

# Treasurer's Annual Report



State of Indiana  
Fiscal Year 2005

# The 2005 Annual Report

FY 2005

July 1, 2004—June 30, 2005

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	5
Treasurer of State Staff	6
<u>Boards and Commissions</u>	
Indiana Bond Bank	7
Indiana Education Savings Authority	9
Wireless Enhanced 911 Advisory Board	10
Indiana State Board of Finance	12
Indiana Finance Authority	13
Indiana Housing Authority	15
Indiana Dairy Industry Development Fund	17
Indiana Heritage Trust Committee	17
Public Deposit Insurance Fund	16
Grain Indemnity Corporation	17
Underground Storage Tank Financial Assurance Board	12
<u>Financial Statements</u>	
Letter to Governor	19
Treasurer of State	20
Indiana Bond Bank	27
Board for Depositories	26

Dear Hoosiers,

This past fiscal year has been a challenging one 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. In fiscal year 2005 we earned more than \$91 million in investment income, while returning over 6% of my budget appropriation unspent.



Although my office has no control over the budget I am encouraged that Governor Daniels and his administration are working toward a true balanced budget. I am optimistic that this will occur. When that happens the state investment portfolio could see even greater increases in the average daily balances, something we have not seen since the year 2000.

Dan Huges and his staff at the Indiana Bond Bank have been busy as well. The Bond Bank aided 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 and continues to play a crucial role providing local governments with accessibility to the bond markets and savings to taxpayers.

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 84 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 \$96 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, 2005 the plan has over 56,000 individual accounts, an increase of 10,000 since the same time last year and assets in the plan have nearly doubled during the same short time horizon to approximately \$350 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 200 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, the Indiana 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

**Treasurer of State**

**Tim Berry**

## **Statehouse Staff**

**Kirke Willing**  
Chief Deputy Treasurer

**Mike Frick**  
Deputy Treasurer – Portfolio Manager

**Duane Jasheway**  
Chief Accountant

**Tameka Griffin**  
Administrative Assistant

**Michele House**  
Communications Director

**Anne Wolf**  
Administrator, State Police Pension Fund

## **Indiana Government Center South Staff**

**Kimberly Logan**  
Deputy Treasurer

**Tina Laker**  
Document Clerk

**Laura Whyde**  
Cashier

**Donna Carroll**  
Head Cashier

**Linda Bischoff**  
Cashier

**Phil Campbell**  
Document Supervisor

**Tina Laker**

## Indiana Bond Bank Board of Directors

**Tim Berry**, Chairman  
Treasurer of State

**H. ByrumClark**, Vice-Chairman  
Key Corporation

**Russell Breeden III**  
Blue River Bancshares, Inc.

**Morris Mills**  
Retired State Senator

**Ryan Kitchell**  
Indiana Finance Authority

**C. Kurt Zorn**  
Indiana University

**Marni McKinney**  
First Indiana Bank

### Indiana Bond Bank Staff

Dan Huge, Executive Director  
Ron Mangus, Program Operations Director  
Mary Reilly, Executive Assistant

Indiana Bond Bank  
10 West Market Street  
Suite 2980  
Indianapolis, Indiana 46204  
Phone: (317) 233-0888  
Website: [www.in.gov/bond](http://www.in.gov/bond)

Indiana Bond Bank  
Advance Funding Program, Series A

	Fiscal Year					
	2000	2001	2002	2003	2004	2005
Number of Participants	96	103	123	170	173	126
Dollar Amount Issued	\$ 364,775,000	\$ 370,835,000	\$ 470,110,000	\$ 866,435,000	\$ 842,275,000	\$ 537,050,000

## The Indiana Bond Bank

In keeping with Treasurer Berry's commitment to increase utilization of the Indiana Bond Bank, 2005 was another busy and successful year of providing tax savings for Indiana's local governmental jurisdictions. In fiscal year 2005, the Indiana Bond Bank issued \$1,439,962,013 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 taxpayer dollars. The Treasurer of State serves as chairman of the IBB Board of Directors. The Director of the Indiana Finance Authority and five members appointed by the Governor also serve on the Board as mandated by state statute.



The 2005 Advance Funding Program purchased the tax-anticipation warrants of 141 taxing districts in the state, totaling nearly \$741,545,000. The consistently active 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 reason for the size of the program is the continued delay for some counties in payment of 2005 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 2.52%.

The Hoosier Equipment Lease Purchase (HELP) Program allows local communities to acquire equipment at cash prices and utilize tax-exempt interest rates. In 2005, 30 communities were assisted through the HELP program totaling more than \$19.7 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 2005, 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 7, 8 and 9. These three series of general obligation bonds aided 96 school corporations with over \$364 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 the Northern Indiana Commuter Transportation District with the issuance of \$29,275,000 in capital project bonds. The District 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 56,326 accounts and \$359,245,202.00 in assets at fiscal year end 2005.

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 leadership qualities. Students can be nominated by any adult and winning students receive a \$1,000 CollegeChoice 529 Investment Plan account and an award presentation at his or her school. More than \$24,000 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 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](http://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

**Charles Schalliol**  
State Budget Agency

**Kevin Brinegar**  
Indiana Chamber of Commerce

**John Hammond**  
Ice Miller Donadio & Ryan

**Brenda Horn**  
Ice Miller Donadio & Ryan

**Tony Maidenber**  
Independent Colleges of Indiana

**Susan Loftus**, Executive Director

Website : [www.in.gov/iesa](http://www.in.gov/iesa)

## 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. Eighty four 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, 2005, local government has received more than \$58 million in monthly distributions and reimbursements while wireless carriers have collected more than \$38 million in cost reimbursement.

### Wireless Enhanced 911 Advisory Board

**Tim Berry**

Treasurer of State,  
Chairman

**Jim Alexander**

Jefferson County 911

**Harold Williams**

Jasper County Sheriff

**Larry Jones**

Verizon

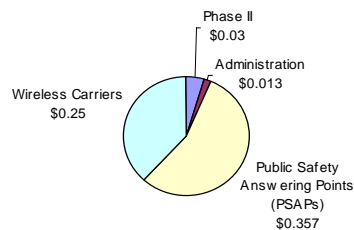
**Jerry Branock**

Cingular

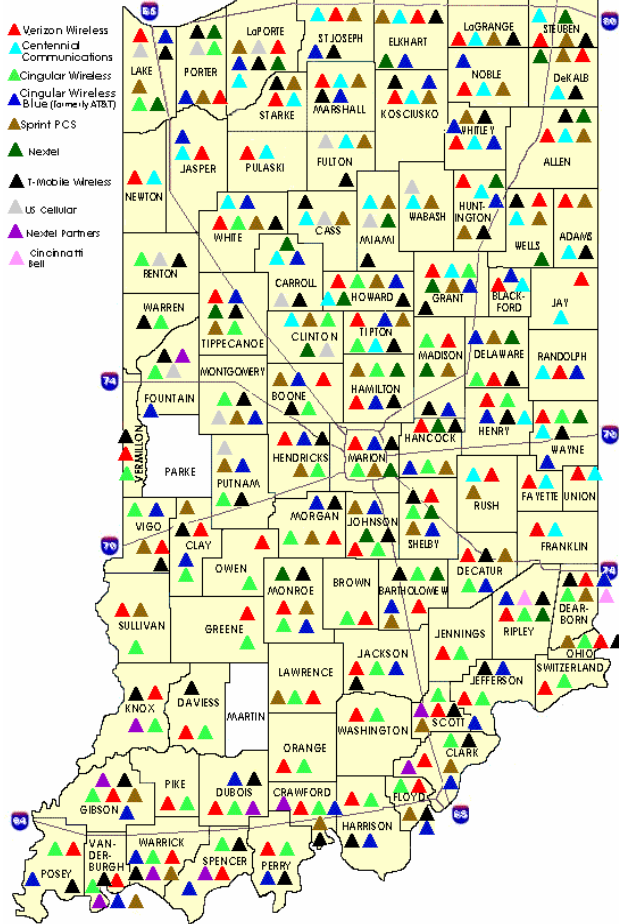
**Chuck Mercer**

Sprint

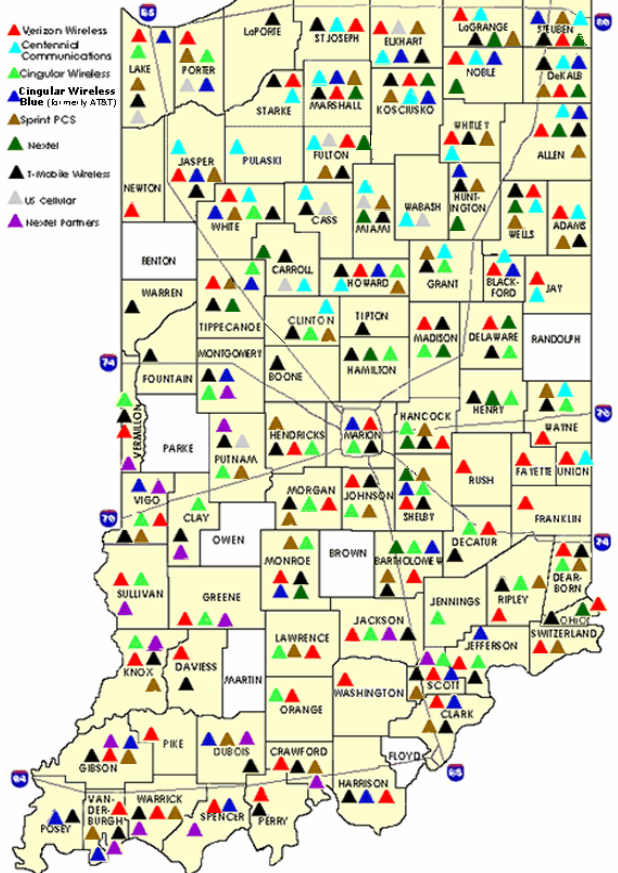
**Allocation of \$.65 Monthly Surcharge**



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



**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 tuition support payments, approves new state depositories, plays a large role in the 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 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 Finance Authority

In 2005 the Indiana General Assembly created the Indiana Finance Authority (IFA) in order to incorporate a number of the State's bonding entities into one authority. The four authorities' that now compose the IFA are the Indiana Development Finance Authority, the Recreation Development Commission, the Indiana State Office Building Commission and the Indiana Transportation Finance Authority. With its creation the IFA is dedicated to helping Indiana infrastructure, 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 IFA creatively pursues partners, opportunities and alternatives to help Indiana businesses thrive and be competitive. The following is a brief overview of the IFA'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 IFA 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 IFA 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.

### Indiana Finance Authority

**Charles Schalliol**  
State Budget Director

**Tim Berry**  
Treasurer of State

**Bob Jones**  
Old National Bancorp

**Bud Melton**

**Mark Ryan**

**Ryan Kitchell,**  
Executive Director

## Indiana Finance Authority Continued

*Loan Guaranty Program* — The IFA 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.

The *Recreational Development Program*, provides for the general health and welfare of Indiana citizens by the acquisition, construction, improvement and operation of public recreational facilities. Two of the more recent projects to be facilitated under this program are the restoration and construction of a new inn at Clifty Falls State Park in Madison and the building of the brand new Prophetstown State Park near Lafayette.

The *State Office Building Commission* now incorporated into the IFA, issues bonds to finance construction for state properties. Some past projects include the Indiana Government Center, the State Parking Garages and correctional facilities throughout the State. Two of the more recent projects include the construction of a new Forensics Laboratory for the Indiana State Police, the State Department of Health and the IUPUI Division of Toxicology and Hoosier Project Safe-T.

Lastly, *Transportation Projects* are now the responsibility of the IFA through the issuance and selling of bonds to provide funds for the necessary construction projects. These responsibilities include the construction, reconstruction, improvement, maintenance, operation and repair of toll roads and toll bridges. The IFA is also responsible for the issuance of the Highway Revenue Bonds to provide funds for the construction of highways, roads, bridges and streets.

## The Indiana Housing & Community Development Authority

Through homeownership, rental housing and community development programs, the HCDA 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 & Community Development Authority (HCDA) 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. HCDA provides affordable homes for Hoosiers, stimulates the construction industry, and construction employment. Below is a brief description of programs offered and administered by HCDA.

*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 HCDA 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 HCDA 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 & Community Development Authority is made up of the Lieutenant Governor, the State Treasurer, the Director of the Indiana Finance Authority, and four gubernatorial appointees.

### Board of Directors

**Becky Skillman**, Chairman  
Lieutenant Governor

**Tim Berry**, Vice-Chairman  
Treasurer of State

**Ryan Kitchell**  
Indiana Finance Authority

**Patricia Gamble-Moore**  
Federal Home Loan Bank of  
Indianapolis

**Tom McGowan**, Kite Development Corp.

**David Miller**, Hoosier Uplands Economic Dev. Corporation

**Lola Porter**, Integra Bank

**Sherry Seiwert**, 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, 2005, there are 222 financial institutions which have been designated as approved depositories in Indiana and able to accept public fund deposits. At the end of Fiscal Year 2005, the assets of the PDIF totaled \$302,481,437.17 and an actuarial study 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 2005 interest earned to be distributed totaled \$3,893,090.91. Since the legislation took effect, Treasurer Berry has overseen the distribution of more than \$47 million to 129 Hoosier communities.

## **Indiana Board for Depositories**

**Mitchell E. Daniels**, Chairman  
Governor

**Tim Berry**, Secretary-Investment Manager  
Treasurer of State

**Connie Nass**, Vice-Chairman  
State Auditor

**Marilyn Rudolph**  
State Board of Accounts

**Judith Ripley**  
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](http://www.state.in.us/deposit)**



## **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 Mitch Daniels  
Governor, State of Indiana  
206 State House  
Indianapolis, Indiana 46204


Dear Governor Daniels:

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, 2004 to June 30, 2005.

Sincerely,

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A handwritten signature in black ink, appearing to read "TIM BERRY". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Tim Berry  
Treasurer of State

## TREASURER OF STATE

### Fiscal Year 2005 Investment Summary

#### Schedule A - Cash Basis

<b>Fund Name</b>	<b>Average Daily Balance</b>	<b>Interest Collected</b>	<b>Yield</b>
<i>General Fund Designated:</i>			
Warrant Clearing/Savings Accounts	\$ 41,809,989	\$ 724,108	1.73%
Certificates of Deposit	\$ 225,700,364	\$ 4,331,915	1.92%
Money Market Mutual Funds	\$ 441,750,685	\$ 7,923,113	1.79%
Government Securities	\$ 856,572,084	\$ 19,156,868	2.24%
<i>Total General Fund Designated</i>	<i>\$ 1,565,833,122</i>	<i>\$ 32,136,004</i>	<i>2.05%</i>
<i>Other General Accounts:</i>			
County Option Income Tax	\$ 86,022,703	\$ 1,548,888	1.80%
County Economic			
Development Income Tax	\$ 15,313,319	\$ 322,521	2.11%
Economic Stabilization Fund	\$ 218,258,734	\$ 4,405,758	2.02%
<i>Total Other General Accounts</i>	<i>\$ 319,594,756</i>	<i>\$ 6,277,167</i>	<i>1.96%</i>
<i>Trust Funds/Dedicated Funds:</i>			
I.U. Permanent Endowment	\$ 785,300	\$ 18,580	2.37%
Purdue Trust Fund	\$ 340,000	\$ 8,044	2.37%
Public Deposit Insurance Fund	\$ 243,713,550	\$ 3,757,338	1.54%
Common School Fund	\$ 148,092,226	\$ 3,607,070	2.44%
Common School Fund - Advances	\$ 364,778,811	\$ 11,396,856	3.12%
<i>Agency for the Blind:</i>			
- Women's Fund	\$ 64,962	\$ 1,580	2.43%
- Vending Operations	\$ 588,077	\$ 11,317	1.92%
- Restricted Donations	\$ 8,848	\$ 211	2.39%
Recreational Development Comm.	\$ 3,346,154	\$ 81,720	2.44%
Indiana State Police Pension Trust	\$ 322,718,126	\$ 15,141,909	4.69%
Rural Rehabilitation Planning Fund	\$ 335,385	\$ 6,155	1.84%
Interstate Bridge	\$ 6,014,715	\$ 121,212	2.02%
Federal Revenue Sharing Fund	\$ 2,368,736	\$ 55,690	2.35%
Patient Compensation Fund	\$ 32,927,328	\$ 559,034	1.70%
Property Custody Fund	\$ 1,000,000	\$ 16,433	1.64%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Law Enforcement Training Board Indiana Historic Bureau - Governor's Portrait	\$ 15,023	\$ 242	1.61%
Tri-Centennial Fund	\$ 46,769	\$ 1,070	2.29%
Retirement Home Guaranty Fund	\$ 7,645	\$ 163	2.13%
Natural Resources - Reclamation Set Aside	\$ 2,780,915	\$ 58,180	2.09%
Hazardous Substance Emergency Natural Resources - Lifetime License	\$ 8,276,365	\$ 148,651	1.80%
Natural Resources Donations	\$ 13,875,846	\$ 288,000	2.08%
Non-Game Bird Fund	\$ 11,302,340	\$ 216,895	1.92%
Residual Asbestos Injury Fund	\$ 477,692	\$ 13,059	2.73%
Bail Bond Enforcement	\$ 438,462	\$ 9,697	2.21%
Exxon Oil Overcharge Fund	\$ 695,769	\$ 14,026	2.02%
Indiana Political Subdivision Risk Management	\$ 794,231	\$ 16,701	2.10%
Stripper Well Fuel Overcharge	\$ 1,491,663	\$ 27,834	1.87%
Mine Subsidence Fund	\$ 7,734,555	\$ 148,763	1.92%
Industrial Development Grant	\$ 7,803,686	\$ 149,538	1.92%
Commerce Energy Exxon PVE	\$ 6,985,715	\$ 155,148	2.22%
Post 1977 Abandoned Mine Reclamation	\$ 24,901,196	\$ 596,067	2.39%
Recovery Real Estate	\$ 2,182,972	\$ 45,460	2.08%
Recovery Plumbers	\$ 4,895,189	\$ 98,631	2.01%
Recovery Auctioneers	\$ 450,000	\$ 9,957	2.21%
E/M- Asbestos Trust	\$ 360,385	\$ 7,929	2.20%
E/M - Petroleum Trust	\$ 376,923	\$ 8,334	2.21%
E/M - Excess Liability	\$ 531,769	\$ 11,044	2.08%
Robert Kraft Estate Gift Fund	\$ 3,738,368	\$ 83,283	2.23%
Economic Development	\$ 11,581,496	\$ 225,221	1.94%
Industrial Training Fund	\$ 1,211,538	\$ 28,382	2.34%
State Library Publications Fund	\$ 5,346,161	\$ 123,678	2.31%
Commerce STP Loans	\$ 60,323,897	\$ 1,524,733	2.53%
	\$ 300,000	\$ 6,227	2.08%
	\$ 1,160,611	\$ 25,333	2.18%

<u>Fund Name</u>	<u>Average Daily Balance</u>	<u>Interest Earned</u>	<u>Yield</u>
Indiana Strategic Development	\$ 166,000	\$ 3,585	2.16%
License Plate Escrow	\$ 645,308	\$ 12,684	1.97%
Fish and Wildlife	\$ 994,256	\$ 23,141	2.33%
IPALCO Settlement	\$ 882,138	\$ 23,229	2.63%
Jeopardy Assessment Receipts	\$ 376,231	\$ 7,779	2.07%
Standard Library Card Program	\$ 156,077	\$ 3,223	2.06%
Historical Bureau Publication	\$ 94,231	\$ 2,183	2.32%
Heritage Trust Fund	\$ 7,488,635	\$ 174,367	2.33%
Secondary Market Sales	\$ 3,179,788	\$ 65,064	2.05%
Darrach Genealogy	\$ 549,615	\$ 11,401	2.07%
HCFA Civil Penalties	\$ 3,724,615	\$ 78,782	2.12%
Producer-Premium Fund	\$ 13,212,083	\$ 257,392	1.95%
Retailer Bonding Fund	\$ 419,231	\$ 9,206	2.20%
Electronic/Enhanced Access Fund	\$ 361,538	\$ 8,051	2.23%
W911-CMRS	\$ 5,778,301	\$ 124,158	2.15%
W911-Phase II	\$ 3,712,540	\$ 62,451	1.68%
State Infrastructure Bank	\$ 3,616,076	\$ 88,443	2.45%
Veteran's Memorial Cemetery Trust	\$ 2,148,077	\$ 44,292	2.06%
Tobacco Master Settlement	\$ 157,305,678	\$ 10,792,622	6.86%
Arts Commission Trust Fund	\$ 92,308	\$ -	0.00%
Tobacco Use Prevention	\$ 10,114,323	\$ 240,476	2.38%
Continental Steel Escrow	\$ 1,657,555	\$ 32,103	1.94%
Children's Trust	\$ 2,872,201	\$ 58,736	2.04%
Medicaid Indigent Care Trust	\$ 89,532,008	\$ 2,263,548	2.53%
Police/Fire Pension Distribution	\$ 1,645,645	\$ 50,268	3.05%
Title V	\$ 9,260,075	\$ 184,268	1.99%
<i>Total Trust Funds/Dedicated Funds</i>	\$ 1,627,153,933	\$ 53,446,844	3.28%
GRAND TOTAL	\$ 3,512,581,811	\$ 91,860,015	2.62%

**TREASURER OF STATE**  
**Fiscal Year 2004 Investment Summary**  
**Schedule B - Accrual Basis**

<b><u>Fund Name</u></b>	<b><u>Average Daily Balance</u></b>	<b><u>Interest Earned</u></b>	<b><u>Yield</u></b>
<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%
<b>GRAND TOTAL</b>	\$ 3,608,197,707	\$ 79,238,448	2.20%

**Indiana Board for Depositories**  
**Statement of Operations and Fund Balance**  
for 12 months ended June 30, 2004 & 2005

<b>ASSETS</b>	<b>2004</b>	<b>2005</b>
Cash	\$ 39,951,396.81	\$ 2,507,402.54
Investments	207,968,708.65	246,732,340.62
Collateral from Securities Lending	134,957,446.00	208,522,385.00
Receivables:	4,999,392.20	4,999,392.20
Accrued Interest	50,000,000.00	50,000,000.00
Office Furniture & Equipment-Net	1,019,016.70	1,389,920.40
Computer Equipment-Net	3,104.86	1,925.08
	9,559.88	1,818.60
	<u>33,999.14</u>	<u>9,523.47</u>
	<u>\$438,942,624.24</u>	<u>\$514,164,707.91</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Securities Lending Transactions	\$134,957,446.00	\$208,522,385.00
Accounts Payable	<u>171,210.14</u>	<u>447,104.77</u>
Total Liabilities	<u>135,128,656.14</u>	<u>208,969,489.77</u>
Fund Balance	<u>303,813,968.10</u>	<u>305,195,218.14</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$438,942,624.24</u>	<u>\$514,164,707.91</u>
Distribution to Police/Firefighters Pension Fund	<u>(11,872,558.00)</u>	<u>(6,887,658.58)</u>
<b>Change in Net Assets</b>	<u>(4,984,899.42)</u>	<u>(3,057,874.06)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>311,856,703.98</u>	<u>306,871,842.16</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 306,871,804.56</u>	<u>\$ 303,813,968.10</u>

**Indiana Bond Bank  
Financial Summary  
July 1, 2004-June 30, 2005**

<u>Program Name</u>	<u>New Debt Issued</u>	<u>Debt Retired 6/30/05</u>	<u>Qualified Entities Assisted in FY 05</u>
Advanced Funding	\$741,545,000.00	\$1,036,135,000.00	141
Common School Fund	N/A	\$22,680,000.00	N/A
HELP Program	\$19,712,013.00	\$18,571,845.24	30
Not-For-Profit Water	4,740,000.00	\$3,103,751.38	3
School Building Program	N/A	\$21,445,000.00	0
Special Program Bonds	\$44,065,000.00	\$31,185,000.00	10
School Severance Bonds	364,900,000.00	22,235,000.00	96
State Revolving Fund		\$35,640,000.00	N/A
Other Programs	265,000,000.00	270,825,000.00	N/A
<b><u>Total</u></b>	<b><u>\$1,439,962,013.15</u></b>	<b><u>\$1,461,820,596.00</u></b>	<b>280</b>

**Treasurer of State  
242 State House  
Indianapolis, Indiana 46204  
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