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Report of the Treasurer

STATE OF TENNESSEE

FOR THE FISCAL YEARS

JULY 1, 1962 THROUGH JUNE 30, 1963

JULY 1, 1963 THROUGH JUNE 30, 1964

JAMES H. ALEXANDER TREASURER

Report

of the

Treasurer

STATE OF TENNESSEE

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JAMES H. ALEXANDER TREASURER

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TREASURER

TENNESSEE
TREASURY DEPARTMENT
NASHVILLE

JAMES H. ALEXANDER
TREASURER

October 1, 1964

The Honorable Frank G. Clement
Governor of Tennessee
Nashville, Tennessee

Sir:

In compliance with the State Law, I submit to you my report as Treasurer of the State of Tennessee for the fiscal years ending June 30, 1963 and June 30, 1964.

Very truly yours,

James H. Alexander
State Treasurer

STATE OFFICIALS

FRANK G. CLEMENT
GOVERNOR

CONSTITUTIONAL OFFICERS
ELECTIVE

Joe C. Carr ---------- Secretary of State
William R. Snodgrass ---------- Comptroller of the Treasury
James H. Alexander ---------- Treasurer

APPOINTED

Van D. Nunally ---------- Adjutant General

STAFF OFFICERS

Harlan Mathews, Commissioner ---------- Finance and Administration
Keith Hampton, Commissioner ---------- Personnel
Grundy Quarles, Commissioner ---------- Standards and Purchases
Joe F. Hudgins, Director ---------- Veterans Affairs

COMMISSIONERS

W. F. Moss ---------- Agriculture
Donald McSween ---------- Conservation and Commerce
Harry S. Avery ---------- Correction
J. Howard Warf ---------- Education
Mrs. C. Frank Scott ---------- Employment Security
David M. Pack ---------- Highways
Albert Williams ---------- Insurance and Banking
W. H. Parham ---------- Labor
Joseph J. Baker ---------- Mental Health
R. H. Hutcheson ---------- Public Health
Roy S. Nicks ---------- Public Welfare
Donald King ---------- Revenue
G. Hilton Butler ---------- Safety

TREASURY PERSONNEL

James H. Alexander ---------- Treasurer
H. Swift Lipscomb, Jr. ---------- Investment Analyst
Mrs. Loretta W. Johnson ---------- Secretary
Mrs. Ada A. Farrer ---------- Senior Account Clerk
Mrs. Starr C. Bumbalough ---------- Senior Account Clerk
Mrs. Martha A. Hardaway ---------- Junior Account Clerk
Lee Hall ---------- Janitor-Clerk

TREASURERS OF TENNESSEE

Miller Francis	1836-1843
Matthew Nelson	1843-1845
Robert B. Turner	1845-1847
Anthony Dibrell	1847-1855
G. C. Torbett	1855-1857
W. Z. McGregor	1857-1865
R. L. Stanford	1865-1866
John R. Henry	1866-1868
W. H. Stilwell	1868-1869
J. E. Rust	1869-1871
William Morrow	1871-1877
M. T. Polk	1877-1883
Altha Thomas	1883-1885
J. W. Thomas	1885-1886
Altha Thomas	1886-1889
M. F. House	1889-1893
E. B. Craig	1893-1901
Reau E. Folk	1901-1911
G. T. Taylor	1911-1913
W. P. Hickerson	1913-1915
Porter Dunlap	1915-1919
Hill McAlister	1919-1927
John F. Nolan	1927-1931
Hill McAlister	1931-1933
J. J. Bean	1933-1937
Grover Keaton	1937-1939
J. W. Harton	1939-1945
C. C. Wallace	1945-1948
J. F. Murrey	Sept. 1948 to Jan. 1949
W. N. Estes	1949-1953
J. B. Walker	1953-1955
Ramon T. Davis	July 1955 to Jan. 1963
James H. Alexander	Jan. 1963 to June 1964
Noble Caudill	June 1964 to Oct. 1964
James H. Alexander	Oct. 1964 to -

COMMENTS

The comparative balance sheet of the Department of the Treasury discloses healthy growth and good fiscal management. The credit of Tennessee has never been better.

Due to the sound fiscal position of the State we were able to obtain an extremely favorable interest rate of 3.045% on $18 Million bonds sold March 1, 1964.

Investments of the retirement systems total about $190 Million and these assets will pass $200 Million during the current fiscal year. Current return on investments has increased to approximately 4% which affords a great deal of added security to the retirement systems.

Cash of the General Fund is deposited in approximately 400 Tennessee banks. 110% collateral held by the State secures these deposits. Funds not required for current operations have been placed in time deposits drawing interest.

DUTIES OF THE TREASURER

The Duties of the State Treasurer Are:

To receive and disburse the funds of the State and to safeguard all monies in State Depositories according to law.

To keep and properly account for all securities owned by the State, and deposited with the State, including securities owned by the State Employees' Retirement System and Teachers' Retirement System, the State Sinking Fund, and bonds deposited by State Depositories to secure State funds.

The Treasurer is a member of the following State Boards and must participate in the deliberations and conclusions:

Funding Board
Board of Claims
Board of Tax Equalization
Board of Inheritance Tax Appeals
Board of Trustees of the Teachers' Retirement System
Chairman, Board of Trustees of the State Employees' Retirement System
Licensing Board for the Healing Arts
Tennessee Educational Loan Corporation

COMPTROLLER OF THE TREASURY
STATE OF TENNESSEE
NASHVILLE, 37219

WILLIAM R. SNODGRASS

October 9, 1964

Honorable James H. Alexander, Treasurer
State of Tennessee
State Capitol
Nashville, Tennessee

Dear Mr. Alexander,

We have examined the balance sheets of the State of Tennessee, Treasury Department as of June 30, 1963 and June 30, 1964. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets, schedules of fund balances and statements of State debt present fairly the financial position of the Treasury Department at June 30, 1963 and June 30, 1964, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the accompanying schedules are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS:fs

FINANCIAL STATEMENTS

FOR THE

FISCAL YEARS

JULY 1, 1962 THROUGH JUNE 30, 1963

AND

JULY 1, 1963 THROUGH JUNE 30, 1964

Department of the Treasury
Comparative Balance Sheet
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Assets			
Current Assets			
Cash	$175,896,212.22	$196,733,532.12	$20,837,319.90
Cash on Deposit with U.S. Government	63,855,731.97	74,103,585.58	10,247,853.61
Cash on Deposit with Airlines	850.00	1,275.00	425.00
Petty Cash Advances	106,525.00	87,675.00	(18,850.00)
Total Current Assets	$239,859,319.19	$270,926,067.70	$31,066,748.51
Investments - Book Value			
Teachers Retirement System	$106,575,225.55	$120,197,329.36	$13,622,103.81
State Retirement System	57,276,188.78	64,186,237.69	6,910,048.91
Attorneys General Retirement System	803,770.83	1,003,974.79	200,203.96
Judges Retirement System	150,000.00	250,000.00	100,000.00
County Paid Judges Retirement System	-	173,027.12	173,027.12
Total Investments	$164,805,185.16	$185,810,568.96	$21,005,383.80
Total Assets	$404,664,504.35	$456,736,636.66	$52,072,132.31
Liabilities and Fund Balances			
Liabilities			
Warrants Outstanding	$ 26,559,685.71	$ 34,370,144.63	$ 7,810,458.92
Fund Balances			
General Fund	46,909,193.15	58,190,210.15	11,281,017.00
Highway Fund	39,202,748.69	39,109,598.79	(93,149.90)
Sinking Fund	11,104,311.76	2,566,205.37	(8,538,106.39)
Bond and Construction Funds	32,125,223.03	37,895,831.99	5,770,608.96
Trust Funds	165,832,629.66	187,179,884.99	21,347,255.33
Contingent Revenue Funds	10,246,928.51	11,790,736.40	1,543,807.89
Local Government Fund	7,318,244.37	8,087,660.23	769,415.86
Employment Security Funds	65,365,539.47	76,600,479.61	11,234,940.14
Tax Equalization Loan Fund	-	945,884.50	945,884.50
Total Fund Balances	$378,104,818.64	$422,366,492.03	$44,261,673.39
Total Liabilities and Fund Balances	$404,664,504.35	$456,736,636.66	$52,072,132.31

Department of the Treasury
Comparative Schedule of General Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Current Liabilities	$ 638,370.06	$ 849,146.94	$ 210,776.88
Reserves			
For Encumbrances	3,695,141.21	3,716,800.73	21,659.52
For Federal Aid and Unencumbered Balances	4,041,311.08	4,765,577.83	724,266.75
For Revolving Funds	527,113.39	376,546.08	(150,567.31)
For Capital Outlay	871,271.24	1,941,757.70	1,070,486.46
For Advanced Acquisition of Right-of-Way	5,000,000.00	2,500,000.00	(2,500,000.00)
For Tax Equalization Loans	1,000,000.00	-	(1,000,000.00)
For Game and Fish Commission	832,034.69	729,413.59	(102,621.10)
For Hotel and Restaurant Inspection	9,041.59	6,204.03	(2,837.56)
For Public Service Commission - Utility	131,448.66	291,985.83	160,537.17
For Public Service Commission - Motor Vehicle	421,673.46	339,951.44	(81,722.02)
For Public Welfare	2,948,968.13	2,948,968.13	-
Working Capital	25,000,000.00	25,000,000.00	-
Fund Balances	1,792,619.64	14,723,657.85	12,931,038.21
Total General Fund Balances	$46,909,193.15	$58,190,210.15	$11,281,017.00

Department of the Treasury
Comparative Schedule of Highway Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Current Liabilities	$ 231,271.45	$ 236,143.99	$ 4,872.54
Reserves			
For Encumbrances	713,769.03	857,603.51	143,834.48
For Highway Construction	21,631,754.90	23,393,346.90	1,761,592.00
For Rural Road Construction	6,522,592.12	4,776,999.89	(1,745,592.23)
For Federal Aid	879,445.99	1,675,366.50	795,920.51
For Aeronautics	37,839.33	36,413.24	(1,426.09)
For Highway Planning Survey	1,543,404.34	2,349,573.88	806,169.54
Fund Balances	7,642,671.53	5,784,150.88	(1,858,520.65)
Total Highway Fund Balances	$39,202,748.69	$39,109,598.79	$ (93,149.90)

Department of the Treasury
Comparative Schedule of Sinking Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Reserves			
Matured Bonds Payable	$ 7,076,000.00	$ 109,000.00	$(6,967,000.00)
Matured Interest on Bonds Payable	1,002,235.75	28,304.00	(973,931.75)
Fund Balances	3,026,076.01	881,719.19	(2,144,356.82)
For Sales Tax	-	1,547,182.18	1,547,182.18
Total Sinking Fund Balances	$11,104,311.76	$2,566,205.37	$(8,538,106.39)

Department of the Treasury
Comparative Schedule of Bond and Construction Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Reserves			
Unexpended Allotment Balances	$17,226,379.79	$29,857,392.05	$12,631,012.26
Unallotted Appropriations	14,898,843.24	8,038,439.94	(6,860,403.30)
Total Bond and Construction Fund Balances	$32,125,223.03	$37,895,831.99	$ 5,770,608.96

Department of the Treasury
Comparative Schedule of Trust Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Reserves			
Teachers Retirement Funds	$107,090,407.57	$120,634,057.52	$13,543,649.95
State Retirement Funds	57,641,355.68	64,893,076.62	7,251,720.94
Attorneys General Retirement Funds	880,653.22	1,061,551.37	180,898.15
Judges Retirement Funds	201,174.45	363,299.48	162,125.03
County Paid Judges Retirement	19,038.74	227,900.00	208,861.26
Total Trust Fund Balances	$165,832,629.66	$187,179,884.99	$21,347,255.33

Department of the Treasury
Comparative Schedule of Contingent Revenue Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Reserves			
Department of Public Welfare - Federal	$ 4,827,524.71	$ 4,546,632.51	$ (280,892.20)
Department of Public Welfare - Counties	195,775.73	124,445.75	(71,329.98)
Other Departments	3,660,246.30	5,179,811.42	1,519,565.12
Clearing Accounts	1,076,461.29	1,409,937.49	333,476.20
Contingent Liabilities	473,266.12	516,529.87	43,263.75
Endowment Funds	13,654.36	13,379.36	(275.00)
Total Contingent Revenue Fund Balances	$10,246,928.51	$11,790,736.40	$1,543,807.89

Department of the Treasury
Comparative Schedule of Local Government Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Due Counties	$3,468,073.84	$3,741,127.23	$273,053.39
Due Municipalities	3,850,170.53	4,346,533.00	496,362.47
Total Local Government Fund Balances	$7,318,244.37	$8,087,660.23	$769,415.86

Department of the Treasury
Comparative Schedule of Employment Security Fund Balances
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Reserves			
Clearing Account - Employers' Contribution	$ 29,347.81	$ 1,552,617.75	$ 1,523,269.94
For Future Benefits - State	63,362,432.66	73,710,986.98	10,348,554.32
For Current Benefits - State	619,001.04	526,640.80	(92,360.24)
For Current Benefits - Federal	830,151.00	381,990.00	(448,161.00)
For Current Benefits - ARA	23,280.00	23,866.00	586.00
For Future Building Construction	493,299.31	392,598.60	(100,700.71)
Manpower Development and Training Act	8,027.65	11,779.48	3,751.83
Total Employment Security Fund Balances	$65,365,539.47	$76,600,479.61	$11,234,940.14

Department of the Treasury
Comparative Schedule of Tax Equalization Loan Fund Balance
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Tax Equalization Loan Fund	$ -	$945,884.50	$945,884.50

Department of the Treasury
General Bonded Debt
Comparative Balance Sheet
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64
Assets		
Amount Available for Future Bond Maturities	$ 3,003,528.20	$ 2,429,051.37
Amount to be Provided for Future Bond Maturities	139,046,471.80	147,000,948.63
Amount to be Provided for Future Interest Maturities	35,595,075.00	38,354,075.00
Total Assets	$177,645,075.00	$187,784,075.00
Liabilities		
Bonds Payable - Future Maturities	$142,050,000.00	$149,430,000.00
Interest Payable - Future Maturities	35,595,075.00	38,354,075.00
Total Liabilities	$177,645,075.00	$187,784,075.00

Department of the Treasury
General Bonded Debt
Analysis of Changes in General Bonded Debt
For the Fiscal Years Ended June 30, 1963 and June 30, 1964

	1962-63	1963-64
General Bonded Debt Beginning of Year	$127,245,000.00	$142,050,000.00
Additions:		
State Bonds Sold During Fiscal Year		
Educational Bonds	8,000,000.00	4,000,000.00
Mental Health Bonds	2,000,000.00	-
Highway Bonds	15,000,000.00	14,000,000.00
Total Bonds Sold During Fiscal Year	$ 25,000,000.00	$ 18,000,000.00
Total Beginning Balance and Additions	$152,245,000.00	$160,050,000.00
Less Bonds Matured During Fiscal Year	10,195,000.00	10,620,000.00
General Bonded Debt at Close of Fiscal Year	$142,050,000.00	$149,430,000.00

Department of the Treasury
Bonds Authorized and Unissued
As of June 30, 1964

Highway Bonds	$13,000,000.0

Department of the Treasury
Comparative Schedule of General Bonded Debt
As of June 30, 1963 and June 30, 1964

Description	Interest Rate%	Date of Issue	Amount Outstanding 6-30-63	Amount Outstanding 6-30-64
University of Tennessee	4.50	7-1-17	$ 100,000.00	$ 80,000.00
Rural Roads	2.50	6-15-53	4,000,000.00	-
State Office Building - Nashville	2.40	12-1-53	1,000,000.00	-
Library and Archives	2.40	12-1-53	1,000,000.00	-
University of Tennessee	2.00	12-1-53	1,400,000.00	1,400,000.00
Central Heating Plant	2.00	12-1-53	2,050,000.00	2,050,000.00
State Capitol Building	2.00	12-1-53	725,000.00	725,000.00
Charitable and Penal Institutions	2.00	12-1-53	1,000,000.00	1,000,000.00
Mental Institutions	2.00	12-1-53	1,000,000.00	1,000,000.00
Educational Institutions	2.00	12-1-53	600,000.00	600,000.00
Educational Institutions	2.00	12-1-53	725,000.00	725,000.00
Memorial Research and Hospital Center	2.00	12-1-53	3,000,000.00	-
Highway Construction	2.00	12-1-53	5,000,000.00	5,000,000.00
Rural Roads	2.00	12-1-53	3,000,000.00	3,000,000.00
Mental Institutions	1.50	9-1-54	2,000,000.00	2,000,000.00
Charitable and Penal Institutions	1.60	9-1-54	500,000.00	500,000.00
Educational Improvement	1.60	9-1-54	300,000.00	300,000.00
National Guard Armory	1.60	9-1-54	400,000.00	400,000.00
University of Tennessee	2.50	10-1-55	200,000.00	200,000.00
Mental Institutions	2.50	10-1-55	1,000,000.00	1,000,000.00
Charitable and Penal Institutions	2.50	10-1-55	500,000.00	500,000.00
Educational Improvement	2.50	10-1-55	400,000.00	400,000.00
National Guard Armory	2.50	10-1-55	250,000.00	250,000.00
Educational Improvement	2.00	10-1-55	850,000.00	850,000.00
Educational Improvement	2.10	10-1-55	2,800,000.00	2,800,000.00
Correctional Institutions	2.10	10-1-55	500,000.00	500,000.00
War Memorial Building	2.10	10-1-55	250,000.00	250,000.00
Mental Institutions	2.10	10-1-55	500,000.00	500,000.00
Hearing and Speech Center	2.00	10-1-55	300,000.00	300,000.00
Hospital Construction	2.10	10-1-55	1,000,000.00	1,000,000.00
University of Tennessee	3.00	6-30-57	350,000.00	350,000.00
Educational Improvement	3.00	6-1-57	1,650,000.00	1,650,000.00
Educational Improvement	3.00	6-1-57	1,125,000.00	1,125,000.00
Mental Institutions	3.00	6-1-57	5,375,000.00	5,375,000.00
Correctional Institutions	3.75	6-1-57	1,500,000.00	1,500,000.00

Comparative Schedule of General Bonded Debt (cont.)

Description	Interest Rate%	Date of Issue	Amount Outstanding 6-30-63	Amount Outstanding 6-30-64
Highway Construction	4.00, 2.70, 2.60, 2.50	3-1-58	$ 14,200,000.00	$ 14,000,000.00
Educational Improvement	3.25, 3.10	5-1-59	5,000,000.00	5,000,000.00
Highway Construction	4.00, 3.30, 3.25	5-1-59	9,800,000.00	9,600,000.00
Educational Improvement	3.25	5-1-60	5,000,000.00	5,000,000.00
Highway Construction	4.00, 3.30	5-1-60	9,100,000.00	8,800,000.00
Educational Improvement	4.00	2-1-61	400,000.00	200,000.00
Educational Improvement	4.00, 3.80, 3.00, 2.70	2-1-61	5,000,000.00	5,000,000.00
Highway Construction	3.20, 3.00	2-1-61	10,000,000.00	10,000,000.00
Educational Improvement	4.00, 3.00, 2.90, 2.80, 2.75	1-1-62	7,200,000.00	7,000,000.00
Highway Construction	3.10, 3.00, 2.90	1-1-62	5,000,000.00	5,000,000.00
Highway Construction	2.70, 2.75, 2.90, 3.00	4-1-63	15,000,000.00	15,000,000.00
Educational Institutions	2.70, 2.90	4-1-63	8,000,000.00	7,500,000.00
Mental Institutions	2.70	4-1-63	2,000,000.00	2,000,000.00
Highway Construction	3.00, 3.10	3-1-64	-	14,000,000.00
Educational Institutions	4.00, 2.80, 3.00	3-1-64	-	4,000,000
Total General Bonded Debt			$142,050,000.00	$149,430,000.00

Department of the Treasury
Comparative Schedule of Retirement Fund Investments
As of June 30, 1963 and June 30, 1964

	As of 6-30-63	As of 6-30-64	Increase or Decrease
Teachers Retirement System			
U.S. Government Bonds	$ 15,925,234.10	$ 14,989,240.67	$ (935,993.43)
Federal Instrumentalities	2,941,406.69	3,291,952.99	350,546.30
International Bank	122,150.49	122,653.75	503.26
Canadian	791,245.26	922,216.46	130,971.20
Municipal and State	15,042,563.06	14,168,022.69	(874,540.37)
Corporate - Industrial	28,287,915.76	34,398,038.34	6,110,122.58
Corporate - Utilities	43,459,111.54	52,305,204.46	8,846,092.92
	$106,569,626.90	$120,197,329.36	$13,627,702.46
Add Journal Voucher Adjustment	5,598.65	-	(5,598.65)
Total	$106,575,225.55	$120,197,329.36	$13,622,103.81
State Retirement System			
U.S. Government Bonds	$ 7,243,875.40	$ 7,441,821.42	$ 197,946.02
Federal Instrumentalities	1,040,597.09	1,040,495.90	(101.19)
International Bank	1,324,707.32	1,306,433.07	(18,274.25)
Canadian	695,517.00	694,930.68	(586.32)
Corporate - Industrial	17,053,602.90	18,666,566.02	1,612,963.12
Corporate - Utilities	21,278,598.16	27,017,728.52	5,739,130.36
Municipal and State	1,884,945.29	114,175.81	(1,770,769.48)
Capehart Housing Mortgage	1,197,190.96	1,159,386.27	(37,804.69)
Common and Preferred Stock	5,579,549.31	6,744,700.00	1,165,150.69
	$ 57,298,583.43	$ 64,186,237.69	$ 6,887,654.26
Less Journal Voucher Adjustment	(22,394.65)	-	22,394.65
Total	$ 57,276,188.78	$ 64,186,237.69	$ 6,910,048.91
Attorneys General Retirement System			
U.S. Government	$ 400,375.00	$ 300,192.71	$ (100,182.29)
Federal Instrumentalities	200,045.83	199,990.07	(55.76)
Corporate Industrial	203,350.00	503,792.01	300,442.01
Total	$ 803,770.83	$ 1,003,974.79	$ 200,203.96
Judges Retirement System			
Time Deposits	$ 150,000.00	$ 250,000.00	$ 100,000.00
County Paid Judges Retirement System			
Corporate Industrial	$ -	$ 99,750.00	$ 99,750.00
U.S. Government	-	73,277.12	73,277.12
Total	$ -	$ 173,027.12	$ 173,027.12
Total Retirement Fund Investments	$164,805,185.16	$185,810,568.96	$21,005,383.80