

The Annual Report

**Treasurer of State
242 State House
Indianapolis, Indiana 46204
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Dear Hoosiers:

Fiscal year 2001 was a busy year both professionally and personally. Investment returns are at an all time high, we have reached out and financially assisted a greater number of farmers through the Treasurer's Agricultural Loan Program, we remain a leader in the country in providing phase I wireless enhanced 911 service, and have continued to improve the Indiana Bond Bank and the Indiana Family College Savings Plan. On a personal note, my wife Kim and son Ian welcomed a new baby into the family on February 7, with the birth of Colin Michael.



Investment of the state's portfolio remains an important task of the State Treasurer's office. In fiscal year 2001, I am proud to report that we again beat all of our benchmarks in earning record income for Hoosier taxpayers. Interest earnings on investments in FY 2001 were \$331,368,519. This is outstanding performance and great news for all Hoosier taxpayers.

The Treasurer's Agricultural Loan Program continues to be the primary source of state assistance to Indiana's struggling farmers. Over \$131 million in low interest linked-deposit loans have been provided since TALP's creation in March of 1999. The program has truly helped farmers facing cash-flow problems due to poor commodity prices and less than ideal growing seasons.

As chairman of Indiana's Wireless Enhanced 911 Advisory Board, we continue to make Indiana a leader in providing this life-saving technology to Indiana's wireless phone users. Over 90% of all Hoosier cell phone users now have access to phase I service. This compared to a national average of between 10-15%. The progress we have made in providing phase I technology places us in strong position to move forward and continue to be leaders in phase II location technology.

During my campaign in 1998, I made a pledge to rejuvenate the Bond Bank, and we are there. We are not resting on our laurels though as we continue to create new programs and greater efficiencies to assist local Indiana governments with their short and long-term borrowing needs.

The 2001 legislative session was a productive one for families saving for future college expenses. Through the Indiana Family College Savings Plan, an IRS section 529 plan, earnings will be both federal and state tax exempt beginning in January of 2002. In Indiana we continue to make our savings program as competitive as possible in providing Hoosier's an efficient way to make college more affordable and accessible. My staff and I take great pride in our accomplishments, and we will continue to work hard to provide good government for all Hoosiers.

Respectfully,

Tim Berry
Treasurer of State

History of the Indiana State Treasurer's Office

The office of Treasurer of State was created by the first state constitution in 1816. David Crosby Lane became the first State Treasurer in November 1816 in Corydon, the state's first Capitol. The State Capitol was later moved to Indianapolis and, in 1888, Julius A. Lemke was the first Treasurer to occupy offices in the current State House. In 1970, the Treasurer's term was extended from two years to four years, with no person eligible to serve more than eight years (two successive terms) in any twelve year period.

The Treasurer of State was originally responsible for collecting all public revenue through the county treasurers. The Treasurer was to keep correct and separate account of all monies received and paid out by the state. Since its creation, the Department of Revenue performs the task of collecting all state taxes. The regular duties of the Treasurer's office include managing an investment portfolio of over \$5 billion comprised of receipts from the state general fund and 69 trust funds. As part of the investment program, the Treasurer maintains deposits in the form of certificates of deposit and repurchased agreements in nearly 270 banks, savings and loans, and credit unions in Indiana.

The Treasurer also serves on various state boards and commissions including the State Board of Finance; secretary/investment manager of the Indiana Board for Depositories; chairman of the Indiana Bond Bank; chairman of the Indiana Education Savings Authority; chairman of the Wireless Enhanced 911 Advisory Board; trustee of the Indiana State Police Pension Trust Fund; vice-chairman of the Indiana Housing Finance Authority; treasurer of the State Recreational Development Commission; the State Office Building Commission; the Indiana Development Finance Authority; and the Indiana Transportation Finance Authority.

Tim Berry took office on February 10, 1999, after serving as Allen County Treasurer from 1990-1999. Treasurer Berry is Indiana's 51st State Treasurer.

Indiana's State Treasurers

Daniel Crosby Lane	D-R	1816-1822
Samuel Merrill	R-W	1822-1834
Nathan B. Palmer	D	1834-1841
George H. Dunn	W	1841-1844
Royal Mayhew	D	1844-1847
Samuel Hannah	W	1847-1850
James P. Drake	D	1850-1853
Elijah Newland	D	1853-1855
William R. Nofsinger	R	1855-1857
Aquilla Jones	D	1857-1859
Nathaniel F. Cunningham	D	1859-1861
Jonathan S. Harvey	R	1861-1863
Matthew L. Brett	D	1863-1865
John I. Morrison	R	1865-1867
Nathan Kimball	R	1867-1871
James B. Ryan	D	1871-1873
John B. Glover	R	1873-1875
Benjamin C. Shaw	D	1875-1879
William Fleming	D	1879-1881
Roswel S. Hill	R	1881-1883
John J. Cooper	D	1883-1887
Julius A. Lemcke	R	1887-1891
Albert Gall	D	1891-1895
Frederick J. Scholz	R	1895-1899
Leopold Levy	R	1899-1903
Nathaniel U. Hill	R	1903-1907
Oscar C. Hadley	R	1907-1911
William H. Vollmer	D	1911-1915
George A. Bittler	D	1915-1917
Uz McMurtie	R	1917-1921
Ora J. Davies	R	1921-1925
Bernhardt H. Urbahns	R	1925-1926
Grace Urbahns	R	1926-1931
William Storen	D	1931-1935
Peter F. Hein	D	1935-1939
Joseph M. Robertson	D	1939-1941
James M. Givens	R	1941-1945
Frank T. Mills	R	1945-1949
F. Shirley Wilcox	D	1949-1951
William L. Fortune	R	1951-1953
John Peters	R	1953-1957
Adolph L. Fossler	R	1957-1959
Jack A. Haymaker	D	1959-1961
Robert E. Hughes	R	1961-1965
Jack L. New	D	1965-1967
John K. Snyder	R	1967-1971
Jack L. New	D	1971-1979
Julian L. Ridlen	R	1979-1987
Marjorie H. O'Laughlin	R	1987-1995
Joyce Brinkman	R	1995-1999
Tim Berry	R	1999-



Treasurer of State Staff

Tim Berry

Treasurer of State

Betsy Burdick

Chief Deputy Treasurer

Mike Frick

Deputy Treasurer— Portfolio Manager

Kimberly Logan

Deputy Treasurer

Donna Anderson

Head Cashier

Linda Bischoff

Cahier

Steve Boyce

Communications Director

Sharon Bracey

Administrator, State Police Pension Fund

Phil Campbell

Document Supervisor

Duane Jasheway

Chief Accountant

Tina Laker

Clerk

Chris Ternet

Policy Advisor—Wireless 911

Laura Williamson

Cashier

Anne Wolf

Administrative Assistant

Indiana Bond Bank

In keeping with Treasurer Berry's commitment to revitalize the Indiana Bond Bank, 2001 was a record setting year of activity and tax savings for Indiana's local governmental jurisdictions. In fiscal year 2001 the Indiana Bond Bank issued over \$600,000,000 in long and short-term debt on behalf of local government entities.

Created by the General Assembly in 1984, the Indiana Bond Bank (IBB) serves local units of government with their short and long-term financing needs. The primary purpose of the IBB is to assist local entities in the process of issuing debt by operating as a financing conduit. The Bond Bank purchases the bonds and warrants of various communities and, in turn, issues its own obligation in the financial markets. This process allows local communities to take advantage of economies of scale by obtaining lower costs of borrowing, and saving precious taxpayer dollars. By statute the Treasurer of State serves as chairman of the IBB Board of Directors. The Director of the Department of Financial Institutions and five members appointed by the Governor also serve on the Board.

The 2001 Advance Funding Program was the largest in program history. The program purchased the tax-anticipation warrants of 103 taxing districts in the state, totaling nearly \$350,000,000. In keeping with the very successful history of the program. Entities received a very competitive all-inclusive rate of 3.48%. Additionally, participants take advantage of standardized documentation, cash-flow projection assistance, and arbitrage rebate assistance.

The Hoosier Equipment Lease Purchase (HELP) Program allows local communities to acquire equipment at cash prices and utilize tax exempt interest rates. In 2001 we assisted 23 communities with equipment that included fire trucks, police cars, computers, 911 equipment, sewer vacuums, highway trucks, and other essential equipment. The lease terms are flexible and typically range from two to five years.

Additionally in 2001 the Bond Bank served as the conduit issuer of bonds to fund the state revolving fund loans to communities for safe drinking water and waste water. The Bond Bank utilized its' outstanding bond rating to assist the town of Burns Harbor and reduce their cost of borrowing, by issuing bonds to purchase and upgrade a sewage treatment facility.

Indiana Bond Bank Board of Directors

Tim Berry, Chairman
Treasurer of State

Russell Breeden III, Vice-Chairman
Community First Financial Group

Clark H. Byrum
Key Corp

Marni McKinney
First Indiana Bank

Joseph T. Morrow
Mercantile National Bank of Indiana

Charles W. Phillips
Department of Financial Institutions

C. Kurt Zorn
Indiana University

Indiana Bond Bank Staff

June Midkiff, Executive Director
Ron Mangus, Program Operations Director
Kirke Willing, Staff Analyst
Mary Reilly, Administrative Assistant

Indiana Bond Bank
2980 Market Tower
10 West Market Street
Indianapolis, Indiana 46204
Phone: (317) 233-0888
www.state.in.us/bond

Treasurer's Agricultural Loan Program

When Treasurer Berry took office in February of 1999, one of his first priorities was to assist the efforts of Hoosier farmers facing cash-flow difficulties. Upon announcing the creation of the Treasurer's Agricultural Loan Program (TALP), it quickly became recognized as the single best source of state assistance for Hoosier farmers to reduce the cost of borrowing for annual production needs. TALP is a partnership between Treasurer Berry's office, Indiana's financial institutions and the Hoosier agricultural community to offer low interest loans of up to \$150,000. Funds may be utilized for annual farm production needs, to purchase feed, fertilizer, seed, chemicals, cash rents, crop insurance, livestock or veterinary services. Since the creation of the program in 1999, 1,362 loans have been issued totaling \$139,249,371 to farmers in 74 of Indiana's 92 counties.

The program is funded through the deposit of general funds in Indiana financial institutions and farm credit service centers. The Treasurer's office provides a linked deposit with the financial institution, and in turn the bank provides the loan to the farmer. TALP has received overwhelming support from the legislature, the agricultural community and the general public for its effectiveness in helping the hard-hit farming community

TALP loans by county (top 15)

Montgomery	\$9,129,000
Fountain	\$7,757,500
Carroll	\$6,892,760
Benton	\$4,968,300
Clinton	\$4,250,000
Jennings	\$3,960,000
Grant	\$3,714,000
Newton	\$3,663,720
White	\$3,526,250
Hendricks	\$3,446,500
Marshall	\$3,302,000
Jefferson	\$3,289,000
Boone	\$3,235,000
Jasper	\$3,108,905
Wells	\$2,836,500

TALP loans by bank (top 15)

1 st Source	\$9,880,200
National City	\$9,828,500
River Valley Finl.	\$9,587,000
Bank One	\$9,140,500
Bright National	\$7,636,000
Farmers	\$6,690,000
Kentland	\$6,168,500
Old National	\$6,034,000
Farm Credit	\$5,012,510
Lafayette B&T	\$4,490,575
DeMotte State	\$4,219,200
Peoples National	\$3,741,000
Bath State	\$3,684,340
First Farmers	\$3,072,791
Fountain Trust	\$2,922,000

Indiana Education Savings Authority

Treasurer Berry serves as chairman of the Indiana Education Savings Authority (IESA) Board. The nine-member board was created by the General Assembly to promote programs that encourage saving for educational expenses. In 1997, the IESA created the Indiana Family College Savings Plan (IFCSP), an IRS Section 529 Qualified Tuition Plan, to give families a convenient, tax-advantaged way to invest for their student's post-high school education expenses.

Treasurer Berry has been instrumental in creating many positive changes effecting the plan, including the expansion of investment options, an enhanced, user-friendly Web site, the creation of a statewide newsletter, and, most recently, an increase in the tax benefits for plan participants.

In his role on the Executive Committee of the College Savings Plan Network, Treasure Berry, along with other state treasurers, was instrumental in lobbying Congress in 2001 for a federal tax exemption on qualified withdrawals for 529 Plans. This will allow for money in an IFCSP account to be withdrawn federally tax-free to pay for higher education expenses. Prior to this victory, Treasurer Berry was key in urging the 2001 Indiana General Assembly to approve a measure that provides a state tax exemption for qualified withdrawals from an IFCSP account. Thus, beginning in 2002, qualified withdrawals will be tax-exempt at both the state and the federal level.

Another victory for the IFCSP came in March 2001 when the IRS gave the plan its seal of approval in the form of a private letter ruling. The private letter ruling designates the IFCSP as a qualified Section 529 plan. Indiana is one of only three states the IRS has deemed qualified to meet their guidelines.

In an effort to promote the plan to Hoosier families, the IFCSP launched an aggressive statewide public awareness campaign during the 2000 school year. The three-month promotion included radio and television Public Service Announcements featuring Indianapolis Colts Quarterback Peyton Manning, an in-school promotion with parent teacher groups, posters in all Indiana elementary and middle schools, increased participation in community events, and billboard displays across the state. The campaign resulted in an 18.4% growth of new participants in the six months following its launch, and more than doubled the Web site visits during the length of the campaign.

Money in an Indiana Family College Savings Plan account can be used for tuition, fees, text books, and room and board at any U.S. Department of Education accredited institution nationwide and abroad. For more information about the IFCSP, visit the Web site at www.incollegesave.com or call toll free 888-814-6800.

Indiana Education Savings Authority

Tim Berry, Chairman
Treasurer of State

Stanley Jones, Vice-Chairman
Commissioner for Higher Education

Dr. Suellen Reed, Secretary
Superintendent of Public Instruction

Betty Cockrum
Director of State Budget Agency

Jean Blackwell
Cummins Inc.

John Hammond
Ice Miller

Brenda Horn
Ice Miller

T.K. Olson
Independent Colleges of Indiana

Susan Loftus, Executive Director
Indiana Education Savings Authority

Indiana State Board of Finance

Treasurer Berry serves on the State Board of Finance with Governor Frank O'Bannon and State Auditor Connie Nass. The State Board of Finance has the power to negotiate loans to cover casual deficits in state revenue. The Board may transfer money between state funds, and may transfer money between appropriations for any board department, commission, office, or benevolent or penal institution. Additionally, the Board has advisory supervision of all funds coming into the state treasury and all other funds belonging to the state.

Indiana Underground Storage Tank Financial Assurance Board

The Underground Storage Tank Financial Assurance Board was created by the Indiana General Assembly in 1996. The Board consists of sixteen (16) members including the Treasurer of State, The Commissioner of the Indiana Department of Environmental Management (IDEM), the Commissioner of the Indiana Department of Revenue, the State Fire Marshall and twelve individuals appointed by the Governor who represent the petroleum industry, the environment, local government, and the public. The Board's duties include taking testimony and receiving a monthly report from the commissioner of IDEM regarding the financial condition and operation of the excess liability trust fund. Additionally, the Board consults with IDEM on the administration of the underground storage tank excess liability trust fund. The excess liability trust fund is established to provide a source of money to satisfy liabilities incurred by owners and operators of underground petroleum storage tanks, to provide a source for loan guaranty, and to provide a source of money for IDEM to pay for expenses related to the administration of claims against the trust fund. The Treasurer of State has the statutory responsibility for investing the trust fund.

State Police Pension Fund

Since 1937, the Treasurer of State has served as Trustee of the Indiana State Police Pension Fund. As trustee, Treasurer Berry appropriates funds to support many of the programs for State Police employees, including the Retirement and Supplemental Pension, Disability Benefit, and the Benefit for Widows and Children.



Treasurer of State Tim Berry and Sharon Bracey discuss the Police Pension Fund

Indiana Development Finance Authority

The Indiana Development Finance Authority (IDFA) was created by the Indiana General Assembly to assist business development and job creation by using credit enhancement and access programs. Hoosier businesses that are unable to qualify for conventional financing can utilize IDFA's *Loan Guaranty Programs*. The borrower must be unable to obtain a loan on reasonable terms without the guaranty and the lender must be able to service the loan property. The IDFA can guarantee loans backed by the Industrial Development Guaranty Fund for either large industrial development projects, manufacturing projects, or projects that aid in the creation or retention of Indiana jobs. The IDFA can guaranty up to \$2,000,000 on industrial development projects. Rural development projects and agricultural enterprises can benefit from a maximum loan guaranty of \$300,000 for (1) projects located in smaller communities that encourage economic development, (2) projects that involve value-added agricultural products. IDFA's programs offer guaranties from 75% to 90% of the principal deficiency on a loan.

Another program, the *Capital Access Program (CAP)*, provides protection of a cash reserve that grows each time a lender makes a loan they might otherwise not have made without IDFA's backing. The cash reserve is available to cover any loss if a CAP loan in the lender's portfolio defaults.

Tax-Exempt Bonds are bonds issued by state or local governmental entities. The proceeds of these bonds are then loaned to private companies. These bonds are often called Economic Development Bonds, Industrial Revenue Bonds (IRBs), or Private Activity bonds. The interest on these bonds is generally tax-exempt, which is attractive to investors and typically results in lower financing costs and interest rates to the company. Bonds can be issued by the IDFA to finance industrial development projects, which include manufacturing facilities and equipment, and certain other projects permitted under Federal law. The IDFA uses tax-exempt bond financing to promote economic development by creating secure jobs, higher incomes, and competitive communities across Indiana. The IDFA considers the number of jobs created (or retained), average wages, and community support, among other factors, in evaluating applications for tax-exempt bond financing.

IDFA offers *Brownfields Grants and Loans* to help finance redevelopment programs in areas where industrial or commercial property has been abandoned or underutilized and where there is the existence of environmental contamination. IDFA makes grants (up to \$50,000) for site assessment purposes and low interest (2.5%-3.0%) loans to communities for brownfields redevelopment.

Indiana Development Finance Authority

William H. King, Chairman
Indiana Bankers Association

Alfred Hammonds, Vice Chair
Bank One

Joe Kernan, Secretary-Manager
Lt. Governor

Tim Berry
Treasurer of State

Sondra S. Harris
Harris & Sons Funeral Homes

Ronald G. Seals
Spring Valley Bank & Trust

Dwayne C. Isaacs
Bingham Summers Welsh & Spilman

Leslie D. Reed
Sun American Securities

Buford Hartzell
Retired

Courtney Tobin, Executive Director

www.state.in.us/idfa

The Indiana Housing Finance Authority

Created in 1978 by the Indiana General Assembly, the Indiana Housing Finance Authority (IHFA) is a financially self-sufficient and quasi-autonomous agency established to provide financial vehicles and incentives for the purpose of ownership, development, or rehabilitation of affordable single and multi-family housing as well as supportive shelters. IHFA provides affordable homes for Hoosiers, stimulates the construction industry, and construction employment.

Started in 1978, the *Single-Family Housing Program* assists low and moderate income families in the purchase of their first home.

In 1982, IHFA created the *Multi-Family Program* which provides below market rate mortgages to developers and sponsors for construction or rehabilitation of multi-family rental residences.

The IHFA introduced the *Mortgage Credit Certificate Program* (MCC Program) in 1987. The MCC Program allows the IHFA to provide financial assistance to a greater number of first time home buyers.

Also in 1987, IHFA rolled out the *Low Income Housing Credit Program* which provides a federal tax credit to qualified owners of rental housing.

The primary resources used by IHFA include: below-market interest rate single family loans, single family tax credits, below-market interest rate multi-family loans, multi-family tax credits, multi-family bonds, and development loans and grants from HOME, CDBG, and the Indiana Low-Income Housing Trust Fund. IHFA'S main homeownership bond fund carries the highest credit rating from Moody's Investor Services and Fitch IBCA, Inc., a "natural" Aaa and AAA, respectively. In addition, we maintain an Aa3 Issue Credit Rating from Moody's which is one of the sixth highest in the country.

In 1999, IHFA efforts helped more than 7,800 families by allocating over \$391 million in resources, which allowed more than \$510 million to be invested in Indiana. IHFA increased its assets by \$33 million from 1998 to 1999, ending December 31, 1999 with \$913 million in assets.

The Indiana Housing Finance Authority is made up of the Lieutenant Governor, the State Treasurer, the Director of the Department of Financial Institutions, and four gubernatorial appointments.

Indiana Housing Finance Authority Board of Directors

Joe Kernan, Chairman
Lieutenant Governor

Tim Berry, Vice-Chairman
Treasurer of State

Charles Phillips
Dept. of Financial Institutions

Leigh Hayden

Timothy V. Clark

John D. Weissert

Tom McGowan

Kimberly Green
Executive Director

www.state.in.us/ihfa

Indiana Recreational Development Commission

The Recreational Development Commission has the statutory stated purpose to provide for the general health and welfare of Indiana citizens by the acquisition, construction, improvement and operation of public recreational facilities. Additionally the commission is to facilitate, support and promote the development and use of the parks of the state.

The commission consists of the Director of the Department of Natural Resources, the Treasurer of State, and three members appointed by the Governor. Treasurer Berry serves as Treasurer of the Indiana Recreational Development Commission.

Indiana Heritage Trust Committee

The Indiana Heritage Trust Committee recommends to the Governor purchases for the Heritage Trust Program. The Trust Committee works with the Heritage Trust Project Committee and the Department of Natural Resources to develop a Heritage Trust Strategic Plan to provide an overview of the programs.

The Trust Committee has seventeen members: twelve members of the Natural Resources Foundation, two members of the State Senate and the House of Representatives, and the Treasurer of State.

Grain Indemnity Corporation

The Grain Indemnity Corporation is a public body corporate and politic, and though it is separate from the state, the exercise by the corporation of its powers constitutes an essential governmental function. The Grain Indemnity Corporation oversees the Indiana grain indemnity fund. The Fund was established for the purpose of providing money to pay producers for losses incurred due to the failure of a grain buyer.

Public Deposit Insurance Fund

The Public Deposit Insurance Fund (PDIF) was created in 1937 to insure the deposits of public monies in Indiana's banks, much the same way the FDIC insures individual depositor's accounts. PDIF funds are managed and invested by Treasurer Berry, in his capacity as the Secretary-Investment Manager for the Indiana Board for Depositories. Treasurer Berry staffs, administers, manages, and directs the affairs and activities of the Board in accordance with the policies set out by the Board.

The purpose of the Board for Depositories is to insure the safekeeping and prompt payment of all public funds deposited in any approved depository through the prudent management of the PDIF. The Board is separate from the state in its corporate and sovereign capacity.

The PDIF is funded by assessments payable by every depository that has public funds. The Board may waive this assessment if, in its discretion, it determines that the assets of the fund are equal to the reserve for losses. At the present time, the Board has waived the assessment. The Board has the authority to invest, reinvest, and exchange investments of the PDIF in excess of the cash balance in certain securities set out in the Indiana Code 5-13-12.

At the end of Fiscal Year 2001, the assets of the PDIF totaled \$ 322,484,382.37

Indiana Board for Depositories

Frank O'Bannon, Chairman
Governor

Tim Berry, Secretary-Investment Manager
Treasurer of State

Connie Nass, Vice-Chairman
State Auditor

Charles Johnson III
State Board of Accounts

Norman Lowery
Department of Financial Institutions

Calvin Bellamy
Bank Calumet

Dan Doan
Old National Bancorp

John R. Cunningham
Fidelity Federal Bancorp

Christopher J. Murphy III
First Source Bank

Board for Depositories Staff

R. Merrick White, Network Director
Shannon Thompson, Office Manager



Indiana Board for Depositories
One North Capitol Avenue, Suite 444
Indianapolis, Indiana 46204-2026
(317) 232-5257
www.state.in.us/deposit

Indiana State Office Building Commission

Frank O'Bannon
Governor

Joe Kernan,
Lieutenant Governor

Tim Berry
Treasurer of State

Connie Nass
State Auditor

Betty Cockrum
State Budget Director

Glenn Lawrence
Eleanor Bookwater
Robert Batteast
Myron Fraiser
Kenneth DeLap
Kipper Tew
Brad Chambers
Keith Hedinger

Susan Williams, Executive Director

Indiana State Office Building Commission

Created in 1953 to provide additional office space for the State of Indiana, the State Office Building Commission issues bonds to finance construction for state properties. After erecting the Indiana Government Center and two parking garages adjacent to the state house, the State Office Building Commission was given the authority to issue bonds for various correctional facilities throughout the state.

The Commission consists of the Governor, Lieutenant Governor, Treasurer of State, State Auditor, the State Budget Director, the Commissioner of the Department of Administration, and six members appointed by the Governor.

Indiana Transportation Finance Authority

The Indiana Transportation Finance Authority (ITFA) is responsible for the construction, reconstruction, improvement, maintenance, operation, and repair of toll roads and toll bridges. The ITFA issues and sells bonds to provide funds for construction projects. However, the authority may not issue any bonds or notes for the construction of a project after July 1, 2007. The *Highway Revenue Bonds* are issued to provide funds for the construction of highways, roads, bridges, and streets. The ITFA also issues bonds to help finance airport improvements, including the construction of an aircraft maintenance facility and an aviation technology center in Indianapolis.

The Authority consists of the Governor, Treasurer of State, State Budget Director, the Commissioner of the Department of Transportation, and five appointed members.

Indiana Transportation Finance Authority

Diana Hamilton, Chairman
Governor's Office

Tim Berry
Treasurer of State

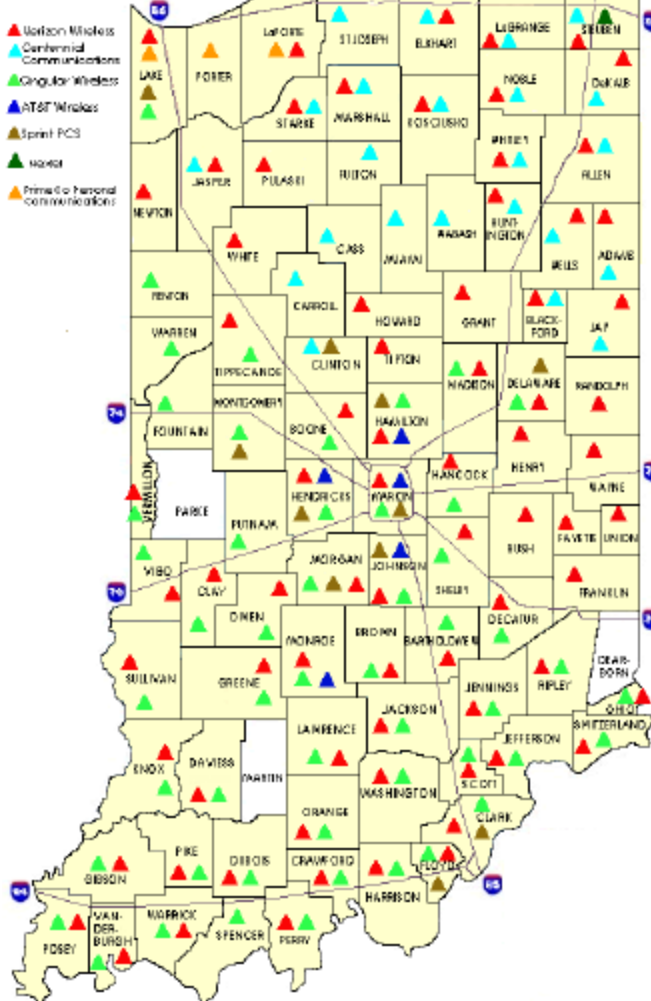
Brian Nicol
Department of Transportation

Betty Cockrum
State Budget Agency

Barry Sturges
John L. Lewis
James G. Newland
James L. Wieser
Edward Gonzalez

Stephanie Rhinesmith
Executive Director

**INDIANA WIRELESS ENHANCED 911 ADVISORY BOARD
PHASE I DEPLOYMENT**



Wireless Enhanced 911 Advisory Board

The Indiana Wireless Enhanced 911 Advisory Board was established by the Indiana General Assembly in 1998 in response to a Federal Communications Commission (FCC) order mandating the availability of wireless enhanced 911 service.

Treasurer Berry serves as Chairman of the Board, comprised of representatives of the wireless telephone carrier industry and local government public safety entities.

The Board is responsible for the oversight of the implementation of wireless E911 in two phases with each phase routing a wireless 911 call to the appropriate emergency dispatch location to ensure prompt response. Phase I provides emergency personnel a call back number and cell tower sector location while Phase II will employ technology to identify a 911 caller's location within 50-300 meters.

In compliance with the FCC order and Indiana statute, the Board also ensures that wireless carriers and local government recover costs associated with the provision of wireless E911 via a monthly subscriber surcharge. Wireless carriers and local government will continue to invest millions of dollars to upgrade technology to provide wireless E911 service to Hoosiers.

Indiana is a national leader in the deployment of this lifesaving technology. Currently, seven wireless carriers provide Phase I wireless E911 service to subscribers in 88 Indiana counties, representing approximately 90% of Hoosier wireless subscribers and covering 98% of Indiana's population.



Treasurer Berry conducts an E911 Board meeting

Treasurer of State
242 State House
Indianapolis, Indiana 46204

October 30, 2001

The Honorable Frank O'Bannon
Governor, State of Indiana
206 State House
Indianapolis, Indiana 46204

Dear Governor O'Bannon:

In accordance with Indiana Code Section 4-8.1-2-14, I hereby submit the Annual Financial Report of the Office of the Treasurer of State for the State of Indiana.

The following information is a summary of the business transactions for the state General Fund and all other funds managed by this office for the Fiscal Year, July 1, 2000 to June 30, 2001.

Sincerely,

Tim Berry
Treasurer of State

TREASURER OF STATE
Fiscal Year 2001 Investment Summary
Schedule A - Cash Basis

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Collected</u>	<u>Yield</u>
<i>General Fund Designated:</i>			
Warrant Clearing Accounts	\$ 33,492,512	\$ 1,394,332	4.16%
Certificates of Deposit	\$ 304,412,171	\$ 19,466,329	6.39%
Money Market Mutual Funds	\$ 510,343,894	\$ 27,785,118	5.44%
Government Securities	\$ 1,420,667,639	\$ 106,256,516	7.48%
<i>Total General Fund Designated</i>	<i>\$ 2,268,916,216</i>	<i>\$ 154,902,294</i>	<i>6.83%</i>
<i>Other General Accounts:</i>			
County Option Income Tax	\$ 232,221,270	\$ 15,502,788	6.68%
County Adj. Gross Income Tax	\$ 28,946,871	\$ 1,795,847	6.20%
County Economic Development Income Tax	\$ 82,419,424	\$ 5,505,748	6.68%
Economic Stabilization Fund	\$ 535,871,007	\$ 32,245,652	6.02%
<i>Total Other General Accounts</i>	<i>\$ 879,458,572</i>	<i>\$ 55,050,035</i>	<i>6.26%</i>
<i>Trust Funds/Dedicated Funds:</i>			
I.U. Permanent Endowment	\$ 785,300	\$ 56,596	7.21%
Purdue Trust Fund	\$ 340,000	\$ 25,673	7.55%
Public Deposit Insurance Fund	\$ 304,057,428	\$ 23,105,010	7.60%
Soldier & Sailor Children's Home	\$ 1,000,000	\$ 51,478	5.15%
Common School Fund	\$ 89,784,862	\$ 5,663,144	6.31%
Common School Fund - Advances	\$ 306,604,016	\$ 10,383,750	3.39%
Agency for the Blind:			
- Women's Fund	\$ 117,923	\$ 9,139	7.75%
- Vending Operations	\$ 314,438	\$ 21,319	6.78%
- Restricted Donations	\$ 10,079	\$ 748	7.42%
Recreational Development Comm.	\$ 1,065,734	\$ 60,321	5.66%
IN State Police Pension Trust *	\$ 299,677,833	\$ 17,093,771	5.70%
Rural Rehab. Planning Fund	\$ 300,000	\$ 19,770	6.59%
Interstate Bridge	\$ 3,563,072	\$ 187,030	5.25%
Federal Revenue Sharing Fund	\$ 2,118,652	\$ 119,547	5.64%
Patient Compensation Fund	\$ 91,136,607	\$ 5,353,451	5.87%
Property Custody Fund	\$ 1,000,000	\$ 64,079	6.41%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Collected</u>	<u>Yield</u>
Law Enforcement Training Board	\$ 10,862	\$ 715	6.58%
Indiana Historic Bureau - Governor's Portrait	\$ 36,748	\$ 2,437	6.63%
Tri-Centennial Fund	\$ 6,613	\$ 463	7.01%
Retirement Home Guaranty Fund	\$ 2,125,530	\$ 124,828	5.87%
Natural Resources - Reclamation Set Aside	\$ 6,254,817	\$ 424,370	6.78%
Hazardous Substance Emergency	\$ 21,244,406	\$ 1,370,753	6.45%
Natural Resources - Lifetime License	\$ 5,091,115	\$ 318,774	6.26%
Natural Resources Donations	\$ 458,466	\$ 36,474	7.96%
Non-Game Bird Fund	\$ 931,104	\$ 61,709	6.63%
Residual Asbestos Injury Fund	\$ 601,099	\$ 41,153	6.85%
Bail Bond Enforcement	\$ 576,353	\$ 47,172	8.18%
Exxon Oil Overcharge Fund	\$ 4,994,633	\$ 244,131	4.89%
Indiana Political Subdivision Risk Management	\$ 4,023,919	\$ 248,206	6.17%
Stripper Well Fuel Overcharge	\$ 20,798,673	\$ 916,123	4.40%
Mine Subsidence Fund	\$ 2,810,685	\$ 169,384	6.03%
Industrial Development Grant	\$ 20,624,969	\$ 1,029,180	4.99%
Commerce Energy Exxon PVE	\$ 2,554,383	\$ 157,336	6.16%
Post 1977 Abandoned Mine Reclamation	\$ 4,148,747	\$ 266,215	6.42%
Commerce - Energy Stripper Well	\$ 205,000	\$ 16,166	7.89%
Comm. Business / Agriculture	\$ 245,000	\$ 17,485	7.14%
Recovery Real Estate	\$ 670,337	\$ 46,331	6.91%
Recovery Plumbers	\$ 434,863	\$ 28,815	6.63%
Recovery Auctioneers	\$ 292,274	\$ 19,002	6.50%
Environmental Management Asbestos	\$ 1,791,167	\$ 127,647	7.13%
Environmental Management Petroleum	\$ 3,786,514	\$ 257,320	6.80%
Environmental Management Excess Liability	\$ 80,628,648	\$ 5,098,170	6.32%
Robert Kraft Estate Gift Fund	\$ 1,024,756	\$ 67,933	6.63%
Economic Development	\$ 10,962,357	\$ 601,242	5.48%
Industrial Training Fund	\$ 51,369,926	\$ 3,187,446	6.20%
Library and Historical Fund	\$ 5,189	\$ 269	5.19%
State Library Publications Fund	\$ 111,085	\$ 7,027	6.33%
Build Indiana Fund	\$ 369,629,109	\$ 26,861,086	7.27%
Commerce STP Loans	\$ 4,824,735	\$ 324,182	6.72%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Collected</u>	<u>Yield</u>
Indiana Strategic Development	\$ 1,113,581	\$ 72,166	6.48%
License Plate Escrow	\$ 572,893	\$ 38,546	6.73%
Fish and Wildlife	\$ 2,605,827	\$ 175,585	6.74%
IPALCO Settlement	\$ 1,192,484	\$ 76,531	6.42%
Jeopardy Assessment Receipts	\$ 865,315	\$ 67,682	7.82%
Standard Library Card Program	\$ 129,491	\$ 8,703	6.72%
Historical Bureau Publication	\$ 62,416	\$ 4,115	6.59%
Heritage Trust Fund	\$ 8,132,541	\$ 520,341	6.40%
Secondary Market Sales	\$ 20,447,963	\$ 1,351,562	6.61%
Darrach Genealogy	\$ 523,501	\$ 34,208	6.53%
HCFA Civil Penalties	\$ 1,029,836	\$ 73,612	7.15%
Producer-Premium Fund	\$ 12,424,960	\$ 750,435	6.04%
Retailer Bonding Fund	\$ 763,361	\$ 50,834	6.66%
Electronic/Enhanced Access Fund	\$ 398,219	\$ 20,106	5.05%
W911-PSAP	\$ 7,074,089	\$ 358,280	5.06%
W911-CMRS	\$ 5,646,672	\$ 343,486	6.08%
W911-Phase II	\$ 1,028,877	\$ 65,172	6.33%
State Infrastructure Bank	\$ 7,100,956	\$ 480,666	6.77%
Veteran's Memorial Cemetery Trust	\$ 1,192,384	\$ 63,186	5.30%
Tobacco Settlement	\$ 115,585,073	\$ 6,753,992	5.84%
Tobacco Use Prevention	\$ 32,692,484	\$ 1,966,675	6.02%
Continental Steel Escrow	\$ 893,507	\$ 51,578	5.77%
Children's Trust	\$ 747,945	\$ 49,671	6.64%
Medicaid Indigent Care Trust	\$ 80,020,535	\$ 3,668,090	4.58%
1998 Juvenile Accountability	\$ 536,027	\$ 36,595	6.83%
<i>Total Trust Funds/ Dedicated Funds</i>	\$ 2,027,930,965	\$ 121,416,190	5.99%
GRAND TOTAL	\$ 5,176,305,753	\$ 331,368,519	6.40%

RATE OF RETURN ON ACTIVELY MANAGED INVESTMENTS 6.59%
(Excluding Common School Fund Advancements)

TREASURER OF STATE
Fiscal Year 2001 Investment Summary
Schedule B - Accrual Basis

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
<i>General Fund Designated:</i>			
Warrant Clearing Accounts	\$ 33,492,512	\$ 1,394,331.75	4.16%
Certificates of Deposit	\$ 304,412,171	\$ 18,751,363.18	6.16%
Money Market Mutual Funds	\$ 510,343,894	\$ 28,197,640.88	5.53%
Government Securities	\$ 1,420,667,639	\$ 89,231,807.04	6.28%
<i>Total General Fund Designated</i>	<i>\$ 2,268,916,216</i>	<i>\$ 137,575,143</i>	<i>6.06%</i>
<i>Other General Accounts:</i>			
County Option Income Tax	\$ 232,221,270	\$ 14,912,971	6.42%
County Adjusted Gross Income Tax	\$ 28,946,871	\$ 1,795,847	6.20%
County Economic Development Income Tax	\$ 82,419,424	\$ 5,107,034	6.20%
Economic Stabilization Fund	\$ 535,871,007	\$ 31,828,374	5.94%
<i>Total Other General Accounts</i>	<i>\$ 879,458,572</i>	<i>\$ 53,644,226</i>	<i>6.10%</i>
<i>Trust Funds/Dedicated Funds:</i>			
I.U. Permanent Endowment	\$ 785,300	\$ 55,084	7.01%
Purdue Trust Fund	\$ 340,000	\$ 23,276	6.85%
Public Deposit Insurance Fund	\$ 304,057,428	\$ 19,397,187	6.38%
Soldier & Sailor Children's Home	\$ 1,000,000	\$ 66,760	6.68%
Common School Fund	\$ 89,784,862	\$ 5,336,791	5.94%
Common School Fund - Advances	\$ 306,604,016	\$ 9,542,969	3.11%
Agency for the Blind:			
- Women's Fund	\$ 117,923	\$ 7,661	6.50%
- Vending Operations	\$ 314,438	\$ 19,453	6.19%
- Restricted Donations	\$ 10,079	\$ 656	6.51%
Recreational Development Comm.	\$ 1,065,734	\$ 59,220	5.56%
Indiana State Police Pension Trust *	\$ 299,677,833	\$ (1,516,250)	-0.51%
Rural Rehabilitation Planning Fund	\$ 300,000	\$ 18,801	6.27%
Interstate Bridge	\$ 3,563,072	\$ 208,116	5.84%
Federal Revenue Sharing Fund	\$ 2,118,652	\$ 132,658	6.26%
Patient Compensation Fund	\$ 91,136,607	\$ 5,600,567	6.15%
Property Custody Fund	\$ 1,000,000	\$ 60,409	6.04%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Law Enforce Training Board	\$ 10,862	\$ 690	6.35%
Indiana Historic Bureau - Governor's Portrait	\$ 36,748	\$ 2,358	6.42%
Tri-Centennial Fund	\$ 6,613	\$ 465	7.04%
Retirement Home Guaranty Fund	\$ 2,125,530	\$ 132,131	6.22%
Natural Resources - Reclamation Set Aside	\$ 6,254,817	\$ 389,558	6.23%
Hazardous Substance Emergency	\$ 21,244,406	\$ 1,325,764	6.24%
Natural Resources - Lifetime License	\$ 5,091,115	\$ 304,559	5.98%
Natural Resources Donations	\$ 458,466	\$ 29,777	6.49%
Non-Game Bird Fund	\$ 931,104	\$ 59,837	6.43%
Residual Asbestos Injury Fund	\$ 601,099	\$ 37,907	6.31%
Bail Bond Enforcement	\$ 576,353	\$ 36,386	6.31%
Exxon Oil Overcharge Fund	\$ 4,994,633	\$ 322,649	6.46%
Indiana Political Subdivision Risk Management	\$ 4,023,919	\$ 249,168	6.19%
Stripper Well Fuel Overcharge	\$ 20,798,673	\$ 1,299,811	6.25%
Mine Subsidence Fund	\$ 2,810,685	\$ 186,813	6.65%
Industrial Development Grant	\$ 20,624,969	\$ 1,311,609	6.36%
Commerce Energy Exxon PVE	\$ 2,554,383	\$ 153,528	6.01%
Post 1977 Abandoned Mine Reclamation	\$ 4,148,747	\$ 258,442	6.23%
Commerce - Energy Stripper Well	\$ 205,000	\$ 12,594	6.14%
Comm. Business / Agriculture	\$ 245,000	\$ 15,536	6.34%
Recovery Real Estate	\$ 670,337	\$ 43,329	6.46%
Recovery Plumbers	\$ 434,863	\$ 27,845	6.40%
Recovery Auctioneers	\$ 292,274	\$ 18,654	6.38%
Environmental Management Asbestos	\$ 1,791,167	\$ 108,788	6.07%
Environmental Management Petroleum	\$ 3,786,514	\$ 237,868	6.28%
Environmental Management Excess Liability	\$ 80,628,648	\$ 4,945,343	6.13%
Robert Kraft Estate Gift Fund	\$ 1,024,756	\$ 66,199	6.46%
Economic Development	\$ 10,962,357	\$ 573,897	5.24%
Industrial Training Fund	\$ 51,369,926	\$ 3,243,530	6.31%
Library and Historical Fund	\$ 5,189	\$ 572	11.03%
State Library Publications Fund	\$ 111,085	\$ 7,085	6.38%
Build Indiana Fund	\$ 369,629,109	\$ 23,180,530	6.27%
Commerce STP Loans	\$ 4,824,735	\$ 301,496	6.25%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Indiana Strategic Development	\$ 1,113,581	\$ 70,553	6.34%
License Plate Escrow	\$ 572,893	\$ 36,809	6.43%
Fish and Wildlife	\$ 2,605,827	\$ 162,844	6.25%
IPALCO Settlement	\$ 1,192,484	\$ 74,298	6.23%
Jeopardy Assessment Receipts	\$ 865,315	\$ 59,424	6.87%
Standard Library Card Program	\$ 129,491	\$ 8,673	6.70%
Historical Bureau Publication	\$ 62,416	\$ 3,986	6.39%
Heritage Trust Fund	\$ 8,132,541	\$ 507,600	6.24%
Secondary Market Sales	\$ 20,447,963	\$ 1,750,498	8.56%
Darrach Genealogy	\$ 523,501	\$ 33,589	6.42%
HCFA Civil Penalties	\$ 1,029,836	\$ 72,330	7.02%
Producer-Premium Fund	\$ 12,424,960	\$ 780,853	6.28%
Retailer Bonding Fund	\$ 763,361	\$ 49,636	6.50%
Electronic/Enhanced Access Fund	\$ 398,219	\$ 26,569	6.67%
W911-PSAP	\$ 7,074,089	\$ 376,950	5.33%
W911-CMRS	\$ 5,646,672	\$ 340,266	6.03%
W911-Phase II	\$ 1,028,877	\$ 64,449	6.26%
State Infrastructure Bank	\$ 7,100,956	\$ 447,971	6.31%
Veteran's Memorial Cemetery Trust	\$ 1,192,384	\$ 78,633	6.59%
Tobacco Settlement	\$ 115,585,073	\$ 6,864,403	5.94%
Tobacco Use Prevention	\$ 32,692,484	\$ 1,998,032	6.11%
Continental Steel Escrow	\$ 893,507	\$ 52,035	5.82%
Children's Trust	\$ 747,945	\$ 49,671	6.64%
Medicaid Indigent Care Trust	\$ 80,020,535	\$ 4,784,954	5.98%
1998 Juvenile Accountability	\$ 536,027	\$ 36,595	6.83%
<i>Total Trust Funds/ Dedicated Funds</i>	\$ 2,027,930,965	\$ 96,629,695	4.76%
GRAND TOTAL	\$ 5,176,305,753	\$ 287,849,064	5.56%

RATE OF RETURN ON ACTIVELY MANAGED INVESTMENTS 5.72%
(Excluding Common School Fund Advancements)

** Average Daily Balance includes equities using market values.
Interest Earned reflects net appreciation in market value.

**Indiana Bond Bank
Financial Summary
July 1, 2000-June 30, 2001**

<u>Program Name</u>	<u>New Debt Issued</u>	<u>Debt Retired 6/30/99</u>	<u>Qualified Entities Assisted in FY 99</u>
Advanced Funding	\$460,265,810.00	\$454,205,810.00	103
Common School Fund	N/A	\$19,545,000.00	N/A
HELP Program	\$8,771,596.00	\$4,964,191.00	23
Not-For-Profit Water	0	\$879,148.00	0
School Building Program	N/A	\$550,000.00	0
Special Program Bonds	\$30,340,000.00	\$53,320,000.00	26
Special Loan Program Bonds	N/A	0	0
State Revolving Fund	\$150,640,000.00	\$10,135,000.00	N/A
<u>Total</u>	<u>\$605,017,406.00</u>	<u>\$543,599,149.00</u>	152

INDIANA BOARD FOR DEPOSITORIES
BALANCE SHEET
June 30, 2001

ASSETS

Cash	\$	475,930.54
Investments		314,452,845.34
Collateral from Securities Lending		321,062,757.27
Receivables: Housing Finance Authority		4,999,392.20
Accrued Interest		3,432,365.84
Other		2,998.79
Office Furniture and Equipment-Net		1,729.03
Computer Equipment-Net		11,124.81
Computer Software-Net		101,111.55
Total Assets	\$	644,540,255.37

LIABILITIES AND FUND BALANCE

Liabilities:		
Securities Lending Transactions	\$	321,062,757.27
Accounts Payable		993,115.73
Total Liabilities		322,055,873.00
Fund Balance		322,484,382.37
Total Liabilities and Fund Balance	\$	644,540,255.37

**INDIANA BOARD FOR DEPOSITORIES
STATEMENT OF OPERATIONS AND FUND BALANCE**

for the twelve months ended June 30, 2000 and 2001

REVENUES	2000	2001
Investment Income	\$ 17,360,302.48	\$ 20,632,368.87
Net Change in Fair Value of Investments	(281,577.58)	1,265,610.65
Securities Lending Income	15,505,591.21	17,793,205.32
Miscellaneous	1,888.27	183.30
	<hr/>	<hr/>
Total Revenues	32,586,204.38	39,691,368.14
	<hr/>	<hr/>
EXPENSES		
Salaries and Benefits	105,097.64	160,801.13
Professional Services	86,997.61	55,033.92
Securities Lending Expense	14,990,487.16	16,842,018.82
Depreciation	34,521.01	34,049.07
Office Rent/Parking	-	23,959.46
Maintenance Contracts	32,751.59	27,226.40
Other Operating	76,340.08	47,320.55
	<hr/>	<hr/>
Total Expenses	15,326,195.09	17,190,409.35
	<hr/>	<hr/>
Excess of Revenues over Expenses	17,260,009.29	22,500,958.79
	<hr/>	<hr/>
FUND BALANCE - BEGINNING	282,724,176.62	299,984,185.91
PRIOR PERIOD ADJUSTMENT	<hr/>	<hr/>
	-	(762.33)
	<hr/>	<hr/>
ADJUSTED FUND BALANCE -BEGINNING	282,724,176.62	299,983,423.58
	<hr/>	<hr/>
FUND BALANCE - ENDING	<u>\$ 299,984,185.91</u>	<u>\$ 322,484,382.37</u>