

200 Years of the Kentucky Treasury



From John Logan, 1792
To Frances Jones Mills, 1992

*I, Gene Carroll,
"a great employee & friend,"
with my personal best
wishes,
Frances Jones Mills*

FOREWORD

Prior to statehood, this land that now comprises Kentucky was a vast wilderness used by the various surrounding Indian tribes for hunting purposes. In 1776 Kentucky was a county of Virginia. In 1780 this unwieldy county was split up into Jefferson, Lincoln and Fayette counties joining at the confluence of Benson Creek and the Kentucky River at what is now Frankfort. By 1789, these three counties had split to form Nelson, Bourbon, Mercer, Madison, Mason and Woodford. These were the nine Virginia counties that became the State of Kentucky on June 1, 1792. It would take another 120 years of division for Kentucky to reach its present complement of 120 counties.

PREFACE

By Frances Jones Mills

Kentucky State Treasurer

President George Washington was a strong supporter of statehood for Kentucky, having seen this land while surveying in that area now comprising Greenup and Lawrence counties. Kentucky would have been the first state added to the original 13 but unavoidable delays gave that honor to Vermont. The first Congress, in its third session, of February 4, 1791, passed the necessary legislation, and President Washington signed it. The nine Kentucky counties were officially admitted to the Union on June 1, 1792, the 15th state of this young nation.

Since 1750, when Dr. Thomas Walker first came through the Cumberland Gap, stories of the wonders of Kentucky had filtered out to the early settlers of Virginia, Maryland and Pennsylvania and an ever-increasing stream of pioneering souls would come by foot and boat to seek their fortunes in this fabled land. Perhaps this is attested to best by Moses Austin in "A Memorandum . . . 1796-1797"*



Treasurer Mills

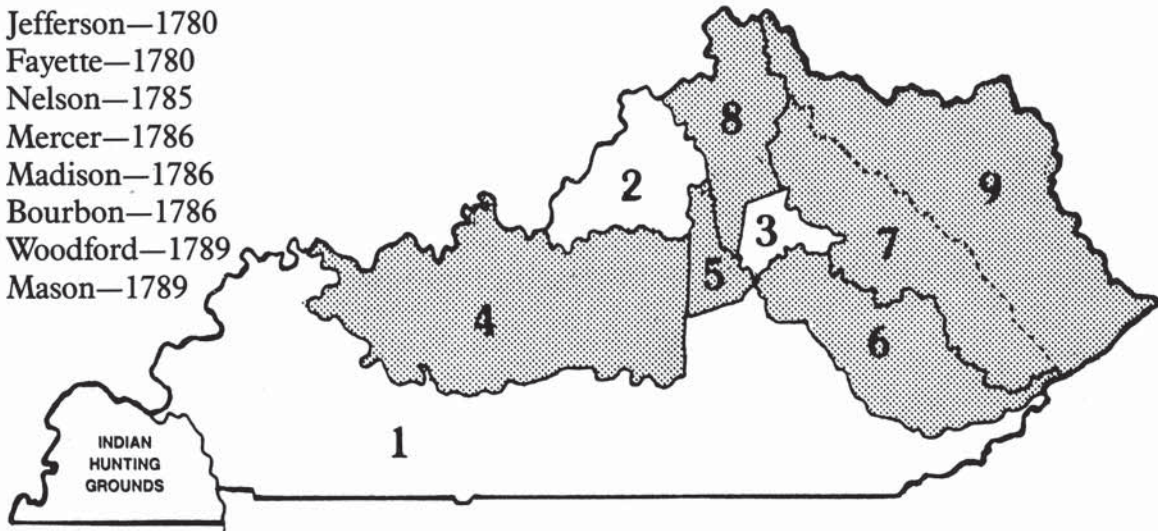
Can anything be more absurd than the conduct of man, here is hundreds travelling hundreds of miles, they know not what nor whither, except it's to Kentucky, passing land almost as good and easy obtained . . . but it will not do, it's not Kentucky, it's not the Promised Land, it's not the goodly inheritance, the land of Milk and Honey.

As a contribution to Kentucky's Bicentennial Celebration, we in the Treasury Department have exhausted every avenue known to us to research this Bicentennial History of our agency. Our thanks go to the Historical Society; Kentucky Department of Library and Archives; the Filson Club; the Lexington Public Library; The Colonial Dames; William M. Dishman, Jr., Danville; Susan Arthur, Barbourville; Dr. Charles G. Talbert, Lexington; the Louisville Courier Journal; and our own resident historian, Jean Abrams.

*Paraphrase from Stephen A. Channing's "Kentucky, A History."

NINE KENTUCKY COUNTIES AT STATEHOOD, 1792

1. Lincoln—1780
2. Jefferson—1780
3. Fayette—1780
4. Nelson—1785
5. Mercer—1786
6. Madison—1786
7. Bourbon—1786
8. Woodford—1789
9. Mason—1789



Twenty-two years before statehood was achieved, this Commonwealth of Kentucky was a part of Botetourt County, Virginia, a sprawling land mass which encompassed the state of West Virginia and portions of Michigan, Illinois, Indiana and Ohio. Parts of the latter three were claimed, also, by Massachusetts and Connecticut. In 1772, Kentucky and small western sections of Virginia and West Virginia became Fin-castle County, Virginia. In 1776, Kentucky County was formed by the Virginia Legislature, encompassing all lands that now form this Commonwealth. This large county was divided in 1780 to form the

Virginia counties of Lincoln, Jefferson and Fayette and renamed the District of Kentucky. While still under the authority of Virginia, an additional six counties were formed. These were, Nelson County, on January 1, 1785, followed by Mercer and Madison, December 15, 1785, Bourbon, 14 days later, and Woodford and Mason in 1789. Along with the original three counties, Lincoln, Jefferson and Fayette, the above nine would comprise the State of Kentucky in 1792. Kentucky would not become a Commonwealth until such was designated by the Constitutional Convention of 1890.

THE BICENTENNIAL TREASURY

The office of State Treasurer of Kentucky was established by the Constitutional Convention of 1792 when statehood was achieved. Constitutional Conventions meeting in 1851 and 1891 would affect the role of the Treasury in State Government very little. From the first constitution to the 1851 document, the Governor recommended the Treasurer and the two houses of the legislature concurred. The 1851 document required the Treasurer to stand for election for a two year term, with succession allowed. The 1891 Constitution extended the term of office to four years, but the Treasurer and other constitutional officers could not succeed themselves.

John Logan, First State Treasurer 1792 - 1807

John Logan, who was to become Kentucky's first State Treasurer, served as senator from Lincoln County (then a Virginia county) to the Virginia Legislature. He was among the earliest and most distinguished of the bold pioneers who pushed forward into the howling wilderness of Kentucky. Not even Indians gave permanent settlement to this land. Logan and his brother Benjamin, along with Boone, Shelby, Henderson and others, were to be largely instrumental in shaping the destiny of this soon-to-emerge Commonwealth.

The problems of governing this vast underpopulated region required strong, resourceful leadership, and Kentucky's first governor, Isaac Shelby, recognizing this, appointed a trusted friend and fellow Lincoln Countian, John Logan, the first State Treasurer. Logan would serve as Senator as well as Treasurer for three years and then give up his Senate seat in 1795. Another brother, Hugh, would serve in that office from 1800 to 1806.

John Logan accepted his one year appointment as Treasurer and stayed fifteen years to guide the infant Commonwealth through a nightmarish effort of financing a new government, using various monies from Dutch ducatoons, French louis, Austrian ducats, Prussian fredericks, Portuguese crusadores, Italian lires and Arabic tomands, to the more acceptable Spanish dollars or "pieces of eight."

This foreign money maze became more complicated by the influx of paper money printed by the states of Virginia, Pennsylvania and North Carolina to finance the Revolutionary War. This paper money was made virtually worthless when the Federal government refused to redeem it. Such paper was traded in Kentucky at the drastically reduced ration of \$1,000 in paper for

one dollar in silver. A more stable currency, by far, were receipts on goods such as animal pelts and tobacco.

Equally understood and equally valuable were land warrants, a second paper transaction. Indeed, during this period, the Registrar of the Land Office was one of the most important State offices. The purchaser deposited his money with the State Treasurer and received a warrant for a specified number of acres located on any of the state's vacant land. Land Warrants, assignable by delivery, often served as pay for the military.

A third commodity serving as a measure of value was beaver skins. A specified number of deer skins, fox skins or raccoon skins equaled one beaver skin. Beaver skins represented large money while other skins served as small change. Thus, a third paper transaction, backed by commodities, constituted an everyday financial transaction. Merchants, who by necessity had to make the best order possible of the confusion of the use of coins, paper, produce and pelts, became, by default, Kentucky's first bankers. The state's first formal encounter with banking, as such, was Richard Henderson's store and land office which controlled twenty million acres of Cherokee Indian lands. Only Virginia's denial of the right of purchase of such lands by private citizens prevented Henderson's becoming the circulator of standardized paper money on a wide scale. Crude banking though it was, Henderson's project nevertheless constituted banking.

Although he enjoyed almost total autonomy, John Logan was hard pressed to standardize the chaotic combination of paper, currency and goods the pioneer Kentuckians used in their financial transactions, but his experience as a Virginia legislator gave him the necessary knowledge to draft legislation by which local

governments would be monitored. He was responsible for the creation of offices and salaries of justices of the peace, sheriffs, auditors, surveyors and tobacco inspectors. Revenues were coming into the Treasury so slowly that Logan even had to borrow money to meet government operating expenses. Another problem that fell to Logan to solve was the adequate defense of this unsecured land. So to ensure equitable

Treasurer David Logan 1807 - 1808

Hours and days of research have proved fruitless as to the lineage and history of David Logan. John Logan had a son David, but so, too, did John's older brother Benjamin. It would seem most probable that Gov. Christopher Greenup had appointed the deceased Treasurer's son to serve out his term of office.

Treasurer John P. Thomas 1808 - 1818

As was the case with David Logan, so was it with John P. Thomas. There was no biographical material to be found on him. However, by an Act of the 1819 General Assembly, Thomas was relieved of a judgement brought by the Auditor to recover \$864.91, the amount of a suspended account for warrants issued in 1809. The legislature felt the payment by Thomas of this amount, would "probably reduce said Thomas to want." It is of some interest that during his term of office, a lad was born in 1809 in what was then a part of Hardin County and is now LaRue. His name was Abraham Lincoln. While most Kentuckians believe Lincoln County was named after this native son, it was instead named after General Benjamin Lincoln of Massachusetts. Gen. Lincoln was dispatched by Gen. Washington to accept the sword of Gen. Cornwallis to end the Revolutionary War.

Treasurer Samuel South 1818 - 1824

Samuel South, born in Maryland, was the son of John South, an officer in the Virginia Colonial Troop and later, the Kentucky Revolutionary Force and was reared in Fayette County in the District of Kentucky. At the age of twelve,

conscription of Kentucky's militia, he divided the state into districts, requiring enlistment quota based on district population, required the registration of all free males over 21, divided the militia into units and disallowed the election of the officers to any public office.

This frontier soldier and statesman died in the service of the Treasury in 1807.

Samuel and another boy were sent out to find the men of Fort Boonesboro because Indians had been spotted lurking in the vicinity. They travelled two days through the forest to Estill's Station to bring the men back to the fort where the Battle of Little Mountain occurred. In 1792, the year Kentucky became a state, he was commissioned a Captain of the Kentucky troops and served in several Indian campaigns. South was later made a Brigadier General. He represented Madison County for several terms in the Legislature in both houses and on one occasion was defeated for Speaker by Henry Clay by one vote. He was Treasurer from 1818 to 1824.

Treasurer James Davidson 1824 - 1849

James Davidson was born in Lincoln County, Kentucky, where his family had moved after the Revolutionary War. His father George had served in that conflict as a captain. Davidson had a twin brother, Michael, who also served in public office. Both brothers served in both houses of the legislature. James Davidson served in the War of 1812 as a commissioned Colonel. His term as treasurer began in 1825 and extended for 15 years. He died in 1860.



James Davidson

Treasurer Richard Curd Wintersmith 1849 - 1857

Richard Curd Wintersmith was born at Elizabethtown, Kentucky, in 1822, the son of Horatio and Matilda Morehead Wintersmith. Wintersmith, upon graduation from Centre College, in Danville, read law in the office of his uncle, Governor Charles Morehead, and later practiced law in Louisville. In 1854 he stood for election for State Treasurer, defeating his opponent by one of the largest majorities ever recorded in a state election. During the Civil War he served on General Breckinridge's staff and with General Pemberton at the siege of Vicksburg. During Grover Cleveland's term as president, he appointed Wintersmith Consul to Colon, Panama, where he served two years. He died in 1902 in Jefferson County.

Treasurer James William Garrard 1847 - 1865

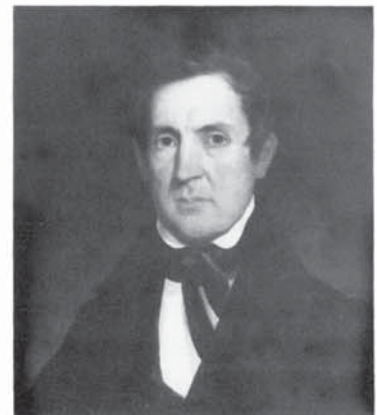
James Garrard was born at Union Salt Works in Clay County in 1810, the son of Colonel Daniel Garrard. His grandfather, James Garrard, was the second governor of Kentucky. He was elected to the legislature in 1836 and was a member of the constitutional convention in 1849. Garrard was elected State Treasurer five times and died twelve days after the fifth election in 1865.



James W. Garrard

Treasurer Mason Brown 1865 - 1867

Mason Brown was the son of John Brown, who was Kentucky's first congressman. He was born in Philadelphia while his parents were temporarily there in 1799. Brown was a graduate of Yale Law School and after a successful practice, he received an appointment to the Circuit Bench. He then served as Secretary of State under Governor Charles Morehead and as State Treasurer during the term of Governor Thomas Bramlette.



Mason Brown

Treasurer James W. Tate 1867 - 1888

Many of the safeguards set in place to monitor the activities of the Treasury were necessitated by actions of Kentucky's ninth State Treasurer. James William "Honest Dick" Tate began his career as a clerk in the Frankfort Post Office. In 1859 he was appointed Assistant Secretary of State by Governor Beriah Magoffin, and was given the same post by Governor James F. Robinson, and held onto the office under Governor Thomas Bramlette. In 1867 he was nominated to stand for Treasurer on the Democratic State ticket. He was elected in the reconstruction period following the Civil War. Tate, a very popular public figure, was known to make loans to his friends, and when the legislature began to take an interest in such activities, "Honest Dick" Tate vanished from sight with over a quarter million dollars in public funds. Subsequent investigations disclosed that Tate had begun misappropriating funds as early as 1872. In June, 1888, the legislature created the office of State Inspector, whose duties were to see that the books of the State Auditor and the State Treasurer balanced. Three years later, delegates to the 1891 Constitutional Convention mandated that no elected official could succeed himself.



James W. Tate

Treasurer Stephen G. Sharpe 1888 - 1890

Governor Simon Bolivar Buckner appointed Stephen G. Sharpe, a Fayette County Judge, to serve out the remainder of the disgraced Treasurer Tate's term. Sharpe had joined the Confederate army at the age of 18 to fight in the Civil War under General Zollicoffer. He was severely wounded on September 30, 1864 and again in March 1865, when he received a saber cut on the head and rifle shots to the right arm, liver and right lung. He also suffered a shattered breast bone and a broken rib. Without his consent, he was retired from service because of these wounds. The severity of his wounds, plus much suffering in a Union prison reduced his weight from 160 pounds down to 98. In the fall of 1865, he married a Virginia girl and returned to Kentucky to teach school. In 1870 he received his law degree from Transylvania and, after practicing law for four years, was elected to the offices of Fayette County Jailer, Lexington City Attorney, Fayette County Attorney and was serving as Fayette County Judge when he resigned for the Treasury post. Sharpe served two years as Treasurer and was then elected for another two year term, but resigned in March 1890.

Photo courtesy of the Filson Club



Stephen G. Sharpe

Treasurer Henry S. Hale 1890 - 1895

Governor Simon Bolivar Buckner appointed Henry S. Hale, a Mayfield banker, to serve out the unexpired term of Stephen Sharpe. Educated in the Warren County schools, he later attended the Mayfield Seminary and had completed his education by age 22. When the Civil War began, he served as Captain, Major and then Lieutenant Colonel. He was seriously wounded in the hip at the battle of Old Town Creek. He was taken captive at Columbus, Mississippi in 1865. He was elected sheriff of Graves County in 1866 and 1868 and in 1871 was elected to the State Senate. In 1875, Hale organized the First National Bank of Mayfield and guided that institution as president for 15 years.



Henry S. Hale

Treasurer George W. Long 1896 - 1900



George W. Long

George W. Long was most active in Republican Party politics, having served in various party leadership roles, including chairman of the State Republican Executive Committee during the heated Taylor-Goebel campaign for governor. Long was born in Edmonson County in 1853 and was educated in the public schools there. He moved to Illinois, where he worked on a farm and taught school. He returned to Edmonson County in 1874. Long was elected Treasurer in 1896, and five years after serving in this capacity, he was appointed U.S. Marshall for the western district of Kentucky by President Theodore Roosevelt and was reappointed by President Taft.

Walter R. Day 1900 - Unseated

Walter R. Day had run on a Republican slate for Treasurer, with William S. Taylor heading the slate for Governor. Early totals showed a Republican victory over the Goebel-led Democratic slate, and on December 12, 1899, the Republican slate was sworn in. On December 14, the Democratic State Central Executive and Campaign Committees met in Frankfort to pass a resolution contesting the election. The decision would come from a legislative committee composed mostly of Democrats, subject to legislative review. This committee began their hearings on January 15, 1900 and concluded them on January 29, their decision to be announced within days. On the morning of January 30, on his way to the Old Capitol, Goebel was felled by a bullet through his right lung, exiting near the spine, leaving shattered ribs. The legislative committee met that very day declaring the election of the Goebel slate. The next day, Democratic legislators declared Goebel governor and Chief Justice James H. Hazelrigg swore Goebel in as governor and J. C. W. Beckham as lieutenant governor. On February 3, Goebel died and after a short period of legal wrangling, on April 6, the Court of Appeals, by a 6-1 decision declared Governor Taylor unseated, sweeping into office the others of the democratic slate.

Treasurer Samuel Wilber Hager 1900 - 1904

Samuel Wilber Hager was seated as State Treasurer in 1900 upon the unseating of Walter Day. Born in Gallia County, Ohio in 1858, he moved with his parents to Magoffin County as a youth. He graduated from what is now the University of Kentucky and went into the mercantile business with his brother in Salyersville. Hager moved to Ashland in 1887 to join an uncle in the mercantile business and in 1896 was elected County Judge of Boyd County. In 1904 he was elected State Auditor and became his party's nominee for governor in 1907. Hager lost that race to Augustus E. Willson.



Samuel W. Hager

Treasurer Henry M. Bosworth 1904 - 1908

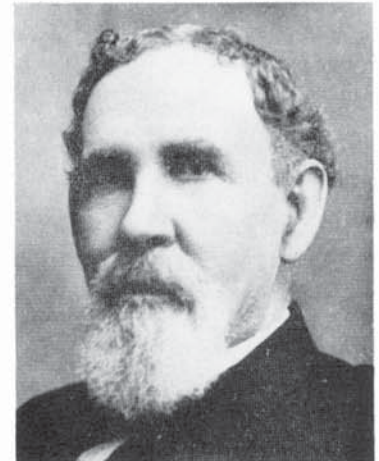
Henry Bosworth was educated in private schools in Lexington and graduated from State College (University of Kentucky). His chosen vocation was farming and the breeding of trotting horses. He was elected sheriff of Fayette County in 1899, and after serving in this capacity, was elected State Treasurer. Bosworth, along with Governor Beckham, Auditor Samuel Hager, Attorney General N.B. Hays and Secretary of State H.V. McChesney, served on the Capitol Commission, which began construction of the present Capitol building.



Henry M. Bosworth

Treasurer Edwin Farley 1908 - 1912

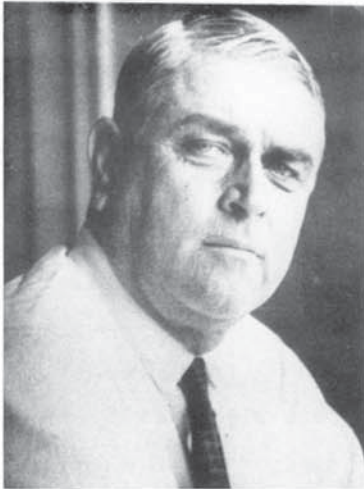
Edwin Farley was born in Walworth County, Wisconsin and educated in the common schools there. At the age of 18, he enlisted in the Eighth Wisconsin Volunteer Infantry of the Union Army, serving as a First Lieutenant in the Third U.S. Cavalry. He was wounded in battle, receiving a bullet wound to the arm. In 1868, he settled in McCracken County, Kentucky where he became active in the mercantile business and the manufacture of staves. An active Republican in the Democratic "Gibraltar" of Kentucky, he ran for Treasurer against James W. (Honest Dick) Tate in 1884 and lost. It was unfortunate, as the scandal of Tate's improprieties in office were later to come to light. Fourteen years later, he would run again and win the office.



Edwin Farley

Treasurer Thomas S. Rhea 1912 - 1916

Photo courtesy of the Courier Journal



Thomas S. Rhea

Thomas Rhea was born at Russellville in Logan County, in 1871 and was educated in the public schools and Bethel College in that city. He practiced law in Logan County and was active in Democratic politics there and statewide. Rhea served as sheriff of Logan County and was president of the Southern Deposit Bank. He was also vice-president of the Bank of Russellville. Rhea was elected Treasurer in 1912. He was appointed to the State Board of Compensation by Governor William J. Fields, and was appointed State Highway Commissioner under Ruby Lafoon in 1932. He ran for governor against A.B. "Happy" Chandler in 1935, and was defeated.

Treasurer Sherman Goodpaster 1916 - 1920

Photo courtesy of the Courier Journal

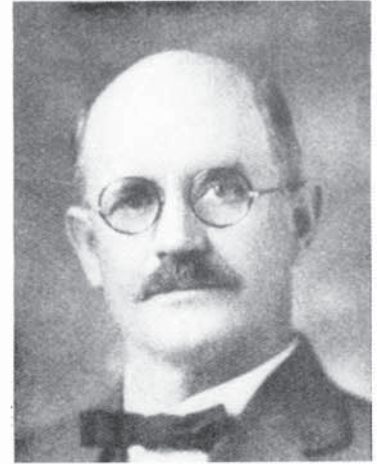


Sherman Goodpaster

Sherman Goodpaster was born in Bath County and received his formal schooling there. He left Transylvania College in his sophomore year to read law in his father's law office. He was admitted to the bar in 1901. Goodpaster practiced law in Bath County until 1912, when he was appointed to be State Inspector and Examiner by Governor James B. McCreary. He became Treasurer in 1916, serving through 1920.

Treasurer James A. Wallace 1920 - 1924

James A. Wallace was born in Estill County, received his early schooling there, and then had four terms at Kentucky State College (University of Kentucky). Wallace ran a lumber mill for two years, worked as a storekeeper and gauger for the Internal Revenue Service, and then served two terms as Circuit Clerk of Estill County. He was chairman for the Estill Republican Committee for 16 years. He was State Treasurer 1920-1924. Wallace established the Farmers Bank of Estill County and held the office of president, even through his term as State Treasurer.



James A. Wallace

Treasurer Edward Blan Dishman 1924 - 1928

Edward Blan Dishman was born in Barbourville, Knox County where he attended public school. He then attended Union College there. Dishman volunteered for duty in the Spanish-American War and, upon discharge, attended and graduated from the Louisville Dental College. He practiced dentistry for seven years. He was president of the Artemus and Jellico Railroad, treasurer of the Barbourville Water and Gas Company and director of the First State Bank of Barbourville. He was elected Treasurer in 1924.



Edward B. Dishman

Treasurer Emma Guy Cromwell 1928 - 1932

Emma Guy Cromwell was born in Simpson County and attended public schools there. She was a graduate of Howard Female College, Gallatin, Tennessee, and studied at the University of Michigan and the Kentucky Western Normal College. She began her career in public office with the State legislature, first as enrolling clerk for the House, then parliamentarian for both bodies, and was elected State Librarian in 1896. Cromwell then became the first woman elected Secretary of State in 1924 and the first woman Treasurer in 1928. She was then Director of the Kentucky Parks system and served as a member of the Board of Education. Cromwell authored a book, "A Woman in Politics."



Photo courtesy of the Courier Journal

Emma G. Cromwell

Treasurer Elam Huddleston 1932 - 1936

Elam Huddleston was born in Clinton County and got an early taste of politics, his father Killis having served a term as County Judge. Huddleston attended the public schools of Clinton County and studied business and law at the Bowling Green Business College. He was admitted to the bar in 1915 and returned to his native Clinton County for a short lived but lucrative practice, which he abandoned to become cashier in the Bank of Albany. He was named State Bank Examiner by Governor A. O. Stanley and then became vice-president of the First National Bank of Louisville. In 1934 he founded the firm of Elam Huddleston & Company in Louisville, investment bankers.

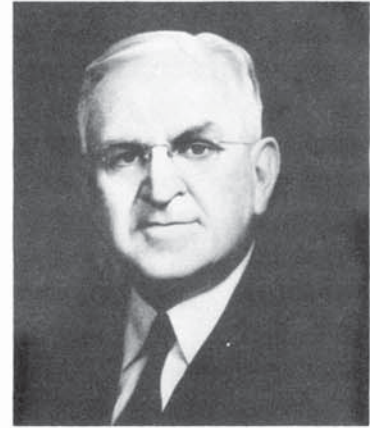


Photo courtesy of the Courier Journal

Elam Huddleston

Treasurer John E. Buckingham 1936 - 1940

John Buckingham was born at Paintsville, Johnson County, educated there and then taught school. As an employee of the *Paintsville Paragraph* newspaper, he learned the printers trade and in 1893 he purchased the newspaper. In 1894 he sold the paper and studied law in Louisville. He practiced law in Paintsville for three years and was appointed postmaster. Buckingham was an organizer of the Paintsville National Bank and founded the First National Bank of Jenkins, the First National Bank of Fleming and the Bank of Wayland. He was elected Treasurer in 1936.



John E. Buckingham

Treasurer Ernest Shannon 1940 - 1944

Ernest E. Shannon was born in Council Grove, Morris County, Kansas, November 30, 1873. He was educated in the public schools of Louisa, Lawrence County, Kentucky. Shannon was engaged in the real estate business, farming and served as a Deputy Sheriff and Master Commissioner of Lawrence County. In 1920 he was elected to represent Elliott and Lawrence Counties in the House of Representatives and in 1924 was chairman of the Board of Charities and Corrections. He was State Purchasing Commissioner in 1926, was elected Auditor in 1936, and Treasurer in 1940.



Photo courtesy of the Courier Journal

Ernest E. Shannon

Treasurer Thomas W. Vinson 1944 - 1948

Thomas W. Vinson was born April 10, 1876 at Princeton in Caldwell County. He attended the public schools there, began teaching at the age of 17, and continued at this for nine years. He entered law school at Transylvania in Lexington, graduating in 1907, and was appointed to a position in the Department of Public Instruction. He was elected State Treasurer in 1944.



Photo courtesy of the Courier Journal

Thomas W. Vinson

Treasurer Edward Seiller 1948 - 1949

Edward Seiller, born at Mount Sterling, Montgomery County, received his education at Grandview Normal Institute, Grandview, Tennessee. In 1914 he worked at various railroad jobs in Cincinnati, New Orleans and Oakdale, Tennessee. He later studied at, and graduated from, the Jefferson School of Law, graduating in 1927. Seiller was elected Treasurer in 1948 but resigned the following year for a position in Washington D.C.



Photo courtesy of the Courier Journal

Edward Seiller

Treasurer Pearl Frances Runyon 1949 - 1956



Pearl F. Runyon

Pearl Runyon was born in 1913 at Belfry in Pike County. She was educated in Pike County schools and then graduated from Capital City Commercial College in Charleston, West Virginia. Her career spanned 30 years in public service, both at the county and state level. She served as Deputy Court Clerk of Pike County for 14 years, Assistant Secretary of State, two years, Executive Secretary of the State Board of Elections, one year and three years in the office of U.S. Senator Earle C. Clements. She was appointed to fill the unexpired term of Treasurer Seiller by Governor Lawrence Wetherby. She ran for the office three years later and won.

Treasurer Henry Carter 1956 - 1960

Henry Carter was born in West Liberty, Morgan County. He graduated from Morgan County High School and attended the Bowling Green Business College. Carter was elected to three constitutional offices. In 1956 he was elected Treasurer, in 1960 he was elected Secretary of State and in 1964, Auditor of Public Accounts. He served as State Banking Commissioner under both Governors Earle Clements and Lawrence Wetherby. Carter, with the aid of the legislature successfully fought off an effort by Governor A. B. Chandler to strip the office of Treasurer while he was serving in that post.



Henry Carter

Treasurer Thelma Stovall
1960 - 1964
1968 - 1972

Thelma Stovall was born in Hart County. She was a graduate of Louisville Girls High School, studied law at LaSalle Extension University, Chicago and attended both the University of Kentucky and Eastern Kentucky University at Richmond. Stovall was very active in Louisville political organizations and was the first woman to be elected president of the Kentucky Young Democrats. She served three terms in the House of Representatives, was elected Secretary of State three terms, State Treasurer two terms and was elected Lieutenant Governor in 1975. In her second term as Treasurer, she filed lawsuits which resulted in the restoration to Treasury, statutory authority which had been usurped by other State agencies. Check writing, in her first term, increased from the speed of 60 checks written per minute, to 600.



Thelma Stovall

Treasurer Emerson “Doc” Beauchamp
1964 - 1968

A most popular political figure, Emerson “Doc” Beauchamp fell under the tutelage of fellow Logan Countian, Thomas S. Rhea and served terms as Sheriff and County Clerk of Logan County. He became active in the gubernatorial campaign of Earle Clements and served in several posts in Frankfort, culminating with the post of Lieutenant Governor. Beauchamp was Chief Clerk of the Senate, a member of the Kentucky Tax Commission, State Personnel Director, Rural Roads Commissioner, Agriculture Commissioner, Treasurer and Lieutenant Governor. He was born in 1899 in Schocoh in Logan County and died in 1971.

Photo courtesy of the Courier Journal



Emerson Beauchamp

Treasurer Drexell R. “Drex” Davis
1972 - 1976
1980 - 1984



Drexell R. Davis

Drexell R. Davis, a career public figure and popular politician, was born in Shelbyville. He graduated from Shelby county schools and attended Georgetown College. Davis’s public career spanned 32 years beginning with deputy Clerk of the Kentucky Court of Appeals, in 1948. From 1952-1956 he was administrative assistant to the Secretary of State. In 1964 he was elected Clerk of the Court of Appeals serving a four year term. Davis then left public service as a district manager for a life insurance firm. He came back in 1972 as State Treasurer, bringing with him a program of interest bearing investments, adding many millions additionally to the State’s coffers.

Treasurer Frances Jones Mills
1976 - 1980
1984 - 1988
1992 - 1996

Frances Jones Mills was born in Gray, Knox County, into a family of physicians. She received her education there and attended Union College, Barbourville, Eastern Kentucky State College, Richmond and received her degree in Education and Music from Cumberland College in Williamsburg. She engaged in teaching for eight years and then assisted her father, Dr. W. H. Jones, as his medical assistant taking care of records and bookkeeping. In 1962, she was elected to the Kentucky House of Representatives, the first woman and the first Democrat elected to the office from Knox County. Mills introduced and saw passage of legislation requiring compulsory immunization for polio, tetanus, diphtheria and pertussis for all school children in Kentucky. In 1964, Mills was appointed State Director for Civil Defense. In this capacity, she authored a book entitled, “What Would You Do?” which received national recognition for excellence. She was nominated by the Democratic party to run for Congress in 1964, and, run-



Frances Jones Mills

ning in a predominantly Republican district, she carried more votes than any Democratic candidate who had ever run for the office. In 1972, she won the post of Clerk of the Kentucky Court of Appeals, and served as President of the National Conference of Appellate Court Clerks. Mills then won her first term for State Treasurer, assuming office in 1976. One of her first projects as Treasurer was a study which indicated the need for upscaling the computer technology to speed up the everincreasing work load of the Treasury without putting on additional employees. Mills also reviewed the banking procedures and lowered the compensating balance allowed the Treasury's bank so that the money could be invested to draw interest for the State. In her second term as Treasurer, she prodded the Revenue Cabinet into speeding up the flow of checks to the deposit unit of Treasury so that an additional day's interest could be earned. Mills also revolutionized the department's accounting from the 1930s to the 1980s. Posting equipment used at the time was requested by the manufacturer to put in their museum of antique equipment. Mills also served as Secretary of State from 1980 to 1984.

In this, an unprecedented third term as Kentucky's Treasurer, she is, once more, taking steps to further streamline the Treasury operation by instituting a Coding Accuracy Support System (CASS) using bar-coded addressing on high volume mailings of checks to take advantage of substantially lower postal rates.

Treasurer Robert Mead CPA 1988 - 1992



Robert Mead CPA

Robert Mead was born in Englewood, New Jersey and received his formal education in Englewood. He received his B.A. Degree from Indiana University and taught income tax law there and at St. Mary's College. Mead's tenure saw introduction of self-mailer, thermobonded checks for a great savings in postage, envelopes and labor. He also oversaw the institution of a new banking contract and had new equipment purchased for Treasury's deposit function to more closely monitor deposits and availability of bank funds for investment purposes. Mead was also chairman of the Lottery Corporation's Audit Committee.

Your Treasury In Action

From a Treasury staff of one bonded clerk manually accounting for approximately six thousand pounds in 1792, the agency has evolved into one with 30 highly trained employees, using the very latest high tech equipment to process an annual total of six million checks and wire transfers comprising a dollar total of more than \$100 billion. Treasurer Mills has made a commitment to further improve the efficiency of the office by increasing the use of "direct, ready to mail" check forms to save additional time and money. Another process she is studying is the use of a Coding Accuracy Support System, CASS, using bar-coded addresses on high volume mailings to take advantage of the very lowest postage rates.

The State Treasurer's Office has the responsibility for a variety of functions which are essential to the operation of Kentucky State Government. None of these functions can be eliminated or diminished if the necessary service to the citizens of Kentucky and the agencies of state government is to be maintained. In brief: the functions of the Treasurer's Office are as follows:



The treasurer's office is always open to aid and assist visitors to the capital. The office has been likened to a State Government ombudsman, getting calls from Kentuckians on many questions concerning problems in Frankfort.



The Treasurer's secretary performs her duties in an efficient manner as well as assisting with public inquiries which require a written reply from the Treasurer.

DEPOSIT OF THE STATE'S INCOMING FUNDS

All incoming state funds, regardless of the source or type, are deposited through the State Treasury. The Treasury encodes and endorses all incoming checks and prepares a deposit report for the depository bank and the Finance Cabinet. The Treasury uses state-of-the-art high speed encoding and data capture equipment. The office also has the capability of scanning the MICR line of checks to determine the source of payments in order to confirm the availability of funds which we receive from our depository bank. During Fiscal Year 1990-'91, the Treasury Deposit Room processed and deposited approximately 3.7 million checks, for a total volume of \$7,458,169,466.88.



All payments of any kind coming into the state must pass through the Treasury's Deposit Room. Checks are magnetically encoded and endorsed using state-of-the-art processing equipment, and forwarded on to the state's depository bank for credit. In the last fiscal year, approximately 3.7 million checks passed through the Deposit Room, with a total value of almost \$7.5 billion.

ISSUANCE OF ALL STATE CHECKS



From 1792, when a quill was used to write a state check and the Treasurer carried the check book with him at all times, the Treasury operation has evolved into a highly technical, computerized system writing checks at the incredible volume of nearly six million per year. The Treasury's computer also houses diverse financial information which is provided to other departments to be used as a basis for many cash management decisions.



After the computer writes the checks, they are signed by automated equipment, burst apart, and boxed for distribution. For many of its check programs, the Treasury uses the most modern thermo-bond technology that eliminates the need for stuffing into envelopes.

During Fiscal Year 1990-'91, the State Treasury Department issued almost 6.5 million checks to pay the state's various obligations. The Treasury Department currently writes 13 different types of checks. The check types and FY '90-'91 volumes are as follows:

General Expenditure	1,272,857
Payroll	868,897
Public Assistance	1,046,671
Medical Assistance	329,147
Teachers Retirement	118,564
Ky. Employees Retirement	142,609
Ky. Employees Retirement (Hazardous)....	1,362
County Employees Retirement	75,559
County Employees Retirement (Hazardous).	5,191
State Police Retirement	1,902
Unemployment Insurance	1,106,530
Tax Refund	690,942
Error Tax Refund	133,764
TOTAL FISCAL YEAR '90-'91	5,793,995

These checks are disbursed by the Treasurer to the individual agencies for further distribution.

General Checks are used to pay the state's bills to its various vendors, but there are a few other interesting uses for them. General checks are used for:

- Legislative and Judicial Retirement
- Child Support IV/D Program
- Home Energy Assistance Program
- Disability Determination for Human Resources
- Police Training Incentives
- County and City Fees
- Kentucky Higher Education Assistance Authority Grants
- W.I.N. Checks for Human Resources
- Transportation Cabinet Disability Checks
- Cuban/Haitian Refugee Program
- Labor Special Fund Benefit Checks (Black Lung)
- Food Stamp and Training
- KENPAC Program for C.H.R.
- Local Service Trust Fund
- Unemployment Insurance Refunds

The Treasurer writes checks for all entities of state government. Under the provisions of KRS 64.345, the State Treasurer also writes the payroll and vendor checks for the clerks and sheriffs in all counties having a population of 75,000 or more. Under this statute, the Treasurer now writes the checks for Jefferson, Fayette, Kenton, Campbell, Daviess, and Pike Counties.



Distribution of checks, after clearing the check-signing function, is handled expeditiously by messenger and mail to the various state departments or outside entities.

MICROFILMING AND RECORDS RESEARCH FOR CANCELLED CHECKS

The Treasury Department has the responsibility of maintaining the files of all cancelled checks. The Treasury has an in-house microfilming operation which films all checks as they are returned from the depository bank. Actual checks are kept for one year, and microfilm copies are kept indefinitely. The Treasury receives many requests for copies and for action regarding paid checks every day, and the file section assists regularly in responding to these requests and in preparing evidence to be used in trials involving state checks that have been fraudulently negotiated.



The Treasury microfilms all paid checks after they are returned from the depository bank. The actual cancelled checks are kept for one year, but the microfilmed copies are kept indefinitely to aid in any kind of research or investigation.

WIRE TRANSFERS

All outgoing wire transfers for all state agencies for the Fedwire transfer system are initiated by the State Treasurer. The Treasury staff enters wire information by direct PC hookup with our depository bank. The staff has the additional and very important responsibility of reconciling wires authorized with actual deductions made to the state's bank accounts.

The Treasury manages all electronic transfers of funds through the Automated Clearing House (ACH) system. This includes both the cash

concentration system operated statewide for sweeping funds banked temporarily in remote locations into our central depository overnight in order to maximize interest earned, and the electronic disbursement systems that include payroll and retirement benefits. The Treasury staff apprise all affected state agencies of any transactions on the ACH system. Most federal monies come in via ACH, and the departments receiving the monies must be notified.

ACCOUNTING FUNCTIONS

The Treasury Accounting Section has the critical job of keeping the state's nine different bank accounts and of reconciling the Treasurer's records of deposits and withdrawals with both the depository bank and the Finance Cabinet's Division of Accounts. The Treasury staff prepares a daily financial statement showing both bank account and fund balances which is distributed to all of the state's top financial officers. This information is vital to the investment officers, for without timely and accurate information on the financial status of the Commonwealth, the Office for Financial Management and Economic Analysis cannot purchase any investments. On a monthly basis, the Treasury Accounting Section also produces a completely reconciled report of receipts and expenditures as required by law.



As with any operation, a careful accounting must be made of both incoming and outgoing funds. The Treasurer's Office maintains a separate General Ledger of fund balances, and also manages the state's nine different bank accounts. The Treasurer's records must reconcile with both the depository bank and the Finance Cabinet's Division of Accounts.

CASH MANAGEMENT FUNCTIONS

The Treasury will be a key and indispensable factor in the Commonwealth's plan to adjust to the Federal Government's Cash Management Improvement Act of 1990, which becomes effective in October of 1992. Under this plan, the Commonwealth will be liable to the U.S. Treasury for interest on federal funds while they are in the possession of central state government. Conversely, the U.S. Treasury will be liable to the state for interest when state funds are used to front federal programs. The State Treasurer manages the banking relationship for the Commonwealth, and will be the only source of information for the most critical data in the interest calculations—the date of deposit of federal funds and the date that the



When a state check is reported lost or stolen, the Treasury staff stops payment on the item using its computer link to its depository bank. In the calendar year 1991, the Treasury stopped payment on 5,309 checks and, in most cases, issued a duplicate.

disbursement checks clear our bank to withdraw the funds from our possession. The Treasury will be deeply involved in the calculation process to determine the interest owed or due. In addition, the Treasury staff will have an enhanced responsibility to monitor all banking transactions to ensure that they are handled with the greatest speed and efficiency in compliance with federal law.

TAX REPORTING/ PAYROLL WITHHOLDING

The State Treasurer makes the payments and the required reports to the Internal Revenue Service, State Revenue Cabinet, and to some 125 different taxing districts around the state for taxes withheld from the salaries of state employees. For the fourth quarter of 1991, as an example, the office paid \$74,675,957.08 in federal taxes (F.I.C.A. and I.R.S.), \$11,449,082 in state taxes, and \$2,028,686 in local taxes to various cities, counties, and school districts throughout the state. The office also has the responsibility for refunding any taxes withheld in error. In addition to taxes, the Treasurer's Office records information relating to the issuance of U.S. Savings Bonds through payroll withholding, and is the primary research agent when questions or problems arise with them. Approximately \$120,000.00 in U.S. Savings Bonds are issued monthly.



It is the Treasury's responsibility to make timely payments and reports of all taxes withheld from the paychecks of state employees and retirees. In addition to the federal and state tax payments, the Treasurer currently withholds taxes for and remits money to 138 local taxing districts.

COURT ORDERED WITHHOLDINGS

Under State law, the State Treasurer has the responsibility of implementing all Orders of Garnishment, Tax Levies, child supports and other attachments against the salaries of state employees. The office currently makes semi-monthly child support payments for well over 1,000 employees to courts, child support agencies, and individuals around the state and throughout the nation, and this number is growing dramatically each day. Under current Kentucky statute, all new child support agreements must be implemented by means of wage withholding. The Treasury Department also processes 200+ Orders of Garnishment each pay period against the salaries of state employees, and dozens of federal and state tax levies.

STOP PAYMENT ACTIVITIES

The Treasurer handles all stop payment requests on checks which are either lost or stolen, and have not been paid by the bank. The office is on line with the depository bank via computer to input stop payment and release information. Duplicate checks are issued based on an indemnified, notarized bond form. For the calendar year 1991, the Treasury stopped payment on 5,309 checks, and followed up with the paperwork to have these reissued. Releases were later requested on 622 of these checks.

The Treasury also makes collection on checks which have been forged and cashed. Collections are based on an affidavit of forgery.



Any legal attachments against the wages of a state employee or against vendors or other individuals receiving payments from the state must be served on and answered by the State Treasurer. Twice each month the Treasury staff sends child support payments for well over 1,000 state employees to locations around the country, and also withholds hundreds of payments for federal and state tax levies, garnishments, and bankruptcies which must be forwarded to the appropriate courts or agencies.

INVESTMENT ACTIVITY

The State Treasurer's Office also has a vital role in the daily investment process operated by the state. Under State law, the State Investment Commission, with the State Treasurer as a member and Vice Chairman, invests excess and surplus state money. The Office for Investment and Debt Management, now known as the Office of Financial Management and Economic Analysis (OFMEA), is the administrative arm of the State Investment Commission with the authority to run the day-to-day investment program.

The State Treasurer's Office has a vital role in carrying out the instructions of OFMEA relating to the investment of state money. The Treasury's Investment Division prepares all of

the necessary documents to purchase investments and deposits and posts to the proper accounts the interest and/or principal from investments that are received in the Treasury—either by wire transfer or by check. The Investment Division also has the responsibility for the safekeeping and the evaluation of collateral placed as security for investments and deposits. In addition, the Treasurer acts as custodian of valuables placed in the Treasury vault; in particular, the mortgages held for safekeeping for the Kentucky Employees Retirement System, the investments of the Fire and Tornado Fund, and all stock certificates for the Legislative and Judicial Retirement Systems.

DATA PROCESSING FUNCTIONS

The Treasurer's Office operates an in-house IBM AS400 computer system for the purpose of printing checks, compiling checks written and checks paid information, recording investment data, storing tax withholding and payment information, capturing court-ordered withholding data, and producing the multiple reports necessary to meet the duties of the office. In the near future, all bank records and General Ledger accounts will also be transferred to this mainframe. This stand-alone computer system is essential to record and access information on a timely basis and process check requests to meet the obligations of Kentucky State government. The Treasury Data Entry Section inputs information for checkwriting purposes into the mainframe system.

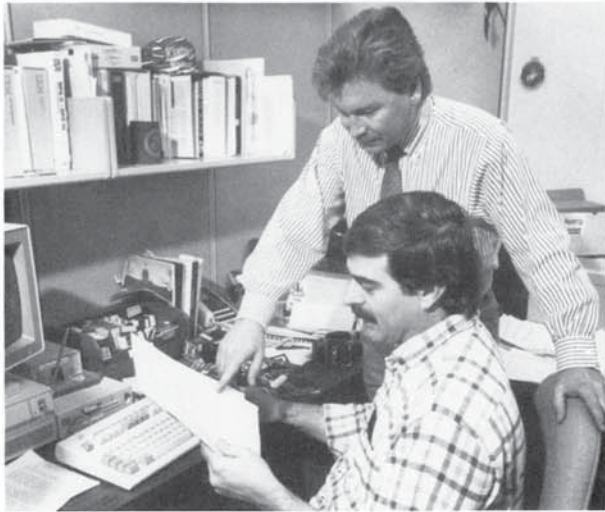
The Treasurer's Office has also expanded its data processing services to other areas. The data base concerning investments is now made available to OFMEA to produce accurate and up-to-date reports upon which they can base many investment decisions. Treasury data on check clearance patterns will be available for all agencies in determining the interest owed calculations for the Federal Cash Management Improvement Act. With its computer sophistication, the Treasury hopes to continue to be a service agency for all of state government.



The Treasurer is the Vice-Chairman of the State Investment Commission, and the Treasury staff provides essential support operations for the overall investment program.

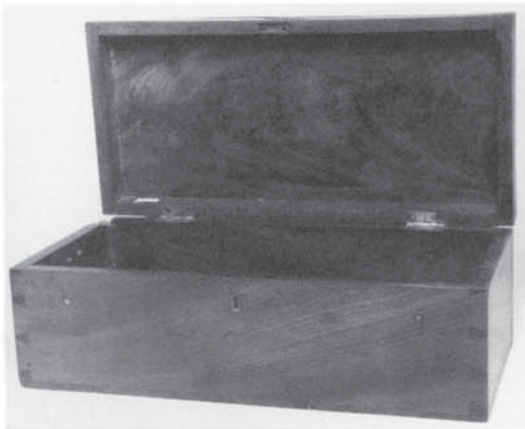


Much of the Treasury's check-writing information comes to it on magnetic tape, but the office maintains its own Data Entry Section to process disbursements that require special handling.



The Treasury maintains an in-house programming staff to support the office's mainframe computer and its various PC's. With this expertise, the department has been able to expand its services to other agencies by being a primary source of vital financial data.

These are merely the most obvious functions performed in the State Treasurer's Office. Running beneath all of these individual duties is the overall function as **one of the primary elements of checks and balances in the entire state financial system.** The Treasury reviews, reconciles, and balances the General Ledger records of the Finance Cabinet, pointing out errors and discrepancies. It reviews and puts into action all investment orders, catching and eliminating what



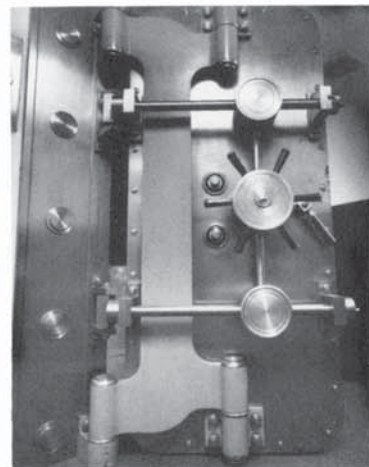
The first Treasurer's "vault" was this mahogany wood box, about 15 inches long by about seven inches wide. This was first Treasurer John Logan's primitive security for the State's funds, and it is on display at the Historical Society museum in Frankfort.

could be very costly errors. It manages the banking relationship with the depository bank, making sure that the Commonwealth's dollars are handled efficiently and effectively.

In 1792, the office of the State Treasurer was one of the few constitutionally established. Consider this: 42 states now have a constitutionally established Treasurer; 40 states have a Treasurer elected directly by the people; two states have a Treasurer elected by the legislature and no state operates without someone acting as a Treasurer.



The first permanent Treasury vault, in the Old Capitol Annex, in Frankfort, was installed with the construction of that building in 1870, and the only security was a padlock.



This vault, presently in use by the Treasury, was installed in 1952 in the new Capitol Annex, upon construction of that building, and is reputedly capable of withstanding an atomic blast.