



TENNESSEE
TREASURY DEPARTMENT
NASHVILLE

The Honorable Winfield Dunn
Governor, State of Tennessee
Nashville, Tennessee

Dear Governor Dunn:

As required by Tennessee State Law,
the annual report of the operation
of the Treasury Department for fiscal
year 1971 is herewith provided.

Respectfully submitted,

THOMAS A. WISEMAN
Treasurer

REPORT
of the
TREASURER
of the
STATE OF TENNESSEE

For the Fiscal Year
July 1, 1970 through June 30, 1971

Thomas A. Wiseman
Treasurer
Nashville, Tennessee

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STATE OF TENNESSEE

WINFIELD DUNN, GOVERNOR

THOMAS A. WISEMAN, JR., TREASURER

TREASURY PERSONNEL

Executive Assistant to the Treasurer
Executive Secretary
Senior Account Clerk
Assistant to the Treasurer for Investments
Investments Officer
Investments Steno I
Staff Attorney
Systems Chief
Budget Officer
Accountant
Senior Account Clerk
Junior Account Clerk
Machine Operator I

A. Patterson, Jr.
Bebe Zuccarello
Ada A. Farrer
H. Swift Lipscomb, Jr.
M. Dewey Morris, Jr.
Diane Bradberry
James L. Beckner
Patricia L. Burns
Katherine Freeman
Starr Bumbalough
Rebecca Overby
Carolyn Batson
Lee Hall

DIVISION OF RETIREMENT

Director
Assistant Director/Executive Secretary Teachers
Retirement System
Budget Officer
Executive Secretary, State Retirement System
Director, OASI Division
Fiscal Officer
Chief, Judicial Retirement
Supervisor, Machine Operations

Charles W. Cook
Ernest M. Leopard
Minnie Waddell
Billy A. DeBusk
Mary E. Smith
Ray C. Hall
Pat Y. Griggs
Grady T. Martin

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
John 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 1955-1963
James H. Alexander	1963 to June 1964
Noble C. Caudill	June 1964 to Oct. 1964
James H. Alexander	Oct. 1964 to 1967
Charles E. Worley	1967-1971
Thomas A. Wiseman	1971

DUTIES OF THE TREASURER

The Treasurer is a constitutional officer elected by the joint vote of both Houses of the General Assembly for a term of two years. He is responsible for receiving and disbursing all State funds and for safeguarding all moneys in State Depositories in accordance with law. The Treasurer must also account for all securities owned by the State, or deposited with the State to secure State funds.

In 1959, the General Assembly - by passage of the Reorganization Act created within the Treasury Department, a Division of Retirement comprising the Teachers' Retirement System, the State Retirement System, the Old Age and Survivors' Insurance Agency, the Judges' Retirement System, and the Attorneys' General Retirement System. Retirement Systems for County Paid Judges, County Officials and Public Service Commissioners were established by the General Assembly in 1963, 1968 and 1969, respectively. The Director of the Division of Retirement is responsible directly to the Treasurer for the administration of the various Retirement Systems.

The Treasurer's duties also include membership on several State Boards, most of which are concerned with the State's financial affairs. He is a member of the Funding Board, the Board of Claims, the Board of Equalization, the Board of Trustees of the Teachers' Retirement System, the State School Bond Authority, Tennessee Educational Loan Corporation, the Licensing Board for the Healing Arts, and serves as Chairman of the Board of Trustees of the State Retirement System.

INTRODUCTION

The duties of the Treasurer of the State of Tennessee lie in three separate, yet related, categories. There are those functions, defined by the Tennessee Code,* which are embodied in the accountability for our public funds - their safekeeping, receipt and disbursement. The second category of responsibility concerns the administration of the Division of Retirement, which, by Section 4-340 of the Tennessee Code, is established within the Treasury Department. The third category, delegated by the Funding Board, is to manage the available monetary assets of this State in a manner no less resourceful, nor imaginative, than that which would be employed by a prudent commercial businessman. To implement this latter endeavor, we have

1. Invested idle demand deposit bank balances on a day-to-day basis;
2. Increased the frequency of withdrawals from commercial banks that are depositories for State funds;
3. Planned the investment of interim State funds in time deposits, certificates of deposits, and treasury bills to coincide with the future need for funds; and
4. Distributed State funds invested in time deposits and certificates of deposit among the commercial banks and savings and loan associations in a manner that facilitates the management of State funds and enhances the development of Tennessee's economy.

To accomplish these changes in the management of State funds, the Treasury's office has established a system to forecast the need for funds that arise from routine expenditures by the various State departments and agencies, capital expenditures, debt servicing, disbursements to local governments, etc; and to project the receipt of funds from State taxes, federal grants and aids, license and franchise fees, bond sales, interest earned on the investment of State funds, etc.

* SECTIONS 4-339, 4-340, 8-505 through 8-510. Major portions of these sections are reproduced in Appendix A.

REVIEW OF TENNESSEE ECONOMY

The rise in the economic levels within our State is reflected in the expanded budget, increased revenues and accelerated rate of disbursements during fiscal year 1970-71. Indicative of this rise are statistics, abstracted from the Department of Revenue's MONTHLY STATEMENT OF REVENUE COLLECTIONS FOR JUNE 1971, which show a 9.56% increase in FY 1971 Sales and Use Taxes over those of FY 1970, and a 7.3% increase in all revenue collected by that department during the same period. This upward trend is further defined in Table I, Figure I, which reflects the comparative cash position as recorded in the Treasurer's Office for the past two fiscal years.

CURRENT CONDITIONS AND CHANGES SINCE LAST YEAR

Accompanying this accelerated cash flow is the increased pressure for improved money management to provide the maximum yield from invested funds. Several years ago, when interest rates were low and money plentiful, there was little effort directed toward utilization of "idle" funds of the State Treasury. My predecessor, however, substantially enlarged the investment program of the State during 1969 and 1970, by converting demand deposits to time deposits in order to take advantage of the very high rates of interest that prevailed during that time. Since that time, interest rates have declined steadily and other avenues of investment have been introduced in an attempt to offset the reduced earnings. Improvement in the manner in which State funds have been managed in the prior years has been accomplished by withdrawing demand deposits held by commercial banks throughout the State. The 25 largest commercial banks remit funds to the paying banks in Nashville at least twice monthly. Remaining banks remit no less than once monthly on the tenth day of each month. This change in policy governing the remittance of funds has facilitated a program of fully investing State funds. Idle deposits in the paying banks are being invested on a day-to-day basis.

In March 1971, Tennessee followed several other states in initiating the sale of "idle" or "interim" funds on Repurchase Agreements to major state banking establishments. These short-term investments have certain distinct advantages when used in conjunction with conventional long-term time deposits. By definition "idle" funds, are those moneys collected by governmental units and not required to meet current expenditures. The volume of the "idle" funds can be projected; however, day-to-day fluctuations in the expected ratio of revenue to expenditures require that substantial sums of money be available on extremely short notice. Repurchase Agreements provide this necessary liquidity while maximizing the percentage of total funds which can be invested.

Table II, Fig. 2, shows the effect of this newly instituted program and the revenue derived from invested funds.

TABLE I
PAYMENTS & DEPOSITS
FY 1969-70; 1970-71

	<u>July, 1969</u>	<u>July, 1970</u>	<u>January, 1970</u>	<u>January, 1971</u>
PAYMENTS	\$ 109,302,773	\$ 118,406,361	\$ 101,886,714	\$ 108,134,239
DEPOSITS	42,516,549	46,346,930	45,071,866	45,823,416
	<u>August, 1969</u>	<u>August, 1970</u>	<u>February, 1970</u>	<u>February, 1971</u>
PAYMENTS	\$ 128,591,933	\$ 151,483,400	\$ 123,830,001	\$ 133,322,000
DEPOSITS	45,173,453	46,015,171	33,398,569	43,186,585
	<u>September, 1969</u>	<u>September, 1970</u>	<u>March, 1970</u>	<u>March, 1971</u>
PAYMENTS	\$ 111,677,337	\$ 123,083,188	\$ 108,756,899	\$ 160,283,268
DEPOSITS	37,168,514	46,042,767	43,766,852	69,622,449
	<u>October, 1969</u>	<u>October, 1970</u>	<u>April, 1970</u>	<u>April, 1970</u>
PAYMENTS	\$ 132,148,148	\$ 133,261,467	\$ 81,539,104	\$ 145,239,761
DEPOSITS	42,972,171	49,336,801	77,547,669	85,205,656
	<u>November, 1969</u>	<u>November, 1970</u>	<u>May, 1970</u>	<u>May, 1971</u>
PAYMENTS	\$ 109,829,568	\$ 135,261,487	\$ 105,045,738	\$ 185,389,191
DEPOSITS	32,783,814	38,080,323	44,055,470	48,915,568
	<u>December, 1969</u>	<u>December, 1969</u>	<u>June, 1970</u>	<u>June, 1971</u>
PAYMENTS	\$ 134,856,391	\$ 161,569,135	\$ 122,663,551	\$ 163,456,035
DEPOSITS	44,115,874	51,722,380	48,008,988	56,807,373
	<u>FY 1969-1970</u>	<u>FY 1970-1971</u>	<u>% OF INCR</u>	
TOTAL PAYMENTS	\$1,370,228,157	\$1,718,889,532	25.5	
TOTAL DEPOSITS	536,579,789	627,105,419	16.9	

TABLE II
AVERAGE DAILY BALANCES
By Month, Fiscal Years 1969-70, and 1970-71

<u>MONTHS</u>	<u>BAL. IN PAYING BANKS</u>	<u>AVERAGE DAILY PAYMENTS</u>	<u>AVAILABLE FUND</u>	<u>SHORT TERM INVESTMENTS "RE POS"</u>	<u>TIME DEPOSITS</u>	<u>% OF FUNDS INVESTED</u>
July 1969	32,119,118	5,176,932	26,942,186		202,813,158	88.27
Aug. 1969	19,631,262	6,046,508	13,584,754		200,361,408	93.65
Sept. 1969	22,083,029	5,034,051	17,048,978		175,911,554	91.16
Oct. 1969	9,398,319	6,272,838	3,125,481		158,914,849	98.07
Nov. 1969	13,263,770	5,941,650	7,322,120		141,907,289	95.09
Dec. 1969	12,698,972	6,296,211	6,402,761		118,078,330	94.85
Jan. 1970	28,204,159	4,752,376	23,451,783		109,256,114	82.32
Feb. 1970	13,467,118	6,262,445	7,204,673		94,274,538	92.90
Mar. 1970	16,134,296	5,136,389	10,997,907		91,416,109	89.26
Apr. 1970	32,365,197	3,614,569	28,750,628		131,199,072	82.02
May 1970	40,477,220	5,160,543	35,316,677		212,425,800	85.74
June 1970	26,794,747	5,058,174	21,736,573		217,810,936	90.92
July 1970	24,388,470	5,322,582	19,065,888		214,382,254	91.83
Aug. 1970	30,148,158	7,574,170	22,573,988		186,789,847	89.21
Sept. 1970	24,052,523	5,623,199	18,429,324		165,520,990	89.98
Oct. 1970	31,805,650	6,039,468	25,766,182		140,160,936	84.47
Nov. 1970	34,452,916	7,428,159	27,024,757		95,514,011	77.94
Dec. 1970	30,182,465	4,941,284	25,241,181		109,202,300	81.22
Jan. 1970	18,708,779	5,303,546	13,405,233		100,238,000	88.20
Feb. 1971	17,941,313	7,016,956	10,924,357		88,901,589	89.05
Mar. 1971	17,724,864	6,968,837	10,756,027	6,129,033	126,346,638	92.49
Apr. 1971	17,569,194	6,916,179	10,653,015	25,700,000	152,314,800	94.35
May 1971	20,419,499	9,269,459	11,150,040	19,274,193	197,643,993	95.11
June 1971	19,679,241	7,429,820	12,249,421	15,866,666	197,710,773	94.57

INTEREST FROM INVESTED FUNDS

	<u>TIME DEPOSITS</u>	<u>REPURCHASE AGREEMENTS</u>	<u>TOTAL</u>
FY 1969-1970	\$9,909,871.08	-	\$9,909,871
FY 1970-1971	\$8,924,154.71	Mar - June ... \$229,735.81	\$9,153,890

FUTURE PLANS

Further refinement of the investment portion of our money management, effort is continuing. With the aid of computers more accurate cash availability projections are being developed; faster methods of determining and capitalizing on demand deposits in outlying banks are being sought. This is not, however, the only aspect of better fiscal management being pursued.

Tremendous potential exists for benefiting the Tennessee economy and citizenry by innovations in our policy of collecting and assembling tax funds and of allocating our public funds for time deposit. The implementation of the first new proposed system of collecting State revenue and managing State funds will offer the following advantages:

1. Eliminate the "collection float" associated with current revenue collections of approximately 10 days. This will permit a considerable improvement in the yield to the State from the investment of idle funds.
2. The collection of State Revenue through a "lock box" system, will free the Department of Revenue from the laborious task of counting money, filling out deposit slips, and permit them to fulfill their major purpose -- enforcing the tax laws of our State. This will result in a larger amount of tax revenue, since they will have more time and resources to devote to collecting tax.
3. The "lock box" system of collecting revenue will offer a system which will be considerably easier to audit. This will simplify the complex accounting and auditing system currently staffed by our State. Translated, this means less government employees and improved service.
4. The "lock box" system will allow the State to change, if it wishes, the frequency of sales tax payment, license fee remittances, etc. An improved inflow of revenues generated by such change will simplify money management in that moneys will be more available to pay our State's bills and more money will be available to be invested. The latter will, once again, increase the State's revenue. (The corporate sector and our Federal Government have found this system to be of tremendous advantage to money management).

The second program being investigated for possible implementation is the "Linked-Deposit" program. Briefly stated, "Linked-Deposits" are used as an incentive to persuade banks to participate in approved and desired programs.

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The linkage of State deposits to approved programs would produce an income "Multiplier" effect within the State several times larger than the State deposits themselves -- assuming the banks lend all they can based on such deposits. This would, in turn, create additional sales tax receipts. From the State's point of view, it would be rational to accept lower interest rates on linked deposits since the income effects of such deposits would provide significant benefits ...

Possible Results of Linked Deposits:

1. Cause banks receiving State deposits to shift from "sterilizing" such deposits in purchases of government securities to generating loans with those deposits, especially to in-state borrowers, this would also increase aggregate incomes within the State.
2. Shift loans and subsequent income flows from higher-income households to lower-income households associated with the programs it aided, the latter households might spend a higher proportion of the income flows they received. This rise in the "marginal propensity to spend" of persons involved would also increase the "multiplier" effects in the State.
3. Shift the demand for labor generated by bank loans from shortage areas in the State (such as many suburbs) to surplus areas, it might reduce unemployment and State welfare expenditures.
4. All these effects are likely to occur to at least some extent under any "linked-deposit" program, though it is difficult to estimate just how large they would be.

These results would appear to create conditions which would tend to maximize the State's total income (including interest and sales tax receipts); stimulate economic prosperity in the State; spread the benefits it produces evenly throughout the State; and, concentrate benefits upon the most deprived and needy citizens in the State.

This program is but one of the many possibilities being studied, because only a maximum effort in the management of the Tennessee Treasury will enable us to keep pace fiscally with the demands for increased services (and, therefore, funds) without placing additional burdens on the Tennessee Citizen.

DEPARTMENT OF THE TREASURY
BALANCE SHEET AS OF JUNE 30, 1971

ASSETS

Current Assets

Cash on Deposit with State Treasurer	\$ 272,226,854.00
Cash on Deposit with Paving Agent	8,053,280.82
Unemployment Compensation Trust Funds on Deposit with the U. S. Treasurer	204,035,892.31
Petty Cash	79,125.00
Advance to Tennessee Hospital Association	7,500.00
Cash on Deposit with Airlines	1,700.00
	\$ 484,404,352.13
Total Current Assets	\$ 484,404,352.13

Investments

School Bond Authority Investments	\$ 5,830,000.00
Teachers Retirement System Investments	273,824,459.11
State Retirement System Investments	143,411,806.93
Attorneys General Retirement System Investments	2,919,849.39
Judges Retirement System Investments	2,221,757.74
County Paid Judges Retirement System Investments	2,198,053.82
Public Service Commission Retirement System Investments	175,843.70
County Officials Retirement System Investments	2,003,172.27
	\$ 432,584,942.96
Total Investments	\$ 432,584,942.96

TOTAL ASSETS **\$ 916,989,295.09**

LIABILITIES AND FUND BALANCES

Liabilities

Warrants Outstanding	\$ 57,844,110.66
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Fund Balances

General Fund	\$ 27,329,740.57
Highway Fund	94,986,718.77
Sinking Fund	2,209,536.20
Bond and Construction Fund	45,143,773.90
School Bond Authority Fund	15,014,161.14
Sewage Treatment Facilities Fund	2,694,528.56
Local Government	20,647,175.15
Contingent Revenue Fund	12,778,112.40
Employment Security Fund	204,304,585.21
Teachers Retirement Fund	275,969,391.91
State Retirement Fund	145,019,772.70
Attorneys General Fund	2,996,983.22
Judges Retirement Fund	2,291,155.91
County Paid Judges Retirement Fund	2,391,448.34
County Officials Retirement Fund	2,120,696.17
Public Service Commission Retirement Fund	235,992.13
Board of Equalization Loan Fund	3,011,412.15
	\$ 859,145,184.43

Total Fund Balances **\$ 859,145,184.43**

TOTAL LIABILITIES AND FUND BALANCES **\$ 916,989,295.09**

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
JUNE 30, 1971

ANALYSIS OF CASH ON DEPOSIT WITH STATE TREASURER

Open Bank Accounts	\$ 41,035,854.00
Repurchase Agreements	30,000,000.00
Time Deposits	<u>201,191,000.00</u>
Total Cash on Deposit with State Treasurer	<u><u>\$272,226,854.00</u></u>

Fig. 4

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
OPERATING FUNDS BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$170,604,673.08
Petty Cash	79,125.00
Advance to Tennessee Hospital Ass'n.	7,500.00
Cash on Deposit with Airlines	<u>1,700.00</u>
TOTAL ASSETS	<u><u>\$170,692,998.08</u></u>

LIABILITIES AND FUND BALANCES

Liabilities

Warrants Outstanding	\$ 48,376,538.74
<u>Fund Balances</u>	<u>122,316,459.34</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$170,692,998.08</u></u>

Fig. 5

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
BOND FUNDS BALANCE SHEET *
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 51,988,123.60
Cash on Deposit with Paying Agent	8,053,280.82
Investments - Time Deposits	5,830,000.00
	<hr/>
TOTAL ASSETS	\$ 65,871,404.42
	<hr/> <hr/>

LIABILITIES AND FUND BALANCES

Liabilities

Warrants Outstanding	3,018,940.82
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Fund Balances

	62,852,463.60
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TOTAL LIABILITIES AND FUND BALANCES	\$ 65,871,404.42
	<hr/> <hr/>

* Bond and Construction Fund
School Bond Authority Fund
Sewage Treatment Fund

Fig. 6

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
DEBT SERVICE FUND BALANCE SHEET *

ASSETS

Cash on Deposit with State Treasurer	\$ 2,211,971.20
	<hr/>
TOTAL ASSETS	\$ 2,211,971.20
	<hr/> <hr/>

LIABILITIES AND FUND BALANCES

Liabilities

Warrants Outstanding	\$ 2,435.00
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Fund Balances

2,209,536.20
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TOTAL LIABILITIES AND FUND BALANCES	\$2,211,971.20
	<hr/> <hr/>

* Sinking Fund

Fig. 7

STATE OF TENNESSEE
GENERAL BONDED DEBT
STATEMENT OF THE GENERAL BONDED DEBT
FOR FISCAL YEAR ENDED JUNE 30, 1971

STATEMENT NO. 81-3

DESCRIPTION	PERCENT OF INTEREST	ISSUED DATE	BALANCE OUTSTANDING JUNE 30, 1970	SOLD DURING YEAR	MATURED DURING YEAR	BALANCE OUTSTANDING JUNE 30, 1971
HIGHWAY CONSTRUCTION	4.00-2.70-2.60-2.50	3-1-58	\$ 4,200,000.00	-	\$ 3,000,000.00	\$ 1,200,000.00
EDUCATIONAL IMPROVEMENT	3.25-3.10	5-1-59	4,000,000.00	-	1,500,000.00	2,500,000.00
HIGHWAY CONSTRUCTION	4.00-3.30-3.25	5-1-59	8,500,000.00	-	-	8,500,000.00
EDUCATIONAL IMPROVEMENT	3.25	5-1-60	5,000,000.00	-	-	5,000,000.00
HIGHWAY CONSTRUCTION	4.00-3.30	5-1-60	6,700,000.00	-	700,000.00	6,000,000.00
EDUCATIONAL IMPROVEMENT	3.80-3.00-2.70	2-1-61	2,400,000.00	-	1,000,000.00	1,400,000.00
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	4,500,000.00	-	500,000.00	4,000,000.00
HIGHWAY CONSTRUCTION	2.90-3.10-3.00	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	2,000,000.00	-	1,000,000.00	1,000,000.00
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	-	-	14,000,000.00
EDUCATIONAL INSTITUTIONS	4.00-2.80-3.00	3-1-64	1,000,000.00	-	1,000,000.00	-
PARK AND RECREATIONAL FACILITIES	4.00-2.30	2-1-65	500,000.00	-	500,000.00	-
CORRECTIONAL INSTITUTIONS	4.00	2-1-65	4,500,000.00	-	-	4,500,000.00
MENTAL INSTITUTIONS	4.00-3.80	2-1-65	4,500,000.00	-	-	4,500,000.00
HIGHWAY CONSTRUCTION	4.00-3.80-3.10-3.20-0.10	2-1-65	13,000,000.00	-	-	13,000,000.00
HIGHWAY BONDS	3.60-3.50-4.50	6-1-66	9,000,000.00	-	1,000,000.00	8,000,000.00
EDUCATIONAL INSTITUTIONS	3.70-3.60	6-1-66	12,000,000.00	-	-	12,000,000.00
HIGHWAY BONDS	4.50-4.10-3.70-3.75	12-1-66	23,000,000.00	-	2,000,000.00	21,000,000.00
HIGHWAY BONDS	4.50-3.90-3.80-3.75-3.80	4-1-67	5,100,000.00	-	300,000.00	4,800,000.00
EDUCATIONAL BONDS	4.50-3.90-3.75-3.80-2.50	4-1-67	17,600,000.00	-	800,000.00	16,800,000.00
MENTAL HEALTH BONDS	4.50-3.90-3.75-3.80-2.50	4-1-67	3,960,000.00	-	180,000.00	3,780,000.00
CORRECTIONAL INSTITUTIONS	4.50-3.90-3.75-3.80-2.50	4-1-67	3,960,000.00	-	180,000.00	3,780,000.00
HIGHWAY BONDS	3.20 TO 4.75	1-1-68	19,800,000.00	-	1,100,000.00	18,700,000.00
EDUCATIONAL BONDS	3.20 TO 4.75	1-1-68	4,500,000.00	-	250,000.00	4,250,000.00
BUILDING COMMISSION	3.20 TO 4.75	1-1-68	4,500,000.00	-	250,000.00	4,250,000.00
MENTAL HEALTH BONDS	3.20 TO 4.75	1-1-68	2,700,000.00	-	150,000.00	2,550,000.00
MENTAL HEALTH INSTITUTIONS	5.00 TO 6.00	10-1-69	3,500,000.00	-	175,000.00	3,325,000.00
CORRECTIONAL INSTITUTIONS	5.00 TO 6.00	10-1-69	6,500,000.00	-	325,000.00	6,175,000.00
PARK AND RECREATIONAL FACILITIES	5.00 TO 6.00	10-1-69	10,000,000.00	-	500,000.00	9,500,000.00
EDUCATIONAL INSTITUTIONS	5.00 TO 6.00	10-1-69	33,000,000.00	-	1,650,000.00	31,350,000.00
HIGHWAY	3.75 TO 4.75	2-1-71	-	21,400,000.00	-	21,400,000.00
BUILDING COMMISSION	3.75 TO 4.75	2-1-71	-	5,000,000.00	-	5,000,000.00
EDUCATIONAL INSTITUTIONS	3.75 TO 4.75	2-1-71	-	26,600,000.00	-	26,600,000.00
CORRECTIONAL INSTITUTION	3.75 TO 4.75	2-1-71	-	3,000,000.00	-	3,000,000.00
PARK AND RECREATIONAL FACILITIES	3.75 TO 4.75	2-1-71	-	10,000,000.00	-	10,000,000.00
TOTAL			\$265,920,000.00	\$ 66,000,000.00	\$ 18,060,000.00	\$313,860,000.00

Fig. 8

STATE OF TENNESSEE
 DEPARTMENT OF THE TREASURY
 TRUST AND AGENCY FUNDS BALANCE SHEETS *
 JUNE 30, 1971

<u>ASSETS</u>	
Cash on Deposit with State Treasurer	\$ 39,014,034.28
Unemployment Compensation Trust Funds on Deposit with U. S. Treasurer	204,035,892.31

TOTAL ASSETS	\$243,049,926.59

<u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities</u>	
Warrants Outstanding	\$ 2,308,641.68
<u>Fund Balances</u>	
	240,741,284.91

TOTAL LIABILITIES AND FUND BALANCES	\$243,049,926.59

* Local Government Fund
 Employment Security Fund
 Board of Equalization Loan Fund
 Contingent Revenue Fund

Fig. 9

STATE OF ILLINOIS
DEPARTMENT OF THE TREASURY
TEACHERS RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 3,697,020.74
Investments	273,824,459.11
	\$ 277,521,479.85
TOTAL ASSETS	\$ 277,521,479.85

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Warrants Outstanding	\$ 1,552,087.94
<u>Fund Balance</u>	275,969,391.91
TOTAL LIABILITIES AND FUND BALANCE	\$ 277,521,479.85

TEACHERS RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

<u>SOURCE</u>	<u>YEAR TO DATE</u>
Transfers from other Systems	\$ 585.00-
Transfers from other Systems - State	
Members Contributions	11,165,148.58
State Contributions	20,732,066.40
Minimum Benefit Contributions	
Earnings on Investments	13,633,292.97
Discount Amortization	46,906.28
Profit or Loss on Sale of Investments	1,908,383.28-
TOTAL REVENUE	\$ 43,668,445.95

EXPENDITURES
FISCAL YEAR 1971

<u>PURPOSE</u>	<u>YEAR TO DATE</u>
Retired Members Payroll	\$ 16,906,786.24
Payments to Former Members	4,935.76
Minimum Benefit Payments	
Payments to Beneficiary of Deceased Retired Members	106,393.37
Social Security Transfers - Members	951.92
Social Security Transfers - State	29.76
Amortization of Premium	276.32
Refund - Contributions to Retiring Members	
Refund of Contributions to Members	1,848,293.88
Transfers to other Systems	293.33
Transfers to other Systems - State	
TOTAL EXPENDITURES	\$ 18,867,960.58

DEPARTMENT OF THE TREASURY
STATE RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 4,067,982.06
Investments	143,411,806.93

TOTAL ASSETS

\$ 147,479,788.99

LIABILITIES AND FUND BALANCES

Warrants Outstanding	\$ 2,460,016.29
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Fund Balance

145,019,772.70

TOTAL LIABILITIES AND FUND BALANCE

\$ 147,479,788.99

STATE RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

SOURCE

YEAR TO DATE

Transfers from other Systems	\$ 293.33
Transfers from other Systems - State	
Members Contributions	7,879,670.99
State Contributions	9,743,961.94
Insurance Premium Account	
Earnings on Investments	6,750,219.65
Discount Amortization	25,153.53
Profit or Loss on Sale of Investments	1,528,382.76-
TOTAL REVENUE	\$ 22,870,916.68

EXPENDITURES
FISCAL YEAR 1971

PURPOSE

YEAR TO DATE

Retired Members Payroll	\$ 3,842,643.59
Payments to Former Members of the System	4,148.63
Payments to Beneficiary of Deceased Retirement Members	50,883.64
Social Security Transfers - Members	253.24
Social Security Transfers - State	253.22
Overpayment of Contribution of Retired Members	1,831.00
Insurance Premiums	
Amortization of Premium	1,171.38
Refund of Contributions to Members	1,890,779.31
Transfers to other Systems	42,502.95
Transfers to other Systems - State	
TOTAL EXPENDITURES	\$ 5,834,466.96

DEPARTMENT OF THE TREASURY
ATTORNEYS GENERAL RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 108,724.54
Investments	2,919,849.39
	\$ 3,028,573.93
TOTAL ASSETS	\$ 3,028,573.93

LIABILITIES AND FUND BALANCE

Liabilities

Warrants Outstanding	\$ 31,590.71
<u>Fund Balance</u>	2,996,983.22
	\$ 3,028,573.93
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,028,573.93

ATTORNEYS GENERAL RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

SOURCE

YEAR TO DATE

Privilege Tax	\$ 241,284.24
Transfers from other Systems	29,300.33
Transfers from other Systems - State	
Members Contributions	61,907.15
Earnings on Investments	146,958.40
Discount Amortization	549.96
Profit or Loss on Sale of Investments	8,010.74-
TOTAL REVENUE	\$ 471,989.34

EXPENDITURES
FISCAL YEAR 1971

PURPOSE

YEAR TO DATE

Retired Members Payroll	\$ 162,765.18
Actuary Fees	943.92
Amortization of Premium	317.12
Refund of Contributions to Members	10,865.40
Transfers to other Systems	3,461.56
Transfers to other Systems - State	6,453.00
TOTAL EXPENDITURES	\$ 184,806.18

20.

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
STATE JUDGES RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 221,433.03
Investments	2,221,757.74
	\$ 2,443,190.77
TOTAL ASSETS	\$ 2,443,190.77

LIABILITIES AND FUND BALANCE

Liabilities

Warrants Outstanding	\$ 51,742.43
<u>Fund Balance</u>	2,391,448.34

TOTAL LIABILITIES AND FUND BALANCE	\$ 2,443,190.77
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JUDGES RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

SOURCE

YEAR TO DATE

Privilege Tax	\$ 433,331.66
Transfers from other Svstems	3,461.56
Transfers from other Svstems - State	6,453.00
Members Contributions	95,985.82
State Contributions - Widows Pensions	1,800.00
Earnings on Investments	106,998.49
Discount Amortization	475.06
Profit or Loss on Sale of Investments	10,882.53
TOTAL REVENUE	\$ 659,388.12

EXPENDITURES
FISCAL YEAR 1971

PURPOSE

YEAR TO DATE

Retired Members Payroll	\$ 405,168.81
Actuary Fees	866.80
Amortization of Premium	174.44
Refund of Contributions to Members	750.00
Transfer to other Svstems	
Transfers to other Svstems - State	
Widows Pensions	1,800.00
TOTAL EXPENDITURES	\$ 408,760.05

DEPARTMENT OF THE TREASURY
COUNTY PAID JUDGES RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 111,993.48
Investments	2,198,053.82

TOTAL ASSETS	\$ 2,310,047.30

LIABILITIES AND FUND BALANCE

<u>Liabilities</u>	
Warrants Outstanding	\$ 18,891.39

<u>Fund Balance</u>	2,291,155.91

TOTAL LIABILITIES AND FUND BALANCE	\$ 2,310,047.30

COUNTY PAID JUDGES RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

<u>SOURCE</u>	<u>YEAR TO DATE</u>
Privilege Tax	\$ 289,216.85
Transfers from other Systems	14,908.72
Transfers from other Systems - State	80,786.83
Members Contributions	109,831.91
Earnings on Investments	590.38
Discount Amortization	5,366.18
Profit or Loss on Sale of Investments	
TOTAL REVENUE	\$ 500,700.87

EXPENDITURES
FISCAL YEAR 1971

<u>PURPOSE</u>	<u>YEAR TO DATE</u>
Retired Members Payroll	\$ 186,781.24
Actuary Fees	1,022.20
Amortization of Premium	524.50
Refund of Contributions to Members	4,098.75
Transfers to other Systems	
Transfers to other Systems - State	
TOTAL EXPENDITURES	\$ 192,426.69

66.

STATE OF TENNESSEE
DEPARTMENT OF THE TREASURY
COUNTY OFFICIALS RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 140,749.56
Investments	2,003,172.27

TOTAL ASSETS	\$ 2,143,921.83
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LIABILITIES AND FUND BALANCE

Liabilities

Warrants Outstanding	\$ 23,225.66
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<u>Fund Balance</u>	2,120,696.17
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TOTAL LIABILITIES AND FUND BALANCE	\$ 2,143,921.83
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COUNTY OFFICIALS RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

SOURCE

YEAR TO DATE

Privilege Tax	\$ 569,452.06
Transfers from other Systems	
Transfers from other Systems - State	
Members Contributions	279,409.34
Earnings on Investments	97,723.20
Discount Amortization	144.13
Profit or Loss on Sale of Investments	33,969.98
TOTAL REVENUE	\$ 980,698.71

EXPENDITURES
FISCAL YEAR 1971

PURPOSE

YEAR TO DATE

Retired Members Payroll	\$ 240,631.30
Actuary Fees	2,750.00
Amortization of Premium	62.21
Refund of Contributions to Members	20,589.38
Transfers to other Systems	596.05
Transfers to other Systems - State	
Transfers - Administrative Cost	12,000.00
TOTAL EXPENDITURES	\$ 276,628.94

STATE OF ILLINOIS
DEPARTMENT OF THE TREASURY
PUBLIC SERVICE COMM. RETIREMENT FUND BALANCE SHEET
JUNE 30, 1971

ASSETS

Cash on Deposit with State Treasurer	\$ 60,148.43
Investments	175,843.70

TOTAL ASSETS

\$ 235,992.13

LIABILITIES AND FUND BALANCE

Liabilities

Warrants Outstanding	\$ -
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<u>Fund Balance</u>	235,992.13
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TOTAL LIABILITIES AND FUND BALANCE

\$ 235,992.13

PUBLIC SERVICE COMM. RETIREMENT FUND
REVENUE SUBSIDIARY
FISCAL YEAR 1971

SOURCE

YEAR TO DATE

Transfers from other Systems	\$
Transfers from other Systems - State	
Members Contributions	2,400.12
State Contributions	33,034.00
Minimum Benefit Contributions	
Earnings on Investments	11,960.00
Discount Amortization	
Profit or Loss on Sale of Investments	2,350.00
TOTAL REVENUE	\$ 49,744.12

EXPENDITURES
FISCAL YEAR 1971

PURPOSE

YEAR TO DATE

Retired Members Payroll	\$
Actuary Fees	350.00
Minimum Benefit Payments	
Payments to Beneficiaries of Deceased Retirees	
Amortization of Premium	
Overpayment - Contributions to Retiring Members	
Refund of Contributions to Members	
Transfers to other Systems	
Transfers to other Systems - State	
TOTAL EXPENDITURES	\$ 350.00

Fig. 16

APPENDIX A.

4-339 - Department of Treasury

There is created a Department of the Treasury through which the State Treasurer - who shall be the chief officer of said department - shall administer the duties imposed upon him by law. The State Treasurer, as the chief officer of said department, and said department shall be subject to all laws applying generally to heads of administrative departments and to administrative departments, not inconsistent with his status as a constitutional officer. (Acts 1959, Ch. 9, section 9)

Compiler's Note ...

4-340 - Division of Retirement

A Division of Retirement is hereby created in the Department of the Treasury. Said division shall attend to all duties heretofore performed by the personnel of such retirement systems as shall by law be attached to it, except those discretionary duties performed directly by the boards administering such retirement systems. The authority of retirement systems attached to the division of retirement to employ personnel is hereby abolished, but the authority of boards administering retirement systems is not otherwise impaired hereby. The following retirement systems are hereby attached to said division of retirement:

The Tennessee Teachers' Retirement System, the

8-505 - Office; Duties

The Treasurer shall keep his office in the room assigned to him in the Capitol, and shall perform all the duties appertaining thereto by law, or which may be required of him by resolution of the General Assembly. (Code 1858, section 228; Deriv. Acts 1835-1836, ch. 27, section 2; Code 1932, section 220)

Cross-References ...

8-506 - Accounts of Receipts and Disbursements

The Treasurer shall keep in a book, or books, under distinct heads, true, faithful and just accounts of all the money received by him from time to time, by virtue of his office, and also of all such sums of money as he shall pay out of the treasury on warrants by him received. (Code 1858, section 237; Deriv Acts 1835-1836, ch. 27, section 5; Shan., section 289; Code 1932, section 245)

Cross-References ...

8-507 - General Ledger

The Treasurer shall keep a general ledger of accounts, into which he shall post all the receipts and disbursements under the heads which they properly belong. He shall open in said ledger a general account of receipts and disbursements, which last mentioned account he shall compare with the books kept by the Director of Accounts in his office, on the last day of each quarter of the fiscal year, and, after

having made them correspond, shall strike the balance on said account, showing the amount at that time in the treasury due to the State; and he shall carry said balance forward on the books to the general account for the next quarter. (Code 1858, section 238; Deriv. Acts 1835-1836, ch. 27, section 12; Shan., Section 290; Code 1932, section 246; Mod. C. Supp. 1950, section 246)

8-508 - Accounts with Banks

The Treasurer shall keep accounts in the books of his office with the different banks in which the public revenue, or money, is deposited, on which balances shall be struck at the aforesaid periods, showing the amount in bank to the credit of the State at the end of each quarter. (Code 1858, section 239; Deriv. Acts 1835-1836, ch. 27, section 12; Shan., section 291; Code 1932, section 247)

Cross-References ...

8-509 - Cash Account

He shall, moreover, keep a general cash account, which shall be balanced at the aforesaid periods, showing the balance in the treasury at the end of each quarter. (Code 1858, section 240; Deriv. Acts 1835-1836, ch. 27, section 12; Shan., section 292; Code 1931, section 248)

8-510 - Custodian of Collateral

The State Treasurer is designated as the custodian of all collateral, securities, bonds and other valuable papers deposited with the State or any department thereof, and shall be exclusively responsible for the safe-keeping thereof. It shall be the duty of each department head or other person in the state government having in his or her possession collateral of the type above mentioned, to turn the same over to the State Treasurer upon the latter's request, and to receive from the State Treasurer an itemized receipt therefor and as additional collateral shall come into the hands of the department head or other person the same procedure shall be followed.

For the safe-keeping of such collateral, the State Treasurer shall execute an additional bond in such sum as may be fixed by the Governor with the surety thereon to be approved by the Governor. He shall make an annual report to the Governor of the collateral in his hands, which report shall be made on or before December 15 of each calendar year. The expenses of such additional bond, if any, shall be paid from the appropriation made to the Treasurer's Office. (Acts 1941, ch. 157, section 252.1)