

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

COMPLIANCE REPORT
OF
TREASURER OF STATE
STATE OF INDIANA
July 1, 2016 to June 30, 2017



FILED
09/21/2018

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AGENCY OFFICIAL

Office

Official

Term

Treasurer of State

Kelly Mitchell

01-01-15 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, 2016 to June 30, 2017. 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 Principal Due and Schedule of Investments of the Common School Fund and the Indiana University Permanent Endowment Fund for the period of July 1, 2016 to June 30, 2017. 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 Principal 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

August 15, 2018

TREASURER OF STATE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND PRINCIPAL DUE
As of June 30, 2017

	Common School Fund	IU Permanent Endowment Fund
Receipts:		
Fines/Penalties	\$ 2,863,496.63	\$ -
Interest	-	3,076.85
Escheated Estates - Abandoned Property	572,123.74	-
Repayment of Loans	49,303,393.45	-
Sale of Investments	190,616,993.18	-
Total Receipts	243,356,007.00	3,076.85
Disbursements:		
Investment Purchases	155,044,963.52	-
Nontaxable Reimbursement	-	-
Loan Advances	73,767,193.71	-
Accts Payable	-	-
Distributions	-	2,441.63
Total Disbursements	228,812,157.23	2,441.63
Total Receipts over (under) Disbursements	14,543,849.77	635.22
Transfers	-	-
Cash Balance, July 1, 2016	8,117,201.08	2,441.63
Cash Balance, June 30, 2017 (Note 2)	\$ 22,661,050.85	\$ 3,076.85
Investments, July 1, 2016	\$ 127,759,496.33	\$ 785,300.00
Purchase of Investments	155,044,963.52	-
Sale of Investments	(190,616,993.18)	-
Investments, June 30, 2017	\$ 92,187,466.67	\$ 785,300.00
Interest Received from Investments (Note 1)	\$ 966,387.21	\$ 3,076.85
Loans Outstanding July 1, 2016	\$ 439,268,506.05	
Loan Advances	73,767,193.71	
Repayment of Loans	(49,303,393.45)	
Loans Outstanding June 30, 2017	\$ 463,732,306.31	
Interest Received on Loans (Note 1)	\$ 12,487,006.54	

The accompanying notes are an integral part of this schedule.

**TREASURER OF STATE
NOTES TO SCHEDULE
As of June 30, 2017**

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, 2017, was \$966,387.21.

Interest earned on loans made to schools from the Common School Fund as of June 30, 2017, was \$12,487,006.54. 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, 2017**

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	10-04-17	\$ 1,000,000.00
1st Source Bank	10-04-17	1,000,000.00
State Bank of Medora	10-05-17	100,000.00
Mainsource Bank	10-05-17	<u>100,000.00</u>
Total Certificates of Deposit		<u>\$ 2,200,000.00</u>
Government Agency Discount Notes		
Bank of New York	07-19-17	<u>9,987,466.67</u>
Total Government Discount Notes		<u>\$ 9,987,466.67</u>
Government Agency Coupons		
Bank of New York	08-25-17	\$ 10,000,000.00
Bank of New York	08-24-18	10,000,000.00
Bank of New York	09-14-18	10,000,000.00
Bank of New York	09-21-17	10,000,000.00
Bank of New York	07-01-18	10,000,000.00
Bank of New York	04-19-18	10,000,000.00
Bank of New York	06-14-19	<u>10,000,000.00</u>
Total Government Coupons		<u>\$ 70,000,000.00</u>
Local Government Investment Pool		
Bank of New York	12-31-17	<u>\$ 10,000,000.00</u>
Total Government Discount Notes		<u>\$ 10,000,000.00</u>
Total Investments of Common School Fund		<u><u>\$ 92,187,466.67</u></u>
Indiana University Permanent Endowment Fund		
Certificates of Deposit	09-14-17	<u><u>\$ 785,300.00</u></u>

TREASURER OF STATE
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2018, with Mike Frick, Chief Deputy Treasurer, and Ryan Locke, Deputy Treasurer and General Counsel.