



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

September 4, 2012

Ms. Kelly Mitchell
Director, Trust Indiana
Office of the Treasurer of Indiana
242 Statehouse
Indianapolis, IN 46204

Dear Ms. Mitchell:

We have received the audit report prepared by London Witte Group, LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of Trust INdiana as of June 30, 2012 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS



Annual Report

June 30, 2012

(With report of independent auditors within)



Report of Independent Auditors

INDEPENDENT AUDITORS' REPORT

To the Treasurer of the State of Indiana

We have audited the statement of assets, liabilities and joint value of TrustINDiana (A Component Unit of the State of Indiana) as of June 30, 2012, the portfolio of investments as of June 30, 2012, the related statement of operations for the year ended June 30, 2012 and the statements of changes in joint value for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of the Treasurer of the State of Indiana. Our responsibility is to express an opinion on these financial statements based on our audit.

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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TrustINDiana as of June 30, 2012, and the results of its operations and changes in joint value for the period then ended and the changes in joint value for the years ended June 30, 2012 and 2011, in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2012, on our consideration of TrustINDiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Additional information is presented for purposes of further analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. Management's Discussion and Analysis has not been included with the basic financial statements.

London Witte Group, LLC

August 31, 2012



Statement of Assets, Liabilities and Joint Value

June 30, 2012

	<u>TrustIndiana</u>	<u>External Participants</u>
Assets		
Investments at amortized cost (market value \$573,877,604; \$373,842,090)	\$573,844,954	\$373,820,821
Interest income receivable	<u>75,973</u>	<u>49,491</u>
Total assets	<u>573,920,927</u>	<u>373,870,312</u>
Liabilities and Joint Value		
Management fee payable	48,706	31,729
Distributions payable	5,395	3,514
Other payables	<u>24,330</u>	<u>15,849</u>
Total liabilities	<u>78,431</u>	<u>51,092</u>
Joint Value	<u>573,842,496</u>	<u>373,819,220</u>
Total liabilities and joint value	<u>\$573,920,927</u>	<u>\$373,870,312</u>

The accompanying notes are an integral part of the financial statements.



Portfolio of Investments

June 30, 2012

Principal Amount		Value
Money Market Funds - 0.0%		
\$ 340	Goldman Sachs Financial Square Government Fund, FST Shares, 0.00%	\$ 340 (a)
Total Money Market Funds (market value \$340)		340
U.S. Government Agencies - 10.46%		
Farmer Mac Discount Notes		
10,000,000	0.08%, maturity date 07/12/12	9,999,755
Federal Home Loan Bank		
25,000,000	0.20%, maturity date 05/02/13	24,988,960
15,000,000	0.25%, maturity date 06/21/13	15,000,000
10,000,000	0.30%, maturity date 06/10/13	10,000,000
Total U.S. Government Agencies (market value \$59,981,215)		59,988,715
Commercial Paper - 29.60% (b)		
15,000,000	Alpine Securitization Corp, 0.34%, maturity date 09/20/12	14,988,861
10,000,000	Autobahn Funding Co LLC, 0.72%, maturity date 11/13/12	9,973,352
10,000,000	Barclays US Funding LLC, 0.65%, maturity date 10/31/12	9,978,288
15,000,000	Gemini Securitization Corp, 0.36%, maturity date 08/20/12	14,992,708
10,000,000	Golden Funding Corp, 0.28%, maturity date 07/17/12	9,998,755
15,000,000	ING US Funding LLC, 0.70%, maturity date 08/20/12	14,985,589
10,000,000	ING US Funding LLC, 0.75%, maturity date 07/13/12	9,997,525
25,000,000	Kells Funding LLC, 0.59%, maturity date 08/01/12	24,987,491
25,000,000	Rabobank USA Fin Corp, 0.69%, maturity date 07/18/12	24,991,947
25,000,000	Standard Chartered Bank, 0.43%, maturity date 07/19/12	24,994,744
10,000,000	Svenska Handelsbank Inc, 0.30%, maturity date 09/18/12	9,993,416
Total Commercial Paper (market value \$169,922,826)		169,882,676
Bank Deposits - 59.94%		
125,134,658	PNC Bank, 0.20%, due on demand	125,134,658
93,735,234	Wells Fargo Bank, 0.10%, due on demand	93,735,234
107,079,034	JP Morgan Chase, 0.30%, due on demand	107,079,034
18,024,297	JPMorgan Chase, 0.30%, due on demand	18,024,297
Total Bank Deposits (market value \$343,973,223)		343,973,223
Total Investments - 100.0% (market value \$573,877,604)		573,844,954
Other assets in excess of liabilities - 0.0%		(2,458)
Joint Value - 100.0%		\$573,842,496

(a) Interest rate as of June 30, 2012. Rate is declared daily.

(b) Rate represents effective yield at June 30, 2012.

bps -Basis points (100 basis points equals one percentage point).

The accompanying notes are an integral part of the financial statements.



Statement of Operations

For the year ended June 30, 2012

	<u>TrustIndiana</u>	<u>External Participants</u>
Revenues:		
Interest income	\$ 1,720,350	\$ 1,163,250
Securities lending income	<u>1,590</u>	<u>1,075</u>
Total revenues	<u>1,721,940</u>	<u>1,164,325</u>
Expenses:		
Management fee	612,675	414,273
Securities lending fees	768	519
Other expenses	<u>274,782</u>	<u>185,800</u>
Total expenses	<u>888,225</u>	<u>600,592</u>
Net investment income	<u>833,715</u>	<u>563,733</u>
Net realized gain on investments	<u>1,682</u>	<u>1,136</u>
Net increase in joint value from operations	<u>\$ 835,397</u>	<u>\$ 564,869</u>

The accompanying notes are an integral part of the financial statements.



Statements of Changes in Joint Value

	For the year ended June 30, 2012		For the year ended June 30, 2011	
	<u>TrustIndiana</u>	<u>External Participants</u>	<u>TrustIndiana</u>	<u>External Participants</u>
Increase (decrease) in joint value				
Operations:				
Net investment income	\$ 833,715	\$ 563,735	\$ 1,668,194	\$ 1,217,684
Net realized gain on investments	<u>1,682</u>	<u>1,136</u>	<u>-</u>	<u>-</u>
Net increase in joint value from operations	<u>835,397</u>	<u>564,871</u>	<u>1,668,194</u>	<u>1,217,684</u>
Distributions to participants	<u>(835,397)</u>	<u>(564,871)</u>	<u>(1,668,194)</u>	<u>(1,217,684)</u>
Participants' transactions:				
Contributions	428,965,458	428,965,458	841,357,888	816,357,888
Reinvestment of distributions	834,089	564,447	1,669,536	1,218,355
Withdrawals	<u>(675,661,211)</u>	<u>(675,383,788)</u>	<u>(615,418,159)</u>	<u>(608,031,486)</u>
Net increase (decrease) in joint value from participants' transactions	<u>(245,861,664)</u>	<u>(245,853,883)</u>	<u>227,609,265</u>	<u>209,544,757</u>
Total increase (decrease) in joint value	<u>(245,861,664)</u>	<u>(245,853,883)</u>	<u>227,609,265</u>	<u>209,544,757</u>
Joint value				
Beginning of year	<u>819,704,160</u>	<u>619,673,103</u>	<u>592,094,895</u>	<u>410,128,346</u>
End of year	<u>\$573,842,496</u>	<u>\$373,819,220</u>	<u>\$819,704,160</u>	<u>\$619,673,103</u>

The accompanying notes are an integral part of the financial statements.



Notes to Financial Statements

For the year ended June 30, 2012

1. Description of TrustIndiana

TrustIndiana (the "Pool") is a local government investment pool created pursuant to IC §5-13-9-11(b) within the office and custody of the Treasurer of the State of Indiana. The purpose of the Pool is to allow local units of government (e.g., counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana to invest in a common pool of investment assets. For purposes of these financial statements, external participants are defined as all investors other than the State of Indiana. The difference between the amounts presented in total and external participants represents the investment by the State of Indiana.

At June 30, 2012 certain Pool participants held a participation interest in the Pool in excess of 10%. Investment activities of these participants could have a material impact on the Pool.

2. Significant Accounting Policies

The following significant accounting policies are consistently followed by the Pool in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Valuation of investments

The Pool has elected to use the amortized cost method of valuation consistent with the provisions of a 2a-7 like pool as defined by Statement No. 31 of the Governmental Accounting Standards Board provided that amortized cost approximates the fair value of a security as defined by Accounting Standards Codification ("ASC") 820. This involves valuing a security at its cost initially and thereafter assuming a constant amortization to maturity of any discounts or premium, regardless of the impact of fluctuating interest rates on the market value of the security. This method may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Pool would receive if it sold the security. The fair value of securities in the Pool can be expected to vary inversely with changes in prevailing interest rates. Investments in money market funds are valued at the current day's closing net asset value per share.

In accordance with ASC 820-10, Fair Market Measurements and Disclosures, the various inputs that are used in determining the fair value of the Pool's investments are summarized into the three broad levels listed below.

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Pool's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, money market securities are valued using amortized cost, in accordance with the provisions of Statement No. 31 of the Governmental Accounting Standards Board. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

Notes to Financial Statements continued

For the year ended June 30, 2012

The following table summarizes the valuation of the Pool's investments by the fair value hierarchy levels described above as of June 30, 2012, in valuing the Pool's assets carried at amortized cost which approximates fair value:

Description	Valuation Inputs			
	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 340	\$ 340	\$ 0	\$0
U.S. Government Agencies	\$ 59,988,715	\$ 0	\$ 59,988,715	\$0
Commercial Paper	\$169,882,676	\$ 0	\$169,882,676	\$0
Bank Deposits	\$343,973,223	\$343,973,223	\$ 0	\$0
Total Investments	\$573,844,954	\$343,973,563	\$229,871,391	\$0

The Pool did not invest in any level 3 securities during the year ended June 30, 2012. There were no significant transfers between level 1 and level 2 during the year ended June 30, 2012.

Accounting for investments

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

Credit, market and interest rate risks

The Pool is exposed to various types of risks, including market risk, interest rate risk, and credit risk. Market risk is the risk in decline in value of the investments held by the Pool because of a number of reasons, including changes in prevailing market and interest rates, increases in defaults, increases in voluntary prepayments for investments subject to prepayment risk, and widening credit spreads. Interest rate risk is the risk associated with the effects of the fluctuations in the prevailing level of market interest rates. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Pool attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques.

The Pool limits its investments in any one issuer to the highest rating category issued by one nationally recognized statistical rating organization.

Concentration risk

The Pool 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, the Pool limits its investments in any one issuer to 40% of net assets if the issuer is rated A-1+/P-1 and 25% of net assets if the issuer is rated A-1/P-1.

Income taxes

The Pool is not subject to federal, state or local income taxes, and accordingly, no tax provision has been made. The Pool files tax returns annually. The Pool is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. The Pool's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Distributions to participants

Net investment income, adjusted for net realized gains or losses, is declared and distributed to participants daily. Such amounts are automatically reinvested the following business day.



Notes to Financial Statements continued

For the year ended June 30, 2012

Joint value

The joint value of the Pool is its assets less its liabilities. The joint value represents the value of the beneficial interests of the Participants in the Pool.

Securities Lending

The Pool has entered into a securities lending agreement, as authorized by state statute and the policies of the Pool, with Bank of New York Mellon ("BNY Mellon"), its custodian. BNY Mellon may loan the Pool's securities to brokers, dealers and financial institutions determined by them to be creditworthy and approved by the Indiana Treasurer of State. The Pool continues to receive the interest on the loaned securities during the term of the loan. The loans can be terminated on demand by either the Pool or the borrower. The loans of securities are collateralized in the form of cash in an amount at least equal to 102% of the current market value of the loaned securities. The cash collateral is reinvested by BNY Mellon and the net income earned on the reinvestment, less the borrower's rebate and a fee to BNY Mellon, is recorded as additional income to the Pool. As of June 30, 2012, there were no securities out on loan.

3. Management

The Indiana Treasurer of State has been designated by statute as the administrator of the Pool and the Deputy Treasurer of State and Portfolio Manager (the "Investment Officer") shall have general oversight over the daily operation of the Pool. The Investment Officer shall also supervise the investment of the funds in the Pool that are not designated to be invested by an investment advisor and shall oversee the functions of such investment advisor, all in accordance with the policies of the Pool and Indiana Law.

The Indiana Treasurer of State has contracted with Cutwater Investor Services Corp. ("CISC") to provide the administration, and certain portfolio management and marketing services for the program not retained by the Treasurer's office. CISC is entitled to a fee payable monthly based on the amortized cost valuation of the portion of the portfolio that it has been contracted to advise (the "CISC portion"). The fee is calculated at an annual rate of 0.12% of the daily value of the CISC portion up to \$1,000,000,000; 0.11% on the next \$500,000,000; 0.10% on the next \$500,000,000; and 0.09% over \$2,000,000,000. For the year ended June 30, 2012, CISC earned fees equal to \$612,675.

The other administrative expenses of the Pool shall be accounted for by the Treasurer and shall be paid from the earnings of the Pool.

4. Contingencies and Commitments

In the course of business, the Pool enters into contracts that contain representations and warranties and which provide general indemnifications. The Pool's exposure, if any, under these arrangements is unknown, as this would involve future claims that may be made against the Pool that have not yet occurred. To date, no claims have been brought against the Pool for any of these provisions. Based on experience, the Pool expects the risk of liability to be remote.

5. Subsequent Events

Management has evaluated all subsequent transactions and events after the balance sheet date through August __, 2012, the date on which these financial statements were issued, and except as already included in the notes to these financial statements, has determined that no additional items require disclosure.



Selected Data per Dollar of Joint Value and Ratios

Selected data per dollar of joint value and ratios for the periods presented are as follows:

Data per dollar of joint value¹:

	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009	For the Period February 1, 2008² to June 30, 2008
Net investment income and net realized gain/(loss) on investments	\$ 0.001	\$ 0.002	\$ 0.003	\$ 0.014	\$ 0.011
Distributions to participants	\$ (0.001)	\$ (0.002)	\$ (0.003)	\$ (0.014)	\$ (0.011)
Total Return ³ :	0.14%	0.24%	0.35%	1.39%	1.09%
Ratios/Supplemental data:					
Joint value, end of period (000's)	\$573,921	\$819,704	\$592,095	\$549,819	\$443,883
Ratios to average joint value:					
Net investment income ⁴	0.13%	0.24%	0.35%	1.35%	2.58%
Expenses ⁴	0.14%	0.14%	0.14%	0.12%	0.13%

¹ Calculated based upon average joint value during the period.

² Commencement of operations.

³ Total returns for periods less than one year are not annualized.

⁴ Annualized for periods less than one year.

See Independent Auditors' Report.



Office of the Indiana Treasurer of State

Richard E. Mourdock

Indiana Treasurer of State

Kelly Mitchell

Director
TrustINDiana

Management

Administrator

Indiana Treasurer of State and
Cutwater Asset Management

Investment Advisor

Indiana Treasurer of State and
Cutwater Asset Management

Custodian

Bank of New York/Mellon

Professional Services

Independent Auditors

London Witte Group, LLC



Managed by:

CUTWATER

ASSET MANAGEMENT



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Indianapolis, IN 46204
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