civilian Labor Force and Employment										
Civilian labor force (in thousands)	3,166	3,165	3,204	3,241	3,230	3,247	3,202	3,162	3,158	3,150
Employed (in thousands)	2,998	2,997	3,032	3,080	3,081	3,058	2,870	2,843	2,875	2,886
Unemployed (in thousands)	168	168	172	161	149	189	332	319	283	264
Unemployment rate	5.3%	5.3%	5.4%	5.0%	4.6%	5.8%	10.4%	10.1%	9.0%	8.4%
State and Area Employment, Hours, and Earnings										
Goods-producing industries										
Mining and logging	7,000	6,900	6,900	7,000	6,800	6,700	6,500	6,600	6,900	6,900
Construction	145,800	148,000	149,700	153,100	149,800	134,700	114,600	116,600	124,700	121,400
Manufacturing	569,500	572,700	571,200	556,800	544,800	487,100	438,200	454,200	470,800	488,900
Subtotal goods-producing industries	<u>722,300</u>	<u>727,600</u>	<u>727,800</u>	<u>716,900</u>	<u>701,400</u>	<u>628,500</u>	<u>559,300</u>	<u>577,400</u>	<u>602,400</u>	<u>617,200</u>
Service-producing industries										
Transportation and utilities	122,600	127,800	131,300	133,100	133,900	130,200	123,700	127,100	130,500	134,500
Wholesale trade	116,900	120,800	122,500	123,900	125,900	121,700	112,900	112,600	115,500	116,100
Retail trade	334,200	331,400	331,300	329,600	327,100	314,800	303,200	305,900	310,300	321,400
Services	729,000	753,400	771,300	785,400	804,800	800,600	793,400	817,100	835,300	849,300
State government	115,300	112,900	112,500	113,600	113,200	114,000	115,200	116,200	116,100	113,900
Federal government	36,700	36,100	36,500	36,800	37,300	37,800	39,100	38,700	37,900	37,500
Subtotal service-producing industries	<u>1,454,700</u>	<u>1,482,400</u>	<u>1,505,400</u>	<u>1,522,400</u>	<u>1,542,200</u>	<u>1,519,100</u>	<u>1,487,500</u>	<u>1,514,600</u>	<u>1,545,600</u>	<u>1,572,700</u>
Total Nonfarm Wage and Salary Employment	<u>2,177,000</u>	<u>2,210,000</u>	<u>2,233,200</u>	<u>2,239,300</u>	<u>2,243,600</u>	<u>2,147,600</u>	<u>2,046,800</u>	<u>2,092,000</u>	<u>2,148,000</u>	<u>2,189,900</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 2011 revenue)

Ranking	Company	2011 Revenue in Millions	City
1	WellPoint Inc.	\$ 60,700	Indianapolis
2	Eli Lilly and Co.	24,300	Indianapolis
3	Cummins Inc.	18,000	Columbus
4	Steel Dynamics Inc.	8,000	Fort Wayne
5	NiSource Inc.	6,000	Merrillville
6	Brightpoint Inc.	5,200	Indianapolis
7	Zimmer Holdings Inc.	4,500	Warsaw
8	Simon Property Group Inc.	4,300	Indianapolis
9	CNO Financial Group Inc. (formerly Consec Inc.)	4,100	Carmel
10	Calumet Specialty Products Partners LP	3,100	Indianapolis
11	Republic Airways Holdings Inc.	2,900	Indianapolis
12	Vectren Corp.	2,300	Evansville
13	Allison Transmission Inc.	2,200	Indianapolis
14	HHGregg Inc.	2,100	Indianapolis
15	Kar Auction Services Inc.	1,900	Carmel
16	Wabash National Corp.	1,800	Lafayette
17	Hill-Rom Holdings Inc.	1,600	Batesville
18	ITT Educational Services Inc.	1,500	Carmel
19	The Finish Line Inc.	1,400	Indianapolis
20	Duke Realty Corp.	1,300	Indianapolis

SOURCE: Indianapolis Business Journal, 2013 Book of Lists.

State of Indiana

Twenty Largest Indiana Private Companies

(Ranked by 2011 Revenue)

Ranking	Company	2011 Revenue (in millions)	City
1	Berry Plastics Corp.	\$ 4,700	Evansville
2	Biomet Inc.	2,700	Warsaw
3	Do It Best Corp.	2,400	Fort Wayne
4	Petroleum Traders Corp.	2,300	Fort Wayne
5	Hunt Construction Group, Inc.	1,800	Indianapolis
6	CountryMark	1,600	Indianapolis
7	OneAmerica Financial Partners, Inc.	1,400	Indianapolis
8	Remy International	1,200	Pendleton
9	Co-Alliance LLP	1,000	Avon
10	Koch Enterprises Inc.	967	Evansville
11	Rea Magnet Wire Co. Inc.	955	Fort Wayne
12	The Bob Rohrman Auto Group	906	Lafayette
13	Atlas World Group Inc.	809	Evansville
14	LDI Ltd. LLC	780	Indianapolis
15	Federal Home Loan Bank of Indianapolis	703	Indianapolis
16	Hoosier Energy Rural Electric Cooperative Inc.	650	Bloomington
17	Swift Oil Co. Inc.	603	Seymour
18	Vertellus Specialties Inc.	600	Indianapolis
19	Telamon Corp.	568	Carmel
20	Jayco Corp.	555	Middlebury

SOURCE: Indianapolis Business Journal, 2013 Book of Lists.

**State of Indiana
Principal Employers
Current Year and Nine Years Ago**

	2012			2003		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Wal-Mart Stores, Inc.	38,419	1	1.33%	33,775	3	1.17%
U.S. Government	37,400	2	1.30%	37,187	2	1.29%
State of Indiana (1)	31,263	3	1.09%	37,889	1	1.31%
Indiana University Health	26,596	4	0.92%	N/A		
the Kroger Co.	18,128	5	0.63%	N/A		N/A
St. Vincent Health	17,398	6	0.60%	8,188	10	0.28%
Indiana University	16,910	7	0.59%	15,494	5	0.54%
Purdue University	14,722	8	0.51%	13,181	8	0.46%
Franciscan Alliance Inc.	12,063	9	0.42%	N/A		N/A
Eli Lilly and Co.	11,008	10	0.38%	16,000	4	0.55%
Community Health Network	9,663	11	0.34%	6,484	13	0.22%
Cummins Inc.	8,200	12	0.28%	5,000	19	0.17%
FedEx Corp.	8,000	13	0.28%	5,000	19	0.17%
city of Indianapolis/Marion County	7,964	14	0.28%	6,482	14	0.22%
Ivy Tech Community College	5,731	15	0.20%	N/A		N/A
University of Notre Dame	5,305	16	0.18%	N/A		N/A
CVS/Caremark	4,935	17	0.17%	N/A		N/A
Rolls-Royce Corp.	4,500	18	0.16%	4,500	21	0.16%
Indianapolis Public Schools	4,430	19	0.15%	6,000	17	0.21%
WeillPoint Inc.	4,400	20	0.15%	3,435	24	0.12%
Total	287,035		9.97%	198,615		6.88%

(1) full time State employees paid through the Auditor of State's Office as of June 2012 and June 2003.
N/A = Not available

Sources: Indianapolis Business Journal, 2013 and 2003 Book of Lists; and Auditor of State payroll records.

**State of Indiana
School Enrollment
Last Ten Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public School Enrollment, Grades K-12										
Elementary (KG through Grade 6)	545,172	554,446	559,384	556,677	556,622	556,228	557,257	557,983	555,344	554,421
Secondary (Grades 7 through 12)	534,689	469,922	487,741	478,520	478,820	477,879	476,516	477,455	475,457	476,685
Total, all grades	<u>1,079,861</u>	<u>1,024,368</u>	<u>1,047,125</u>	<u>1,035,197</u>	<u>1,035,442</u>	<u>1,034,107</u>	<u>1,033,773</u>	<u>1,035,438</u>	<u>1,030,801</u>	<u>1,031,106</u>
Public Higher Education Enrollment¹										
Indiana University	71,853	73,367	73,494	74,717	77,178	81,261	82,830	83,228	82,671	84,786
Purdue University	54,648	55,167	56,194	57,010	57,891	60,241	59,526	59,186	58,704	57,284
Ball State University	18,918	18,415	18,167	17,919	18,247	19,202	19,965	19,526	18,831	18,340
Indiana State University	9,797	9,122	8,832	8,823	8,718	8,839	9,685	9,738	10,282	10,772
Ivy Tech Community College	36,891	36,188	38,072	42,193	50,104	63,351	67,588	65,957	58,719	56,024
University of Southern Indiana	8,180	8,180	8,284	8,230	8,438	8,789	8,971	9,031	8,740	8,215
Vincennes University	7,479	5,461	6,245	6,457	7,348	7,704	9,410	10,077	9,393	9,825
Total, public colleges and universities	<u>207,766</u>	<u>205,900</u>	<u>209,288</u>	<u>215,349</u>	<u>227,924</u>	<u>249,387</u>	<u>257,975</u>	<u>256,743</u>	<u>247,340</u>	<u>245,246</u>

¹ based on Fall full-time equivalent enrollment.

Sources: Indiana Commission for Higher Education (for Public Higher Education Enrollment); and Indiana Department of Education (for Grades K-12)

State of Indiana Largest Indiana Private Colleges & Universities

(Ranked by Fall 2012 Full-Time Equivalent Enrollment)

Ranking	Institution	Fall 2012 FTE Enrollment	Location
1	Indiana Wesleyan University	14,535	Marion
2	University of Notre Dame	12,004	Notre Dame
3	University of Indianapolis	6,406	Indianapolis
4	Harrison College	5,500	Indianapolis
5	Indiana Tech	5,313	Fort Wayne
6	Butler University	4,568	Indianapolis
7	Valparaiso University	3,661	Valparaiso
8	University of Evansville	3,488	Evansville
9	University of Phoenix	3,000	Indianapolis
10	WGU Indiana	2,760	Indianapolis
11	Anderson University	2,600	Anderson
12	Marian University	2,578	Indianapolis
13	DePauw University	2,307	Greencastle
14	Trine University	2,300	Angola
15	Rose-Hulman Institute of Technology	2,214	Terre Haute
16	Taylor University	2,114	Upland
17	University of Saint Francis	2,100	Fort Wayne
18	Bethel College	1,680	Mishawaka

SOURCE: Indianapolis Business Journal, 2013 Book of Lists

**State of Indiana
Operating Indicators by Function of Government
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Department of Revenue										
Number of Tax Returns Filed Electronically	¹ N/A	2,328,203	2,268,856	2,179,678	2,046,564	1,981,644	1,879,652	1,455,888	1,341,802	N/A
Number of Tax Returns Processed	¹ N/A	3,140,076	3,094,479	2,966,371	2,946,873	3,061,394	3,102,053	3,031,011	3,004,164	N/A
Percent of Tax Returns Filed Electronically	¹ N/A	74.1%	73.3%	73.5%	69.4%	64.7%	60.6%	48.0%	44.7%	N/A
Number of Taxpayers Assisted - Walk-in	² 12,969	18,748	21,784	23,752	24,853	13,787	14,792	14,528	14,149	14,583
Number of Taxpayers Assisted - Telephone	² 630,352	534,680	416,231	367,217	358,750	364,230	361,910	316,115	313,023	249,781
Number of Taxpayers Assisted - Total	² 643,321	553,428	438,015	390,969	383,603	378,017	376,702	330,643	327,172	264,364
Department of Administration										
Construction projects administered	33	67	38	72	79	105	61	69	73	94
Construction value excluding design fee (thousands)	\$27,448	\$31,161	\$22,265	\$25,585	\$31,817	\$53,977	\$63,191	\$36,491	\$35,806	\$53,453
Public Safety										
Department of Correction										
Department Active Personnel	6,256	6,198	6,064	6,768	7,071	7,417	7,423	7,051	8,130	8,743
Number of Adult Institutions	20	20	21	21	21	21	22	22	23	24
Incarcerated Offenders	³ 29,156	28,378	28,307	29,278	29,314	27,412	25,849	24,431	24,244	23,760
Average Cost Per Diem	\$55.19	\$54.85	\$54.53	\$53.69	\$54.28	\$52.61	\$52.25	\$57.69	\$58.99	\$55.43
Contract Beds	333	399	294	167	317	225	156	293	88	655
Average Offender Age at Intake	32.7	32.7	32.6	32.5	32.4	32.4	32.3	32.1	31.8	31.7
Average Offender Age - Current	36.9	36.6	36.6	36.3	36.4	36.1	40.0	35.8	35.7	35.3
Supervised Offenders	⁴ 10,385	9,581	10,606	9,037	8,383	11,138	8,108	7,248	5,308	5,696
State Police										
Active State Troopers	1,243	1,245	1,244	1,255	1,311	1,293	1,298	1,129	1,138	1,184
Number of Traffic Citations Issued	323,604	364,070	431,173	513,496	521,758	385,002	415,519	342,863	315,351	275,229
Number of Firearm Permits Issued	84,831	69,525	76,844	81,868	102,568	73,874	67,501	78,921	68,842	68,981
Number of Limited Criminal History Searches (fee)	247,458	270,547	255,845	243,130	254,309	271,922	260,164	245,479	227,170	217,315
Number of Limited Criminal History Searches (no fee)	396,197	390,912	370,857	371,964	407,318	362,069	306,615	246,604	216,488	187,535
Health										
Department of Health										
Number of Birth and Death Certificates Issued	42,076	49,208	61,884	46,236	49,420	52,300	51,428	57,467	78,300	58,988
Number of Adoption Records Received	1,831	3,402	2,186	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Marriage Records Received	41,301	48,756	39,586	32,000	18,270	35,770	42,570	N/A	N/A	N/A
Welfare										
FSSA										
Medicaid and Children's Health Insurance Program (CHIP) recipients	1,303,958	1,279,288	1,274,341	1,232,456	965,852	884,879	894,378	885,587	866,597	832,224
Temporary Assistant for Needy Families (TANF) recipients	28,285	37,591	63,278	119,957	124,765	127,267	130,285	140,673	145,489	155,549
Food Stamp recipients	924,180	908,511	882,716	823,818	684,280	607,989	582,972	570,627	550,416	516,360
Conservation, Culture, and Development										
Department of Natural Resources										
Hunting licenses sold	400,575	458,156	447,003	454,264	434,508	360,684	366,572	336,254	334,171	N/A
Fishing licenses sold	418,535	496,423	429,373	472,174	511,345	417,952	441,414	430,780	420,330	N/A
Trapping licenses sold	4,609	3,714	3,326	3,043	4,045	3,806	4,117	3,107	N/A	N/A
Transportation										
Department of Transportation										
Construction projects administered	379	425	443	819	467	480	368	496	453	473
Construction value excluding design fee (thousands)	\$ 248,003	\$ 282,352	\$ 253,751	\$ 479,562	\$ 233,888	\$ 195,062	\$ 181,390	\$ 177,961	\$ 103,352	\$ 166,605
Construction awarded amount (thousands)	\$ 1,018,335	\$ 996,806	\$ 1,443,156	\$ 1,410,254	\$ 1,280,037	\$ 1,067,548	\$ 992,722	\$ 973,954	\$ 565,633	\$ 911,805
Business-type activities										
Unemployment Insurance										
Number of payments made to claimants (thousands)	2,324	2,588	3,144	4,525	5,416	2,762	2,124	2,257	2,412	2,991
Percentage of unemployment	8.4%	8.7%	9.0%	10.0%	8.3%	5.9%	4.7%	5.1%	5.3%	5.2%

Notes:
 1 Tax Year (January 1 - December 30)
 2 Fiscal Year (July 1-June 30)
 3 Includes inmates held in county jails and contract beds
 4 Excludes Indiana parolees on parole in other states; includes other states parolees supervised by Indiana

Sources: Various state agencies.

**State of Indiana
Capital Assets Statistics by Function of Government
Last Ten Fiscal Years**

Function	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Conservation, Culture and Development										
<i>Department of Natural Resources</i>										
Acres of land (parks, lakes, etc.) owned	410,817	406,243	385,950	381,267	378,411	383,755	379,408	376,385	365,512	361,731
Number of state parks	24	24	24	24	24	25	25	24	24	24
Number of reservoirs	8	8	8	9	9	9	9	9	9	9
Number of state forests	16	15	16	15	16	16	16	16	16	16
Number of historic sites	0	0	13	14	14	14	15	16	16	16
Number of fish & wildlife areas	26	25	22	21	21	21	21	21	21	20
Number of dams	133	134	134	129	129	129	129	129	129	129
Number of vehicles	2,071	2,073	2,049	2,067	2,278	2,534	2,833	2,911	3,278	Unavailable
Number of watercraft, registered	901	899	899	879	928	1,435	1,667	1,872	2,077	2,283
Number of watercraft, non-registered	210	212	212	201	196	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Number of aircraft	0	0	0	0	0	0	0	0	2	2
Education										
<i>Department of Education</i>										
Number of public schools, K-12	1,928	1,931	1,936	1,941	1,971	1,969	1,967	1,977	1,978	1,987
Number of non-public schools, K-12 *	304	294	293	304	309	298	302	281	287	292
<i>Commission for Higher Education</i>										
Number of public postsecondary institutions										
number of institutions	7	7	7	7	7	7	7	7	7	7
number of campuses	43	47	47	39	39	39	39	39	39	39
Number of non-public postsecondary institutions	31	32	32	32	31	31	31	31	31	31
General Government										
<i>Department of Administration</i>										
Number of buildings	10	7	7	7	7	7	7	7	7	7
Number of fleet service vehicles	285	257	259	270	332	28	32	32	154	150
Number of aircraft	0	0	0	7	10	12	13	0	0	0
Public Safety										
<i>Department of Correction</i>										
Number of adult facilities	20	20	21	21	21	21	22	22	23	24
Number of juvenile facilities	4	5	6	6	7	7	7	7	8	10
Number of parole facilities	10	9	9	9	10	10	10	10	9	9
Number of vans	299	291	294	310	313	318	332	338	328	442
<i>State Police</i>										
Number of state police posts	14	14	14	17	18	18	18	18	18	18
Number of state police cars	2,080	1,931	1,847	1,807	1,792	1,844	1,844	1,644	1,644	1,644
Number of aircraft	6	6	6	0	0	0	0	6	6	6
Number of trailers	120	116	108	108	98	94	82	Unavailable	Unavailable	Unavailable
Transportation										
<i>Department of Transportation</i>										
Number of interstate miles	1,238	1,014	1,014	1,014	1,185	1,013	Unavailable	Unavailable	Unavailable	Unavailable
Number of non-interstate miles	9,930	10,127	10,095	9,942	10,014	10,170	Unavailable	Unavailable	Unavailable	Unavailable
Number of interstate and non-interstate total miles	11,168	11,141	11,109	10,956	11,199	11,183	11,197	11,184	11,184	11,184
Number of interstate bridges	1,377	1,264	1,263	1,256	1,260	1,267	1,247	1,247	1,247	1,247
Number of non-interstate bridges	4,081	4,056	4,049	3,977	3,954	3,965	3,896	3,896	3,896	3,896
Number of interstate and non-interstate total bridges	5,458	5,320	5,312	5,233	5,214	5,232	5,143	5,143	5,143	5,143
Acreage from excess land	6,022	5,879	5,216	4,810	3,270	1,922	1,952	1,901	1,895	1,795
Acreage from fixed assets	2,262	2,298	2,286	2,289	2,343	2,232	2,232	2,232	2,188	2,190
Total acres of land owned	8,284	8,177	7,502	7,099	5,613	4,154	4,184	4,133	4,083	3,985
Number of heavy equipment owned	2,827	2,902	2,864	2,777	2,749	2,675	2,520	2,391	2,210	2,030
Welfare										
<i>Family and Social Services Administration</i>										
Number of hospitals owned	6	6	6	6	6	6	7	7	7	8
Health										
<i>Indiana State Department of Health</i>										
Number of pieces of laboratory equipment	757	742	777	751	631	535	505	351	318	299

Note: * Includes only the accredited and freeway schools.

Sources: Various state agencies.

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

Function of Government	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
General Government										
Public Safety	4,937	4,901	5,152	5,323	5,551	5,317	5,261	5,326	5,257	5,175
Health	10,936	11,162	10,893	11,376	11,975	12,484	12,388	12,089	13,367	13,797
Welfare	794	783	802	835	932	1,495	1,479	1,457	1,690	1,655
Conservation, Culture and Development	7,037	6,907	6,858	7,302	7,508	7,551	6,857	8,091	9,061	9,430
Education	3,366	3,275	3,251	3,290	3,481	3,507	3,427	3,406	3,605	3,664
Transportation	532	550	706	766	671	760	755	684	750	728
	3,532	3,685	3,668	3,909	4,046	4,508	4,354	3,844	4,090	4,399
Totals	31,134	31,263	31,330	32,801	34,164	35,622	34,521	34,897	37,820	38,848
G - Governor's Authority										
J - Judiciary	28,398	28,485	28,472	29,911	31,254	32,606	31,524	31,822	34,673	35,794
O - Other Elected Officials	831	835	830	846	835	811	772	753	743	756
D - Disability Leave - in pay status	1,049	1,049	1,067	1,056	1,093	1,139	1,123	1,102	1,058	1,020
D2 - Disability Leave - in non-pay status	511	545	610	647	624	727	789	941	1,077	1,012
	345	349	351	341	358	339	313	279	269	266
Total	31,134	31,263	31,330	32,801	34,164	35,622	34,521	34,897	37,820	38,848

Note: Corrected June 2012 totals for Welfare from 6,947 to 6,907 and Governor's Authority from 28,525 to 28,485.

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

Function of Government	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
General Government	173	150	138	152	196	340	329	328	299	284
Public Safety	260	296	1,168	292	365	1,993	918	1,716	2,155	1,349
Health	3	-	-	-	6	107	114	145	174	143
Welfare	35	349	313	351	384	401	393	510	538	765
Conservation, Culture and Development	1,480	1,492	1,557	1,142	2,942	1,756	2,030	2,196	2,394	2,342
Education	105	109	112	110	160	183	167	173	180	154
Transportation	154	170	102	86	105	224	206	121	107	218
Totals	2,210	2,566	3,390	2,133	4,158	5,004	4,157	5,189	5,847	5,255
G - Governor's Authority	2,103	2,476	3,292	2,036	4,015	4,731	3,880	4,896	5,562	4,982
J - Judiciary	17	18	15	12	11	158	155	163	170	164
O - Other Elected Officials	90	72	83	85	131	110	117	125	110	102
D - Disability Leave - in pay status	-	-	-	-	-	4	4	4	4	5
D2 - Disability Leave - in non-pay status	-	-	-	-	1	1	1	1	1	2
Total	2,210	2,566	3,390	2,133	4,158	5,004	4,157	5,189	5,847	5,255

**Pension, Death Benefits, and Former Governors
Number of People Paid Through The Auditor of State's Office**

Category	June 2013	June 2012	June 2011	June 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
Governor's Widows	2	1	1	1	2	2	2	2	2	2
Death Benefits (Police)	30	30	31	33	31	31	28	27	27	27
Former Governors	2	3	3	2	2	2	2	2	2	2
Police Pension	1,622	1,550	1,536	1,531	1,499	1,490	1,482	1,460	1,413	1,415
Total	1,656	1,584	1,571	1,567	1,534	1,525	1,514	1,491	1,444	1,446

