



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

October 15, 2010

The Honorable Charlie Crist  
Governor, the State of Florida  
The Capitol  
Tallahassee, Florida 32399

Dear Governor Crist:

In accordance with Chapter 17.54, Florida Statutes, I am pleased to submit to you the Annual Report of the Chief Financial Officer of Florida for the Division of Treasury for the Fiscal Year July 1, 2009, to June 30, 2010.

Sincerely,

A handwritten signature in cursive script that reads "Alex Sink".

Alex Sink

# ANNUAL REPORT 2010

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 (17.55 F.S.). 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 (17.57 F.S.).

## **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. An emphasis on cash management consulting to state agencies has identified potential cost reductions and interest earning opportunities. 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, preserve capital and provide excess returns to the State; using short term, high-quality investments and additional investment income using intermediate investments.

During the 2009-2010 fiscal year, the weighted average daily balance of investment holdings was \$16.097 billion, as compared to \$16.015 billion for the previous fiscal year. This is an increase of \$82 million or approximately .5%.

The Treasury was able to provide positive earnings each month for the 2009-2010 fiscal year. During this period, the Treasury recognized interest earnings of \$409 million, as compared to \$432 million for the previous fiscal year. Interest earnings provide additional state resources and are a major source of non-tax revenue.

***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 bureau has made notable additions to their investment vendor's portfolio of funds and promoted its communication efforts to state employees. The Deferred Compensation Program has more than 80,000 accounts and total assets over \$2.2 billion.

***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. Asset management staff is responsible for maintaining regulatory collateral deposits for 1,885 combined accounts that represent in excess of \$17 billion dollars. Program administration staff is responsible for protecting more than \$23 billion in public funds deposited in 202 Qualified Public Depositories statewide. These deposits are protected by more than \$15.6 billion in pledged assets and a shared contingent liability managed by the bureau. Due to the current overall economic situation in the Florida financial industry, the bureau has increased the monitoring of the state's Qualified Public Depositories (QPDs). The bureau has conducted more frequent and in depth analysis than it had in the past. In the first 20 years of the program (1981-2001) there were three QPD failures. In calendar year 2009 there were eight and in the first seven months of 2010 there have been twelve failures with more expected before year end. Each failed institution was acquired by a new institution and all public deposits transferred to the new owners. The bureau will continue a program of increased monitoring to more accurately gauge the appropriate collateral requirements for these depository institutions.

# ANNUAL REPORT 2010

FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## ITEMS OF SPECIAL INTEREST FISCAL YEAR 09-10

**INVESTMENT COST:  
BALANCE JUNE 30, 2010**

**\$18,189,803,960.63**

**PERCENT OF INVESTMENTS EARNING INTEREST AS OF JUNE 30, 2010 FOR:**

GENERAL REVENUE FUND	34.073%
TRUST FUNDS	30.611%
SPECIAL PURPOSE INVESTMENT ACCOUNTS (SPIA)	35.316%

### INVESTMENTS BY TYPE (1)

(WEIGHTED AVERAGE DAILY BALANCES)

CERTIFICATES OF DEPOSIT		
BANKS	\$801,938,356.16	
SAVINGS & LOANS	219,890,410.96	
<b>SUBTOTAL</b>	<b>1,021,828,767.12</b>	
INTERNAL LIQUIDITY SECURITIES	6,723,699,096.86	
INTERNAL INTERMEDIATE SECURITIES	1,046,832,606.41	
INTERNAL BRIDGE SECURITIES	971,247,063.07	
LIQUIDATING ACCOUNT SECURITIES	13,457,016.41	
TOTAL INTERNAL SECURITIES	<u>8,755,235,782.75</u>	
TOTAL INTERNAL INVESTMENTS		9,777,064,549.87
EXTERNAL MEDIUM TERM SECURITIES	<u>6,320,169,696.25</u>	
TOTAL EXTERNAL INVESTMENTS		<u>6,320,169,696.25</u>
<b>TOTAL INVESTMENTS</b>		<b><u>\$16,097,234,246.12</u></b>

99 % OF TOTAL AVERAGE DAILY TREASURY FUNDS ARE INVESTED

### INTEREST EARNINGS

	CASH	ACCRUAL
CERTIFICATES OF DEPOSIT	\$45,498,289.74	\$43,066,076.22
INTERNAL LIQUIDITY SECURITIES	9,514,619.58	12,076,268.84
INTERNAL INTERMEDIATE SECURITIES	67,115,711.27	57,415,884.16
INTERNAL BRIDGE SECURITIES	36,210,944.51	17,582,379.89
LIQUIDATING ACCOUNT SECURITIES	<u>9,346,886.80</u>	<u>7,665,039.30</u>
TOTAL INTERNAL INVESTMENTS	167,686,451.90	137,805,648.41
EXTERNAL MEDIUM TERM SECURITIES	<u>272,023,830.70</u>	<u>272,023,830.70</u>
TOTAL EXTERNAL INVESTMENTS	272,023,830.70	272,023,830.70
<b>TOTAL INTEREST EARNINGS</b>	<b><u>\$439,710,282.60</u></b>	<b><u>\$409,829,479.11</u></b>

# ANNUAL REPORT 2010

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

DIVISION OF TREASURY

## ITEMS OF SPECIAL INTEREST FISCAL YEAR 09-10

INTEREST DISTRIBUTION	CASH	ACCRUAL
GENERAL FUND	\$116,525,720.23	\$111,851,173.25
TRUST FUND	177,869,837.57	158,342,789.27
SPECIAL PURPOSE INVESTMENT ACCOUNT (SPIA)	<u>145,314,724.80</u>	<u>139,635,516.59</u>
<b>TOTAL</b>	<b><u>\$439,710,282.60</u></b>	<b><u>\$409,829,479.11</u></b>

  

WEIGHTED AVERAGE YIELDS (%)	CASH	ACCRUAL
CERTIFICATES OF DEPOSIT	4.45%	4.21%
INTERNAL LIQUIDITY SECURITIES	0.14%	0.18%
INTERNAL INTERMEDIATE SECURITIES	6.41%	5.48%
INTERNAL BRIDGE SECURITIES	3.73%	1.81%
LIQUIDATING ACCOUNT SECURITIES	69.46%	56.96%
TOTAL INTERNAL INVESTMENTS	1.72%	1.41%
EXTERNAL MEDIUM TERM SECURITIES	4.30%	4.30%
TOTAL EXTERNAL INVESTMENTS	4.30%	4.30%
<b>TOTAL PORTFOLIO</b>	<b>2.73%</b>	<b>2.55%</b>

(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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FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## SUMMARY OF FUNDS OF DIVISION OF TREASURY SHOWING RECEIPTS, DISBURSEMENTS AND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND NAME	BALANCE JUNE 30, 2009	DIRECT RECEIPTS	RECEIPTS BY TRANSFERS	DISBURSEMENTS BY WARRANTS	DISBURSEMENTS BY TRANSFERS	BALANCE PER TREASURY
GENERAL FUND	\$2,089,534,055.49	\$22,611,090,418.91	\$2,180,677,968.42	\$4,523,351,106.40	\$19,958,980,206.84	\$2,398,971,129.58
TRUST FUND	\$9,506,805,991.15	\$64,478,847,093.92	\$99,601,764,845.17	\$82,237,426,431.32	\$81,824,504,371.98	\$9,525,487,126.94
BUDGET STABILIZATION	\$273,873,998.17	\$0.00	\$1,041,765.23	\$0.00	\$0.00	\$274,915,763.40
<b>TOTAL THREE FUNDS</b>	<b>\$11,870,214,044.81</b>	<b>\$87,089,937,512.83</b>	<b>\$101,783,484,578.82</b>	<b>\$86,760,777,537.72</b>	<b>\$101,783,484,578.82</b>	<b>\$12,199,374,019.92</b>

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FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## CASH RECEIPTS AND DISBURSEMENTS

MONTH	RECEIPTS (in thousands)	DISBURSEMENTS (in thousands)	NET RECEIPTS OR (NET DISBURSEMENTS) (in thousands)
JULY	6,735,220	7,461,261	(726,041)
AUGUST	6,379,259	7,005,818	(626,559)
SEPTEMBER	6,931,556	7,572,803	(641,247)
OCTOBER	6,773,012	6,796,346	(23,334)
NOVEMBER	6,391,098	6,741,415	(350,317)
DECEMBER	8,267,897	8,067,259	200,638
JANUARY	7,075,941	6,238,501	837,440
FEBRUARY	6,788,353	6,798,026	(9,673)
MARCH	8,087,655	7,794,127	293,528
APRIL	8,208,777	7,308,645	900,132
MAY	7,444,376	7,051,950	392,426
JUNE	8,006,794	7,924,627	82,167
TOTALS	<b>87,089,938</b>	<b>86,760,778</b>	<b>329,160</b>

# ANNUAL REPORT 2010

FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
 DIVISION OF TREASURY

## STATEMENT OF ASSETS AND LIABILITIES

Assets	Footnote	June 30, 2010	June 30, 2009
Currency and Coins		\$300,000.00	\$300,000.00
Unemployment Compensation Investments Due From U.S. Treasury - Unemployment TF	(1)	\$455,037,633.39	\$445,930,829.50
Deferred Compensation Assets	(2)	2,206,219,558.43	1,974,577,361.78
Banks Accounts	(3)	46,260,933.63	98,349,925.01
Consolidated Revolving Account	(4)	<u>196,830.41</u>	<u>558,198.86</u>
<b>Total Cash, Receivables and Other Assets</b>		<b>\$2,708,014,955.86</b>	<b>\$2,519,716,315.15</b>
Certificates of Deposit		1,008,000,000.00	\$1,081,500,000.00
Securities	(6)	17,181,803,960.63	\$14,374,951,073.13
Total Investments		<u><b>\$18,189,803,960.63</b></u>	<u><b>\$15,456,451,073.13</b></u>
<b>Total Assets of the Division of Treasury</b>		<u><b>\$20,897,818,916.49</b></u>	<u><b>\$17,976,167,388.28</b></u>
Liabilities	Footnote	June 30, 2010	June 30, 2009
General Revenue Fund		\$2,398,971,129.58	\$2,089,534,055.49
Trust Fund	(7)	\$9,525,487,126.94	\$9,506,805,991.15
Budget Stabilization Fund		<u>\$274,915,763.40</u>	<u>\$273,873,998.17</u>
<b>Total Three Funds</b>		<b>\$12,199,374,019.92</b>	<b>\$11,870,214,044.81</b>
Interest Payable & Securities Liability	(8)	\$68,340,290.01	\$16,657,309.27
Due to Special Purpose Investment Accounts	(5)	\$6,423,688,217.72	\$4,114,160,473.56
Due to Deferred Compensation Participants and/or Program	(2)	\$2,206,219,558.43	\$1,974,577,361.78
Due to Consolidated Revolving Account Agency Participants	(4)	<u>\$196,830.41</u>	<u>\$558,198.86</u>
<b>Total Liabilities of the Division of Treasury</b>		<u><b>\$20,897,818,916.49</b></u>	<u><b>\$17,976,167,388.28</b></u>

# ANNUAL REPORT 2010

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

DIVISION OF TREASURY

## STATEMENT OF ASSETS AND LIABILITIES

- (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 \$2,206,219,558.43. The plan assets include Statutory Reserves of \$2,206,173,433.88 and Operating Account Balance of \$46,124.55
- (3) Represents the "Per Reconciled Cash Balance" of \$140,819,245.89 as of June 30, 2010, with receipted items in transit of \$221,602,088.84 and disbursed items in transit of (\$162,610,145.84), which nets to \$58,991,943.00. These items have cleared the bank but have not been posted to the state ledger. The Total Bank Accounts figure does not include \$11,777,032.64 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, 2010, is \$6,077,460.41. Of this, \$196,830.41 is in a financial institution account and \$5,880,630.00 is invested in Special Purpose Investment Accounts.
- (5) Represents the CFO's Special Purpose Investment Accounts held in the Treasury Investment Pool 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 or constitutionally created entities.
- (6) Includes Purchased Interest in the amount of \$2,696,654.57.
- (7) Included in the Trust Fund Balance is \$5,532,589,368.75 earning interest for the benefit of Trust Funds; Unemployment Trust Fund balance of \$455,037,633.39; and the remaining balance of \$3,537,860,124.80 earning interest for General Revenue.
- (8) Represents \$14,766,831.06 in interest not yet receipted to State Accounts and Securities Liability Cost of \$53,573,458.95 which settles July 1, 2010.

Note:	June 30, 2010	June 30, 2009
Total Market Value of all investments held by the Treasury.	\$18,439,474,089.39	\$15,223,888,198.29



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FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## BUREAU OF COLLATERAL MANAGEMENT

### COLLATERAL

In Custody Of, Pledged To, or Held By Custodians  
for the State Chief Financial Officer as of June 30, 2010

#### COLLATERAL IN CUSTODY OF CFO

#### STOCK

EDUCATION, Department of  
Comptroller, Office of the .....\$1,124,600.53

**Total Value of Stock ..... \$1,124,600.53**

#### CASH

ENVIRONMENTAL PROTECTION, Department of  
Waste Management, Division of.....\$5,773,890.81

FINANCIAL SERVICES Commission  
Insurance Regulation, Office of..... \$161,254,889.89

FINANCIAL SERVICES, Department of  
Agents and Agency Services, Division of .....\$227,246.11

Insurance Fraud, Division of..... \$7,959.91

Treasury, Division of .....\$6,000,000.00

JACKSONVILLE Transportation Authority  
Finance & Systems, Division of.....\$3,784,872.63

TRANSPORTATION, Department of  
Comptroller, Office of ..... \$617,905,969.78

**Total Cash ..... \$794,954,829.13**

#### CERTIFICATES OF DEPOSIT

FINANCIAL SERVICES Commission  
Financial Regulation, Office of ..... \$1,775,000.00

Insurance Regulation, Office of..... \$20,952,814.45

FINANCIAL SERVICES, Department of  
Agents and Agency Services, Division of .....\$210,000.00

LOTTERY, Department of  
General Accounting, Division of ..... \$1,832,454.16

TRANSPORTATION, Department of  
Comptroller, Office of .....\$260,762.54

**Total Certificates of Deposit .....\$25,031,031.15**

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FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## COLLATERAL In Custody Of, Pledged To, or Held By Custodians for the State Chief Financial Officer as of June 30, 2010

### COLLATERAL IN CUSTODY OF CFO

#### LETTERS OF CREDIT

FINANCIAL SERVICES Commission Insurance Regulation, Office of.....	\$6,579,069.00
FINANCIAL SERVICES, Department of Treasury, Division of.....	\$4,635,820,000.00
<b>Total Letters of Credit.....</b>	<b>\$4,642,399,069.00</b>

#### CHECKS

FINANCIAL SERVICES Commission Insurance Regulation, Office of.....	\$104.89
<b>Total Checks .....</b>	<b>\$104.89</b>

#### TOTAL COLLATERAL IN CUSTODY OF CFO

<b>Stock.....</b>	<b>\$1,124,600.53</b>
<b>Cash, Certificates of Deposit, Letters of Credit, Checks .....</b>	<b>\$5,462,385,034.17</b>

### COLLATERAL HELD BY CUSTODIANS

#### CUSTODIAL ACCOUNTS (SECURITIES)

FINANCIAL SERVICES Commission Financial Regulation, Office of .....	\$46,842,383.26
Insurance Regulation, Office of.....	\$592,437,811.52
FINANCIAL SERVICES, Department of Treasury, Division of.....	\$11,018,872,984.46
Workers' Compensation, Division of .....	\$120,000.00
TAMPA-HILLSBOROUGH County Expressway Authority Financial Services and Contracts Administration.....	\$5,870,691.67
TRANSPORTATION, Department of Comptroller, Office of .....	\$106,880.00
<b>Total Custody Accounts (Book-entry) .....</b>	<b>\$11,664,250,750.91</b>

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FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF TREASURY

## COLLATERAL In Custody Of, Pledged To, or Held By Custodians for the State Chief Financial Officer as of June 30, 2010

### COLLATERAL HELD BY CUSTODIANS

#### CUSTODIAL ACCOUNTS (CASH)

FINANCIAL SERVICES, Department of  
Treasury, Division of .....\$500,000.00

**Total Custody Accounts (Cash).....\$500,000.00**

#### TOTAL COLLATERAL HELD BY CUSTODIANS

**Custodial Accounts ..... \$11,664,750,750.91**

### GRAND TOTALS OF COLLATERAL IN CUSTODY OF, PLEDGED TO, OR HELD BY CUSTODIANS FOR THE STATE CHIEF FINANCIAL OFFICER

**GRAND TOTAL (STOCK) ..... \$1,124,600.53**

**GRAND TOTAL (ALL OTHER) .....\$17,127,135,785.08**