

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF
TREASURER OF STATE
STATE OF INDIANA
July 1, 2015 to June 30, 2016



FILED
07/19/2017

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AGENCY OFFICIAL

Office

Official

Term

Treasurer of State

Kelly Mitchell

11-18-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE TREASURER OF STATE

This report is supplemental to our audit of the State of Indiana Comprehensive Annual Financial Report (CAFR), for the periods July 1, 2015 to June 30, 2016. Financial transactions of the Treasurer of State are included in the scope of our audit of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Report.

Pursuant to Indiana Code 20-49-3-14 and 21-7-14-7, we have performed certain procedures to the Schedule of Receipts, Disbursements, and Principle Due and Schedule of Investments of the Common School Fund and the Indiana University Permanent Endowment Fund for the period of July 1, 2015 to June 30, 2016. Because our procedures were not designed to opine on the schedules, we did not follow auditing standards generally accepted in the United States of America. Accordingly we do not express an opinion on the statements.

The Treasurer of State's management is responsible for the Schedule of Receipts, Disbursements, and Principle Due and Schedule of Investments of the Common School Fund and the Indiana University Permanent Endowment Fund.

The procedures we performed did not indicate any instances of substantial noncompliance that warrant comment at this time. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

This report is intended solely for the information and use of the Treasurer of State's management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office reviewed.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 1, 2017

TREASURER OF STATE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND PRINCIPAL DUE
As of June 30, 2016

| | <u>Common School Fund</u> | <u>IU Permanent Endowment Fund</u> |
|---|-------------------------------|--|
| Receipts: | | |
| Fines/Penalties | \$ 4,139,885.46 | \$ - |
| Interest | - | 2,441.63 |
| Escheated Estates - Abandoned Property | 3,865.64 | - |
| Repayment of Loans | 57,989,385.69 | - |
| Sale of Investments | <u>298,883,253.13</u> | <u>-</u> |
| Total Receipts | <u>361,016,389.92</u> | <u>2,441.63</u> |
| Disbursements: | | |
| Investment Purchases | 245,656,863.90 | - |
| Nontaxable Reimbursement | - | - |
| Loan Advances | 113,036,673.41 | - |
| Accts Payable | - | - |
| Distributions | <u>-</u> | <u>1,905.66</u> |
| Total Disbursements | <u>358,693,537.31</u> | <u>1,905.66</u> |
| Total Receipts over (under) Disbursements | <u>2,322,852.61</u> | <u>535.97</u> |
| Transfers | - | - |
| Cash Balance, July 1, 2015 | <u>5,794,348.47</u> | <u>1,905.66</u> |
| Cash Balance, June 30, 2016 (Note 2) | <u>\$ 8,117,201.08</u> | <u>\$ 2,441.63</u> |
| Investments, July 1, 2015 | \$ 180,985,885.56 | \$ 785,300.00 |
| Purchase of Investments | 245,656,863.90 | - |
| Sale of Investments | <u>(298,883,253.13)</u> | <u>-</u> |
| Investments, June 30, 2016 | <u>\$ 127,759,496.33</u> | <u>\$ 785,300.00</u> |
| Interest Received from Investments (Note 1) | <u>\$ 427,151.15</u> | <u>\$ 2,441.63</u> |
| Loans Outstanding July 1, 2015 | \$ 384,221,218.33 | |
| Loan Advances | 113,036,673.41 | |
| Repayment of Loans | <u>(57,989,385.69)</u> | |
| Loans Outstanding June 30, 2016 | <u>\$ 439,268,506.05</u> | |
| Interest Received on Loans (Note 1) | <u>\$ 12,826,967.17</u> | |

The accompanying notes are an integral part of this schedule.

TREASURER OF STATE
NOTES TO SCHEDULE
As of June 30, 2016

Note 1. Interest Earned on Common School Fund Loans and Investments

Interest earned on investments made from the Common School Fund as of June 30, 2016, was \$427,151.15.

Interest earned on loans made to schools from the Common School Fund as of June 30, 2016, was \$12,826,967.17. A portion of this was collected as accrued interest from the Bond Bank. The Common School Fund Interest is deposited in the State's General Fund and annually appropriated for the support of common schools in accordance with Indiana Code 20-49-3-7.

Note 2. Cash

Cash represents the 'cash' account balances on the Auditor of State's accounting system which consists of funds pooled for the purchase of investments.

TREASURER OF STATE
SCHEDULE OF INVESTMENTS
As of June 30, 2016

Total investments for the Common School Fund and the Indiana University Permanent Endowment Fund.

| <u>Description</u> | <u>Maturity Date</u> | <u>Original Cost</u> |
|---|--------------------------|--------------------------------|
| Common School Fund | | |
| Certificate of Deposit: | | |
| Lake City Bank | 10/05/16 | \$ 1,000,000.00 |
| 1st Source Bank | 10/05/16 | 1,000,000.00 |
| State Bank of Medora | 10/06/16 | 100,000.00 |
| Mainsource Bank | 10/06/16 | <u>100,000.00</u> |
| Total Certificates of Deposit | | <u>\$ 2,200,000.00</u> |
| T-Bill Investments: | | |
| Bank of New York | 07/21/16 | \$ 9,966,127.78 |
| Bank of New York | 09/15/16 | <u>9,968,762.50</u> |
| Total T-Bill Investments | | <u>\$ 19,934,890.28</u> |
| Government Agency Discount Notes | | |
| Bank of New York | 9/23/2016 | \$ 9,975,333.33 |
| Bank of New York | 8/24/2016 | <u>9,995,644.44</u> |
| Total Government Discount Notes | | <u>\$ 19,970,977.77</u> |
| Government Agency Coupons | | |
| Bank of New York | 08/24/18 | \$ 10,038,700.00 |
| Bank of New York | 10/28/16 | 10,000,000.00 |
| Bank of New York | 08/26/16 | 9,998,730.00 |
| Bank of New York | 03/01/17 | 10,000,000.00 |
| Bank of New York | 03/21/19 | 10,072,000.00 |
| Bank of New York | 06/09/17 | 10,011,211.11 |
| Bank of New York | 08/01/16 | 5,514,067.17 |
| Bank of New York | 04/17/17 | <u>10,018,920.00</u> |
| Total Government Coupons | | <u>\$ 75,653,628.28</u> |
| Local Government Investment Pool | | |
| Bank of New York | 12/31/2016 | <u>\$ 10,000,000.00</u> |
| Total Government Discount Notes | | <u>\$ 10,000,000.00</u> |
| Total Investments of Common School Fund | | <u><u>\$127,759,496.33</u></u> |
| Indiana University Permanent Endowment Fund | | |
| Certificates of Deposit | 12/08/16 | <u>\$ 785,300.00</u> |

TREASURER OF STATE
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2017, with Mike Frick, Deputy Treasurer. Our report disclosed no material items that warrant comment at this time.