

MARION COUNTY 2005 PROPOSED BUDGET

COMMUNITY PROFILE

Original Charter	1821
Marion County was created on December 31, 1821 and named in honor of Francis Marion, the Revolutionary War General. A year earlier, the Indiana General Assembly had selected the area as the new location for the state capital.	
Present Charter Adopted (UNIGOV)	1969
Form of Government	County Executive-Council
County Seat	Indianapolis
Area (Square Miles)	402
Land Area (Square Miles)	396
Population (Marion County) ¹	863,429 (2002)

Major Attractions

Professional Sports:

Indianapolis 500 Race	IRL (Indy Racing League)
Brickyard 400 Race	NASCAR
U.S. Grand Prix	Formula 1
Indianapolis Colts	NFL
Indiana Pacers	NBA
Indianapolis Indians (Baseball)	International League
Indianapolis Ice (Hockey)	IHL
Indiana Fever	WNBA
Indiana Firebirds	Arena Football

Arts & Museums:

Indianapolis Museum of Art
 Indianapolis Children's Museum
 Indianapolis Artsgarden
 Eiteljorg Museum of American Indians and Western Art
 Madame Walker Urban Life Center and Theater
 Indiana Repertory Theater
 Indianapolis Symphony Orchestra
 Indianapolis Ballet Theater
 NCAA Hall of Fame
 White River State Park and Botanical Gardens

¹ Source: U.S. Dept. of Commerce, Bureau of Census

MARION COUNTY 2005 PROPOSED BUDGET

DEMOGRAPHICS

Population by Age:¹

	<u>2000</u>	<u>1990</u>	<u>1980</u>
0-19	244,709	225,016	244,042
20-44	346,047	338,728	290,450
45-64	174,184	140,594	151,443
65 and over	<u>95,534</u>	<u>92,821</u>	<u>79,298</u>
Total	860,454	797,159	765,233

Population Trend¹:

2002	863,429
2000	860,454
1990	797,159
1980	765,233
1970	793,769
1960	697,567
1950	551,777
1940	460,926

The late 1970's and early 1980's witnessed a net out-migration of residents to the counties surrounding Marion/Indianapolis. This is the so-called "doughnut" effect where major growth was occurring in the suburbs and the inner cities began to decline. Significant investment in infrastructure and Indianapolis' emphasis on sports as a development tool has dramatically lead to a "rebirth" of the central region.

Number of Households by Income Level:

	<u>2001²</u>	<u>1999²</u>	<u>1993¹</u>	<u>1990¹</u>
Under \$10,000 ³			32,603	46,803
\$10,000-\$19,999	82,490	79,970	47,963	61,297
\$20,000-\$34,999	79,990	75,954	75,236	82,433
\$35,000-\$49,999	64,635	62,570	63,951	54,050
Over \$50,000	<u>129,985</u>	<u>116,106</u>	<u>93,732</u>	<u>53,371</u>
Total Households	357,100	334,600	313,485	297,954

¹ Source: U.S. Department of Commerce, Bureau of Census

² Data present is per "2001 Survey of Buying Power Media Markets", a supplement of Sales and Marketing Management magazine

³ Data presented after 1994 is included with income levels up to \$19,999

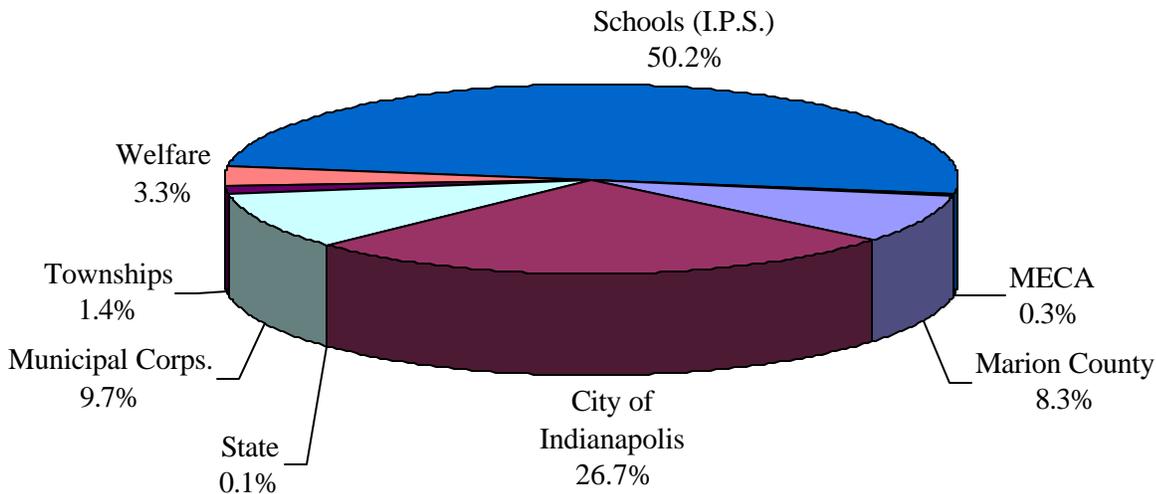
MARION COUNTY 2005 PROPOSED BUDGET

WHERE PROPERTY TAXES GO

WHERE PROPERTY TAXES GO

	2003	Percent of Total	2004 Approved Rate	Percent of Total
Marion County	0.2994	8.7%	0.2958	8.3%
City of Indianapolis	0.9603	27.8%	0.9485	26.7%
Schools (I.P.S.)	1.5503	44.9%	1.7827	50.2%
Health & Hospital Corp.	0.2253	6.5%	0.2253	6.3%
Indianapolis Public Transportation	0.0298	0.9%	0.0285	0.8%
Marion County Public Library	0.1004	2.9%	0.0904	2.5%
Township	0.1282	3.7%	0.0512	1.4%
Welfare	0.1449	4.2%	0.1171	3.3%
State	0.0033	0.1%	0.0024	0.1%
MECA	0.0121	0.4%	0.0095	0.3%
Total	3.4540	100.0%	3.5514	100.0%

Distribution of Property Tax Rates



Property tax rates for 2004 are the result of a general statewide reassessment. The Reassessment redefined assessed values from a construction value to market value. Property tax rates vary depending upon where property is located in Marion County. The above table and graph applies to Center Township, which is typically the highest rate in Marion County. The rates do not reflect reductions in 2004 by the Property Tax Replacement Credit (41.03%) or the state Homestead Credit (20%) or the local Homestead Credit (8%).

MARION COUNTY 2005 PROPOSED BUDGET

ECONOMIC INDICATORS

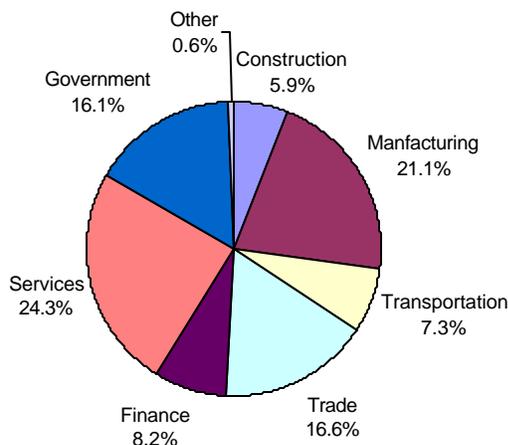
Per Capita Income

<u>Year</u>	<u>National</u>	<u>State</u>	<u>Marion County</u>
2001	\$ 30,413	\$ 27,522	\$ 31,292
2000	29,847	27,134	30,780
1999	28,546	26,157	30,685
1998	27,321	25,163	28,851
1997	25,288	23,202	26,577
1996	24,164	22,234	25,420
1995	23,059	21,427	24,774
1994	21,050	20,261	23,465
1993	20,801	19,219	22,357
1992	19,841	18,043	21,430
1991	19,092	17,179	19,863
1990	18,691	16,890	19,148
1989	17,596	15,779	17,730
1988	16,489	14,924	16,662
1987	15,472	13,987	15,618

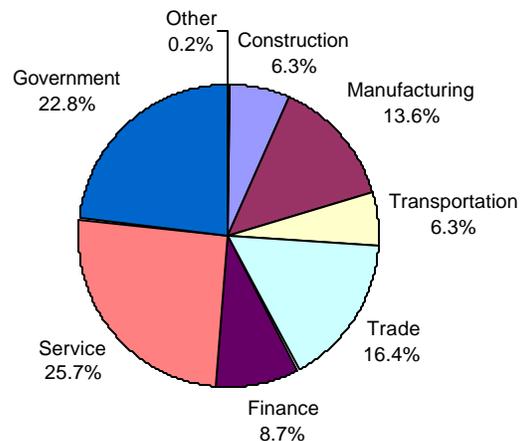
Distribution of Earnings by Industry 2000

The graphs illustrate the degree of diversification in Marion County. The earnings in the services industry have increased in the 1990's from 24% to the total of 26%. Government has decreased from 16% to 23% Manufacturing, on the other hand, has decreased from 21% to 14%. The proportion of all other industries are relatively stable. The high degree of diversification in earnings helps stabilize the economy during periods of recession.

1990 Earnings



2000 Earnings



MARION COUNTY 2005 PROPOSED BUDGET

ECONOMIC INDICATORS (CONTINUED)

Principal Taxpayers and Employers

<u>Firm</u>	<u>Business</u>	<u>Assessed Value¹</u>	<u>Employees²</u>
Eli Lilly & Co.	Pharmaceutical	\$580,054	N/A
Allison Transmission	Manufacturing	386,846	4,119
Indianapolis Power & Light	Utility	372,395	939
Kroger	Grocers/Retail	229,385	890
Visteon Corp (Formerly Ford Motor Co)	Manufacturing	204,732	2,616
Rolls-Royce	Manufacturing	177,775	4,335
International Truck and Engine	Manufacturing	160,340	18,838
Clarian Health Partners (a)	Hospitals	120,333	N/A
National Starch & Chemical	Manufacturing.	93,244	575
American United Life Insurance Co.	Insurance	90,649	813
Daimler-Chrysler Corporation.	Manufacturing	85,081	997
Bank One Corporation	Banking	62,359	2,189
Meijer, Inc	Grocers/Retail	61,449	1,909

Other Principle Employers³:

United States Government	15,076
Indiana State Government	12,500
Indianapolis/Marion County Government ⁴	8,515

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Total Employment				
U.S. (in thousands)	136,783	135,558	137,155	136,054
Indiana (in thousands)	2,964	2,939	2,950	2,969
Marion Co. (in thousands)	440.7	439.6	435.4	440.7
Unemployment Rates ⁵				
U.S.	6.2%	6.1%	4.5%	4.3%
Indiana	5.6%	5.9%	4.2%	3.9%
Marion County	5.5%	5.2%	3.2%	3.2%

¹ March 1, 2001 valuations for taxes due and payable in 2002.(000's omitted)

² As of December 31,2002

³ Source: Stats Indiana IBRC

⁴ Entities reporting to the City-County Council

⁵ Source: State Indiana IBRC (as of December 31, 2003)

MARION COUNTY 2005 PROPOSED BUDGET

ECONOMIC INDICATORS (CONTINUED)

Selected Economic Trend Data		Retail Sales (000's) ¹	Building Permits ²	Construction Value ²
	2002	8,331,333	36,000	1,760,318,000
	2001	9,174,684	41,000	1,932,731,000
	2000	10,987,235	37,175	2,364,376,370
	1999	10,811,289	37,026	1,956,031,977
	1998	12,569,922	38,114	1,845,017,605
	1997	9,987,507	38,567	1,199,898,149
	1996	11,073,237	38,290	1,070,886,493
	1995	10,562,522	39,203	1,339,263,435
	1994	9,488,537	43,057	1,241,255,590
	1993	9,509,821	40,174	1,241,856,194
	1992	8,917,228	40,850	1,144,402,196
	1991	8,784,409	38,961	794,369,405
	1990	8,902,722	42,837	1,283,528,786

Tax Base & Taxes Collected Trend		Assessed Values of Real & Personal Property	Property Tax Levied County General Fund	Local Income Tax Collected
	2002 ³	\$28,314,219,387	\$106,219,934	\$31,379,754
	2001	9,185,364,697	87,637,565	28,090,464
	2000	9,082,244,677	87,052,693	26,845,506
	1999	8,882,483,711	83,179,236	26,428,530
	1998	8,731,580,078	82,819,037	24,682,748
	1997	8,329,868,587	77,359,490	23,344,486
	1996	8,007,857,930	75,105,700	22,588,575
	1995	7,351,394,300	69,830,894	21,776,144
	1994	7,209,338,210	65,677,071	21,182,543
	1993	7,095,625,140	63,881,913	20,010,105
	1992	6,857,209,980	52,066,795	20,663,609
	1991	6,585,139,750	49,586,102	20,140,012

¹ Source: Indiana Dept. of Revenue (determined by the amount of sales tax collected in Marion County)

² Source: City of Indianapolis, Dept. of Metropolitan Development

³ Assessed valuation increased 3 times to true value in 2002.

MARION COUNTY 2005 PROPOSED BUDGET

Statistics

Major Universities in Marion County:

Enrollment

Indiana University-Purdue University at Indianapolis (I.U.P.U.I.)	29,025
Butler University	5,876
University of Indianapolis	4,300
Marian College	1,427
Ivy Technical College	8,389

Last Municipal Election:	November 4, 2003
Registered Voters in Marion County	561,065
Votes Cast	150,440
Percentage	26.8%

Education¹

Number

Percent of State

K to 12 School Enrollment (2002/2003 Reported)	165,372	15.0%
Public	131,279	13.2%
Private	34,093	32.4%
High School Graduates (2002/2003)	5,548	9.8%
Going on to Higher Education	4,231	10.0%
4-year	3,097	9.7%
2-year	583	9.4%
Vocational /Technical	551	12.8%
Adults (25+ in 2000 Census)	553,459	14.2%
with High School diploma or higher	81.6%	
With B.A. or higher degree	25.4%	

¹ Source: U.S. Census Bureau, Indiana Department of Education

MARION COUNTY 2005 PROPOSED BUDGET

GLOSSARY

Accrual Basis of Accounting	Accrual basis of accounting is where revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.
A.D.P.I.C.S.	Advanced Purchasing and Inventory Control System. A KPMG mainframe computer program used to process acquisitions and purchase orders.
Ad Valorem Taxes	Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.
A.C.S.	Affiliated Computer Services
A. D. & S.	Alcohol and Drug Services. A special revenue fund where specific court ordered fines are deposited and used to support substance abuse and criminal justice programs.
A.P.C.	Arrestee Processing Center
Appropriation	A legal authorization to incur obligations and to make expenditures for specific purposes.
Assessed Valuation	The valuation set upon real estate and certain personal property by the assessor as a basis for levying taxes.
Base Budget	Cost of continuing the existing levels of service in the current budget year.
BPREP	Budget Preparation system. A KPMG mainframe application used to prepare annual budgets.
Budget	A plan of financial activity for a specified period of time indicating all planned revenues and expenses for the budget period.
Budgetary Basis	This refers to the basis of accounting used to estimate financing sources and used in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual. Budgets in Indiana are primarily prepared on the cash basis.
Budget Calendar	This refers to the schedule of key dates, which a government follows in preparation, and adoption of the budget.
Budgetary Control	The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available resources and appropriations.
Capital Assets	Assets of significant value having a useful life of several years. Also referred to as fixed assets.
Capital Budget	Appropriations funded primarily from bond proceeds or operating revenues for improvements to facilities and infrastructure. The county also has Cumulative Capital Development Fund to address certain capital needs of the county.

MARION COUNTY

2005 PROPOSED BUDGET

GLOSSARY (CONTINUED)

Capital Lease	A lease obligation that has to be capitalized on the balance sheet.
Capital Outlay	Fixed assets with a value of \$1,000 or more and a useful economic life more than one year. Also, assets of value which must be controlled for purposes of recording as fixed assets. Recognized in Indiana as Character 4.
Cash Basis	A basis of accounting in which transactions are recognized only when cash is increased or decreased.
Character	The budgets of all governmental units in Indiana are prepared according to a form prescribed by the Indiana State Board of Accounts. The major classification for appropriations is the character level which forms the legal level of control. The four categories are 1) personal services, 2) supplies, 3) other services and charges and 4) capital.
C.I.O.	Chief Information Officer is the appointed Director of the Information Services Agency. This Agency is responsible for all data processing and coordinating the procurement and disposal of technology related equipment.
City-County Council	Marion County and the Consolidated City (Indianapolis) are governed under a Mayor-Council form of government. The legislative branch is called the City-County Council which consists of 25 Councillors elected from single member districts and four Councillors elected at large. The Councillors serve terms of four years. The excluded municipalities vote with the rest of the County for Mayor of the Consolidated City and the councillors at large, as well as their own officials.
County Option Income Tax (COIT)	A tax on adjusted gross income of residents and/or workers in Marion County. Adoption of the tax is an option for counties in Indiana. Distribution of the tax is based on the amount of property taxes a municipal government may impose.
Cumulative Capital Development Fund	A fund established to provide for certain capital needs of the county. This fund is shared by City and County governments and used for infrastructure projects benefiting the countywide area. This fund is financed by a countywide annual property tax levy.
Debt Service	The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.
Department of Local Government Finance	Makes final review of all budgets. It can revise, recover or restore on appeal budgets, levies, and 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 budget seeks to exceed the tax limits of the state tax control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by Department of Local Government Finance. The Department of Local Government Finance is required to certify budgets, levies, and rates by February 15.
D.O.C	The Department of Corrections is a state agency that manages all state operated correctional facilities. After prisoners are convicted in a Marion County court, prisoners are typically transferred to a DOC facility to serve their sentence. DOC also manages the juvenile correctional institutions in Indiana and charges counties 50% of the operating costs for incarceration.

MARION COUNTY 2005 PROPOSED BUDGET

GLOSSARY (CONTINUED)

Employee (or Fringe) Benefits	Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of Social Security, pension obligations, health and life insurance plans.
Encumbrance	The commitment of appropriated funds to purchase an item or service. To encumber funds means to commit or set aside funds for a specific future expenditure.
Expenditure	The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.
FAMIS	Financial Accounting Management Information System is a KPMG mainframe computer software program which is the primary accounting and finance system for County and City government.
Fiscal Year	A twelve-month period designated as the operating year for accounting and budgeting purposes. The fiscal year for Marion County government ends Dec. 31.
Function	A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).
Fund	A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.
Fund Balance	The excess of assets of a fund over its liabilities, reserves and carryover.
Goal	A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.
Guideline Budget	Desirable expenditure levels provided to departments in developing the coming year's recommended budget. Based on the prior year's adopted budget, excluding one-time expenditures, internal services requirements and projected revenues.
IMAGIS	Indianapolis Mapping and Geographic Information System
Interfund Transfers	The movement of money between funds within the same government entity.
Intergovernmental Revenue	Funds received from the federal, state and other local government sources.
Internal Service Charges	The charges to user departments for internal services provided by another government agency, such as data processing.
Intragovernmental Revenue	Charges to other agencies within the same unit of government.
I.S.A.	Information Services Agency. A County agency charged with managing the information technology contract with a private vendor. ISA is also responsible for all billings and performance issues.

MARION COUNTY 2005 PROPOSED BUDGET

GLOSSARY (CONTINUED)

JUSTIS	Justice Information System is a computer program which performs case and record management for the criminal justice system.
KPMG	KPMG LLP, a U.S. limited liability partnership is a member firm of KPMG International. KPMG provides Marion County with many of its financial systems.
Line-Item Budget	A budget prepared along departmental lines that focuses on what is to be bought.
Object of Expenditure	An expenditure classification, referring to the lowest and most detailed level of description, such as furniture, or paper supplies.
MECA	Metropolitan Emergency Communications Agency. A countywide agency which handles all Enhanced 911 communications. MECA is also a separate general fund sub-fund with a set of self-balancing accounts controlling the budget and revenues separately from County General.
Modified Accrual Basis of Accounting	Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.
Objective	Something to be accomplished in specific, well-defined and measurable terms and that is achievable within a specific time frame.
Operating Revenue	Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day to day services.
Personal Services	Expenditures for salaries, wages, and fringe benefits of a government employee.
P.E.R.F.	Public Employees Retirement Fund is a state managed public employees pension fund.
Program	A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.
P.T.R.C.	Property Tax Replacement Credits are a portion of the property tax bills that are paid by the State of Indiana and other local government revenue sources directly reducing the public's property tax bills. Total amount of credits average between 19% to 30%.
Reserve	An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.
Revenue	The sources of income for a government entity.

MARION COUNTY 2005 PROPOSED BUDGET

GLOSSARY (CONTINUED)

Supplemental Appropriation	An additional appropriation made by the governing body after the budget year has begun.
Supplemental Request	Programs or services or additional line item expenditures departments would like to have over their target (guideline) budget, or if revenues are higher than anticipated.
Taxes	Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for the current or permanent benefit, such as special assessments.
Transfers In/Out	Amounts transferred from one fund to another to assist in financing the services for the recipient fund.
Unencumbered Balance	The amount of appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.
UNIGOV	Indianapolis and Marion County are governed under a consolidated form of government called "UNIGOV". State legislation effective January 1, 1970, unified the Indianapolis and Marion County boundaries, and consolidated the delivery of many municipal services. At their own request, four municipalities were specifically excluded from the consolidated government. These excluded municipalities are the Town of Speedway, and the cities of Beech Grove, Lawrence, and Southport.

MARION COUNTY 2005 PROPOSED BUDGET

ACRONYMS

A.C.S.	Affiliated Computer Services
A. D. & S.	Alcohol and Drug Services (Fund)
ADPICS	Advanced Purchasing and Inventory Control System
A.P.C.	Arrestee Processing Center
BPREP	Budget Preparation System, a KPMG mainframe application
C.C.A.	Corrections Corporation of America
C.O.I.T	County Option Income Tax
C.V.B.	Court Violations Bureau
D.O.C.	Department of Corrections (State of Indiana)
DL.G.F.	Department of Local Government Finance
E-911	Enhanced 911
FAMIS	Financial Accounting Management Information System, a KPMG mainframe application
FICA	Federal Insurance Corp. of America (Social Security)
F.I.T.	Financial Institutions Tax
F.O.P.	Fraternal Order of Police
IMAGIS	Indianapolis Mapping and Geographic Information System
I.S.A.	Information Services Agency
JUSTIS	Justice Information System
KPMG	KPMG LLP, a U.S. limited liability partnership is a member firm of KPMG International. KPMG provides Marion County with many of its financial systems.
M.C.S.D.	Marion County Sheriff's Department
M.E.C.A.	Metropolitan Emergency Communications Agency (Enhanced 911)
P.E.R.F.	Public Employee Retirement Fund
P.T.R.C.	Property Tax Replacement Credit
S.B.A.	Indiana State Board of Accounts
UNIGOV	Unified Government (or Consolidated form of government)

MARION COUNTY 2005 PROPOSED BUDGET

2
1