

# Annual Report 2007

## Florida Department of Financial Services

### Division of Treasury

The Chief Financial Officer is the constitutional officer with the fiduciary responsibility over the Division of Treasury. A core function of the Department of Financial Services, the Division of Treasury's goals are to be effective stewards of the operational monies and other financial assets of the State and to assist state employees with tools to help them prepare for financial security during their retirement years. This year, the Division of Treasury also increased its services outside the Department, holding seminars to remind other state agencies about the cost-saving services offered by the Division.

The Division of Treasury has three bureaus:

- The Bureau of Funds Management;
- The Bureau of Collateral Management; and
- The Bureau of Deferred Compensation.

**The Bureau of Funds Management** operates a cash management system to maximize investments by speeding the flow of funds into the state Treasury. The Bureau also performs standard treasury functions, such as operating a statewide deposit concentration system and receipts and payments posting systems. In addition, the Bureau manages a fixed income investment operation, the Treasury Investment Pool, for both general revenue and trust funds in the Treasury and funds of organizations participating in the Treasury Special Purpose Investment Accounts (SPIA). SPIA is an optional investment program open to any entities established by the Florida Constitution or Florida Statutes.

The Treasury Investment Pool is a combination of short and intermediate term fixed income investment strategies. The asset structure of the pool is designed to provide strong liquidity using short term investments and additional investment income provided by a substantial commitment to intermediate investments. During the 2006-2007 Fiscal Year, the Treasury Investment Pool exceeded more than \$1 billion in interest earnings for the first time. This additional interest income provides additional state resources, and is a major source of non-tax revenue.

**The Bureau of Collateral Management** is a centralized deposit location for specialized handling of regulatory collateral deposits. Regulatory collateral deposits are required of various entities by state agencies as a condition of doing business or acts of guarantee. Efficiency has increased in the Bureau, due to continuing improvement of the new computer system deployed two years ago. Asset management staff is responsible for maintaining regulatory collateral deposits for 2,010 combined accounts that represent in excess of \$5.7 billion dollars. Program administration staff is responsible for protecting more than \$10.8 billion in public funds deposited in 203 Qualified Public Depositories statewide.

**The Bureau of Deferred Compensation** manages the Deferred Compensation Program, a pre-tax investment program designed to supplement state employees' pension plans. The Deferred Compensation Program provides employees of the State of Florida with tools to help them prepare for financial security during their retirement years. To achieve this goal, the Bureau partners with investment vendors to offer excellent customer service and investment products at a reasonable cost. The program is currently reviewing these providers, with the goal of ensuring that state employees have access to high quality investment options for their supplemental retirement funds. The Deferred Compensation Program has more than 74,000 accounts and \$2.1 billion in assets. For the first time, the program this year helped some state employees maximize their annual bonuses through investments in Deferred Compensation accounts. This popular option led to more than 1,000 new accounts and allowed more than 6,000 employees to invest as much as \$897 in their own personal retirement account as opposed to receiving their bonus as a lump sum payment of approximately \$673.

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ITEMS OF SPECIAL INTEREST

**Investments: Balance June 30, 2007** \$20,981,260,964.74

**Percent Of Investments Earning Interest As Of June 30, 2007 for:**

General Revenue Fund	47.460%
Trust Funds	37.401%
Special Purpose Investment Accounts	15.139%

**Investments By Type (1)**

(Weighted Average Daily Balances)

Certificates Of Deposit		
Banks	\$515,346,575.34	
Savings & Loans	<u>310,831,506.85</u>	
Subtotal	826,178,082.19	
Internal Liquidity Securities	5,872,159,970.46	
Internal Intermediate Securities	2,436,771,259.43	
Internal Bridge Securities	<u>493,979,069.99</u>	
Total Internal Securities	8,802,910,299.88	
Total Internal Investments		9,629,088,382.07
External Medium Term Securities	<u>11,267,914,136.41</u>	
Total External Investments		<u>11,267,914,136.41</u>
Total Investments		\$20,897,002,518.48

99 % Of Total Average Daily Treasury Funds Are Invested

**Interest Earnings**

	Cash	Accrual
Certificates Of Deposit	\$35,970,308.96	\$37,539,831.09
Internal Liquidity Securities	320,679,369.86	314,179,447.95
Internal Intermediate Securities	106,731,832.42	104,492,117.25
Internal Bridge Securities	<u>23,348,576.02</u>	<u>22,945,392.61</u>
Total Internal Investments	486,730,087.26	479,156,788.90
External Medium Term Securities	<u>590,006,495.45</u>	<u>590,006,495.45</u>
Total External Investments	590,006,495.45	590,006,495.45
Total Interest Earnings	\$1,076,736,582.71	\$1,069,163,284.35

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<b>Interest Distribution</b>	<b>Cash</b>	<b>Accrual</b>
General Fund	\$464,716,678.89	\$466,608,268.39
Trust Fund	414,398,046.10	404,278,082.99
Special Purpose Investment Account	197,621,857.72	198,276,932.97
Total	\$1,076,736,582.71	\$1,069,163,284.35

<b>Weighted Average Yields (%)</b>	<b>Cash</b>	<b>Accrual</b>
Certificates Of Deposit	4.35%	4.54%
Internal Liquidity Securities	5.46%	5.35%
Internal Intermediate Securities	4.38%	4.29%
Internal Bridge Securities	4.73%	4.65%
Total Internal Investments	5.05%	4.98%
External Medium Term Securities	5.24%	5.24%
Total External Investments	5.24%	5.24%
Total Portfolio	5.15%	5.12%

#### Footnote:

- (1) The securities classified as internal investments are managed by the Treasury Investment Section. The external investments are managed by investment management firms hired by the CFO's Office.

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## SUMMARY OF FUNDS

*of Division of Treasury*

*Showing Receipts, Disbursements, and Balances  
for the Fiscal Year Ended June 30, 2007*

<b>Fund Name</b>	<b>Balance June 30, 2006</b>	<b>Direct Receipts</b>	<b>Receipts By Transfers</b>	<b>Disbursements By Warrants</b>	<b>Disbursements By Transfers</b>	<b>Balance Per Treasury</b>
<b>General Fund (1)</b>	\$6,120,818,645.23	\$27,398,706,842.49	\$2,113,039,962.86	\$8,020,830,099.54	\$22,494,091,419.90	\$5,117,643,931.14
<b>Trust Fund (2)</b>	13,637,753,569.98	50,679,250,574.45	102,237,985,790.65	70,508,246,838.03	82,015,712,404.98	14,031,030,692.07
<b>Budget Stabilization</b>	1,078,048,784.46	0.00	167,559,011.97	0.00	8,781,651.00	1,236,826,145.43
<b>Total Three Funds</b>	20,836,620,999.67	78,077,957,416.94	104,518,584,765.48	78,529,076,937.57	104,518,585,475.88	20,385,500,768.64

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**CASH RECEIPTS AND DISBURSEMENTS**

*\$ in Millions*

<b>FISCAL YEAR ENDING JUNE 30, 2007</b>	<b>RECEIPTS</b>	<b>DISBURSEMENTS</b>	<b>NET RECEIPTS OR (NET DISBURSEMENTS)</b>
JULY	5,835,212	6,980,842	(1,145,630)
AUGUST	6,639,549	7,599,481	(959,932)
SEPTEMBER	5,724,650	5,995,510	(270,860)
OCTOBER	6,970,384	6,453,504	516,880
NOVEMBER	5,905,367	6,585,134	(679,767)
DECEMBER	5,956,514	6,152,569	(196,055)
JANUARY	7,381,123	6,036,767	1,344,356
FEBRUARY	5,904,400	6,135,670	(231,270)
MARCH	6,461,480	6,540,534	(79,054)
APRIL	7,333,749	6,341,686	992,063
MAY	7,158,782	7,336,557	(177,775)
JUNE	6,806,748	6,370,823	435,925
<b>TOTALS</b>	<b>78,077,958</b>	<b>78,529,077</b>	<b>(451,119)</b>

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STATEMENT OF ASSETS AND LIABILITIES

ASSETS	Footnote	June 30, 2007	June 30, 2006
Currency and Coins		\$300,000.00	\$300,000.00
Unemployment Compensation Investments Due From U.S Treasury -Unemployment TF	(1)	\$2,506,818,290.88	\$2,306,545,431.52
Deferred Compensation Assets	(2)	2,162,279,455.19	1,956,652,473.24
Bank Accounts	(3)	97,813,213.13	96,449,767.25
Consolidated Revolving Account	(4)	<u>3,368,942.56</u>	<u>362,994.22</u>
Total Cash, Receivables, and Other Assets		\$4,770,579,901.76	\$4,360,310,666.23
Certificates of Deposit		1,015,800,000.00	893,800,000.00
Securities	(6)	19,965,460,964.74	20,750,337,211.78
Total Investments		<u>\$20,981,260,964.74</u>	<u>\$21,644,137,211.78</u>
Total Assets of the Division of Treasury		<u>\$25,751,840,866.50</u>	<u>\$26,004,447,878.01</u>
LIABILITIES		June 30, 2007	June 30, 2006
General Revenue Fund		5,117,643,931.14	6,120,818,645.23
Trust Fund	(7)	14,031,030,692.07	13,637,753,569.98
Budget Stabilization Fund		<u>1,236,826,145.43</u>	<u>1,078,048,784.46</u>
Total Three Funds		\$20,385,500,768.64	\$20,836,620,999.67
Adjustments	(8)	30,235,684.73	36,382,741.86
Due to Special Purpose Investment Accounts	(5)	3,170,456,015.38	3,174,428,669.02
Due to Deferred Compensation Participants and/or Program	(2)	2,162,279,455.19	1,956,652,473.24
Due to Consolidated Revolving Account Agency Participants	(4)	<u>3,368,942.56</u>	<u>362,994.22</u>
Total Liabilities of the Division of Treasury		<u>\$25,751,840,866.50</u>	<u>\$26,004,447,878.01</u>

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#### Footnotes:

- (1) Unemployment Trust Fund represents U.C. Benefit Funds invested by the Federal government and due from the U.S. Treasury.
- (2) Plan assets held in the Deferred Compensation Trust Fund for the exclusive benefit of participants and their beneficiaries in the amount of \$2,162,279,455.19. The plan assets include Statutory Reserves of \$2,162,005,530.48, Communication Fund Balance of \$147,677.51 and Operating Account Balance of \$126,247.20.
- (3) Represents the "Per Reconciled Cash Balance" of \$161,082,404.54 as of June 30, 2007, with receipted items in transit of \$156,410,176.01 and disbursed items in transit of (\$93,140,984.60), which nets to \$63,269,191.41. These items have cleared the bank but have not been posted to the state ledger. The Total Bank Accounts figure does not include \$12,386,892.03 held in clearing and/or revolving accounts outside the Treasury.
- (4) The amount due to agency participants in the Consolidated Revolving Account as of June 30, 2007, is \$3,368,942.56. Of this, \$661,827.68 is in a financial institution account and \$2,707,114.88 is invested in Special Purpose Investment Accounts.
- (5) Represents the CFO's Special Purpose Investment Accounts held in the CFO's custody and interest due to those accounts. The CFO's Special Purpose Investment Accounts are investments on behalf of state agencies with funds outside the CFO's Cash Concentration System and other statutorily created entities.
- (6) Includes Purchased Interest in the amount of \$1,425,165.22.
- (7) Included in the Trust Fund Balance is \$7,838,809,717.23 earning interest for the benefit of Trust Funds, Unemployment Trust Fund balance of \$2,506,818,290.88, and the remaining balance of \$3,685,402,683.96 earning interest for General Revenue.
- (8) Represents \$30,235,684.73 in interest not yet receipted to State Accounts.

Note:	June 30, 2007	June 30, 2006
Total Market Value of all Investments held by the Treasury.	\$20,707,354,170.47	\$21,275,805,843.57

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**BUREAU OF COLLATERAL MANAGEMENT**  
*Collateral in Custody Of, Pledged To, or Held By Custodians  
for the State Chief Financial Officer as of June 30, 2007*

**COLLATERAL IN CUSTODY OF CFO**

**STOCK**

EDUCATION, Department of Comptroller, Office of the .....	\$1,138,047.01
<b>Total Value of Stock .....</b>	<b>\$1,138,047.01</b>

**CASH**

FINANCIAL SERVICES Commission Insurance Regulation, Office of .....	\$164,793,400.12
FINANCIAL SERVICES, Department of Agents and Agency Services, Division of .....	\$253,397.67
Insurance Fraud, Division of .....	\$7,171.99
Treasury, Division of .....	\$114,259.83
JACKSONVILLE Transportation Authority Finance & Systems, Division of .....	\$2,724,905.72
TRANSPORTATION, Department of Comptroller, Office of .....	\$495,845,437.55
<b>Total Cash .....</b>	<b>\$663,738,572.88</b>

**CERTIFICATES OF DEPOSIT**

FINANCIAL SERVICES Commission Financial Regulation, Office of .....	\$1,790,000.00
Insurance Regulation, Office of .....	\$23,495,201.51
FINANCIAL SERVICES, Department of Agents and Agency Services, Division of .....	\$175,000.00
Workers' Compensation, Division of .....	\$1,223,000.00
LOTTERY, Department of	



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General Accounting, Division of .....	\$2,507,558.01
TRANSPORTATION, Department of Comptroller, Office of.....	\$460,762.54
<b>Total Certificates of Deposit .....</b>	<b>\$29,651,522.06</b>

**LETTERS OF CREDIT**

FINANCIAL SERVICES Commission Insurance Regulation, Office of .....	\$15,006,798.89
FINANCIAL SERVICES, Department of Treasury, Division of .....	\$373,175,000.00
<b>Total Letters of Credit .....</b>	<b>\$388,181,798.89</b>

**PROMISSORY NOTES**

FINANCIAL SERVICES Commission Insurance Regulation, Office of .....	\$285,000.00
<b>Total Promissory Notes .....</b>	<b>\$285,000.00</b>

**CHECKS**

SERVICES, Department of Treasury, Division of .....	\$2,969.77
<b>Total Checks.....</b>	<b>\$2,969.77</b>

**TOTAL COLLATERAL IN CUSTODY OF CFO**

Stock .....	\$1,138,047.01
Cash, Certificates of Deposit, Checks, Letters of Credit, Promissory Notes.....	\$1,081,859,863.60

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**COLLATERAL HELD BY CUSTODIANS**

**CUSTODIAL ACCOUNTS (SECURITIES)**

FINANCIAL SERVICES Commission	
Financial Regulation, Office of.....	\$52,696,617.02
Insurance Regulation, Office of.....	\$515,204,871.43
FINANCIAL SERVICES, Department of	
Treasury, Division of.....	\$4,020,180,762.39
Workers' Compensation, Division of.....	\$160,475.00
TAMPA-HILLSBOROUGH County Expressway Authority	
Financial Services and Contracts Administration .....	\$5,865,600.00
TRANSPORTATION, Department of	
Comptroller, Office of.....	\$565,878.00
<b>Total Custody Accounts (Book-entry).....</b>	<b>\$4,594,674,203.84</b>

**CUSTODIAL ACCOUNTS (CASH)**

FINANCIAL SERVICES, Department of	
Treasury, Division of.....	\$100,000.00
<b>Total Custody Accounts (Cash) .....</b>	<b>\$100,000.00</b>

**TOTAL COLLATERAL HELD BY CUSTODIANS**

Custodial Accounts .....	\$4,594,774,203.84
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**GRAND TOTALS OF COLLATERAL IN CUSTODY OF, PLEDGED TO, OR HELD BY CUSTODIANS FOR THE STATE CHIEF FINANCIAL OFFICER**

<b>GRAND TOTAL (STOCK) .....</b>	<b>\$1,138,047.01</b>
<b>GRAND TOTAL (ALL OTHER) .....</b>	<b>\$5,676,634,067.44</b>