

The background of the page features a large, light blue circular seal of the State of Indiana. The seal contains a central torch with a flame, surrounded by thirteen stars. The word "INDIANA" is written in a small arc above the torch. The seal is semi-transparent, allowing the text to be overlaid on it.

Treasurer's Annual Report

TIM BERRY
Fiscal Year 2002

The 2002 Annual Report

FY 2002

July 1, 2001—June 30, 2002

**Treasurer of State
242 State House
Indianapolis, Indiana 46204
Phone: (317) 232-6386
Fax: (317) 233-1780
www.state.in.us/tos**

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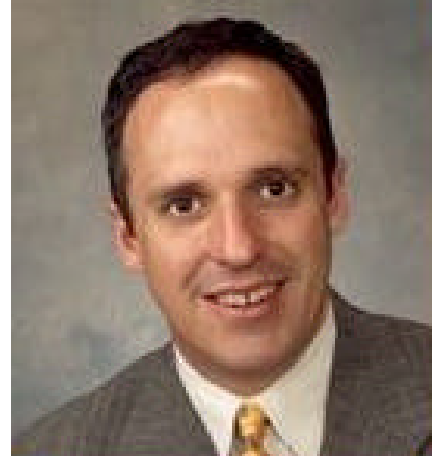
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Dear Hoosiers:

While the economy and the state's fiscal condition have effected the amount of available dollars for the Treasurer to invest, I am pleased to report that we continue to beat our investment benchmarks and are on track to earn a record

\$1 billion in investment income during my first term as State Treasurer. Additionally, we continue to assist Hoosier farmers through the Treasurer's Agricultural Loan Program, we remain a national leader in providing wireless enhanced 911 service and have continued to provide greater efficiencies at the Indiana Bond Bank and greater tax incentives in the CollegeChoice 529 Investment Plan.



Serving as the state's chief investment officer remains the core function of the State Treasurer. Investment earnings in fiscal year 2002 remained healthy at \$161,139,079 beating all of our benchmarks for the 3rd straight year.

As chair of the Indiana Wireless Enhanced 911 Advisory Board, we continue to make Indiana a leader in providing this life-saving technology to Indiana's wireless phone users. Today, nearly 95% of all Hoosier cell phone users have access to Phase I service. Lake County became just the second county in the country to accept Phase II 911 calls from Cingular and Sprint wireless in the fall of 2001.

The Indiana Bond Bank continues to assist more units of local government obtain both short- and long-term financing at better rates, saving millions of tax dollars in communities across the state.

Through Indiana's college savings plan, the CollegeChoice 529 Investment Plan, earnings are both federally and state tax deferred, and qualified withdrawals are tax exempt as of January 2002. In Indiana we continue to make our savings program as competitive as possible, and have seen unprecedented growth since January of 2002, all in an effort to make college more affordable and accessible for Hoosiers.

As a result of legislation I sought, this year we provided \$22.5 million dollars to assist 129 local cities and towns with their unfounded police and fire pensions, without costing any state tax dollars. This effort has saved Hoosiers from paying this amount through local property taxes, and has been a win-win solution.

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

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 \$3.5 billion comprised of receipts from the state general fund and over 70 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 Wire-less 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 McMurtrie	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

Cashier

Allison Buckner

Communications Director

Sharon Bracey

Administrator, State Police Pension Fund

Phil Campbell

Document Supervisor

Dave Certo

General Counsel

Tameka Griffin

Receptionist

Duane Jasheway

Chief Accountant

Tina Laker

Document Clerk

Laura Whyde

Cashier

Anne Wolf

Administrative Assistant

Indiana Bond Bank

In keeping with Treasurer Berry's commitment to revitalize the Indiana Bond Bank, 2002 was a record setting year of activity and tax savings for Indiana's local governmental jurisdictions. In fiscal year 2002 the Indiana Bond Bank issued \$1,186,314,934.62 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 2002 Advance Funding Program was the largest in program history. The program purchased the tax-anticipation warrants of 124 taxing districts in the state, totaling nearly \$470,110,000. In keeping with the very successful history of the program, entities received a very competitive all-inclusive rate of 1.89%. 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 2002, 41 communities were assisted through the HELP program totaling more than a record \$27.8 million. Equipment 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 2002 the Bond Bank announced school severance (pension) financing for six Indiana school corporations through the Indiana Bond Bank's School Severance Funding Program Series 1. The school corporations will receive general obligation financing totaling \$57,260,000 to fund existing unfunded contractual liabilities

The Taxable School Severance Funding Bonds, Series 1, combined the six entities into one Bond Bank issue. By pooling these entities together, the School Corporations receive the benefits of shared issuance costs and the Bond Bank's "AAA" insured rating.

Indiana Bond Bank Board of Directors

Tim Berry, Chairman
Treasurer of State

Clark H. Byrum, Vice-Chairman
Key Corp

Russell Breeden III,
Community First Financial Group

Morris Mills
Retired State Senator

Charles W. Phillips
Department of Financial Institutions

C. Kurt Zorn
Indiana University

Marni McKinney
First Indiana Bank

Indiana Bond Bank Staff

Dan Huge, 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, 1,613 loans have been issued totaling \$158,368,462.05 to farmers in 75 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 investment 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	\$10,211,000
Fountain	\$9,682,500
Carroll	\$9,491,180
Benton	\$6,850,300
Clinton	\$5,452,000
Grant	\$5,147,000
Newton	\$4,413,720
Jennings	\$4,410,000
White	\$4,336,250
Jefferson	\$4,222,000
Hendricks	\$4,056,000
Boone	\$3,875,000
Jasper	\$3,715,905
Marshall	\$3,302,000
Miami	\$3,148,973

TALP loans by bank (top 15)

National City	\$12,128,000
River Valley Fncl.	\$11,950,000
Bright National	\$10,242,000
1 st Source	\$9,970,200
Farmers	\$8,315,000
Kentland	\$7,948,500
Farm Credit	\$6,007,530
Demotte State	\$5,581,200
Lafayette B&T	\$5,192,075
Bath State	\$5,060,340.05
First Farmers	\$4,887,791
Bank One	\$4,840,500
Fountain Trust	\$4,297,000
Peoples National	\$3,992,260
CentreBank	\$3,080,000

The Indiana Education Savings Authority

Treasurer Berry serves as chairman of the Indiana Education Savings Authority Board (IESA). 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.

As of January 1, 2002 the Indiana Family College Savings Plan was re-named the CollegeChoice 529 Investment Plan. Last year, both the Indiana General Assembly and Congress passed legislation to exempt earnings from taxes for the CollegeChoice 529 Investment Plan.

As well as changing names, the new plan now offers two options for saving, one based on the age of the recipient, and another based on personal involvement. Beginning in January, Treasurer Berry visited over 40 Indiana Elementary schools to promote the plan's new name, options and tax advantages and to encourage students to develop good saving habits.

Treasurer Berry has been instrumental in creating many positive changes affecting the plan, including the expansion of investment options, an enhanced, user-friendly web-site, creation of a statewide newsletter, and, most recently an increase in the tax benefits for plan participants. Due to these factors, the plan more than doubled in just 6 months, in comparison with the first 4 years of the program. The plan grew from 7,101 accounts in January of 2002 to 18,300 in June with more than \$72,000,000 in assets.

Treasurer Berry's accomplishments have not gone un-noticed by national organizations. He has served as the Vice-chair of the College Savings Plan Network since December 1, 2001, and was recently re-elected to that position.

For more information on the CollegeChoice 529 Investment Plan, call toll-free (866) 400-PLAN or visit the web-site at www.collegchoiceplan.com

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
State Budget Agency
Jean Blackwell
Cummins Engine
John Hammond
Ice Miller Donadio & Ryan
Brenda Horn
Ice Miller Donadio & Ryan
Tony Maidenberg
Independent Colleges of Indiana

For information about the Indiana Family College Savings Plan, call (888) 814-6800.

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 Recreational Development Commission

The Recreational Development Commission has the statutorily 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 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.

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

Alfred Hammonds, Chair

Bank One

Joe Kernan, Secretary-Manager

Lt. Governor

Tim Berry

Treasurer of State

Sondra S. Harris

Harris & Sons Funeral Homes

Ronald G. Seals

Springs Valley Bank & Trust Co.

Dwayne C. Isaacs

Bingham McHale

Leslie D. Reed

Sun America Securities

Calvin Kelly,

Acting 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 2001, IHFA efforts funded more than 7,100 affordable housing units, including rental, homeownership, shelters and owner-occupied rehabilitation. IHFA helped more than 1,700 families become homeowners. IHFA allocated more than \$325 million, stimulation investment of more than \$406 million, ending the year with assets exceeding liabilities by more than \$153 million.

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 appoint

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

Timothy V. Clark

Leigh Hayden

Tom McGowan

John D. Weissert

Kimberly Wize, Executive Director

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 2002, the assets of the PDIF totaled \$331,856,703.98

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
Brad Chambers
Kenneth DeLap
Kipper Tew
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 Nichol
Department of Transportation

Betty Cockrum
State Budget Agency

Barry Sturges
Michael Back
James G. Newland
Christopher Morrow
Walter Kirkwood

Stephanie Rhinesmith
Financial Analyst

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.

Indiana Dairy Industry Development Fund

The Indiana Dairy Industry Development Fund was established during the 2000 General Assembly session. The Fund uses a \$0.10 assessment per hundredweight of all milk produced in Indiana for commercial use to sponsor projects with any private or public organization for advertising and promotion, market research, nutrition and product research and development, and nutrition and educational programs. The money must be used to fund and active and ongoing qualified program that promotes milk, conducts market research and product research, and provides educational programs related to the consumption of milk.

The Treasurer of State deposits assessments into the Indiana Dairy Industry Development Fund. The Treasurer must invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested. Interest that accrues from investments is to be deposited into the fund. Money in the fund at the end of the fiscal year does not revert to the State General Fund.

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.

Indiana 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.

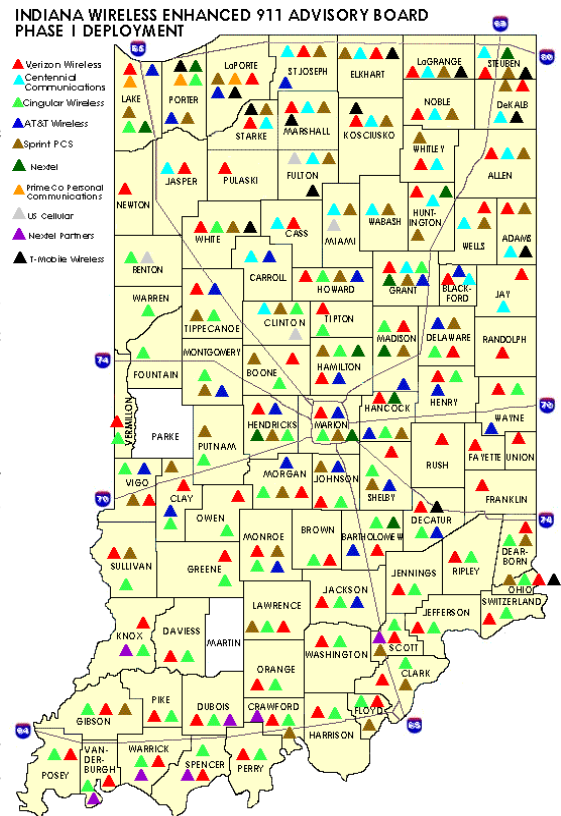
The Board is responsible for the oversight of the implementation of wireless E911 in two phases with each phase routing a wireless 911 call to the appropriate emergency dispatch location to ensure prompt response. Phase I provides emergency personnel a call back number and cell tower sector location, while Phase II employs technology to identify a 911 caller's location by latitude and longitude.

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, nine wireless carriers provide Phase I wireless E911 service to subscribers in 90 Indiana counties, representing approximately 95% of Hoosier wireless subscribers and covering 98% of Indiana's population. Lake County is the first Indiana county to provide Phase II wireless E911 service, and the second county to receive Phase II service in the nation.

During the 2002 Fiscal Year, Treasurer Berry has tirelessly worked to make Hoosiers aware of cell phone carriers E911 coverage. In a series of press conferences around the state, Treasurer Berry warned cell phone users of the dangers of relying on cell phones during emergency situations.

In May, the Treasurer's office began a statewide media awareness campaign to publicize Enhanced Wireless 911 and the state's E911 coverage website www.911coverage.org. The campaign got off to a great start with a sponsorship of the Indianapolis 500's Pole Day. With the help of Network Indiana Radio Stations, the American Heart Association and the National Emergency Number Association, the campaign was a great success.



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.

Local Police and Fire Pension Relief Fund

Treasurer Berry continued to fulfill his pledge to save tax dollars, assisting Indiana communities with one of their greatest financial concerns and maintain his commitment to public safety by sending out the first payment from the Police and Fire Pension Relief Fund. 129 Hoosier communities benefited from Berry's efforts to assist with their pre-1977 police and fire pension liabilities. Berry distributed the first payment of nearly \$22.5 million in 2002 from the Police and Fire Pension Relief Fund to municipalities statewide to aid their public safety pension liabilities.

During the 2001 General Assembly, Berry worked to pass legislation that would assist municipalities across the state with one of their largest fiscal problems – funding pre-1977 police and fire pensions. Berry's innovative solution, which does not affect the state's general fund, diverts the excess unencumbered interest earned on the Public Deposit Insurance Fund (PDIF) and uses those funds to establish the Police and Fire Pension Relief Fund. The Police and Fire Pension Relief Fund is then distributed to units of local government in proportion to payments made by each unit for benefits under the pre-1977 police and fire pension plans. After 1977 police and firefighters were put on to the Public Employee Retirement Fund (PERF).

PDIF's average earnings over the proceeding 11 years have been approximately \$11.8 million per year. Distributions from the Police and Fire Pension Relief Fund begin this year and will continue for the next 10 years. Distributions will be made to the qualifying communities on June 30 and October 1 of each year.

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, 2001 to June 30, 2002.

Sincerely,

Tim Berry
Treasurer of State

TREASURER OF STATE
 Fiscal Year 2002 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	\$ 71,236,866	\$ 900,140	1.26%
Certificates of Deposit	\$ 291,290,123	\$ 11,087,121	3.81%
Money Market Mutual Funds	\$ 448,684,656	\$ 12,295,442	2.74%
Government Securities	\$ 703,231,370	\$ 33,557,585	4.77%
TOTAL	\$ 1,514,443,015	\$ 57,840,288	3.82%
<i>Other General Accounts:</i>			
County Option Income Tax	\$ 259,854,310	\$ 7,658,677	2.95%
County Adjusted Gross Income Tax	\$ 13,264,384	\$ 298,139	2.25%
County Economic Development Income Tax	\$ 71,246,034	\$ 2,381,096	3.34%
Economic Stabilization Fund	\$ 515,404,005	\$ 19,554,523	3.48%
TOTAL	\$ 859,768,732	\$ 29,892,436	3.48%
<i>Trust Funds/Dedicated Funds:</i>			
I.U. Permanent Endowment	\$ 785,300	\$ 25,853	3.29%
Purdue Trust Fund	\$ 340,000	\$ 10,812	3.18%
Public Deposit Insurance Fund	\$310,715,224	\$ 12,167,107	3.92%
Soldier & Sailor Children's Home	\$ 1,000,000	\$ 53,538	5.35%
Common School Fund	\$ 149,905,545	\$ 4,449,209	2.97%
Common School Fund – Advances	\$ 292,458,597	\$7,815,961	2.67%
Agency for the Blind:			
- Women's Fund	\$ 131,664	\$ 4,425	3.36%
- Vending Operations	\$ 252,745	\$ 5,650	2.24%
- Restricted Donations	\$ 10,887	\$ 360	3.30%
Recreational Development Comm.	\$ 991,991	\$ 23,337	2.35%
Indiana State Police Pension Trust*	\$ 291,736,382	\$ 9,597,101	3.29%
Rural Rehabilitation Planning Fund	\$ 298,082	\$ 10,997	3.69%
Interstate Bridge	\$ 5,729,505	\$ 175,088	3.06%
Federal Reserve Sharing Fund	\$ 2,239,391	\$ 78,964	3.53%
Patient Compensation Fund	\$ 45,979,844	\$ 2,424,048	5.27%

<u>Fund Name</u>	<u>Avg. Daily Balance</u>	<u>Interest Collected</u>	<u>Yield</u>
Property Custody Fund	\$ 1,000,000	\$ 34,883	3.49%
Law Enforcement Training Board	\$ 11,765	\$ 390	3.31%
Indiana Historic Bureau –			
Governor’s Portrait	\$ 31,442	\$ 879	2.80%
Tri-Centennial Fund	\$ 7,202	\$ 233	3.23%
Retirement Home Guaranty Fund	\$ 2,366,647	\$ 70,456	2.98%
Natural Resources - Reclamation			
Set Aside	\$ 6,657,742	\$ 201,703	3.03%
Hazardous Substance Emergency	\$ 18,913,759	\$ 437,331	2.31%
Natural Resources –			
Lifetime License	\$ 8,997,989	\$ 216,609	2.41%
Natural Resources Donations	\$ 372,055	\$ 12,381	3.33%
Non-Game Bird Fund	\$ 948,849	\$ 33,496	3.53%
Residual Asbestos Injury Fund	\$ 612,521	\$ 20,879	3.41%
Bail Bond Enforcement	\$ 501,370	\$ 18,057	3.60%
Exxon Oil Overcharge Fund	\$ 3,870,404	\$ 230,219	5.95%
Indiana Political Subdivision Risk			
Management	\$ 5,919,854	\$ 191,609	3.24%
Stripper Well Fuel Overcharge	\$ 17,938,200	\$ 1,002,343	5.59%
Mine Subsidence Fund	\$ 3,886,969	\$ 134,735	3.47%
Industrial Development Grant	\$ 21,215,094	\$ 1,068,251	5.04%
Commerce Energy Exxon PVE	\$ 2,189,423	\$74,409	3.40%
Post 1977 Abandoned Mine			
Reclamation	\$ 4,307,347	\$ 120,761	2.80%
Commerce – Energy Stripper Well	\$ 179,233	\$ 5,717	3.19%
Comm. Business / Agriculture	\$ 245,000	\$ 7,196	2.94%
Recovery Real Estate	\$ 600,000	\$ 21,161	3.53%
Recovery Plumbers	\$ 385,000	\$ 13,558	3.52%
Recovery Auctioneers	\$ 300,000	\$ 9,660	3.22%
E/M – Asbestos Trust	\$ 1,234,446	\$ 33,810	2.74%
E/M – Petroleum Trust	\$ 3,852,404	\$ 94,370	2.45%
E/M – Excess Liability	\$ 83,979,756	\$ 2,288,894	2.73%
Robert Kraft Estate Gift Fund	\$ 1,105,853	\$ 34,285	3.10%
Economic Development	\$ 7,436,066	\$ 239,629	3.22%
Industrial Training Fund	\$ 50,669,685	\$ 2,146,284	4.24%
Library and Historical Fund	\$ 4,784	\$ 231	4.82%
State Library Publications Fund	\$ 108,362	\$ 4,787	4.42%
Build Indiana Fund	\$ 286,904,821	\$ 13,728,809	4.79%
Commerce STP Loans	\$ 4,281,476	\$ 129,217	3.02%
Indiana Strategic Development	\$ 985,671	\$ 44,397	4.50%
License Plate Escrow	\$ 600,534	\$ 22,516	3.75%
Fish and Wildlife	\$ 2,713,613	\$ 75,708	2.79%
IPALCO Settlement	\$ 1,252,430	\$ 34,895	2.79%
Jeopardy Assessment Recipients	\$ 671,781	\$ 23,508	

<u>Fund Name</u>	<u>Avg. Daily Balance</u>	<u>Interest Collected</u>	<u>Yield</u>
Standard Library Card Program	\$ 164,122	\$ 6,504	3.96%
Historical Bureau Publication	\$ 50,076	\$ 1,424	2.84%
Heritage Trust Fund	\$ 8,588,401	\$ 244,651	2.85%
Secondary Market Sales	\$ 13,646,408	\$ 666,705	4.89%
Darrach Genealogy	\$ 529,342	\$ 18,592	3.51%
HCFA Civil Penalties	\$ 1,929,849	\$ 44,242	2.30%
Producer-Premium Fund	\$ 13,061,905	\$ 472,332	3.62%
Retailer Bonding Fund	\$ 469,723	\$ 14,166	3.02%
Electronic/Enhanced Access Fund	\$ 313,425	\$ 20,278	6.47%
W911-PSAP	\$ 7,910,721	\$ 227,402	2.87%
W911-CMRS	\$ 8,287,761	\$ 200,574	2.42%
W911-Phase II	\$ 1,786,629	\$ 47,407	2.65%
State Infrastructure Bank	\$ 6,664,642	\$ 179,379	2.69%
Veteran's Memorial Cemetery Trust	\$ 1,318,493	\$ 55,222	4.19%
Tobacco Master Settlement	\$ 199,092,315	\$ 5,935,494	2.98%
Continental Steel Escrow	\$ 1,389,641	\$ 34,894	2.51%
Children's Trust	\$ 4,353,634	\$ 119,775	2.75%
Medicaid Indigent Care Trust	\$ 160,832,031	\$ 5,242,544	3.26%
Police/Fire Pension Distribution	\$ 10,541,015	\$ 205,064	1.95%
TOTAL	\$ 2,090,751,835	\$ 73,406,355	3.51%
GRAND TOTAL	\$ 4,464,973,583	\$ 161,139,079	3.61%
RATE OF RETURN ON ACTIVELY MANAGED INVESTMENTS (Excluding Common School Fund Advancements)			3.67%

*Average Daily Balance includes market values of funds with outside managers

TREASURER OF STATE
TREASURER OF STATE
Fiscal Year 2002 Investment Summary
Schedule B - Accrual 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	\$ 71,236,866	\$ 900,140.31	1.26%
Certificates of Deposit	\$ 291,290,123	\$ 8,867,421.22	3.04%
Money Market Mutual Funds	\$ 448,684,656	\$ 10,932,139.33	2.44%
Government Securities	\$ 703,231,370	\$ 30,235,700.75	4.30%
TOTAL	\$ 1,514,443,015	\$ 50,935,402	3.36%
<i>Other General Accounts:</i>			
County Option Income Tax	\$ 259,854,310	\$ 7,579,483	2.92%
County Adjusted Gross Income Tax	\$ 13,264,384	\$ 298,139	2.25%
County Economic Development Income Tax	\$ 71,246,034	\$ 2,030,505	2.85%
Economic Stabilization Fund	\$ 515,404,005	\$ 20,440,516	3.97%
TOTAL	\$ 859,768,732	\$30,348,642	3.53%
<i>Trust Funds/Dedicated Funds:</i>			
I.U. Permanent Endowment	\$ 785,300	\$ 25,476	3.24%
Purdue Trust Fund	\$ 340,000	\$ 10,670	3.14%
Public Deposit Insurance Fund	\$ 310,715,224	\$ 11,110,049	3.58%
Soldier & Sailor Children's Home	\$ 1,000,000	\$ 31,313	3.13%
Common School Fund	\$ 149,905,545	\$ 4,403,066	2.94%
Common School Fund – Advances	\$ 292,458,597	\$ 8,669,256	2.96%
Agency for the Blind:			
- Women's Fund	\$ 131,664	\$ 4,358	3.31%
- Vending Operations	\$ 252,745	\$ 6,721	2.66%
- Restricted Donations	\$ 10,887	\$ 354	3.25%
Recreational Development Comm.	\$ 991,991	\$ 21,465	2.16%
Indiana State Police Pension Trust*	\$ 291,736,382	\$ (11,336,719)	-3.89%
Rural Rehabilitation Planning Fund	\$ 298,082	\$ 9,117	3.06%
Interstate Bridge	\$ 5,729,505	\$ 156,380	2.73%
Federal Reserve Sharing Fund	\$ 2,239,391	\$ 66,355	2.96%
Patient Compensation Fund	\$ 45,979,844	\$ 1,366,504	2.97%
Property Custody Fund	\$ 1,000,000	\$ 28,407	2.84%
Law Enforcement Training Board	\$ 11,765	\$ 350	2.98%
Indiana Historic Bureau – Governor's Portrait	\$ 31,442	\$ 865	2.75%

<u>Fund Name</u>	<u>Avg. Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Tri-Centennial Fund	\$ 7,202	\$ 232	3.23%
Retirement Home Guaranty Fund	\$ 2,366,647	\$ 68,857	2.91%
Natural Resources - Reclamation Set Aside	\$ 6,657,742	\$ 184,101	2.77%
Hazardous Substance Emergency Natural Resources –	\$ 18,913,759	\$ 481,384	2.55%
Lifetime License	\$ 8,997,989	\$ 225,337	2.50%
Natural Resources Donations	\$ 372,055	\$ 12,108	3.25%
Non-Game Bird Fund	\$ 948,849	\$ 31,718	3.34%
Residual Asbestos Injury Fund	\$ 612,521	\$ 18,550	3.03%
Bail Bond Enforcement	\$ 501,370	\$ 15,866	3.16%
Exxon Oil Overcharge Fund	\$ 3,870,404	\$ 107,419	2.78%
Indiana Political Subdivision Risk Management	\$ 5,919,854	\$ 179,220	3.03%
Stripper Well Fuel Overcharge	\$ 17,938,200	\$ 534,854	2.68%
Mine Subsidence Fund	\$ 3,886,969	\$ 125,615	3.23%
Industrial Development Grant	\$ 21,215,094	\$ 681,194	3.21%
Commerce Energy Exxon PVE	\$ 2,189,423	\$ 62,067	2.83%
Post 1977 Abandoned Mine Reclamation	\$ 4,307,347	\$ 117,017	2.72%
Commerce – Energy Stripper Well	\$ 179,233	\$ 5,385	3.00%
Comm. Business / Agriculture	\$ 245,000	\$ 7,106	2.90%
Recovery Real Estate	\$ 600,000	\$ 19,533	3.26%
Recovery Plumbers	\$ 385,000	\$ 12,523	3.25%
Recovery Auctioneers	\$ 300,000	\$ 5,854	2.95%
E/M – Asbestos Trust	\$ 1,234,446	\$ 31,920	2.59%
E/M – Petroleum Trust	\$ 3,852,404	\$ 99,460	2.58%
E/M – Excess Liability	\$ 83,979,756	\$ 2,316,966	2.76%
Robert Kraft Estate Gift Fund	\$ 1,105,853	\$ 33,676	3.05%
Economic Development	\$ 7,436,066	\$ 229,074	3.08%
Industrial Training Fund	\$ 50,669,685	\$ 1,561,868	3.08%
Library and Historical Fund	\$ 4,784	\$ 168	3.52%
State Library Publications Fund	\$ 108,362	\$ 3,932	3.63%
Build Indiana Fund	\$ 286,904,821	\$ 11,050,182	3.85%
Commerce STP Loans	\$ 4,281,476	\$ 112,478	2.63%
Indiana Strategic Development	\$ 985,671	\$ 30,795	3.12%
License Plate Escrow	\$ 600,534	\$ 19,531	3.25%
Fish and Wildlife	\$ 2,713,613	\$ 73,091	2.69%
IPALCO Settlement	\$ 1,252,430	\$ 33,886	2.71%
Jeopardy Assessment Recipients	\$ 671,781	\$ 20,527	3.06%
Standard Library Card Program	\$ 164,122	\$ 4,832	2.94%
Historical Bureau Publication	\$ 50,076	\$ 1,396	2.79%
Heritage Trust Fund	\$ 8,588,401	\$ 232,947	2.71%

<u>Fund Name</u>	<u>Avg. Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Secondary Market Sales	\$ 13,646,408	\$ 440,547	3.23%
Darrach Genealogy	\$ 529,342	\$ 17,643	3.33%
HCFA Civil Penalties	\$ 1,929,849	\$ 56,137	2.91%
Producer-Premium Fund	\$ 13,061,905	\$ 380,962	2.92%
Retailer Bonding Fund	\$ 469,723	\$ 14,185	3.02%
Electronic/Enhanced Access Fund	\$ 313,425	\$ 10,172	3.25%
W911-PSAP	\$ 7,910,721	\$ 222,806	2.82%
W911-CMRS	\$ 8,287,761	\$ 227,365	2.74%
W911-Phase II	\$ 1,786,629	\$ 50,656	2.84%
State Infrastructure Bank	\$ 6,664,642	\$ 176,102	2.64%
Veteran's Memorial Cemetery Trust	\$ 1,318,493	\$ 41,062	3.11%
Tobacco Master Settlement	\$ 199,092,315	\$ 5,350,670	2.69%
Continental Steel Escrow	\$ 1,389,641	\$ 36,555	2.63%
Children's Trust	\$ 4,353,634	\$ 138,810	3.19%
Medicaid Indigent Care Trust	\$ 160,832,031	\$ 4,648,629	2.89%
Police/Fire Pension Distribution	\$ 10,541,015	\$ 212,381	2.01%
TOTAL	\$ 2,090,751,835	\$ 45,354,408	2.17%
GRAND TOTAL	\$ 4,464,973,583	\$ 126,638,452	2.84%
RATE OF RETURN ON ACTIVELY MANAGED INVESTMENTS (Excluding Common School Fund Advancements)			2.83%

** Average Daily Balance includes equities using market values.
:Interest Earned reflects net appreciation (depreciation) in market values.

Indiana Bond Bank
Financial Summary
July 1, 2001-June 30, 2002

Program Name	New Debt Issued FYE 6/30/02	Debt Retired FYE 6/30/02	QEs Assisted New Debt FYE 6/30/02
Advance Funding Program**	585,025,210.00	485,750,210.00	124
Common School Fund	55,460,000.00	21,075,000.00	N/A*
HELP Program	27,764,724.62	9,089,856.72	40
Not-For-Profit Water	-	949,692.19	0
School Building Program Bonds	-	580,000.00	0
School Severance Program	57,260,000.00	-	6
Special Program Bonds	\$ 60,805,000.00	\$ 18,960,000.00	12
State Revolving Fund Program	400,000,000.00	26,195,000.00	N/A*
Total	\$ 1,186,314,934.62	\$ 562,599,758.91	182

*Qualified Entities are not administered by the IBB for this program

**Includes Interim Financing

INDIANA BOARD FOR DEPOSITORIES
STATEMENT OF OPERATIONS AND FUND BALANCE
for the twelve months ended June 30, 2002

REVENUES

Investment Income	\$ 10,162,713.02
Net Change in Fair Value of Investments	1,082,931.24
Securities Lending Income	8,070,876.96
 Total Revenues	 <u>19,316,521.22</u>

EXPENSES

Salaries and Benefits	132,096.12
Professional Services	62,828.33
Securities Lending Expense	7,082,544.97
Depreciation	39,375.39
Office Rent/Parking	22,531.04
Maintenance Contracts	26,357.83
Other Operating	<u>78,230.90</u>
 Total Expenses	 <u>7,443,964.58</u>
 Excess of Revenues over Expenses	 <u>11,872,556.64</u>

OTHER FINANCING SOURCES (USES)

Distribution to Police/Firefighters Pension Fund	<u>(22,497,365.00)</u>
 Total Other Financing Sources (Uses)	 <u>(22,497,365.00)</u>

EXCESS OF REVENUES OVER (UNDER)

EXPENSE AND OTHER FINANCING USES (10,624,808.36)

FUND BALANCE - BEGINNING \$ 322,481,512.34

FUND BALANCE - ENDING \$ 311,856,703.98

**Treasurer of State
242 State House
Indianapolis, Indiana 46204
Phone: (317) 232-6386
Fax: (317) 233-1780
www.in.gov/tos**