

Treasurer's Annual Report



State of Indiana
Fiscal Year 2004

The 2004 Annual Report

FY 2004

July 1, 2003—June 30, 2004

Treasurer of State
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Indianapolis, IN 46204

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Table of Contents

| <u>Item</u> | <u>Page</u> |
|--|-------------|
| <u>Treasurer of State's Office</u> | |
| Letter from the Treasurer | 1 |
| History of the Office | 2 |
| Treasurer of State Staff | 3 |
| | |
| <u>Boards and Commissions</u> | |
| Indiana Bond Bank | 4-5 |
| Indiana Education Savings Authority | 6-7 |
| Wireless Enhanced 911 Advisory Board | 8-9 |
| Indiana State Board of Finance | 10 |
| Indiana Recreational Development Commission | 10 |
| Underground Storage Tank Financial Assurance Board | 10 |
| Indiana Development Finance Authority | 11 |
| Indiana Housing Finance Authority | 12 |
| Public Deposit Insurance Fund | 13 |
| State Office Building Commission | 14 |
| Indiana Transportation Finance Authority | 14 |
| State Police Pension Fund | 15 |
| Grain Indemnity Corporation | 15 |
| Indiana Dairy Industry Development Fund | 15 |
| Indiana Heritage Trust Committee | 15 |
| | |
| <u>Financial Statements</u> | |
| Letter to Governor | 17 |
| Treasurer of State | 18-23 |
| Indiana Bond Bank | 24 |
| Board for Depositories | 25 |

Dear Hoosiers,

This past fiscal year has been challenging for many in state government, Hoosiers can rest assured that we in the Treasurer's office are doing all that we can to ease the current fiscal strains. We continue to outperform our investment benchmarks, and do more with less by returning a large portion of our Treasurer's office budget back to the state general fund.

Since state spending continues to outpace revenues, our average investment portfolio continues to decline. In fact, since I have served as state treasurer our average daily balance has gone from a high of \$5.6 billion in fiscal year 2000 to its current low of \$3.6 billion in fiscal year 2004. That is a steady and alarming decline of \$2 billion, or 36%, in merely 5 years. While I have no control over that imbalance, our investment income continues to beat our benchmarks by which we measure ourselves, meaning less burden on Hoosier taxpayers. In fiscal year 2004 we earned more than \$86 million in investment income, while returning over 6.0% of my budget appropriation unspent.



Dan Huge and his staff at the Indiana Bond Bank have been busy as well. The Bond Bank, once again set new records while assisting Hoosier communities with both their short- and long-term financing. The Bond Bank has been crucial to local government during this time when many counties have delayed their property tax collections due to a late reassessment. The Bond Bank's efficiencies have been recognized by communities across the state, as 2004 saw the largest amount of activity in its history at \$3 billion dollars in short- and long-term financing.

I am also proud of the progress that Indiana has made in the deployment of wireless enhanced 911. As chair of Indiana's Wireless Enhanced 911 Advisory Board, we have worked to ensure all Indiana counties are accepting wireless 911 calls. In 73 of our 92 counties we can identify the location of those calls, placing Indiana well ahead of the curve nationally in achieving our goal of full Phase I and Phase II wireless enhanced 911 implementation. To assist in this implementation we have distributed over \$72 million to our counties and wireless carriers, allowing them to upgrade their systems to provide lifesaving technology.

As chair of the Indiana Education Savings Authority, we continue to improve the CollegeChoice 529 Investment Plan. During this past year we have seen tremendous growth in the Plan both in terms of accounts and assets. As of June 30, 2004 the plan has nearly 45,000 individual accounts, an increase of 15,000 since the same time last year and assets in the plan have nearly doubled during the same short time horizon to approximately \$250 million. We look forward to this next year with the College Choice Plan as we continue to focus on letting Hoosiers know that we have developed a plan that provides them with greater choice, and lower fees by investing directly through either CollegeChoiceplan.com or by calling 1-866-400-plan.

I look forward to serving the citizens of Indiana during the remainder of my second term as Indiana State Treasurer. My staff and I take our responsibilities to Hoosiers very seriously. We will continue to serve Indiana's citizens through responsible and accountable government.

Respectfully,

A handwritten signature in black ink that reads "TIM BERRY". The signature is written in a cursive, slightly stylized font.

Tim Berry

State Treasurer

History of the Indiana State Treasurer's Office

The Treasurer of State's office 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.

When created in 1816, the State Treasurer's office was 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. In 1933, the Department of Revenue was created and designated as the agency responsible for the collecting of all state taxes.

Since 1933, the primary responsibility of the Treasurer's office has been the investment and safekeeping of all state monies. Today, the Treasurer's Office manages an investment portfolio of over \$3.0 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 repurchase agreements in nearly 270 banks, savings and loans, and credit unions in Indiana.

The Treasurer also serves on various state boards and commissions including: 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 Fund, the State Board of Finance, secretary/investment manager of the Indiana Board for Depositories, 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, the Indiana Transportation Finance Authority, the Indiana Heritage Trust Committee, and the Underground Storage Tank Financial Assurance Board

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

State House Staff

Betsy Burdick

Chief Deputy Treasurer

Mike Frick

Deputy Treasurer – Portfolio Manager

Duane Jasheway

Chief Accountant

Tameka Griffin

Administrative Assistant

Dave Certo

General Counsel

Anne Wolf

Administrator, State Police Pension Fund



Indiana Government Center South Staff

Kimberly Logan

Deputy Treasurer

Donna Carroll

Head Cashier

Linda Bischoff

Cashier

Phil Campbell

Document Supervisor

Tina Laker

Document Clerk

Laura Whyde

Cashier





**Indiana Bond Bank
Board of Directors**

Tim Berry, Chairman
Treasurer of State

Clark H. Byrum, Vice-Chairman
Key Corporation

Russell Breeden III
Blue River Bancshares, Inc.

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 Huges, Executive Director
Ron Mangus, Program Operations Director
Kirke Willing, Financial Operations Director
Mary Reilly, Executive Assistant

Indiana Bond Bank
10 West Market Street
Suite 2980
Indianapolis, Indiana 46204
Phone: (317) 233-08888
Website: www.in.gov/bond

Indiana Bond Bank
Advance Funding Program, Series A

| | Fiscal Year | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| Number of Participants | 73 | 96 | 103 | 123 | 170 | 173 |
| Dollar Amount Issued | \$ 223,340,000 | \$ 364,775,000 | \$ 370,835,000 | \$ 470,110,000 | \$ 866,435,000 | \$ 842,275,000 |

The Indiana Bond Bank

In keeping with Treasurer Berry's commitment to increase utilization of the Indiana Bond Bank, 2004 was twelve months full of record setting activity and tax savings for Indiana's local governmental jurisdictions. In fiscal year 2004, the Indiana Bond Bank issued \$2,928,388,598 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. 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 as mandated by state statute.



The 2004 Advance Funding Program had the largest number of participants in program history. The program purchased the tax-anticipation warrants of 173 taxing districts in the state, totaling nearly \$842,275,000. The size of the Advance Funding Program is due in part to competitive interest rates, standardized documentation, cash-flow projection assistance, and arbitrage rebate assistance. The other reasons for the size of the program is the delay in payment of 2004 property taxes caused by the court ordered statewide reassessment and delay in tuition support to schools. In keeping with the successful history of the program, entities received a very competitive all-inclusive rate of 1.29%.

Because property tax distributions were delayed by the statewide reassessment in 2004, the IBB also had two mid-year note offerings to continue to aid taxing districts throughout the state. These two offerings totaled \$196,000,000 and aided schools, cities, towns, counties, libraries and other entities throughout the state. In total, the IBB issued over \$1 billion of tax anticipation warrants through the Advance Funding and Midyear Note programs.

The Hoosier Equipment Lease Purchase (HELP) Program allows local communities to acquire equipment at cash prices and utilize tax-exempt interest rates. In 2004, 31 communities were assisted through the HELP program totaling more than \$13.1 million. Items financed include 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.

In 2004, the IBB continued to issue School Severance (Pension) Bonds to aid schools in reducing their "un-funded contractual obligations". The IBB issued School Severance Bonds Series 5 and 6. These two series of general obligation bonds aided 56 school corporations with over \$381 million in funding. By pooling these entities together, the School Corporations receive the benefits of shared issuance costs and the IBB's "AAA" insured rating.

In addition to the programs mentioned above, the IBB also assisted two County Hospitals with the issuance of capital project bonds. Both Good Samaritan Hospital in Knox County (\$17,210,000) and Hancock County Memorial Hospital (\$35,010,000) received significant cost savings by issuing their bonds through the IBB and taking advantage of the IBB's expertise and "AAA" insured rating.

The Indiana Education Savings Authority

In his role as chairman of the Indiana Education Savings Authority Board (IESA), Treasurer Berry has been a leader in enhancing the state's college savings plan, the CollegeChoice 529 Investment Plan. Through his leadership, the plan has amassed 44,785 accounts and \$248,528,946 in assets at fiscal year end 2004.

Treasurer Berry's efforts to offer participants investment choices have resulted in a unique plan that allows participants to choose from a variety of fund families under one manager, the first plan in the country to operate under this structure. The plan continues to offer participants two approaches to investing. One is based on the age of the beneficiary and another is designed for participants wanting more control over their asset allocation.

In an effort to make the plan affordable for Hoosier families, Treasurer Berry made it possible for Indiana residents participating directly in the age-based investment option, without the use of a financial advisor, to receive a reduction of fees. To further benefit families, Treasurer Berry continues to seek a state tax deduction on plan contributions through the Indiana General Assembly.

To recognize student leaders in the state and to promote the importance of investing for future education expenses, Treasurer Berry launched the *CollegeChoice Future Leaders Award* program in October 2002. The program recognizes Indiana students in grades fourth – eighth for their leader qualities. Students can be nominated by any adult and winning students receive a \$750 CollegeChoice 529 Investment Plan account and an award presentation at his or her school. More than \$17,000 has been awarded to students across the state.

The IESA is a proud partner of two Indiana minor league baseball teams' reading programs, rewarding children who show an extra enthusiasm for reading or go beyond what is asked of them. Teachers are encouraged to nominate children and winners are selected based on those nominations. Six winning students each received a \$500 CollegeChoice 529 Investment Plan account.

Treasurer Berry's tireless efforts to promote affordable college savings reach beyond Indiana's borders. As chairman-elect of the national College Savings Plan Network, Treasurer Berry has been instrumental in developing guidelines recommending states and their plan administrators clearly disclose all fees and costs associated with investing in a 529 plan. He led a group of state treasurers to Washington, D.C. to introduce the guidelines and meet with members of the Security and Exchange Commission, Municipal Securities Rulemaking Board and the U.S. Department of the Treasury. Additionally, Treasurer Berry is playing a key role to ensure that the federal tax exemption on plan account earnings remain permanent. The tax exemption, enacted in the Economic Growth and Tax Relief Reconciliation Act of 2001, is scheduled to sunset in 2011.

The IESA was created by the General Assembly to promote programs that encourage saving for educational expenses. In 1997, the IESA created 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. For more information on the CollegeChoice 529 Investment Plan, call toll-free (866) 400-PLAN or visit www.collegechoiceplan.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

Marilyn Schultz
State Budget Agency

Kevin Brinegar
Indiana Chamber of Commerce

John Hammond
Ice Miller

Brenda Horn
Ice Miller

Tony Maidenberg
Independent Colleges of Indiana

Susan Loftus, Executive Director

Website : www.in.gov/iesa



**This year's
Future Leader
Award Winners**



**A Very Happy Dad
and this year's WIBIC
College Choice 529
Investment Plan
Giveaway Winner,**



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. Seventy-three counties receive and process Phase II calls, making Indiana a national leader in implementation of this life saving technology. Lake County was the first Indiana county to provide Phase II wireless E911 service, and the second county to receive Phase II service in the nation.

Working with local governments to help them fund the necessary upgrades to their emergency communications infrastructure continues to be a focus of the Board. What is the source of this funding? Wireless phone users pay a monthly \$.65 surcharge in order to help fund the upgrades necessary to meet the FCC's regulations. This fee becomes part of the Indiana Wireless E911 Advisory Board Telephone System Fund which is administered by the Board and dispersed to county 911 authorities and wireless carriers for E911 system enhancements. As of June 30, 2004, local government has received more than \$44 million in monthly distributions and reimbursements while wireless carriers have collected more than \$28 million in cost reimbursement.

Wireless Enhanced 911 Advisory Board

Tim Berry

Treasurer of State, Chairman

Ken Lowden

Steuben County Commissioners

Jim Alexander

Jefferson County 911

Sue Moser

Crown Point Police Department

Larry Jones

Verizon

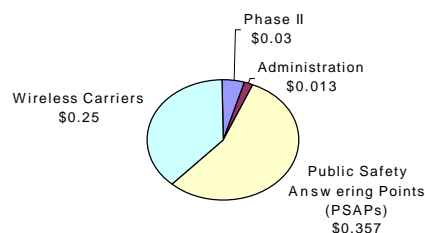
Jerry Branock

Cingular

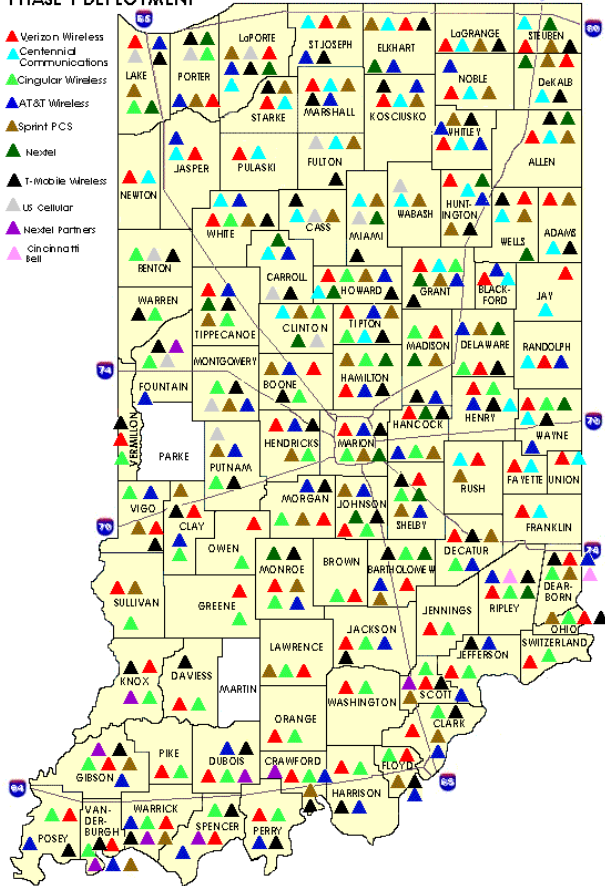
Chuck Mercer

Sprint

Allocation of \$.65 Monthly Surcharge



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

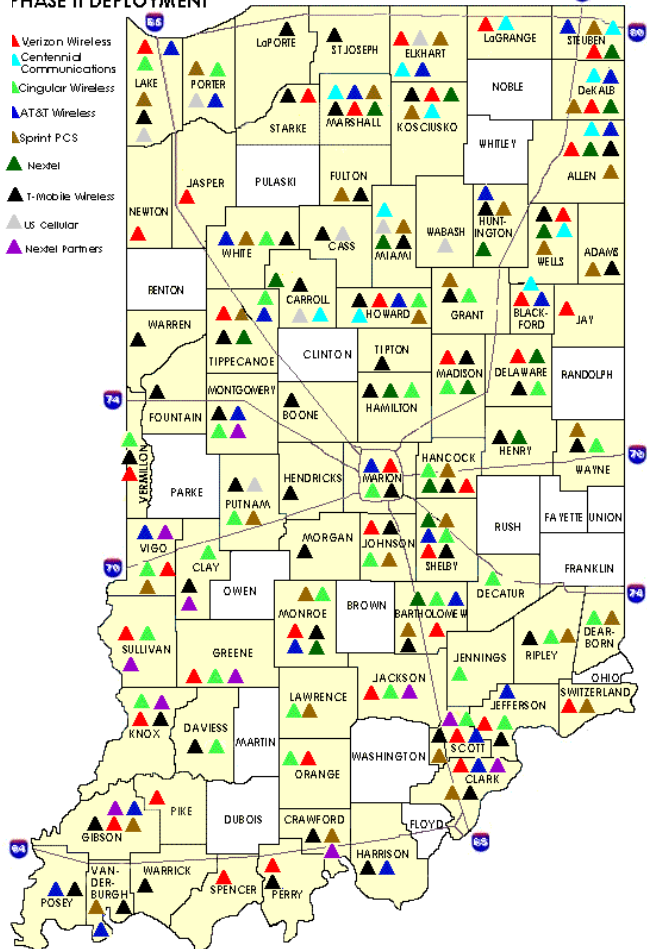


"In an emergency, seconds count. Watch the clock. And remind yourself how long a minute actually is. Enough time for families to be protected. Homes spared. Lives saved. But only if you can get through."

— Tim Berry
Indiana State Treasurer

For up to date
Coverage information
please visit our website at
www.911coverage.org

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



Indiana State Board of Finance

Treasurer Berry serves on the State Board of Finance with the Governor and State Auditor. 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. The board also appropriates monthly tuition support payments, approves new state depositories, plays a large role in developing the parameters of many economic development, rainy day and common school fund loans for various Indiana political subdivisions. Finally, 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 RDC has multiple projects that it is currently in the process of completing. Two of these big projects that were of primary focus this year are the restoration and construction of a new Inn at Clifty Falls State Park in Madison and the building of the brand new Prophets-town State Park, near Lafayette.

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. The IDFA is dedicated to helping Indiana businesses and communities grow and prosper in an evolving economy through the implementation of creative financing tools.

In partnership with lenders, the Indiana Department of Commerce, other state and federal agencies, local governments and other economic development professionals throughout the state, the IDFA creatively pursues partners, opportunities and alternatives to help Indiana businesses thrive and be competitive. The following is a brief overview of the IDFA's main programs.

The *Capital Access Program (CAP)* is a small business credit enhancement program that creates a specific cash reserve fund for the lender to use as additional security for loans enrolled in the Program. This program targets high-growth/high tech companies, minority-owned businesses, and licensed child care facilities.

The *Brownfields Redevelopment Program* provides grants to local governmental entities for Phase I and Phase II site investigation, low interest loans for remediation and stakeholder education and technical assistance. A brownfield is typically an abandoned or underutilized piece of property that often has an industrial or commercial history. Redevelopment of these properties is difficult due to the potential for or actual presence of environmental contamination. Through site investigation, assessment and remediation, these properties have been transformed either into thriving businesses, or into community facilities or valuable parks and greenspaces.

Volume Cap Program — “Volume Cap” is the amount of tax-exempt financing available to certain types of private companies or developers in a calendar year. It is a measure of capacity and is based on a state's population. Federal law determines project availability, but the IDFA awards companies volume cap based on a competitive process. Although volume cap can be used to assist manufacturing and other businesses wishing to grow in Indiana the overwhelming majority of our state's volume cap is utilized by the Indiana Housing Finance Authority to provide affordable housing statewide.

The *Tax-Exempt Bond Program* allows the state or local governmental entities to issue bonds for the benefit of a private companies. The interest on these bonds is generally exempt from federal income taxes for investors, which typically results lower long-term interest rates to the borrower. The IDFA can issue bonds to finance qualified manufacturing facilities and equipment, pollution control facilities and other projects permitted under federal law as well as for certain 501 (c) 3 entities including childcare facilities and cultural institutions.

Loan Guaranty Program — The IDFA can guarantee loans for high-growth/high-tech companies, manufacturers, rural development projects, value-added agricultural enterprises and other types of businesses that create or retain a certain number of Hoosier jobs. This program is often utilized in conjunction with other funding sources and enhancement programs as part of an entire economic development package.

The *Small Bond Program* offers manufacturing companies and certain not-for-profit organizations with financing needs of \$2 million or less easier access to the tax-exempt marketplace.

Indiana Development Finance Authority

Katherine Davis, Secretary-Manager
Lt. Governor

Tim Berry
Treasurer of State

Alfred Hammonds, Chair
Retired, Bank One

Sondra S. Harris
O.D. Harris & Sons Funeral Homes, Inc.

Ronald G. Seals
Springs Valley Bank & Trust Co.

Dwayne C. Isaacs
Bingham McHale LLP

Leslie D. Reed
Martindale Brightwood Community
Development Corporation

Jane Martin
Village Ventures

Cristine Klika,
Executive Director

The Indiana Housing Finance Authority

Through homeownership, rental housing and community development programs, the IHFA administers financial vehicles and incentives to create affordable housing for rent or purchase as well as supportive facilities.

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. Below is a brief description of programs offered and administered by IHFA.

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

Multi-Family Program — Created in 1982, this program provides below market rate mortgages to developers and

sponsors for construction or rehabilitation of multi-family rental residences.

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

Low Income Housing Credit Program — Also introduced in 1987, provides a federal tax credit to qualified owners of rental housing.

The primary resources used by IHFA include: private activity bond volume (“volume cap”) for homeownership and rental programs, rental housing tax credits, HOME Investment Partnership Program Funds, Community Development Block Grants, the Indiana Low Income Housing Trust Fund, and the Housing Opportunities for Persons with AIDS funds.

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

Katherine Davis, Chairman
Lieutenant Governor

Tim Berry, Vice-Chairman
Treasurer of State

Charles Phillips
Dept. of Financial Institutions

Leigh Hayden, First Source Bank

Tom McGowan, Kite Development
Corp.

John Chavis, Locke Reynolds, LLP

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.

As of June 30, 2004, there are 223 financial institutions which have been designated as approved depositories in Indiana and able to accept public fund deposits. At the end of Fiscal Year 2004, the assets of the PDIF totaled \$303,813,968.10 and an actuarial study completed this year found that the current balance is large enough to deem the PDIF actuarial sound.

Local Police and Fire Pension Assistance:

Legislation passed in 2001 requires that the interest earned on the PDIF be distributed to Indiana municipalities to assist with their pre-1977 police and fire pension liabilities. In FY 2004 interest earned to be distributed totaled \$6,887,658,58. Since the legislation took effect, Treasurer Berry has overseen the distribution of more than \$47 million to 129 Hoosier communities.

Indiana Board for Depositories

Joseph Kernan, 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

Joe Kernan
Governor

Katherine Davis,
Lieutenant Governor

Tim Berry
Treasurer of State

Connie Nass
State Auditor

Marilyn Schultz
State Budget Director

Eleanor Bookwater
Henry Camferdam
Brad Chambers
Kenneth DeLap
Myron Fraiser
Kipper Tew

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 the purpose of constructing various correctional facilities throughout the state.

Over the years the General Assembly has continued to authorize new construction projects to be financed through the Commission. In 2001, such authorization was granted to construct a series of regional mental health facilities. The first two of those facilities, those located in Madison and Logansport, are expected to be completed in the fall of 2004 and early 2005 respectively. The 2003 session of the General Assembly authorized two new projects for the

Commission. The first is the construction of a new Forensics Laboratory for the Indiana State Police, the State Department of Health and the IUPUI Division of Toxicology, and the second is to oversee the use and placement of a communications system infrastructure referred to as Hoosier Project Safe-T.

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

Mark Moore, Chairman
Governor's Office

Tim Berry
Treasurer of State

Brian Nichol
Department of Transportation

Marilyn Shulz
State Budget Agency

James G. Newland Sr., Indianapolis
Christopher Morrow
Walter Kirkwood

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. Additionally, the Treasurer has the fiduciary duty to provide prudent investment options and great oversight over the investments held in the fund. In working with the State Police Pension Advisory Board and their investment advisor, Treasurer Berry and the members of the Board are very happy with the investment performance of the fund and the growth in its asset base. Additionally, the Board and Treasurer Berry take great pride in fact that both Indiana based investment firms and minority owned firms participate in the Indiana State Police Pension fund investments.

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.

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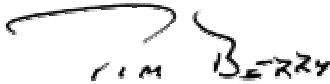
The Honorable Joseph Kernan
Governor, State of Indiana
206 State House
Indianapolis, Indiana 46204

Dear Governor Kernan:

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, 2003 to June 30, 2004.

Sincerely,

A handwritten signature in black ink that reads "TIM BERRY". The signature is written in a cursive style with a large, sweeping initial "T" and "B".

Tim Berry
Treasurer of State

Treasurer Of State
Fiscal Year 2004 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/Savings Accounts | \$ 34,625,203 | \$ 325,253 | 0.94% |
| Certificates of Deposit | \$ 219,217,654 | \$ 4,468,866 | 2.04% |
| Money Market Mutual Funds | \$ 403,469,617 | \$ 3,733,917 | 0.93% |
| Government Securities | \$ 841,765,272 | \$ 13,808,190 | 1.11% |
| <i>Total General Fund Designated</i> | \$ 1,499,077,746 | \$ 22,336,225 | 1.49% |
| <i>Other General Accounts:</i> | | | |
| County Option Income Tax | \$ 94,701,101 | \$ 1,390,574 | 1.47% |
| County Adjusted Gross Income Tax | \$ 86,833 | \$ 1,262 | 1.45% |
| County Economic | | | |
| Development Income Tax | \$ 35,668,017 | \$ 622,306 | 1.74% |
| Economic Stabilization Fund | \$ 243,739,192 | \$ 6,515,306 | 2.67% |
| <i>Total Other General Accounts</i> | \$ 374,195,142 | \$ 8,529,447 | 2.28% |
| <i>Trust Funds/Dedicated Funds:</i> | | | |
| I.U. Permanent Endowment | \$ 785,300 | \$ 12,401 | 1.58% |
| Purdue Trust Fund | \$ 340,000 | \$ 5,369 | 1.58% |
| Public Deposit Insurance Fund | \$ 293,909,422 | \$ 4,479,866 | 1.52% |
| Soldier & Sailor Children's Home | \$ 257,357 | \$ 5,859 | 2.28% |
| Common School Fund | \$ 185,885,958 | \$ 2,469,690 | 1.33% |
| Common School Fund - Advances | \$ 294,050,529 | \$ 14,523,425 | 4.94% |
| Agency for the Blind: | | | |
| - Women's Fund | \$ 64,708 | \$ 819 | 1.27% |
| - Vending Operations | \$ 686,154 | \$ 11,162 | 1.63% |
| - Restricted Donations | \$ 5,238 | \$ 66 | 1.27% |
| Recreational Development Comm. | \$ 1,692,308 | \$ 16,141 | 0.95% |
| Indiana State Police Pension Trust | \$ 306,998,813 | \$ 25,293,359 | 8.24% |
| Rural Rehabilitation Planning Fund | \$ 301,923 | \$ 4,208 | 1.39% |
| Interstate Bridge | \$ 6,015,370 | \$ 78,616 | 1.31% |
| Federal Revenue Sharing Fund | \$ 2,332,265 | \$ 30,422 | 1.30% |
| Patient Compensation Fund | \$ 15,106,169 | \$ 160,085 | 1.06% |
| Property Custody Fund | \$ 1,000,000 | \$ 13,900 | 1.39% |

| <u>Fund Name</u> | <u>Average Daily Balance</u> | <u>Interest Earned</u> | <u>Yield</u> |
|--|----------------------------------|----------------------------|--------------|
| Law Enforcement Training Board | \$ 11,946 | \$ 157 | 1.32% |
| Indiana Historic Bureau - Governor's Portrait | \$ 42,803 | \$ 575 | 1.34% |
| Tri-Centennial Fund | \$ 7,516 | \$ 111 | 1.47% |
| Retirement Home Guaranty Fund | \$ 2,606,827 | \$ 34,591 | 1.33% |
| Natural Resources - Reclamation Set Aside | \$ 7,704,723 | \$ 93,022 | 1.21% |
| Hazardous Substance Emergency Natural Resources - Lifetime License | \$ 15,587,605 | \$ 207,011 | 1.33% |
| Natural Resources Donations | \$ 12,689,833 | \$ 196,137 | 1.55% |
| Non-Game Bird Fund | \$ 301,385 | \$ 3,685 | 1.22% |
| Residual Asbestos Injury Fund | \$ 492,308 | \$ 6,200 | 1.26% |
| Bail Bond Enforcement | \$ 673,846 | \$ 9,483 | 1.41% |
| Exxon Oil Overcharge Fund | \$ 721,923 | \$ 9,823 | 1.36% |
| Indiana Political Subdivision Risk Management | \$ 1,956,882 | \$ 22,716 | 1.16% |
| Stripper Well Fuel Overcharge | \$ 4,791,397 | \$ 63,608 | 1.33% |
| Mine Subsidence Fund | \$ 9,968,386 | \$ 130,968 | 1.31% |
| Industrial Development Grant | \$ 5,937,996 | \$ 59,684 | 1.01% |
| Commerce Energy Exxon PVE | \$ 23,018,821 | \$ 332,931 | 1.45% |
| Post 1977 Abandoned Mine Reclamation | \$ 2,158,172 | \$ 24,706 | 1.14% |
| Comm. Business / Agriculture | \$ 4,714,813 | \$ 57,295 | 1.22% |
| Recovery Real Estate | \$ 230,769 | \$ 2,528 | 1.10% |
| Recovery Plumbers | \$ 448,077 | \$ 6,406 | 1.43% |
| Recovery Auctioneers | \$ 244,231 | \$ 3,196 | 1.31% |
| E/M- Asbestos Trust | \$ 300,000 | \$ 4,023 | 1.34% |
| E/M - Petroleum Trust | \$ 708,936 | \$ 8,323 | 1.17% |
| E/M - Excess Liability | \$ 3,952,152 | \$ 55,873 | 1.41% |
| Robert Kraft Estate Gift Fund | \$ 35,006,552 | \$ 556,968 | 1.59% |
| Economic Development | \$ 1,064,615 | \$ 13,853 | 1.30% |
| Industrial Training Fund | \$ 6,382,368 | \$ 80,604 | 1.26% |
| State Library Publications Fund | \$ 56,276,448 | \$ 680,144 | 1.21% |
| Commerce STP Loans | \$ 276,923 | \$ 3,766 | 1.36% |
| | \$ 1,558,148 | \$ 20,948 | 1.34% |

| <u>Fund Name</u> | <u>Average Daily Balance</u> | <u>Interest Earned</u> | <u>Yield</u> |
|--|----------------------------------|----------------------------|--------------|
| Indiana Strategic Development | \$ 170,462 | \$ 1,924 | 1.13% |
| License Plate Escrow | \$ 635,000 | \$ 8,857 | 1.39% |
| Fish and Wildlife | \$ 997,333 | \$ 10,866 | 1.09% |
| IPALCO Settlement | \$ 993,899 | \$ 15,921 | 1.60% |
| Jeopardy Assessment Receipts | \$ 432,308 | \$ 5,809 | 1.34% |
| Standard Library Card Program | \$ 80,987 | \$ 2,528 | 3.12% |
| Historical Bureau Publication | \$ 68,892 | \$ 914 | 1.33% |
| Heritage Trust Fund | \$ 7,493,607 | \$ 91,793 | 1.22% |
| Secondary Market Sales | \$ 8,706,102 | \$ 125,192 | 1.44% |
| Darrach Genealogy | \$ 530,000 | \$ 7,777 | 1.47% |
| HCFA Civil Penalties | \$ 4,320,769 | \$ 65,980 | 1.53% |
| Producer-Premium Fund | \$ 13,281,388 | \$ 180,078 | 1.36% |
| Retailer Bonding Fund | \$ 425,033 | \$ 5,247 | 1.23% |
| Electronic/Enhanced Access Fund | \$ 200,000 | \$ 2,816 | 1.41% |
| W911-PSAP | \$ 3,453,629 | \$ 66,876 | 1.94% |
| W911-CMRS | \$ 8,187,423 | \$ 93,441 | 1.14% |
| W911-Phase II | \$ 2,025,888 | \$ 21,242 | 1.05% |
| State Infrastructure Bank | \$ 3,372,559 | \$ 29,167 | 0.86% |
| Veteran's Memorial Cemetery Trust | \$ 2,265,385 | \$ 31,274 | 1.38% |
| Tobacco Master Settlement | \$ 218,468,597 | \$ 2,536,133 | 1.16% |
| Tobacco Use Prevention | \$ 15,569,362 | \$ 280,975 | 1.80% |
| Continental Steel Escrow | \$ 1,596,542 | \$ 21,215 | 1.33% |
| Children's Trust | \$ 2,993,071 | \$ 35,074 | 1.17% |
| Medicaid Indigent Care Trust | \$ 118,896,133 | \$ 1,562,631 | 1.31% |
| Police/Fire Pension Distribution | \$ 1,859,443 | \$ 63,306 | 3.40% |
| Title V | \$ 8,633,093 | \$ 109,440 | 1.27% |
| <i>Total Trust Funds/Dedicated Funds</i> | \$ 1,734,924,819 | \$ 55,171,203 | 3.18% |
| GRAND TOTAL | \$ 3,608,197,707 | \$ 86,036,876 | 2.38% |

TREASURER OF STATE
Fiscal Year 2004 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/Savings Accounts | \$ 34,625,203 | \$ 325,253 | 0.94% |
| Certificates of Deposit | \$ 219,217,654 | \$ 3,620,809 | 1.65% |
| Money Market Mutual Funds | \$ 403,469,617 | \$ 3,682,268 | 0.91% |
| Government Securities | \$ 841,765,272 | \$ 11,633,519 | 1.38% |
| <i>Total General Fund Designated</i> | \$ 1,499,077,746 | \$ 19,261,848 | 1.28% |
| <i>Other General Accounts:</i> | | | |
| County Option Income Tax | \$ 94,701,101 | \$ 1,260,060 | 1.33% |
| County Adjusted Gross Income Tax | \$ 86,833 | \$ 1,262 | 1.45% |
| County Economic | | | |
| Development Income Tax | \$ 35,668,017 | \$ 517,374 | 1.45% |
| Economic Stabilization Fund | \$ 243,739,192 | \$ 3,768,444 | 1.55% |
| <i>Total Other General Accounts</i> | \$ 374,195,142 | \$ 5,547,141 | 1.48% |
| <i>Trust Funds/Dedicated Funds:</i> | | | |
| I.U. Permanent Endowment | \$ 785,300 | \$ 12,680 | 1.61% |
| Purdue Trust Fund | \$ 340,000 | \$ 5,490 | 1.61% |
| Public Deposit Insurance Fund | \$ 293,909,422 | \$ 4,101,328 | 1.40% |
| Soldier & Sailor Children's Home | \$ 257,357 | \$ 3,690 | 1.43% |
| Common School Fund | \$ 185,885,958 | \$ 2,623,883 | 1.41% |
| Common School Fund - Advances | \$ 294,050,529 | \$ 14,063,468 | 4.78% |
| Agency for the Blind: | | | |
| - Women's Fund | \$ 64,708 | \$ 774 | 1.20% |
| - Vending Operations | \$ 686,154 | \$ 9,610 | 1.40% |
| - Restricted Donations | \$ 5,238 | \$ 63 | 1.20% |
| Recreational Development Comm. | \$ 1,692,308 | \$ 21,239 | 1.26% |
| Indiana State Police Pension Trust | \$ 306,998,813 | \$ 25,255,786 | 8.23% |
| Rural Rehabilitation Planning Fund | \$ 301,923 | \$ 3,391 | 1.12% |
| Interstate Bridge | \$ 6,015,370 | \$ 80,147 | 1.33% |
| Federal Revenue Sharing Fund | \$ 2,332,265 | \$ 30,878 | 1.32% |
| Patient Compensation Fund | \$ 15,106,169 | \$ 179,132 | 1.19% |
| Property Custody Fund | \$ 1,000,000 | \$ 10,098 | 1.01% |

| <u>Fund Name</u> | <u>Average Daily Balance</u> | <u>Interest Earned</u> | <u>Yield</u> |
|--|----------------------------------|----------------------------|--------------|
| Law Enforce Training Board | \$ 11,946 | \$ 154 | 1.29% |
| Indiana Historic Bureau - Governor's Portrait | \$ 42,803 | \$ 584 | 1.36% |
| Tri-Centennial Fund | \$ 7,516 | \$ 111 | 1.48% |
| Retirement Home Guaranty Fund | \$ 2,606,827 | \$ 33,179 | 1.27% |
| Natural Resources - Reclamation Set Aside | \$ 7,704,723 | \$ 96,940 | 1.26% |
| Hazardous Substance Emergency | \$ 15,587,605 | \$ 188,720 | 1.21% |
| Natural Resources - Lifetime License | \$ 12,689,833 | \$ 163,294 | 1.29% |
| Natural Resources Donations | \$ 301,385 | \$ 3,930 | 1.30% |
| Non-Game Bird Fund | \$ 492,308 | \$ 6,542 | 1.33% |
| Residual Asbestos Injury Fund | \$ 673,846 | \$ 9,582 | 1.42% |
| Bail Bond Enforcement | \$ 721,923 | \$ 10,316 | 1.43% |
| Exxon Oil Overcharge Fund | \$ 1,956,882 | \$ 25,182 | 1.29% |
| Indiana Political Subdivision Risk Management | \$ 4,791,397 | \$ 64,005 | 1.34% |
| Stripper Well Fuel Overcharge | \$ 9,968,386 | \$ 122,632 | 1.23% |
| Mine Subsidence Fund | \$ 5,937,996 | \$ 70,008 | 1.18% |
| Industrial Development Grant | \$ 23,018,821 | \$ 320,869 | 1.39% |
| Commerce Energy Exxon PVE | \$ 2,158,172 | \$ 26,347 | 1.22% |
| Post 1977 Abandoned Mine Reclamation | \$ 4,714,813 | \$ 58,674 | 1.24% |
| Comm. Business / Agriculture | \$ 230,769 | \$ 2,389 | 1.04% |
| Recovery Real Estate | \$ 448,077 | \$ 6,423 | 1.43% |
| Recovery Plumbers | \$ 244,231 | \$ 3,562 | 1.46% |
| Recovery Auctioneers | \$ 300,000 | \$ 4,326 | 1.44% |
| E/M- Asbestos Trust | \$ 708,936 | \$ 9,673 | 1.36% |
| E/M - Petroleum Trust | \$ 3,952,152 | \$ 54,245 | 1.37% |
| E/M - Excess Liability | \$ 35,006,552 | \$ 444,066 | 1.27% |
| Robert Kraft Estate Gift Fund | \$ 1,064,615 | \$ 14,793 | 1.39% |
| Economic Development | \$ 6,382,368 | \$ 88,578 | 1.39% |
| Industrial Training Fund | \$ 56,276,448 | \$ 769,710 | 1.37% |
| State Library Publications Fund | \$ 276,923 | \$ 3,994 | 1.44% |
| Commerce STP Loans | \$ 1,558,148 | \$ 19,507 | 1.25% |

| <u>Fund Name</u> | <u>Average Daily Balance</u> | <u>Interest Earned</u> | <u>Yield</u> |
|--|----------------------------------|----------------------------|--------------|
| | - | - | - |
| Indiana Strategic Development | \$ 170,462 | \$ 2,634 | 1.55% |
| License Plate Escrow | \$ 635,000 | \$ 8,571 | 1.35% |
| Fish and Wildlife | \$ 997,333 | \$ 11,977 | 1.20% |
| IPALCO Settlement | \$ 993,899 | \$ 15,475 | 1.56% |
| Jeopardy Assessment Receipts | \$ 432,308 | \$ 5,347 | 1.24% |
| Standard Library Card Program | \$ 80,987 | \$ 1,151 | 1.42% |
| Historical Bureau Publication | \$ 68,892 | \$ 938 | 1.36% |
| Heritage Trust Fund | \$ 7,493,607 | \$ 93,954 | 1.25% |
| Secondary Market Sales | \$ 8,706,102 | \$ 118,864 | 1.37% |
| Darrach Genealogy | \$ 530,000 | \$ 8,135 | 1.53% |
| HCFA Civil Penalties | \$ 4,320,769 | \$ 61,784 | 1.43% |
| Producer-Premium Fund | \$ 13,281,388 | \$ 171,200 | 1.29% |
| Retailer Bonding Fund | \$ 425,033 | \$ 5,987 | 1.41% |
| Electronic/Enhanced Access Fund | \$ 200,000 | \$ 2,879 | 1.44% |
| W911-PSAP | \$ 3,453,629 | \$ 47,673 | 1.38% |
| W911-CMRS | \$ 8,187,423 | \$ 102,738 | 1.25% |
| W911-Phase II | \$ 2,025,888 | \$ 22,883 | 1.13% |
| State Infrastructure Bank | \$ 3,372,559 | \$ 40,381 | 1.20% |
| Veteran's Memorial Cemetery Trust | \$ 2,265,385 | \$ 33,228 | 1.47% |
| Tobacco Settlement | \$ 218,468,597 | \$ 2,517,860 | 1.15% |
| Tobacco Use Prevention | \$ 15,569,362 | \$ 306,935 | 1.97% |
| Continental Steel Escrow | \$ 1,596,542 | \$ 22,128 | 1.39% |
| Children's Trust | \$ 2,993,071 | \$ 35,692 | 1.19% |
| Medicaid Indigent Care Trust | \$ 118,896,133 | \$ 1,649,575 | 1.39% |
| Police/Fire Pension Distribution | \$ 1,859,443 | \$ 21,106 | 1.14% |
| Title V | \$ 8,633,093 | \$ 96,373 | 1.12% |
| <i>Total Trust Funds/Dedicated Funds</i> | \$ 1,734,924,819 | \$ 54,429,459 | 3.14% |
| GRAND TOTAL | \$ 3,608,197,707 | \$ 79,238,448 | 2.20% |

Indiana Bond Bank
Financial Summary
July 1, 2003-June 30, 2004

| Program Name | New Debt Issued FYE 6/30/04 | Debt Retired FYE 6/30/04 | QEs Assisted New Debt FYE 6/30/04 |
|------------------------------------|-----------------------------------|--------------------------------|---|
| Advance Funding Program** | 1,722,375,000.00 | 1,781,225,000.00 | 208 |
| Reassessment Assistance Program | 27,660,000.00 | 144,235,000.00 | 22 |
| Common School Fund | 143,445,000.00 | 55,395,000.00 | N/A* |
| HELP Program | 13,188,598.51 | 19,335,125.74 | 31 |
| Not-For-Profit Water | 2,355,000.00 | 7,119,883.86 | 1 |
| School Building Program Bonds | - | 640,000.00 | 0 |
| School Severance Program | 381,525,000.00 | 9,865,000.00 | 56 |
| Special Program Bonds | 124,670,000.00 | 55,140,000.00 | 20 |
| State Revolving Fund Program | 513,115,000.00 | 131,000,000.00 | N/A* |
| Total | \$ 2,928,333,598.51 | \$ 2,203,955,009.60 | 338 |

INDIANA BOARD FOR DEPOSITORIES
STATEMENT OF OPERATIONS AND FUND BALANCE
for the twelve months ended June 30, 2003 and 2004

| REVENUES | 2003 | 2004 |
|--|------------------------------|------------------------------|
| Investment Income | \$ 7,326,836.64 | \$ 4,113,563.67 |
| Net Change in Fair Value of Investments | (910,611.00) | (447,992.96) |
| Securities Lending Income | 5,061,635.17 | 2,542,411.63 |
| Miscellaneous | <u>-</u> | <u>359.67</u> |
| Total Revenues | <u>11,477,860.81</u> | <u>6,208,342.01</u> |
| EXPENSES | | |
| Salaries and Benefits | 170,708.31 | 145,993.88 |
| Professional Services | 81,543.65 | 176,721.74 |
| Securities Lending Expense | 4,218,424.09 | 1,942,097.07 |
| Depreciation | 42,589.89 | 39,720.04 |
| Office Rent/Parking | 22,389.12 | 25,022.26 |
| Maintenance Contracts | 27,525.00 | 29,219.20 |
| Other Operating | <u>27,022.17</u> | <u>19,783.30</u> |
| Total Expenses | <u>4,590,202.23</u> | <u>2,378,557.49</u> |
| Excess of Revenues over Expenses | 6,887,658.58 | 3,829,784.52 |
| Transfers | | |
| Distribution to Police/Firefighters Pension Fund | <u>(11,872,558.00)</u> | <u>(6,887,658.58)</u> |
| Change in Net Assets | <u>(4,984,899.42)</u> | <u>(3,057,874.06)</u> |
| FUND BALANCE - BEGINNING | <u>311,856,703.98</u> | <u>306,871,842.16</u> |
| FUND BALANCE - ENDING | <u>\$ 306,871,804.56</u> | <u>\$ 303,813,968.10</u> |

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