



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

June 5, 2023

The Honorable Ron DeSantis
The Governor of Florida
Capitol Building, Plaza Level
Tallahassee, Florida 32399-0300

Dear Governor DeSantis:

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, 2020, to June 30, 2021.

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

Sincerely,

A handwritten signature in blue ink that reads "Jimmy Patronis".

Jimmy Patronis

JP/bg
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
- 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 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 1,722 combined accounts that represent in excess of \$13.3 billion dollars. Program Administration staff is responsible for protecting more than \$28.2 billion in public funds deposited in 121 Qualified Public Depositories statewide. These deposits are protected by more than \$11 billion in pledged assets and a shared contingent liability managed by the Bureau.

THE BUREAU OF DEFERRED COMPENSATION manages the Deferred Compensation Plan, a voluntary pre-tax retirement program that supplements employee investment in the Florida Retirement System Pension and Investment Plans. The Deferred Compensation Plan provides employees of the State of Florida with tools to help prepare for financial security during retirement. To achieve this goal, the Bureau partners with three Investment Providers to offer excellent customer service and investment products at a reasonable cost. The Deferred Compensation Plan has more than 92,000 accounts and total assets over \$5.8 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 2020-2021 fiscal year, the weighted average daily balance of investment holdings was \$32.8 billion, an increase of \$6.3 billion or approximately 24% from the prior year. The State Treasury received \$5.9 billion in Federal funding related to the CARES Act near the end of the prior fiscal year and \$871 million related to the Emergency Rental Assistance Program during the 2020-2021 fiscal year.

During this period, the Treasury allocated to the pool participants earnings of \$554 million.

ITEMS OF SPECIAL INTEREST

Fiscal Year 2020-21

INVESTMENT COST:

Balance June 30, 2021 \$43,200,150,420.09

PERCENT OF INVESTMENTS EARNING INTEREST AS OF JUNE 30, 2021 FOR:

General Revenue Fund	64.194%
Trust Funds	18.727%
Special Purpose Investment Accounts (SPIA)	17.079%

INVESTMENTS BY TYPE (1)

(WEIGHTED AVERAGE DAILY BALANCES)

Certificates of Deposit		
Banks	\$ 536,194,520.55	
Savings and Loans	<u>0.00</u>	
Subtotal	536,194,520.55	
Internal Liquidity Securities	10,381,749,390.02	
Internal Short Duration Securities	<u>3,298,840,213.97</u>	
Internal Ultra Short Duration	6,132,865,497.13	
Total Internal Securities	19,813,455,101.12	
Total Internal Investments		20,349,649,621.67
External Intermediate Duration Securities	3,064,023,861.56	
External Long Duration Securities	<u>9,397,722,152.16</u>	
Total External Investments		<u>12,461,746,013.71</u>

TOTAL INVESTMENTS

\$ 32,811,395,635.38

98 % OF TOTAL AVERAGE DAILY TREASURY FUNDS ARE INVESTED

INTEREST EARNINGS

	CASH	ACCRUAL
Certificates of Deposit	\$ 8,290,361.51	\$ 8,063,264.08
Internal Liquidity Securities	26,592,203.32	9,718,489.12
Internal Short Duration Securities	91,330,753.21	64,744,488.99
Internal Ultra Short Duration Securities	<u>105,230,402.76</u>	<u>59,616,801.12</u>
Total Internal Investments	231,443,720.80	142,143,043.31
External Intermediate Securities	90,307,723.01	90,307,723.01
External Long Duration Securities	<u>321,148,961.91</u>	<u>321,148,961.91</u>
Total External Investments	411,456,684.92	411,456,684.92
TOTAL INTEREST EARNINGS	<u>\$ 642,900,405.72</u>	<u>\$ 553,599,728.23</u>

INTEREST DISTRIBUTION

	CASH	ACCRUAL
General Fund	\$ 310,537,270.88	\$ 278,136,757.67
Trust Fund	194,574,436.48	152,081,871.70
Special Purpose Investment Account (SPIA)	<u>137,788,698.36</u>	<u>123,381,098.86</u>
TOTAL	<u>\$ 642,900,405.72</u>	<u>\$ 553,599,728.23</u>

WEIGHTED AVERAGE YIELDS (%)

	CASH	ACCRUAL
Certificates of Deposit	1.55%	1.50%
Internal Liquidity Securities	0.26%	0.09%
Internal Short Duration Securities	2.77%	1.96%
Internal Ultra Short Duration Securities	1.72%	0.97%
Total Internal Investments	1.14%	0.70%
External Intermediate Securities	2.95%	2.95%
External Long Duration Securities	3.42%	3.42%
Total External Investments	3.30%	3.30%

TOTAL PORTFOLIO

1.96%

1.69%

(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, 2021**

FUND NAME	BALANCE June 30, 2020	DIRECT RECEIPTS	RECEIPTS BY TRANSFERS	DISBURSEMENTS BY WARRANTS	DISBURSEMENTS BY TRANSFERS	BALANCE PER TREASURY
General Fund	\$9,145,989,721.47	\$43,876,719,181.70	\$3,542,033,392.00	\$1,921,012,347.99	\$38,288,026,156.10	\$16,355,703,791.08
Trust Fund	15,770,623,304.37	105,962,013,860.12	172,241,058,956.95	138,947,083,738.02	137,595,066,192.85	17,431,546,190.57
Budget Stabilization	<u>1,574,190,000.00</u>	<u>0.00</u>	<u>100,000,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,674,190,000.00</u>
TOTAL THREE FUNDS	<u>\$26,490,803,025.84</u>	<u>\$149,838,733,041.82</u>	<u>\$175,883,092,348.95</u>	<u>\$140,868,096,086.01</u>	<u>\$175,883,092,348.95</u>	<u>\$35,461,439,981.65</u>

MONTH	RECEIPTS (in thousands)	DISBURSEMENTS (in thousands)	NET RECEIPTS OR (NET DISBURSEMENTS) (in thousands)
July	12,595,795	13,975,742	(1,379,947)
August	10,934,864	11,566,255	(631,391)
September	11,305,912	11,627,183	(321,271)
October	10,374,676	10,646,598	(271,922)
November	9,520,442	9,992,763	(472,321)
December	11,520,698	11,294,935	225,763
January	13,509,829	11,661,529	1,848,300
February	11,119,116	11,228,816	(109,700)
March	12,443,701	12,012,353	431,348
April	13,480,078	11,883,316	1,596,762
May	18,097,785	12,174,725	5,923,060
June	14,935,837	12,803,881	2,131,956
TOTAL	149,838,733	140,868,096	8,970,637

STATEMENT OF ASSETS AND LIABILITIES

		ASSETS	ASSETS
		June 30, 2021	June 30, 2020
Currency and Coins		0.00	0.00
Unemployment Compensation Investments	(1)	\$858,821,894.06	\$2,548,264,246.20
Due From U.S Treasury -Unemployment TF			
Deferred Compensation Assets	(2)	5,821,572,333.26	4,732,715,963.98
Bank Accounts	(3)	(65,008,188.07)	(15,603,429.97)
Consolidated Revolving Account	(4)	202,231.72	203,765.26
Total Cash, Receivables, and Other Assets		\$6,615,588,270.97	\$7,265,580,545.47
Certificates of Deposit		409,500,000.00	591,500,000.00
Securities	(6)	42,790,650,420.09	29,227,245,484.57
Total Investments		\$43,200,150,420.09	\$29,818,745,484.57
Total Assets of the Division of Treasury		\$49,815,738,691.06	\$37,084,326,030.04
		LIABILITIES	LIABILITIES
		June 30, 2021	June 30, 2020
Due to:			
General Revenue Fund		16,355,703,791.08	9,145,989,721.47
Trust Fund	(7)	17,431,546,190.57	15,770,623,304.37
Budget Stabilization Fund		1,674,190,000.00	1,574,190,000.00
Total State Liabilities		\$35,461,439,981.65	\$26,490,803,025.84
Interest Payable and Securities Liability	(8)	1,149,951,074.24	50,433,630.86
Due to Special Purpose Investment Accounts	(5)	7,382,573,070.19	5,810,169,644.10
Due to Deferred Compensation Participants and/or Program	(2)	5,821,572,333.26	4,732,715,963.98
Due to Consolidated Revolving Account Agency Participants	(4)	202,231.72	203,765.26
Total Liabilities of the Division of Treasury		\$49,815,738,691.06	\$37,084,326,030.04

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.
- (3) Represents the "Per Reconciled Cash Balance" of \$26,801,605.20 as of June 30, 2021, with receipted items in transit of \$228,544,239.34 and disbursed items in transit of (\$174,721,527.93), which nets to \$53,822,711.41. These items have cleared the bank but have not been posted to the state ledger. The Total Bank Accounts figure does not include \$204,944,701.04 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, 2021, is \$8,579,731.72. Of this, \$202,231.72 is in a financial institution account and \$8,377,500.00 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 \$10,230,164.14.
- (7) Included in the Trust Fund Balance is \$8,047,680,956.24 earning interest for the benefit of Trust Funds; Unemployment Trust Fund balance of \$858,821,894.06; the remaining balance of \$8,525,043,340.27 earning interest for General Revenue.
- (8) Represents \$16,755,277.36 in interest not yet receipted to State Accounts and Securities Liability Cost of \$1,133,195,796.88 which settles July 1, 2021.

	June 30, 2021	June 30, 2020
Note: Total Market Value of all Investments held by the Treasury	\$42,495,628,247.82	\$30,706,621,109.49

BUREAU OF COLLATERAL MANAGEMENT

*Collateral in Custody of, Pledged to, or Held by Custodians
for the State Chief Financial Officer as of June 30, 2021*

COLLATERAL IN CUSTODY OF CFO

STOCK

EDUCATION, Department of

Comptroller, Office of the \$1,798,641.00

Total Value of Stock \$1,798,641.00

CASH

ENVIRONMENTAL PROTECTION, Department of

Waste Management, Division of \$20,182,182.60

South Florida Water Management District \$1,870,868.64

FINANCIAL SERVICES Commission

Financial Regulation, Office of \$1,212,072.68

Insurance Regulation, Office of \$148,140,280.84

FINANCIAL SERVICES, Department of

Agents and Agency Services, Division of \$0.00

Treasury, Division of \$413,849,201.40

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 \$1,553,585,421.13

Total Cash \$2,138,840,027.29

■ **CERTIFICATES OF DEPOSIT**

FINANCIAL SERVICES Commission

Financial Regulation, Office of..... \$1,275,000.00

Insurance Regulation, Office of.....\$9,806,639.10

FINANCIAL SERVICES, Department of

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

LOTTERY, Department of

General Accounting, Division of.....\$1,599,700.00

Total Certificates of Deposit.....\$12,681,339.10

■ **LETTERS OF CREDIT**

FINANCIAL SERVICES Commission

Insurance Regulation, Office of.....\$1,932,229.00

FINANCIAL SERVICES, Department of

Treasury, Division of..... \$3,196,300,000.00

Total Letters of Credit..... \$3,198,232,229.00

■ **TOTAL COLLATERAL IN CUSTODY OF CFO**

Stock.....\$1,798,641.00

Cash, Certificates of Deposit, Letters of Credit \$5,349,753,595.39

COLLATERAL HELD BY CUSTODIANS

CUSTODIAL ACCOUNTS (SECURITIES)

FINANCIAL SERVICES Commission	
Financial Regulation, Office of.....	\$33,133,488.14
Insurance Regulation, Office of	\$436,981,509.25
FINANCIAL SERVICES, Department of	
Treasury, Division of.....	\$7,476,425,402.85
Workers' Compensation, Division of.....	\$0.00
Total Custody Accounts (Book-entry).....	\$7,946,540,400.24

CUSTODIAL ACCOUNTS (CASH)

FINANCIAL SERVICES Commission	
Financial Regulation, Office of.....	\$1,000,000.00
FINANCIAL SERVICES, Department of	
Treasury, Division of.....	\$10,000,000.00
Total Custody Accounts (Cash)	\$11,000,000.00

TOTAL COLLATERAL HELD BY CUSTODIANS

Custodial Accounts	\$7,957,540,400.24
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GRAND TOTALS OF COLLATERAL IN CUSTODY OF, PLEDGED TO, OR HELD BY CUSTODIANS FOR THE STATE CHIEF FINANCIAL OFFICER

GRAND TOTAL (STOCK).....	\$1,798,641.00
GRAND TOTAL (ALL OTHER).....	\$13,307,293,995.63