



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**

September 20, 2016

The Honorable Rick Scott  
The Governor of Florida  
Capitol Building, Plaza Level  
Tallahassee, Florida 32399-0300

Dear Governor Scott:

In accordance with Chapter 17.54, Florida Statutes, I am pleased to submit to you the Annual Report for the Division of Treasury for Fiscal Year 2015-2016.

Please let me know if you have any questions or would like additional information.

Sincerely,

A handwritten signature in blue ink that reads "Jeff Atwater".

Jeff Atwater  
Chief Financial Officer

JA/jb  
Enclosure

**THE CHIEF FINANCIAL OFFICER** is the constitutional officer with the fiduciary responsibility over the Division of Treasury. As 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.

#### **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 has identified potential cost reductions and interest earning opportunities for state agencies. The Bureau also performs standard treasury functions; such as, operating statewide deposit concentration, receipts, and payments posting systems.

**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 1,771 combined accounts that represent in excess of \$13.6 billion dollars. Program administration staff is responsible for protecting more than \$24.7 billion in public funds deposited in 145 Qualified Public Depositories statewide. These deposits are protected by more than \$11.5 billion in pledged assets and a shared contingent liability managed by the Bureau.

**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 vendors' investment portfolio and increased its communication efforts to state employees. The Deferred Compensation Program has more than 84,000 accounts and total assets over \$3.6 billion.

#### **TREASURY INVESTMENT POOL**

The Division manages a fixed income investment operation, the Treasury Investment Pool (Pool). The Pool consists of general revenue and trust funds in the Treasury, as well as, funds of organizations participating in the Treasury Special Purpose Investment Accounts (SPIA). SPIA is an optional investment program open to all entities established by the Florida Constitution/ Statute.

The Treasury Investment Pool utilizes 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. This is done through the use of short term, high-quality investments, as well as, additional investment income using intermediate investments.

During the 2015-2016 fiscal year, the weighted average daily balance of investment holdings was \$23.5 billion, an increase of \$1.2 billion or approximately 5% from the prior year.

During this period, the Treasury allocated to the pool participants earnings of \$364 million.

**ITEMS OF SPECIAL INTEREST**

*Fiscal Year 2015-2016*

**Investment Cost:**

Balance June 30, 2016 **\$24,027,878,610.63**

**Percent Of Investments Earning Interest As Of June 30, 2015 For:**

General Revenue Fund	38.263%
Trust Funds	33.498%
Special Purpose Investment Accounts (Spia)	28.239%

**Investments By Type (1)  
(Weighted Average Daily Balances)**

Certificates Of Deposit		
Banks	\$758,806,830.60	
Savings & Loans	0.00	
Subtotal	<u>758,806,830.60</u>	
Internal Liquidity Securities	9,474,833,605.30	
Internal Short Duration Securities	<u>2,880,073,529.04</u>	
Total Internal Securities	12,354,907,134.34	
Total Internal Investments		13,113,713,964.94
External Intermediate Duration Securities	2,459,906,478.87	
External Long Duration Securities	<u>7,970,141,921.57</u>	
Total External Investments		<u>10,430,048,400.44</u>
<b>Total Investments</b>		<b><u><u>\$23,543,762,365.38</u></u></b>

**99 % Of Total Average Daily Treasury Funds Are Invested**

**Interest Earnings**

	<b>Cash</b>	<b>Accrual</b>
Certificates Of Deposit	\$5,178,258.43	\$5,781,279.45
Internal Liquidity Securities	31,310,919.18	34,870,557.33
Internal Short Duration Securities	<u>36,216,476.13</u>	<u>33,289,991.60</u>
Total Internal Investments	72,705,653.74	73,941,828.38
External Intermediate Securities	53,222,182.32	53,222,182.32
External Long Duration Securities	<u>236,517,760.78</u>	<u>236,517,760.78</u>
Total External Investments	289,739,943.10	289,739,943.10
<b>Total Interest Earnings</b>	<b><u><u>\$362,445,596.84</u></u></b>	<b><u><u>\$363,681,771.48</u></u></b>

**Interest Distribution**

	<b>Cash</b>	<b>Accrual</b>
General Fund	\$114,395,412.83	\$117,810,976.00
Trust Fund	138,569,498.58	133,013,498.68
Special Purpose Investment Account (Spia)	<u>109,480,685.43</u>	<u>112,857,296.80</u>
<b>Total</b>	<b><u><u>\$362,445,596.84</u></u></b>	<b><u><u>\$363,681,771.48</u></u></b>

**Weighted Average Yields (%)**

	<b>Cash</b>	<b>Accrual</b>
Certificates Of Deposit	0.68%	0.76%
Internal Liquidity Securities	0.33%	0.37%
Internal Short Duration Securities	1.26%	1.16%
Total Internal Investments	0.55%	0.56%
External Intermediate Securities	2.16%	2.16%
External Long Duration Securities	2.97%	2.97%
Total External Investments	2.78%	2.78%
<b>Total Portfolio</b>	<b>1.54%</b>	<b>1.54%</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.*

## SUMMARY OF FUNDS OF DIVISION OF TREASURY SHOWING RECEIPTS, DISBURSEMENTS, AND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FUND NAME	BALANCE June 30, 2015	DIRECT RECEIPTS	RECEIPTS BY TRANSFERS	DISBURSEMENTS BY WARRANTS	DISBURSEMENTS BY TRANSFERS	BALANCE PER TREASURY
General Fund	\$ 3,733,761,965.21	\$ 29,728,091,003.23	\$ 2,169,182,080.27	\$ 1,364,139,430.70	\$ 31,022,718,287.63	\$ 3,244,177,330.38
Trust Fund	13,478,697,903.14	65,297,484,324.93	134,363,754,277.99	91,783,092,353.88	105,724,699,520.43	15,632,144,631.75
Budget Stabilization	<u>1,139,208,550.20</u>	<u>0.00</u>	<u>214,481,449.80</u>	<u>0.00</u>	<u>0.00</u>	<u>1,353,690,000.00</u>
<b>TOTAL THREE FUNDS</b>	<b><u>\$18,351,668,418.55</u></b>	<b><u>\$95,025,575,328.16</u></b>	<b><u>\$136,747,417,808.06</u></b>	<b><u>\$93,147,231,784.58</u></b>	<b><u>\$136,747,417,808.06</u></b>	<b><u>\$20,230,011,962.13</u></b>

MONTH	RECEIPTS (in thousands) \$	DISBURSEMENTS (in thousands) \$	NET RECEIPTS OR (NET DISBURSEMENTS) (in thousands) \$
July	7,827,290	7,651,697	175,593
August	7,192,333	7,167,034	25,299
September	7,196,960	7,193,508	3,452
October	7,493,085	7,758,411	(265,326)
November	7,319,072	7,634,347	(315,275)
December	8,238,897	8,242,017	(3,120)
January	7,975,141	7,315,941	659,200
February	7,399,409	7,375,864	23,545
March	8,429,862	8,105,032	324,830
April	8,199,654	7,696,589	503,065
May	8,780,580	8,371,252	409,328
June	8,973,292	8,635,539	337,753
<b>TOTALS</b>	<b>95,025,575</b>	<b>93,147,231</b>	<b>1,878,344</b>

## STATEMENT OF ASSETS AND LIABILITIES

	ASSETS	
	June 30, 2016	June 30, 2015
Currency and Coins	\$0.00	\$0.00
Unemployment Compensation Investments	(1) \$3,175,547,178.82	\$2,549,199,725.01
Due From U.S Treasury -Unemployment TF		
Deferred Compensation Assets	(2) 3,680,087,209.18	3,567,435,469.99
Bank Accounts	(3) (93,908,757.25)	(68,157,462.32)
Consolidated Revolving Account	(4) 115,539.40	445,910.50
Total Cash, Receivables, and Other Assets	\$6,761,841,170.15	\$6,048,923,643.18
Certificates of Deposit	958,000,000.00	540,200,000.00
Securities	(6) 23,069,878,610.63	21,509,441,911.86
Total Investments	\$24,027,878,610.63	\$22,049,641,911.86
Total Assets of the Division of Treasury	<b>\$30,789,719,780.78</b>	<b>\$28,098,565,555.04</b>
	LIABILITIES	
	June 30, 2016	June 30, 2015
Due to:		
General Revenue Fund	3,244,177,330.38	3,733,761,965.21
Trust Fund	15,631,633,443.57	13,478,697,903.14
Budget Stabilization Fund	1,353,690,000.00	1,139,208,550.20
Total State Liabilities	\$20,229,500,773.95	\$18,351,668,418.55
Interest Payable & Securities Liability	(8) 9,209,363.40	4,764,582.79
Due to Special Purpose Investment Accounts	(5) 6,870,806,894.85	6,174,251,173.21
Due to Deferred Compensation Participants and/or Program	(2) 3,680,087,209.18	3,567,435,469.99
Due to Consolidated Revolving Account Agency Participants	(4) 115,539.40	445,910.50
Total Liabilities of the Division of Treasury	<b>\$30,789,719,780.78</b>	<b>\$28,098,565,555.04</b>

## STATEMENT OF ASSETS AND LIABILITIES continued

(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.

(3) Represents the "Per Reconciled Cash Balance" of \$7,655,004.63 as of June 30, 2016, with receipted items in transit of \$64,456,256.24 and disbursed items in transit of (\$743,484.78), which nets to \$63,712,771.46. These items have cleared the bank but have not been posted to the state ledger. The Total Bank Accounts figure does not include \$12,557,863.40 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, 2016, is \$7,485,539.40. Of this, \$115,539.40 is in a financial institution account and \$7,370,000 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 \$1,036,821.81.

(7) Included in the Trust Fund Balance is \$7,825,675,744.42 earning interest for the benefit of Trust Funds; Unemployment Trust Fund balance of \$3,175,547,178.82; supplemental receipts of (\$511,188.18), and the remaining balance of \$4,630,410,520.33 earning interest for General Revenue.

(8) Represents \$6,468,684.03 in interest not yet receipted to State Accounts and Securities Liability Cost of \$2,740,679.37 which settles July 2016.

	June 30, 2016	June 30, 2015
Note: Total Market Value of all Investments held by the Treasury	\$24,402,542,617.00	\$22,086,201,390.26

**BUREAU OF COLLATERAL MANAGEMENT**

*Collateral in Custody Of, Pledged To, or Held By Custodians  
for the State Chief Financial Officer as of June 30, 2016*

**COLLATERAL IN CUSTODY OF CFO**

■ **STOCK**

EDUCATION, Department of

Comptroller, Office of the.....\$1,218,051.00

**Total Value of Stock** .....\$1,218,051.00

■ **CASH**

ENVIRONMENTAL PROTECTION, Department of

Waste Management, Division of.....\$43,371,871.07

South Florida Water Management District.....\$2,093,669.58

FINANCIAL SERVICES Commission

Financial Regulation, Office of.....\$1,759,650.46

Insurance Regulation, Office of.....\$142,510,143.40

FINANCIAL SERVICES, Department of

Agents and Agency Services, Division of .....\$0.00

Treasury, Division of .....\$150,650,740.51

JACKSONVILLE Transportation Authority

Finance & Systems, Division of.....\$0.00

PUBLIC SERVICE COMMISSION, Florida

Commission Clerk, Office of.....\$0.00

TRANSPORTATION, Department of

Comptroller, Office of.....\$1,227,138,225.20

**Total Cash**.....\$1,567,524,300.22

■ **CERTIFICATES OF DEPOSIT**

FINANCIAL SERVICES Commission

Financial Regulation, Office of..... \$1,805,000.00

Insurance Regulation, Office of.....\$16,484,258.31

FINANCIAL SERVICES, Department of

Agents and Agency Services, Division of..... \$0.00

LOTTERY, Department of

General Accounting, Division of..... \$2,218,402.80

**Total Certificates of Deposit..... \$20,507,661.11**

■ **LETTERS OF CREDIT**

FINANCIAL SERVICES Commission

Insurance Regulation, Office of..... \$7,725,441.00

FINANCIAL SERVICES, Department of

Treasury, Division of.....\$6,356,200,000.00

**Total Letters of Credit..... \$6,363,925,441.00**

■ **TOTAL COLLATERAL IN CUSTODY OF CFO**

Stock..... \$1,189,116.00

Cash, Certificates of Deposit, Letters of Credit .....\$7,811,694,003.95

**COLLATERAL HELD BY CUSTODIANS**

■ **CUSTODIAL ACCOUNTS (SECURITIES)**

FINANCIAL SERVICES Commission

Financial Regulation, Office of..... \$37,082,014.88

Insurance Regulation, Office of .....\$461,576,310.70

FINANCIAL SERVICES, Department of

Treasury, Division of ..... \$7,601,903,968.77

Workers' Compensation, Division of ..... \$159,425.00

**Total Custody Accounts (Book-entry) ..... \$8,100,721,719.35**

■ **CUSTODIAL ACCOUNTS (CASH)**

FINANCIAL SERVICES Commission

Financial Regulation, Office of ..... \$1,100,000.00

FINANCIAL SERVICES, Department of

Treasury, Division of ..... \$15,000,000.00

**Total Custody Accounts (Cash) ..... \$16,100,000.00**

**TOTAL COLLATERAL HELD BY CUSTODIANS**

Custodial Accounts ..... \$8,116,821,719.35

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

**GRAND TOTAL (STOCK) ..... \$1,218,051.00**

**GRAND TOTAL (ALL OTHER) ..... \$13,659,499,889.40**