

2005 PROPOSED BUDGET

MARION COUNTY, INDIANA

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AUDITOR

MARION COUNTY

INDIANA

2005

PROPOSED BUDGET

AUDITOR

Martha A. Womacks

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Key Dates:

Budget Introduced to Council	August 2, 2004
Budget Approved by Council	September 13, 2004
Budget Implemented	January 1, 2005
Budget Certified by Department of Local Government Finance	February 15, 2005

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The Introduction provides the reader with basic reference material for Marion County government including a discussion of the structure of government, organization of County government, financial structure, and the budget process.

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This part is divided into four sections: Administration and Finance, Community Affairs, Public Safety and Criminal Justice, and Metropolitan Development. Each section corresponds to the Council committee which reviews the budget. Each section begins with a discussion of the total budget for each section followed by the budget by agency.

The budget by agency includes a description of the agency, the agency's programs and objectives, budget by major category, any supplemental agency requests over the budget guidelines, a discussion of key issues, performance measures and staffing levels.

Administration

To provide effective and efficient support services to all County agencies and the citizens of Marion County with openness, integrity, and accountability.

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Community Affairs

To help our citizens, their neighborhoods, and the community to work in concert to prepare, protect, and shelter our community and our youth for their future.

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To protect the lives and property of the people of Marion County and administer according to the laws of Indianapolis-Marion County, the State of Indiana and the United States of America.

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To complete County real estate transactions that involve the recording of documents and upgrading the legal survey of Marion County.

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INTRODUCTION

Organization of Local Government

Marion County is organized under a partially consolidated form of government. Local government is organized such that the Mayor of Indianapolis also serves as the Chief Executive Officer of the County. The County is also governed by the following elected officials who are granted certain executive authority under the State Constitution:

County Auditor
County Treasurer
County Coroner

County Prosecutor
County Recorder
County Sheriff

County Surveyor
Clerk of Circuit Court
Judge of Circuit Court

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

Marion County and the City of Indianapolis operate as a consolidated form of government commonly known as UNIGOV. Effective January 1, 1970, state legislation consolidated the delivery of many government services countywide. At their own request, four municipalities were specifically excluded from the consolidated government. These municipalities are the Town of Speedway, and the cities of Beech Grove, Lawrence, and Southport. In addition, there are twelve "included" towns, which are under the jurisdiction of the consolidated government, but maintain distinct boundaries.

The Legislative branch of local government is the City-County Council which consists of twenty-five councillors elected from single member districts and four councillors elected at-large. The councillors serve unlimited terms of four years. The voters in excluded municipalities vote with the rest of the County for the Mayor of the Consolidated City and the councillors at-large as well as their own officials.

Organization Structure

Marion County government is organized into four basic areas of service delivery. Each group is organized according to its functional area with summaries of key operations and statistics. The 2004 budget is comprised of 33 agencies within these categories.

Administration & Finance - This area of County government is responsible for the general management and financial operations of County government including budget preparation. Also included in this area are property assessment, the billing and collection of taxes, information technology, and conducting elections in the County.

Community Affairs - Includes operations of the Children's Guardian Home and the County's Cooperative Extension Service.

Public Safety - Is the largest component of the County budget and includes the County Sheriff's Office and jail, Clerk of Courts, all County courts, Public Defender Agency, County Prosecutor's Office, Probation, Community Corrections, and the Metropolitan Emergency Communications Agency (MECA).

Metropolitan Development – This area is comprised of the real estate activities and includes the Recorder and Surveyor.

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BUDGET PROCESS OVERVIEW

Budget Entity - Although local government is consolidated by the UNIGOV legislation, several entities prepare budgets independently of County government. The budgets of these governments may or may not be reviewed by the City-County Council. Since those budgets are administered separately, they are excluded from this document.

Reviewed by Council

City of Indianapolis
Marion County Library
Health & Hospital Corporation
Capital Improvements Board
Indianapolis Public Transportation Corp.
Indianapolis-Marion County Building Authority
Airport Authority

Not Reviewed by Council

Townships & Township Fire Depts.
Excluded Cities and Towns
Municipal School Districts
Indianapolis Local Improvement Bond Bank

Legislative Requirements

State statute and Council ordinance require the County to adopt annual balanced budgets for all agencies by fund and character. The County budget must be approved by the City-County Council and the State Department of Local Government Finance. The State Department of Local Government Finance has ultimate authority for approval of budgets, levies, and tax rates of all governmental units.

Budgeted appropriations may exceed estimated revenues only to the extent of available fund balances. All operating budget appropriations lapse at year-end unless an encumbrance has been recorded to reserve the fund balance. Appropriations funded by grants are controlled by the period of the grant, and therefore, may not lapse at calendar year end.

Budgetary Basis

The Indiana State Department of Local Government Finance requires budgets in Indiana to be prepared essentially on the cash basis of accounting. Cash basis refers to the type of budgeting which recognizes when a transaction increases or decreases cash balances. For example, on the budgetary (cash) basis, revenues are recognized when the cash is received. Expenses are budgeted in the year the cash payments are scheduled to be made.

Each year the County also prepares a Comprehensive Annual Financial Report (CAFR), which contains the general-purpose financial reports on an accrual basis as required to conform to GAAP. Accrual basis includes obligations of the county when they are made as expenditures. Revenues are recognized when they become obligated to the County. Thus, a revenue or expense transaction could be shown in different years depending on the basis of accounting or budgeting. The CAFR also publishes a comparison of expense and revenues on both the accrual basis and budgetary basis.

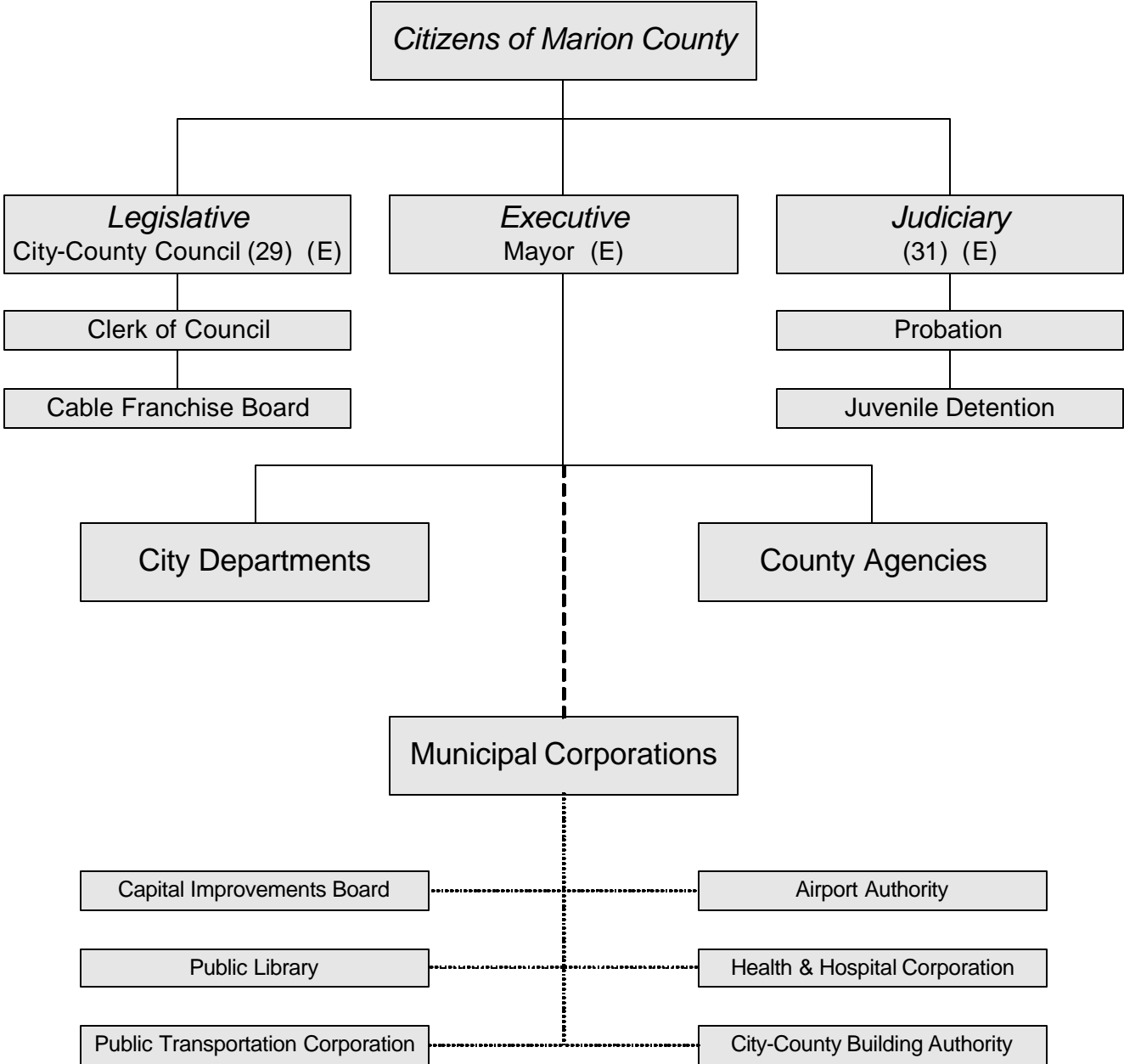
Budget Classification

The major classification of appropriations in Indiana is the character level. As defined in Indiana, the character level corresponds with the Governmental Accounting Standards Board definition of object. Thus, character appropriations in Indiana are classified as personal services, supplies, other charges and services, and capital. Character level appropriations are the legal maximum that each agency may spend. The City-County Council may amend appropriations by transferring unencumbered appropriations from one character to another within the same fund. The Council may also make additional appropriations to the extent of unappropriated fund balances. The Department of Local Government Finance must also approve additional appropriations to funds supported by property taxes. At every appropriate point in the process, the public is notified of anticipated amounts of budget revisions.

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UNIGOV

Indianapolis - Marion County Unified Government Organization Chart



(E) Elected Officials

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THE BUDGET PROCESS

The budget process, from formulation to final approval, continues almost year round. In the early spring, the Auditor evaluates the financial condition of all funds and reviews the financial priorities for the ensuing budget year. The Auditor prepares the budget ordinances to introduce to the City-County Council at the first Council meeting in August. In developing the budgets, the Auditor adds the June 30 cash balances to estimated revenues and subtracts anticipated expenditures from July 1 through December 31 to project a "budgetary fund balance". The budgetary fund balance and ensuing years anticipated revenues are reduced by the ensuing years budgeted expenditures to arrive at the amount to be funded by property taxes, to the extent of the maximum levy. This procedure has the effect of spreading favorable or unfavorable results over multi-year budget cycles.

The Council assigns the introduced budget to each of the Councils 12 committees. In August and September, each Council committee holds public hearings on the budget of the agency or department for which it is responsible.

Before the Council approves budget ordinances, they are advertised by the Auditor's Office twice in a local newspaper prior to the last Council meeting in September. The Council may not pass a budget above the level advertised. The Mayor may veto separate items of an approved budget ordinance, but the Council may override a veto by a two-thirds vote.

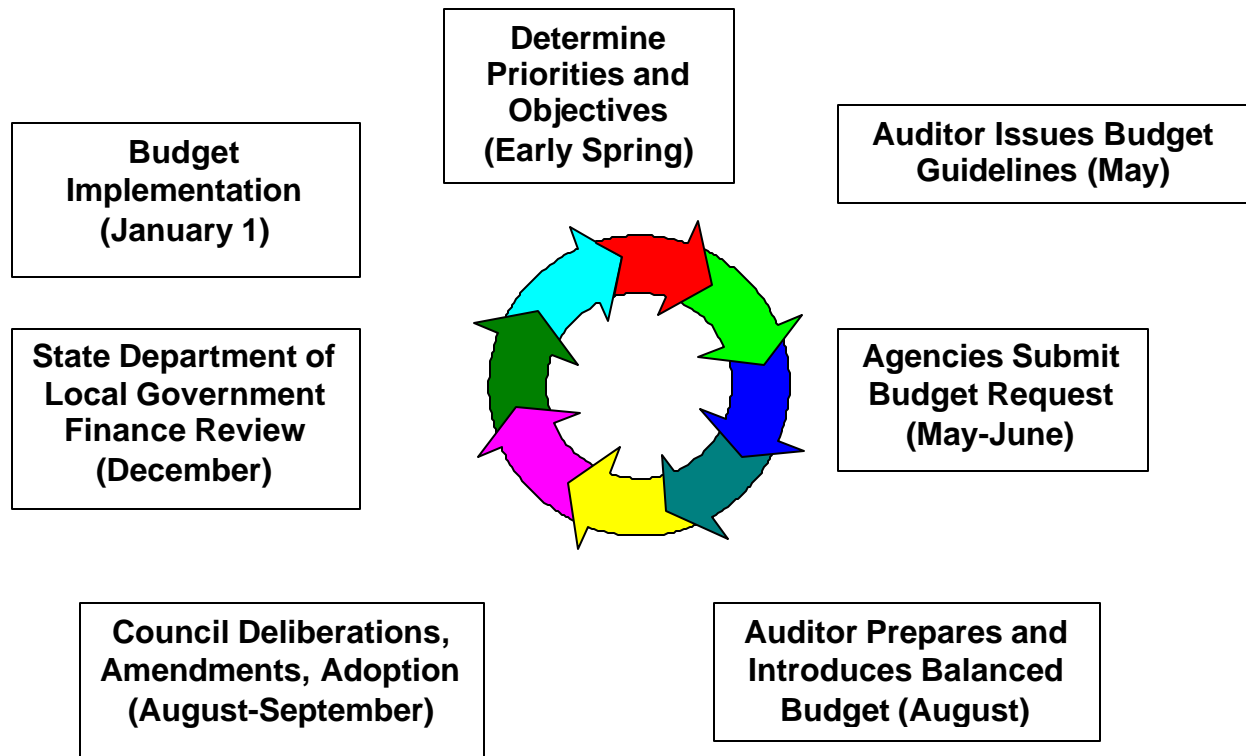
The Department of Local Government Finance makes the final review of the budget. It can revise, reduce, or restore budgets on appeal, levies, or tax rates removed by the City-County Council. Except for debt service funds, the Department of Local Government Finance may not increase a budget, levy, or tax rate above the level originally advertised. If the budgets seek to exceed the limits of state tax control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by the Department of Local Government Finance. The Department of Local Government Finance is required to certify budgets, levies and rates by February 15.

Budget Calendar

May 2004	Budget Guidelines issued by County Auditor
July 8, 2004	June closing complete - first six months year-to-date transactions available
July 9, 2004	Revenue estimates, narratives, staffing levels and performance measures due to Auditor's Office
July 14-31, 2004	Auditor prepares County Recommended Budget
August 2, 2004	County Auditor presents budget to City-County Council
August-September 2004	Council Committee meetings on budget
September 13, 2004	Last meeting for Council to adopt budget
December 2004	State Department of Local Government Finance review
January 1, 2005	Budget Implementation
February 15, 2005	Department of Local Government Finance Certification

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BUDGET CYCLE



Budgetary Control

Budgets are legally controlled by fund, agency, and character. Budgets are managed at a lower level of control called the object level. Managers are allowed to move appropriations within the character level according to the agencies need. The financial accounting and management system (FAMIS) provides electronic control protection and provides a system for appropriate transfers. Transfers between characters are only possible with legislative approval. Purchase orders are recorded as an encumbrance against available fund balances. Outstanding encumbrances to be financed by future revenues are recorded in their entirety as a reservation of fund balance. Expenditures and encumbrances are added together to provide year-end and interim "actual" amounts.

Budget Revisions

Throughout the year the County may find that the budget should be amended to account for new funds that may have become available, or to provide for a revision of objectives. Agency managers are allowed to transfer appropriations from one object to another within the same character and fund. Transfers between characters require approval of the City-County Council and are accomplished by passage of a fiscal ordinance. A fiscal ordinance is also required to increase appropriations above the level originally approved by the Council. An increase in appropriations to funds supported by property taxes also requires approval by the Indiana State Department of Local Government Finance. At every appropriate point in the process, the public is notified of the anticipated amounts of the budget revisions.

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FINANCIAL STRUCTURE

The County's operating revenues and expenditures are organized in a hierarchy by fund, agency, and in some cases, divisions. This structure complies with the legal level of control for appropriations and allows the recording of revenues within the appropriate fund and attributes those revenues to the agency that generated the revenue.

Marion County's financial structure is similar to most other municipalities. The vast majority of revenues and expenditures are grouped in the General Fund. The County also uses special revenue funds, an internal service fund, and capital project funds.

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

Special Revenue Funds - operating funds to account for the use of revenues for which the use is restricted, generally by federal and state governments or which are dedicated by authority of the City-County Council to be maintained in special funds. Several special revenue funds are only appropriated by the City-County Council after revenues are received and therefore, are not included in the operating budget. The County includes special revenue funds in the operating budget:

Property Reassessment – The collection of property taxes the County is required to levy for property reassessments.

Law Enforcement and L.E. Equitable Sharing - Established to account for restitution of certain offenders when property in question is determined to have contributed to the commission of the offense. Proceeds of the sale of property are deposited in the fund of the unit that employed the officers that seized the property. Equitable Sharing represents local law enforcement agencies' share from federal cases.

Surveyor's Corner Perpetuation - Established to account for fees collected by the County Surveyor. This fund is appropriated by the City-County Council for establishing or relocating corners and the keeping of the corner record book.

Adult Probation – Established to account for the receipt of adult probation fees to be appropriated by the City-County Council for the Court's use in providing probation services to adults.

Juvenile Probation – Established to account for the receipt of juvenile probation fees. The Courts use this fund to supplement the probation services to juveniles and to increase the salaries of probation officers.

Prosecutor's Diversion - This fund is to account for pre-trial diversion costs.

Alcohol & Drug Services – Established to account for the collection of court fees for the operation of a Drug & Alcohol Services Program.

Guardian ad Litem - Established to account for fees ordered by the Juvenile Court to provide legal services or a special advocate.

Drug Free Community Fund - Revenues for this fund are from court fines and are to fund prevention, treatment, and law enforcement activities.

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FINANCIAL STRUCTURE (CONTINUED)

Emergency Planning and Right to Know - Established to provide county with funds to help implement Title III of the Superfund Amendments and Reauthorization Act of 1986.

Pre-trial Release Fund- Funded by an administrative fee collected from persons released pre-trial other than the condition of

County Misdemeanant Fund- Established to account for the expense and collections of state funds provided to help counties house all misdemeanants at the local level.

Home Detention Fund- Established to account for the expense and collections of fees assessed to offenders sentenced to home detention.

Juvenile Center-Alternative School Fund- The Juvenile Court began an Alternative School in 1999 for placement of troublesome students in Marion County Schools. Placement of students with disciplinary problems in the Alternative School returns order to the original classroom. The fund accounts for the operating costs of the school and the tuition paid by the home school per student.

Deferral Fee Fund- Established to account for the revenues and expenses of traffic (moving) violation fees collected.

Jury Pay Fund- Established to account for jury expenses and the associated revenues.

Auditor's Endorsement Fee Fund – Established to account for fees collected by the Auditor charged for the endorsement of various records. The fees are dedicated for the maintenance of plat books.

Clerk's Perpetuation Fund – Established to account for revenue received by the Clerk for transmitting of documents by facsimile machines and document storage fees. The fees are dedicated for the preservation of records and the improvement of record keeping systems and equipment.

Forensic Services Training Fund – Established to account for revenues received for providing training in forensic science to domestic and foreign students. These funds may be used for the forensics training of students and for providing services of the Forensic Services Board of the Forensics Services Agency.

Enhanced Access – Established to account for revenues and expenses related to electronic access to County records.

Sheriff's Continuing Education -Funded by court fees from juvenile and probation hearings to provide for continuing training and education of law enforcement officers.

County Extradition – Established to offset the expense of extraditing criminal defendants.

Supplemental Public Defender - Established to account for fees assessed by the Court on a defendant to cover the costs incurred by the County as a result of Court appointed legal services rendered to the defendant.

County Recorder's Perpetuation - Established to account for certain fees collected by the County Recorder for the preservation of records and improvement of recording systems and equipment.

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FINANCIAL STRUCTURE (CONTINUED)

Internal Service Funds - An operating fund to account for the financing of goods and services provided by one government agency to another. The County established an internal services fund in 1995 for its data processing provider, the Information Services Agency.

Cumulative Capital Development Fund - Established to account for renovation and/or construction projects as established by the City-County Council. The County has a cumulative capital development fund, which is shared with the City of Indianapolis on various capital projects, which benefit the countywide area. Revenues supporting the Cumulative Fund are primarily property tax and interest earnings.

Capital Lease Fund – Established as a debt service fund for long-term capital lease with the Indianapolis-Marion County Building Authority. The Building Authority manages and contracts for major County capital projects and finances the projects with revenue bonds. The County makes the debt service payments through capital lease payments from the Capital Lease Fund. The Capital Lease Fund is new for the 2004 budget and is supported by property taxes.

Relationship to Annual Budget – The annual budget includes appropriations for both operating and capital components. Fund structure typically distinguishes items as either capital or operating expense. However, Marion County considers some General Fund, Deferral Fee Fund, and Recorder's Perpetuation Fund items as capital budget expenses.