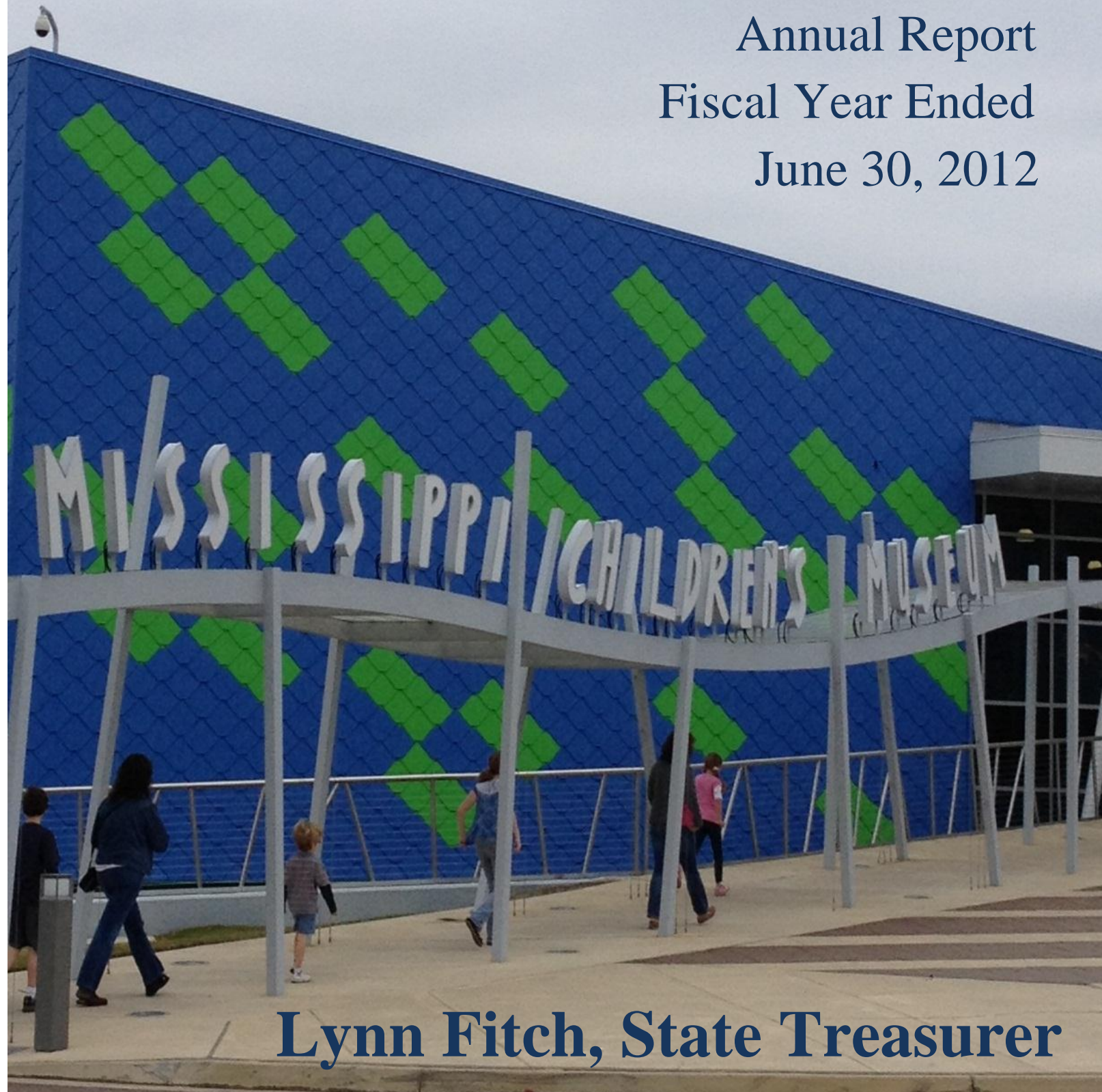


# State of Mississippi Office of the State Treasurer

Annual Report  
Fiscal Year Ended  
June 30, 2012



**Lynn Fitch, State Treasurer**

This report is available in its entirety on the Internet at:  
<http://www.treasurerlynnfitch.com/Publications/>  
and at [www.ms.gov](http://www.ms.gov) Transparency Mississippi



## 2012 Annual Report

**Lynn Fitch, Treasurer**  
**State of Mississippi**

501 NORTH WEST STREET  
SUITE 1101  
JACKSON, MS 39201  
P.O. BOX 120 JACKSON, MS 39205

[WWW.TREASURY.MS.GOV](http://WWW.TREASURY.MS.GOV)

601.359.3600



The photographs featured within this report spotlight main attractions, landmarks and places of interest located in the great state of Mississippi.

ON THE COVER AND ABOVE:

A playground for your mind! The Mississippi Children's Museum in Jackson is 40,000 square feet of educational fun with 20,000 square feet of exhibit space designed around five themes of Mississippi Heritage, Health and Nutrition, Literacy, Cultural Arts, and Science and Technology.

The goal is to provide a unique and exciting educational experience that enhances the parents' involvement and ignites and inspires a thirst for discovery, knowledge and learning in all children.



Treasurer Lynn Fitch speaks at the Mississippi Economic Council's Hobnob event. The gathering, held at the Mississippi Agriculture and Forestry Museum, is about networking and social contact with business leaders from across the state and listening to speeches by top political leaders. More than 1,600 people attended the Fall 2012 event.

# TABLE OF CONTENTS

---

Message from the Treasurer _____	1
Executive Summary _____	2
Biography of Treasurer Lynn Fitch _____	4
Duties and Responsibilities of the Treasurer _____	5
Mission and Vision Statements _____	8
Past Treasurers of Mississippi _____	10
Representation of the Executive Branch _____	12
Executive Management Team _____	18
Office of the State Treasurer Programs _____	23
Bond _____	23
Collateral _____	27
Financial Management and Accounting _____	28
Information Technology _____	28
College Savings Mississippi _____	29
Unclaimed Property _____	30
Investment and Cash Management _____	32
Summary of State Investment Holdings _____	33
Summary of General, Special, Education Enhancement and Clearing Funds _____	37
Historical Information _____	39
Office of the State Treasurer Organizational Chart _____	40
Notes to the Annual Report of the Treasurer _____	41



STATE OF MISSISSIPPI  
OFFICE OF THE STATE TREASURER

LYNN FITCH  
TREASURER

POST OFFICE BOX 138  
JACKSON, MISSISSIPPI 39205

December 31, 2012

The Honorable Phil Bryant, Governor  
The Honorable Tate Reeves, Lt. Governor  
The Honorable Philip Gun, Speaker of the House of Representatives  
Members of the Mississippi Legislature  
Citizens of State of Mississippi

Ladies and Gentlemen:

I am honored to submit the Annual Report of the Office of the State Treasurer for the fiscal year ended June 30, 2012 in compliance with Article 4, Section 115 of the Mississippi Constitution. This report is a record of the commitment we share to secure and invest the financial trust for the state of Mississippi.

Our state and nation faced many economic challenges in 2012. Mississippi economist Darrin Webb believes our state is looking at a slow growth economy with employment levels seeing a possible fifth year of decline. With these risks remaining and the economy still weak by historical standards, my office is committed to being credible and trustworthy stewards of the state trust, transparent in our activities, innovative in our technologies, strategic in our business partnerships, knowledgeable of the financial markets, and providers of excellent customer service to the taxpayers of Mississippi.

Despite the financial challenges, the Office of the State Treasurer has accomplished many great things in the past 12 months. Not only did we help save taxpayers millions, we put millions back into the state economy.

The Unclaimed Property Division paid 7,208 claims totaling \$9.5 million dollars and processed on average 170 inquiries per day or 44,617 in FY12.

The Bond Division converted and restructured more than \$217 million dollars in variable rate bonds, achieving debt service savings of \$15.1 million dollars.

Our team also met with the rating agencies in New York updating them on the financial condition of the state. Once again, Mississippi maintained its good credit rating from Moody's, Standard and Poor's, and Fitch this fiscal year with ratings (Aa2/AA/AA+).

Mississippians deserve strong leadership and fiscal responsibility. Our 2012 annual report outlines some of the ways the Office of the State Treasurer is working hard to protect your tax dollars ensuring efficiency, accountability and transparency. These are values my office will always have. I am proud of our efforts and of the results that they are producing. It is an honor and a privilege to serve you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lynn Fitch", is written over a horizontal line.

Lynn Fitch  
Treasurer

## Executive Summary

Mississippi's economy continued to struggle throughout fiscal year (FY) 2012. Employment remained the weakest segment of the state's economy. According to state economist Darrin Webb, Mississippi probably slipped into a recession during the second quarter. Retail sales remained relatively flat in FY 2012 with 3.5% growth. Total overall tax collections were slightly higher at \$632.6 million dollars for FY 2012 compared to \$580.7 million dollars during FY2011, an increase of 5.97%.

The challenges in FY 2012 and economic slowdown renewed our mission at the Office of the State Treasurer to be good stewards of the taxpayers' dollars, focus on fiscal accountability, continuity planning along with developing win-win partnerships. Thanks to careful budgeting practices and sound fiscal policy, the general funds collected for FY 2012 were \$268.9 million dollars above sine die estimate compared to \$61.4 million dollars in FY 2011.

The state's total amount of bond obligations was \$4.1 billion dollars, representing about 12 percent of the constitutional debt limit for FY 2012. All but \$995,000 of that came from general obligation bonds. That \$995,000 is a self-supporting bond and is paying for the Deer Island restoration project.

The general fund ending cash balance was \$110.8 million dollars. Conservative financial management policies helped end the year with a balance in the Working Cash Stabilization Reserve Fund of \$115.9 million dollars. Interest earnings on all state funds for fiscal year 2012 totaled \$57 million dollars, and on June 30, 2012, the Office of the State Treasurer had an invested balanced of \$3.87 billion dollars.



Lynn Fitch, Treasurer



Treasurer Lynn Fitch  
and the Office of the State Treasurer

# Biography



## The Honorable Lynn Fitch, Treasurer

Lynn Fitch was sworn in on January 5, 2012 and is the 54<sup>th</sup> Mississippi Treasurer. She is the second woman ever to serve as State Treasurer and is the first republican woman.

As the chief financial officer for the state of Mississippi, Treasurer Fitch holds positions of leadership and represents the executive branch on twelve different boards and commissions. She serves as chairman of both the College Savings Plans of Mississippi Board and the Mississippi Health Care Trust Fund Board. She is also the chief representative of the state, dealing with financial rating agencies and investment and banking firms.

Nationally, Treasurer Fitch was selected to serve on the 2012 Republican National Convention Committee of Resolutions, commonly known as the Platform Committee. She was named one of three chairs of the Economy, Jobs and Debt Subcommittee. Recently, Treasurer Fitch was asked to serve on the College Savings Plans Network Executive Board of Directors.

Prior to serving as Treasurer, she was appointed Executive Director of the Mississippi State Personnel Board. Before that Treasurer Fitch served as Deputy Executive Director of External Affairs at the Mississippi Department of Employment Security. She has also been a bond lawyer in private practice.

Treasurer Fitch graduated from the University of Mississippi in Oxford, earning both a Bachelor of Business Administration and a Juris Doctorate in five years. She has been recognized for her philanthropic and charitable contributions across the state. She is a member of the board of directors of the American Red Cross and serves as chairman of the Juvenile Diabetes Research Foundation Board. Treasurer Fitch lives in Madison. She has three children. Her oldest daughter is married and has a newborn son.

# Treasurer's Statutory Duties

The elected office of the State Treasurer is created under Article 5, Section 134, of the Mississippi Constitution. The Mississippi Code details the fiduciary responsibilities of the Treasurer. Specifically, the State Treasurer's statutory duties are:

- to invest and account for general, special, clearing and special purpose investment funds as well as bond proceeds, according to specific legislated authorization and direction;
- to account for and invest trust funds in the custody of the Treasurer;
- to account for and disburse funds for scheduled payments on bonded indebtedness;
- to prepare all reports and maintain all records required by the Federal Tax Reform Act for calculating any required arbitrage rebate;
- to distribute proportionate tax revenues to counties, cities, and other taxing districts of the state;
- to monitor the cash position of all Treasury funds to insure that cash balances are invested immediately and sufficient cash balances are on hand to pay obligations as they become due;



Cruisin' The Coast® began in 1996 as a festival to celebrate antique, classic and hot rod vehicles, nostalgic music and related events. The first year there were 374 vehicles registered. By 2012, vehicle registrations had grown to 6,196. Car enthusiasts from 41 states plus Canada drive to the Mississippi Gulf Coast once a year to showcase their rides and to cruise our beautiful 30-mile stretch of beachside highway with designated stops in Bay St. Louis, Biloxi, D'Iberville, Gulfport, and Ocean Springs.

- to provide a cash flow projection for the timing of receipts and disbursements;
- to identify and recommend to other state agencies the use of cash management techniques which speed collection and increase earnings on investment balances;
- to prepare semi-annual GAAP report packages on all funds managed by the Treasurer for inclusion in the Comprehensive Annual Financial Report prepared by the Department of Finance and Administration;
- to act as custodian of unclaimed property reported to the Treasurer and attempt to locate the rightful owners so that they may claim their property;
- to serve as Treasurer to the Mississippi Employment Security Commission;
- to insure that all state deposits in approved depository institutions are collateralized at 105% of the deposit balance according to statute;
- to serve as custodian for securities pledged to the state and its agencies;
- to annually approve and issue a commission to all financial institutions serving as depositories for state funds;
- to process and pay all warrants issued by the state in payment of its obligations;
- to administer the Mississippi Prepaid Affordable College Tuition (MPACT) Program and invest the corpus of the MPACT Trust Fund on behalf of the purchasers of state-guaranteed college tuition contracts;
- and to oversee the Mississippi Affordable College Savings (MACS) Program and monitor performance of the MACS Program Manager

## Mississippi Governor's Mansion



First occupied in 1842 by Governor Tilghman M. Tucker and his family, the Mississippi Governor's Mansion is the second oldest continuously occupied governor's residence in the United States. It was constructed for a cost of approximately \$50,000.00. Architectural historians consider the Mississippi Governor's Mansion to be one of the finest surviving examples of the Greek revival style in the United States.



A team from the Office of the State Treasurer ran in Governor Bryant's first annual 5K run.

## Mission Statement

Our mission is to secure and invest the financial trust  
for the state of Mississippi

## Vision

We are pioneers in banking and financial solutions, credible and trustworthy stewards of the state trust. We are transparent in our activities, innovative in our technologies, strategic in our business partnerships, knowledgeable of the financial markets, and providers of excellent customer service to the taxpayers of Mississippi.

## Values

Trust  
Transparency  
Accountability  
Respect  
Customer Service  
Teamwork  
Integrity  
Dedication  
Commitment  
Honesty

## Goals

Develop a convenient customer service portal  
Develop win-win partnerships  
Improve technology infrastructure  
Examine internal process to streamline activities, manage costs and revenue  
Improve communication internally and externally  
Educate and train to become more effective now and in the future  
Hold the team accountable for performance and develop clear workforce succession plans for the future

## Financial Literacy

Jackson, MS. Treasurer Fitch joined Senator Thad Cochran and Stuart Varney, Fox Business News TV Host, at the Thad Cochran Forum on American Enterprise in June 2012.

Treasurer Fitch spoke on the need to teach financial literacy in our schools and has teamed up with the Mississippi Council on Economic Education to champion the cause.

The Treasurer believes financial literacy is equal to economic development. By teaching people how to manage their dollars, they can better manage your dollars and become a more skilled workforce that in turn attracts jobs to the state.



# TREASURERS OF THE STATE OF MISSISSIPPI

## (FROM THE ADMISSION OF THE STATE INTO THE UNION)

Samuel Brooks, Lawrence County	1817	W.J. Miller, Panola County	1904-1908
Peter Schuyler, Unknown County	1818-1821	George R. Edwards, Attala County	1908-1912
Samuel Wooldridge, Adams County	1821-1828	P.S. Stovall, Hinds County	1912-1916
James Phillips, Jr., Copiah County	1828-1836	J.P. Taylor, Montgomery County	1916-1920
Charles C. Mayson, Marion County	1836-1838	L.S. Rogers, Holmes County	1920
James Phillips, Copiah County	1838	W.M. Murry, Tippah County	1920-1924
J.A. Van Hoesen, Copiah County	1838-1839	Ben S. Lowry, Covington County	1924-1928
Silas Brown, Hinds County	1839	Webb Walley, Greene County	1928-1930
H. Craig, Hinds County	1839	Henry Clay Yawn, Lamar County	1930-1932
James G. Williams, Hinds County	1839	Lewis S. May, Rankin County	1932-1936
Joshua S. Curtis, Hinds County	1840-1841	Newton James, Hinds County	1936-1940
Richard S. Graves, Choctaw County	1841-1843	Lewis S. May, Rankin County	1940-1944
William Clark, Hinds County	1843-1847	Newton James, Hinds County	1944-1948
Richard Griffith, Hinds County	1847-1851	R.W. May, Hinds County	1948-1952
William Clark, Hinds County	1851-1854	Newton James, Hinds County	1952-1956
Shields L. Hussey, Adams & Claiborne Counties	1854-1860	Robert D. Morrow, Rankin County	1956-1960
M.D. Haynes, Yazoo County	1860-1865	Evelyn Gandy, Forrest County	1960-1964
W.B. Weaver, Yazoo County	1865	William F. Winter, Grenada County	1964-1968
John H. Echols, Hinds County	1865-1869	Evelyn Gandy, Forrest County	1968-1972
William H. Vassar, Monroe County	1869-1874	Brad Dye, Grenada County	1972-1976
G.H. Holland, Choctaw County	1875	Edwin Lloyd Pittman, Forrest County	1976-1980
William L. Hemingway, Carroll County	1875-1890	John L. Dale, George County	1980
J.J. Evans, Monroe County	1890-1896	Bill Cole, Hinds County	1980-1988
A.Q. May, Simpson County	1896-1900	Marshall Bennett, Hinds and Holmes Counties	1988-2003
J.R. Stowers, Lafayette County	1900-1901	Peyton D. Prospere, Hinds County	2003
G.W. Carlisle, Hinds County	1901-1902	Tate Reeves, Rankin County	2004-2012
Thad B. Lampton, Pike County	1902-1904	Lynn Fitch Madison County	2012- present



## Representation of the Executive Branch

## REPRESENTATION OF THE EXECUTIVE BRANCH

The State Treasurer represents the Executive Branch on various boards and commissions. These entities work for the realization of many fundamental aspects of a quality life; from the development of essential infrastructure such as clean water and affordable housing, to the development of young minds for future economic contributions to the workplace. These authorities are:

### THE STATE BOND COMMISSION

The State Bond Commission shares with the Legislature responsibility for the direction of Mississippi's capital investment and debt financing. The Commission is composed of the Governor, the Attorney General and the Treasurer. Under Bond Commission direction, issuances were made in fiscal year 2012 to foster economic development, strengthen the economy and create jobs through funding to finance education and preserve history, both now and for the future. These financings included the funding of improvements to transportation infrastructure; preservation of historic sites and ethnic heritage; assistance to communities in planning and development; and to advance technology and education.



Photo by AP Rogelio Solis. Treasurer Lynn Fitch peers into the first Corolla made at the Blue Springs, Mississippi facility. The \$800 Million plant is the most advanced of all 65 the company owns or operates worldwide.



More than 31,000 Mississippi children have enrolled in MPACT since its inception in 1997.

### THE COLLEGE SAVINGS PLANS OF MISSISSIPPI BOARD

The Treasurer serves as an *ex-officio* member of the College Savings Plans of Mississippi Board (CSPM). This board is responsible for Mississippi's two college savings programs: MPACT and MACS.

The Mississippi Prepaid Affordable College Tuition (MPACT) program began its fifteenth full year of operation at the beginning of fiscal year 2012, administered by the Office of the State Treasurer under the rules established by the CSPM Board. During FY2012 enrollment, approximately 1,138 Mississippi children opened plans. Total enrollment had reached 31,072 by the end of FY 2012, with an invested balance of \$265.9 million dollars.

During FY 2000, the Legislature approved the MACS (Mississippi Affordable College Savings) program as a complementary program to MPACT. The MACS program opened for enrollment in March 2001. TIAA-CREF Tuition Financing, Inc., an affiliate of the Teachers Insurance and Annuity Association College Retirement Equity Fund (TIAA-CREF) was selected to manage the MACS Program. During FY 2011 the CSPM Board renewed the TIAA-CREF contract. During FY 2012, the MACS program accounts reached a total enrollment of 12,741 children. The MACS fund holds \$143.1 million dollars in assets.

## THE MISSISSIPPI HEALTH CARE TRUST FUND

The Treasurer serves as Chairman of the 13-member Board of the Mississippi Health Care Trust Fund, established by the 1999 Mississippi Legislature. The board oversees the investments of the trust fund totaling \$118.1 million dollars.



Isaac hits the Gulf Coast, August 2012

## THE WINDSTORM UNDERWRITING ASSOCIATION BOARD OF DIRECTORS

The Mississippi Windstorm Underwriting Association (MWUA) was established by House Bill 274 of the 1987 session of the Mississippi Legislature to provide a method whereby an adequate market for Windstorm and Hail Insurance may be provided in the Coastal Area of Mississippi. MWUA provides coverage for Windstorm and Hail perils only. The MWUA is operated and managed by the Mississippi State Rating Bureau and is administered by a Board of Directors. All rules and regulations are subject to the review of the Commissioner of Insurance. The board consists of eleven members, five (5) representatives of the licensed insurance companies and three (3) representatives of insurance agencies (2) from the coastal area and 1 non-coastal along with two (2) coastal business representatives and the State Treasurer.

## THE STATE PRISON EMERGENCY CONSTRUCTION AND MANAGEMENT BOARD

The Treasurer serves with the Lieutenant Governor and the Attorney General on the State Prison Emergency Construction and Management Board (SPECM). Established by the Legislature in 1994, SPECM's directive was to double the capacity of the state's penal system over two years via construction of 2,116 new public prison beds and 2,000 beds in privately managed facilities. The efforts of SPECM, the Department of Corrections and local law enforcement officers are sending a clear message to the criminal elements in the state that Mississippi is serious about fighting crime and is determined to do whatever it takes in order to insure public safety for our citizens.

## THE ECONOMIC DEVELOPMENT STRATEGIC PLANNING TASK FORCE

The Treasurer is a board member of this group comprised of leaders from the public and private sectors in the fields of business, health, education, labor, agriculture and government. Created by the Legislature in 1989, the purpose of the task force was to develop and implement a long-term strategic plan to revitalize the state economy and prepare Mississippi for competition in the global market. The first task force approved plan was presented to the state legislature in 1990. The plan, known as *Seizing the Future: A Commitment to Competitiveness* began the process of developing and implementing a strategic, comprehensive statewide economic development plan. The most recent task force, appointed in late 2004, adopted Blueprint Mississippi, a private sector developed plan. In addition, the Governor formed a broad-based group, Momentum Mississippi, that effectively functions as the long range economic development organization for the state.



Winans Middle School teacher Carol Anderson reads aloud with students. PERS provides more than 1.8 billion dollars annually in benefits to more than 90,000 retirees including teachers at public schools, universities and colleges.

## THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The Treasurer is a member of the board of trustees of the Public Employees' Retirement System (PERS), which oversees the administration and operation of the System, including the investment of all System funds according to legislated authority. PERS active members total more than 163,000 and work in public schools, state government, universities, community colleges, municipalities, counties, highway patrol, legislature and other public entities.

In absolute terms, the investment results for fiscal year 2012 produced a total fund return of 0.6%. The System has shown an annualized rate of return of 1.3% for the past 5 years. System net assets decreased from \$20.8 billion dollars to \$20.2 billion dollars based on market value, through cash flow and investment performance.

For the 2012 fiscal year, domestic, non-U.S., and global equities had returns of 3.2%, 12.7% and 4.1%, respectively, compared to the System benchmark returns of 3.8% for domestic equities, 14.2 for non-U.S. equities and 5.0% for global equities. PERS' debt securities returned 9.2% compared with a 7.5% return of the Barclays Capital Aggregate Bond Index. Real estate investments experienced returns of 8.2% for the year end as compared with the System's benchmarks which returned 11.5%, 13.3%

and 2.4%. Private Equity investments had a return of 3.3% compared to the System benchmark return of 11.0%. The total return of 0.6% compares with PERS' Total Fund Benchmark of 0.9%.

The board of trustees and staff continually evaluate the asset allocation of the investments of the System with preservation of principal being the primary goal. Maximizing investment results to meet the funding needs of the System in the coming decade is the challenge to maintaining a solvent public employee's retirement system.



MBFC Provided Bond Financing For: Ashley Furniture Industries in Ecru, MS. The \$42.8 million dollar expansion added 392 new jobs.

## THE MISSISSIPPI BUSINESS FINANCE CORPORATION

The Treasurer is an ex-officio member of the Mississippi Business Finance Corporation (MBFC), a non-profit corporation with the mission of coordinating a variety of state resources in order to assist businesses in obtaining financing for establishing new facilities, in expanding existing businesses, and to position the state as an aggressive competitor in the global market. MBFC represents a cooperative effort between the public and private sectors to stimulate both commercial and industrial development and expansion by administering financing programs that provide competitive or below-market interest rates and tax incentives for qualified projects.

MBFC serves as a comprehensive financing source, allowing companies locating or expanding in Mississippi to review certain financing and incentive alternatives through the corporation. The board of directors of MBFC also serves as directors of the Mississippi Development Bank (MDB). MDB was created to issue bonds to make funds available to local governmental units at reduced rates and at more favorable terms to finance infrastructure improvements and for other public purposes. During fiscal year 2012, MBFC/MDB approved 49 projects while funding 17 projects totaling \$2.2 billion dollars that created 122 jobs. Additionally, the Mississippi Business Finance Corporation retained 4,241 jobs during the fiscal year.

## THE LICENSE TAG COMMISSION



The Commission is composed of the Governor, the Attorney General and the State Treasurer and is authorized to negotiate and contract for the purpose of license or number tags for the passenger and commercial vehicles in Mississippi. Every four years a new license tag design is selected.

*"Mississippi Heritage Trust is an organization that seeks to protect Mississippi's irreplaceable cultural heritage, our towns and places, our sense of place that everyone recognizes as Mississippi, the place that inspired our literary greats ... and the place that is known throughout the world as the birthplace of creative genius."*

Ron Miller-Past President Mississippi Heritage Trust

## THE HISTORIC PROPERTIES TRUST FUND ADVISORY COMMITTEE

The Treasurer is a member of the Historic Properties Trust Fund Advisory Committee. The Historic Properties Trust Fund was established by the Legislature in 1987 to promote private fundraising that will encourage the preservation, restoration and development of significant historic sites around the state.



2012 Heritage Award Winner - Meridian City Hall

The Legislature approved the Mississippi Landmark Grant Program during fiscal year 1999, establishing the Mississippi Historic Properties Trust Fund within the State Treasury. Initial funding for the trust was \$10 million dollars set aside from the Unclaimed Property Fund. The interest and income generated by investing this money is transferred quarterly to the Mississippi Landmark Grant Program to be used by the Department of Archives and History for the purpose of acquiring, preserving, restoring, supporting, operating and administering Mississippi Landmark properties or for specific historical projects. Additional funds come from donations, bequests, gifts and grants. Boards of Supervisors of counties and governing authorities of municipalities may make contributions to the program for use on specific properties.

## THE MISSISSIPPI TORT CLAIMS BOARD

The Treasurer serves as a member of the Tort Claims Board, which administers the State Tort Claims Fund. The Legislature created this fund to pay claims arising from the abolishment of sovereign immunity of governmental agencies effective July 1, 1993. The sovereign immunity from torts previously enjoyed by state government has been waived to the extent of \$50,000 for torts occurring before July 1, 1997; \$250,000 from July 1, 1997 to July 1, 2001; and \$500,000 after July 1, 2001. The board also approves all state and local government pools and coverage plans. It is the mission of the Mississippi Tort Claims Board to provide administrative and technical support for equitable settlement and payment of claims for injury or damage arising out of the torts of governmental entities and their employees while acting within the course and scope of their employment.

## THE MISSISSIPPI PUBLIC FUNDS GUARANTY POOL BOARD

Established within the Office of the State Treasurer is a public funds guaranty pool that consist of qualified public funds depositories commissioned under Section 27-105-5(2) to be administered by a Guaranty Pool Board and the State Treasurer. The purpose of the nine-member board is monitor compliance and requirements for member banks that pledge securities to public funds.

Any financial institution qualifying as a guaranty pool member is required to guarantee public fund deposits against loss caused by the default or insolvency of other guaranty pool members and shall execute an agreement of contingent liability in addition to a public deposit pledge agreement.

### “A Banker in Every Classroom”



Tom Kendall, Senior Vice President of Trustmark National Bank in Vicksburg, spoke to a Warren Central economic class. He is one of 400 bankers across the state registered with “A Banker in Every classroom.”

For one week during the year, hundreds of bankers join local teachers throughout the state to help Mississippi students learn important lessons in personal finance in grades K through 12.

They learn why to save, how to make a budget and manage their money. The project is sponsored by the Mississippi Bankers Association and the Mississippi Council on Economic Education.



## Executive Team



Our mission is to secure and invest the financial trust for the State of Mississippi

## Executive Team

Jesse Graham

*Deputy Treasurer for Internal Affairs*

Laura Jackson

*Deputy Treasurer for External Affairs*

Thomas Bounds

*Director of Information Technology*

Tony Geiger

*Director of Unclaimed Property*

Sherri Hilton

*Director of Communications &  
External Affairs*

Ricky Manning

*Director of Bond and Collateral*

Misti Preziosi

*Director of Investment & Cash  
Management*

Claire Whittington

*Director of College Savings Mississippi*

The Executive Team provides direct support to the Treasurer in the execution of her wide reaching Constitutional responsibilities.

The Office of the State Treasurer operates the state's largest banking system, managing over 9 billion dollars in annual revenues, with Treasurer Lynn Fitch serving as the state's Chief Financial Officer. The Treasurer and her staff are committed to performing the duties and fulfilling the responsibilities of the agency in an efficient and effective manner using innovation and emerging information technology.

The agency is charged with: investing the state's funds in such a manner as to meet the investment objectives of safety, liquidity and yield, and to generate the maximum earnings; locating rightful property owners of unclaimed property; managing the state's debt; providing investment options to assist families in securing a college education for their children; and performing the administrative duties of the Office of the State Treasurer, while seeking to maximize the efficiency and public service capability of the office through electronic commerce.

Our vision: We are pioneers in banking and financial solutions, credible and trustworthy stewards of the state trust. We are transparent in our activities, innovative in our technologies, strategic in our business partnerships, knowledgeable of the financial markets, and providers of excellent customer service to the taxpayers of Mississippi.



Our mission is to secure and invest the financial trust for the State of Mississippi

## Executive Team

Jesse Graham

*Deputy Treasurer for Internal Affairs*

Laura Jackson

*Deputy Treasurer for External Affairs*



Jesse Graham serves as the Deputy Treasurer for Internal Affairs for the Office of the State Treasurer. A graduate of Mississippi State University, Jesse has more than 28 years of professional work experience in both the public and private sector. He came to the Treasurer's office from the Mississippi State Personnel Board where he served as the Assistant Deputy over Administrative Services.

Jessie is a graduate of Mississippi State University in Starkville. Jesse and his wife Helen have two children, Benjamin and Emily.



Laura Jackson serves as the Deputy Treasurer for External Affairs for the Office of the State Treasurer. A graduate of Mississippi College, Laura began her career in state government in 1987 as a staff auditor for then Auditor Ray Mabus. Prior to that, she served as the Bond and Collateral Director for Treasurer Marshall Bennett and Treasurer Tate Reeves. Governor Haley Barbour hired Jackson in 2008 to serve as the Advisory Director for the State Bond Commission. Laura holds both a Bachelor of Science and a Master's degree in Business Administration from Mississippi College. Laura and her husband Kevin have three children, Anna Kate, Ashley and Adam.



Our mission is to secure and invest the financial trust for the State of Mississippi

## Executive Team

Thomas Bounds

*Director of Information Technology*

Tony Geiger

*Director of Unclaimed Property*

Sherri Hilton

*Director of Communications &  
External Affairs*



Thomas Bounds is a graduate of the University of Southern Mississippi. He has over 40 years of experience in the public and private sectors, many of those spent in the beef and poultry processing industries and the rural health care sector. Thomas returned to state government as the Director of Information Technology and has been in that position for the past 13 years. He and his wife Jean have two sons and five grandchildren.



Tony Geiger has more than 20 years of experience in management, marketing and sales. He has worked as an energy consultant as well as in business development. He came to the Treasurer's office from the Mississippi Press Association. Tony attended Ole Miss and graduated from Mississippi College. He and his wife Susan have one daughter,



For nearly two decades, Sherri Hilton was an award-winning television journalist covering the business beat and breaking news for WLBT-TV, the local NBC affiliate in Jackson. She graduated from Stephens College in Columbia, Missouri. She has spent much of her life in marketing and business, owning and running a successful retail store. Sherri and her husband Ken live in Madison.



Our mission is to secure and invest the financial trust for the State of Mississippi

## Executive Team

Ricky Manning

*Director of Bond and Collateral*

Misti Preziosi

*Director of Investment & Cash  
Management*

Claire Whittington

*Director of College Savings Mississippi*



Ricky Manning is a graduate of Millsaps College with an advanced degree from Mississippi College in Accounting. He has 20 years of experience in both the public and private sectors working in New York as an equity trader, a portfolio analyst, and he later moved into public accounting. He joined the Office of the State Treasurer five years ago. He and his wife Shannon have two children: Nicholas and Tucker.



Misti Preziosi has more than ten years of experience in both the public and private sectors. She came to the Treasurer's Office from the Public Employees' Retirement System where she served as portfolio manager. A graduate of Mississippi State University, Misti also earned a Master's of Business Administration from Mississippi College. Misti and her husband Alfonso live in Brandon.



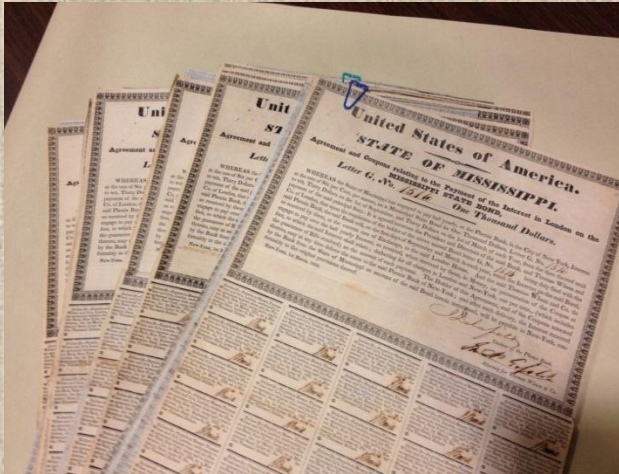
Claire Whittington began her career at the Office of the State Treasurer in 2006 as a marketing specialist for College Savings Mississippi. In 2012, she was named Director and has helped develop the programs with a variety of new policies and strategies. She graduated Magna Cum Laude from Mississippi College. Claire and her husband Jason live in Brandon.



## Program Management

# PROGRAM MANAGEMENT

These are the core programs and duties within the Office of the State Treasurer.



HISTORIC BOND DOCUMENTS, DATED MARCH 1833 ISSUED UNDER GOVERNOR ABRAM M. SCOTT, REMAIN IN THE OFFICE OF THE STATE TREASURER VAULT TODAY.

## BOND DIVISION

The Bond and Collateral Division is responsible for the management of general obligation and revenue bonds issued by the State Bond Commission. General obligation bonds consist of (1) net direct general obligation bonds and (2) self-supporting bonds with specific revenue pledges.

Managing the state's debt requires timely disbursement of funds to paying agent banks for scheduled principal and interest payments. The bond division also handles the registrar/paying agent duties for several outstanding bond issues. This division oversees the registration of the outstanding bearer bonds as to principal only. Historical information regarding each issue is maintained by the Bond and Collateral Division.

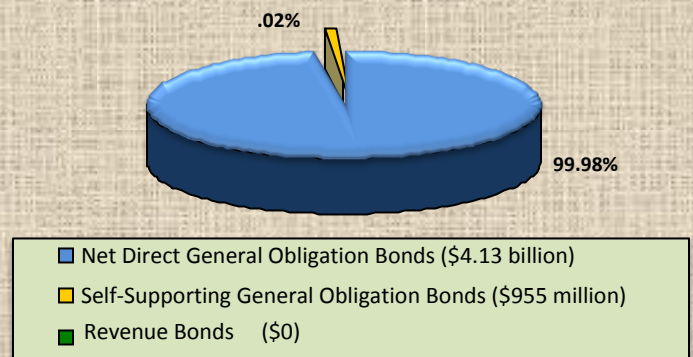
In April, Bond Division Director Ricky Manning and Deputy Treasurer Laura Jackson led a team that began the process of restructuring millions of dollars in variable rate bonds, converting them into fixed rate bonds, taking advantage of

historically low interest rates. The actual bond sale, that will ultimately save the state of Mississippi millions of dollars, was completed in FY 2013.

**Table I**  
**Outstanding Principal on State Bond Issues**

Issue Type	Amount
Net Direct G.O. Bonds	\$4,130,470,000
Self-Supporting G.O. Bonds	\$ 995,000
Total General Obligation Bonds	\$4,131,465,000
Revenue Bonds	0
<b>Total Bonded Indebtedness</b>	<b>\$4,131,465,000</b>
<i>As of June 30, 2012</i>	

**Graph I**  
**Issue Type Distribution of Outstanding State Bond Issues**



As of June 30, 2012, the Bond and Collateral Division serviced \$4.13 billion dollars of outstanding principal on state bond issues. **Table I** provides the outstanding principal on all state bond issues as of fiscal year-end 2012. **Graph I** illustrates the issue type distribution of outstanding state bond issues.

**Table II** illustrates the historical bonded indebtedness of the state in dollars, and **Table III** provides a percent distribution.

**Table II**  
**Historical Bonded Indebtedness**

<b>Type of Debt</b>	<b>Amount (in millions)</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Net Direct General Obligation Bonds	3,409.86	3,422.84	3,485.98	3,778.54	4,130.47
Self- Supporting G.O. Bonds	31.44	3.79	2.89	1.95	1.00
<b>Total General Obligation Bonds</b>	<b>3,441.30</b>	<b>3,426.63</b>	<b>3,488.87</b>	<b>3,780.49</b>	<b>4,131.47</b>
Revenue Bonds	24.46	0	0	0	0
<b>TOTAL BONDED INDEBTEDNESS</b>	<b>3,465.76</b>	<b>3,426.63</b>	<b>3,488.87</b>	<b>3,780.49</b>	<b>4,131.47</b>

**Table III**  
**Historical Bonded Indebtedness**  
**(Percent Distribution)**

<b>Type of Debt</b>	<b>Percent of Total</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Net Direct General Obligation Bonds	<b>98.39</b>	<b>99.89</b>	<b>99.92</b>	<b>99.95</b>	<b>99.98</b>
Self- Supporting General Obligation Bonds	<b>.91</b>	<b>.11</b>	<b>.08</b>	<b>.05</b>	<b>.02</b>
<b>Total General Obligation Bonds</b>	<b>99.30</b>	<b>100.0</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Revenue Bonds	<b>.70</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL BONDED INDEBTEDNESS</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Net Direct General Obligation Bonds** [\$4,130,470,000 (99.98%)] Bonded debt payable only by appropriation from the General Fund or by specific sources of revenue which would otherwise accrue to the General Fund except for servicing of such debt. These obligations are secured by the full faith and credit of the state.

**Self-Supporting General Obligation Bonds with Specific Revenue Pledges** [\$995,000 (.02%)] Bonded debt payable from user-fee revenues, specific project revenues and certain other special fund receipts. These obligations are backed by the full faith and credit of the state.

**Total General Obligation Bonds** [\$4,131,465,000 (100%)] Bonded debt of the state to which the full faith and credit of the state is pledged. (Total of net direct general obligation bonds and self-supporting general obligation bonds with specific revenue pledges)

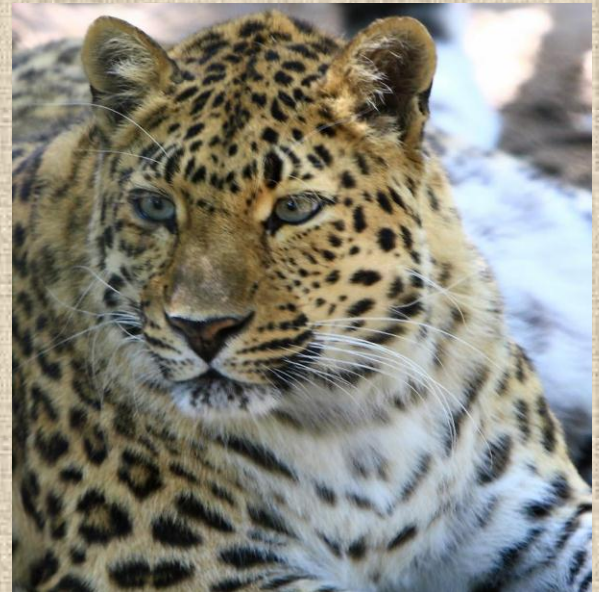
**Revenue Bonds** [\$0] Bonded debt payable solely from a specific revenue pledge derived from operating the facilities acquired. The full faith and credit of the state is not pledged.

**Total Bonded Indebtedness** [\$4,131,465,000 (100%)] All bonded debt of the state, both general obligation and revenue bonds.

The Bond and Collateral Division also monitors the investment earnings on the gross proceeds of all federally tax-exempt state bond issues. U.S. Treasury regulations limit the yield at which proceeds on bond issues can be invested. These excess earnings are realized when bonds are sold at tax-exempt interest rates and the proceeds are then invested in securities that earn higher taxable yields.

The division is also required to maintain an inventory of collateral pledged by state depositories to secure public funds for all governmental entities. The collateral is segregated by depository and the par and market values of these securities are recorded and monitored according to changing market conditions. As of

June 30, 2012, the market value of these securities exceeded \$7 billion dollars. In addition, the Bond Division is a safekeeping facility for state agencies, which hold securities for retention, bonding and other performance guaranty purposes.



The Jackson Zoo got a boost from \$1.3 million in bond money for ongoing renovations to help it maintain its accreditation with the American Zoo and Aquarium Association. Beth Poff, the zoo's director, said some of the money was used to renovate exhibits for the Amur leopard (an endangered Russian breed), gibbons and tapirs, which are some of the oldest animal exhibits at the zoo. The zoo will also use the money to add interactive displays to educational stations and to repair roofs

## New Bond Issues

During fiscal year 2012, Mississippi issued General Obligation Bonds of \$690,425,000 and General Obligation Notes of \$80,000,000. These issuances represent Mississippi's commitment to improving the quality of life through transportation, education, the environment, economic development and tourism.

### **\$80,000,000 General Obligation Notes**

A Taxable Note, Series 2011B (dated July 5, 2011) was issued to provide funding for the Mississippi Industry Incentive Financing Revolving Fund. Of the total amount held as a line of credit with a consortium of local banks, only \$80,000,000 was actually issued. The note matured on October 31, 2011.

### **\$690,425,000 General Obligation Bonds**

**Capital Improvements (Tax-Exempt) Bonds, Series 2011A (dated October 26, 2011) in the amount of \$353,730,000** were issued to provide funding for the Jackson Zoo, Ohr-O'Keefe Museum, MS Children's Museum, MS Crafts Center, MVSU – Harrison Complex, BOB Discretionary, IHL, CCJC, DFA New Capitol, DPS Crime Lab Phase II, State Veterans Affairs Board, Rehab Services, DFA – Robert Clark, DWFP – Dams and Spillways, DWFP – R&R at selected parks, DWFP – Natural Science Museum, Mental Health, Public Safety – Greenwood Station, DOR – ABC Warehouse, ITS, Fire Academy, ETV, BOB Discretionary State Owned Buildings, IHL Discretionary, BOB Discretionary – Energy, MS FFA Center (Raymond), Department of Revenue – ITS Upgrade, DFA – MAGIC, Civil Rights/MS History Museums, Local System Bridge, Rural Fire Truck, Tourism Projects, Building Fund for the Arts, Marine Resources – Equipment and Facilities Funds, Community Heritage, Local Govt and Rural

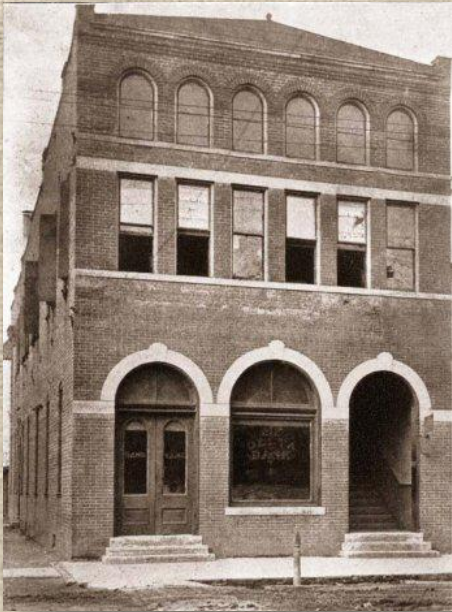
Water, Water Pollution Control SRF, City of Jackson Water/Sewer, Highway Bridge Program, Vision 21. In addition, the GO Note Series 2011A was refunded with the Series 2011B Bonds. These bonds will mature serially through 2036 (this series also has term bonds beginning in 2032 and maturing in 2036).

**Tax-Exempt Refunding Bonds, Series 2011B (dated October 26, 2011) in the amount of \$38,280,000** were issued for the purpose of currently and/or advance refunding and defeasing certain maturities for tax-exempt bonds for the following Series: \$254,915,000 State of MS General Obligation Refunding Bonds, Series 2002A date January 30, 2002; \$20,000,000 State of MS General Obligation Bonds, Series 2003 (Local System Bridge Replacement and Rehabilitation Fund Project) dated July 15, 2003; \$61,670,000 State of MS General Obligation Bonds (Capital Improvements, Building Fund for the Arts, Disaster Assistance Trust Fund and Water Pollution Control Revolving Fund Projects), Series 2004 dated November 1, 2004; \$150,235,000 State of MS General Obligation Bonds (Watershed Repair and Rehabilitation Cost-Share Program, Moon Lake State Park, Public Libraries Capital Improvements, DFA Projects, Local System Bridge Replacement and Rehabilitation Fund, the Rural Fire Truck Act and Refunding Series 2005C Notes Projects), Series 2005 dated December 1, 2005. These bonds mature serially through 2020.

**Taxable Bonds, Series 2011C (dated October 26, 2011) in the amount of \$261,300,000** were issued to provide funding for MS Industry Incentive Financing Revolving Fund, Existing Industry, ACE Fund, Small Municipalities, Rural Impact, Economic Development Hwy, MBI – DIP, MBI Capital Access, MMEI – Toyota, Pat Harrison WD Lake Improvement, Statewide Wireless Communication, DFA - MAGIC. In

addition, the GO Taxable Note Series 2011B was refunded with the Series 2011C Bonds. These bonds mature serially through 2028.

**Taxable Refunding Bonds, Series 2011D (dated October 26, 2011) in the amount of \$37,115,000** were issued for the purpose of advance refunding and defeasing certain maturities for taxable bonds for the following Series: \$80,250,000 State of MS Taxable General Obligation Bonds (MS Rural Impact Issue, MS Business Investment Act Issue, Series Z, MS Farm Reform Act Issue, Series Q, MS Small Municipalities and Limited Population Counties Issue, Series C, MS Major Economic Impact Issue, Series J and Farish Street Historic District Project Issue), Series 2003 dated July 15, 2003. These bonds mature serially through 2019.



The Delta Bank Building circa 1911  
212 Howard Street, Greenwood, MS

## Collateral Division

The Office of the State Treasurer's Collateral Division ensures adequate protection of state money deposited by agencies in local banks and Treasury accounts. The division review, tracks, and reconciles collateral pledged by financial institutions to secure public deposits.

Both proposed and pledged collateral are continuously evaluated for compliance with all applicable statutes, policies, and depository and custodial agreements; pledged securities are monitored to assure that acceptable, valid, and marketable instruments secure public funds at all times; risk assessment reports are analyzed to determine data accuracy, the institution's financial condition, and the percentage of collateral required; and custodial banks are monitored to evaluate their legal acceptability.

The division oversees the collateralization process for 101 financial institutions approved as a public depository in the Mississippi Statewide Public Funds Collateral Program. On a daily basis, the Office of the State Treasurer monitors collateralization requirements to provide a level of assurance to the state's 1,200 plus public entities that their funds are properly safeguarded.



## Financial Management and Accounting Division

The Financial Management and Accounting Division performs all budgeting and accounting functions essential to the daily operation and management of the Office of the State Treasurer. The division maintains accounting records for approximately 80 Treasury funds as set forth in the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual.

Reconciliations are prepared daily, weekly, as well as monthly to the Statewide Automated Accounting System (SAAS) for each of these treasury funds. GAAP (Generally Accepted Accounting Principles) financial statements are prepared at June 30 of each fiscal year for these treasury funds maintained by the Office of the State Treasurer. These GAAP financial statements are included in the Mississippi Comprehensive Annual Financial Report (CAFR) compiled by the Department of Finance and Administration at the end of each fiscal year June 30.

Other major responsibilities include the verification of the receipt of funds transmitted daily to the Treasury from the Department of Finance and Administration and the daily reconciliation of the cash balance in the State Treasury.

The general accounting functions of the Division include the approval and processing of vendor invoices, cash receipt deposits, payroll processing, maintenance of all financial records, fund balance reconciliations, preparation of year-end closing records and the development and implementation of all accounting controls and procedures.

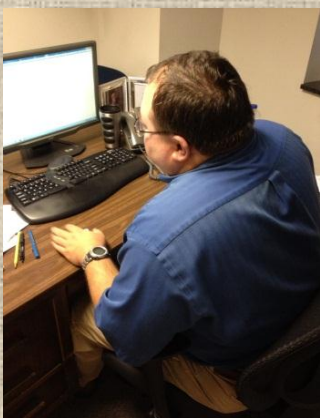
The Financial Management and Accounting Division is also responsible for (1) the preparation of the Treasurer's Statement of Condition; (2) the development of the Treasurer's budget requests; (3) purchasing of office supplies and equipment; and, (4) the preparation of the monthly payroll.

In cooperation with the Mississippi Tax Commission, the Financial Management and Accounting Division is responsible for disbursing certain tax diversions such as sales, gas severance, oil severance, timber severance and petroleum to the various counties and municipalities throughout the state. Schedules are maintained by this division detailing all tax diversions by treasury fund.

## INFORMATION TECHNOLOGY (IT) DIVISION

The Information Technology (IT) Division builds, plans, programs, manages and supports all the IT systems and technology that are used by all divisions within the Office of the State Treasurer. These systems run programs developed in-house in conjunction with commercially developed software, providing the agency with high customized applications that also interfaces with other agencies, banks, and other financial institutions as required.

The IT Division supports the computer resources necessary to accomplish the mission of the Office of the State Treasurer. These resources include a Local Area Network (LAN), seventeen Windows 2008 servers, two dedicated UNIX servers running in a virtual environment, PCs in each division, and access to the state computer center.



JOE SULLIVAN IS PART OF THE IT TEAM THAT SUPPORTS ALL OF THE TECHNOLOGY PLATFORMS USED BY THE OFFICE OF THE STATE TREASURER.

The mission critical information systems include the Portfolio Management System, the Unclaimed Property System, the Collateral/Securities System, the Mississippi Prepaid Affordable College Tuition System, and the Warrant Reconciliation and Daily Cash Balancing System.

Support also includes configuring network access, setting up and making changes to existing workstations, and assigning access rights at various levels to key personnel and making sure there is a disaster recovery backup in the event of a catastrophic event.



As part of College Savings month in April, Treasurer Fitch threw out the first pitch at the Mississippi Braves game for College Savings night at the ballpark. A \$529 college scholarship also was given away that night.

## COLLEGE SAVINGS DIVISION

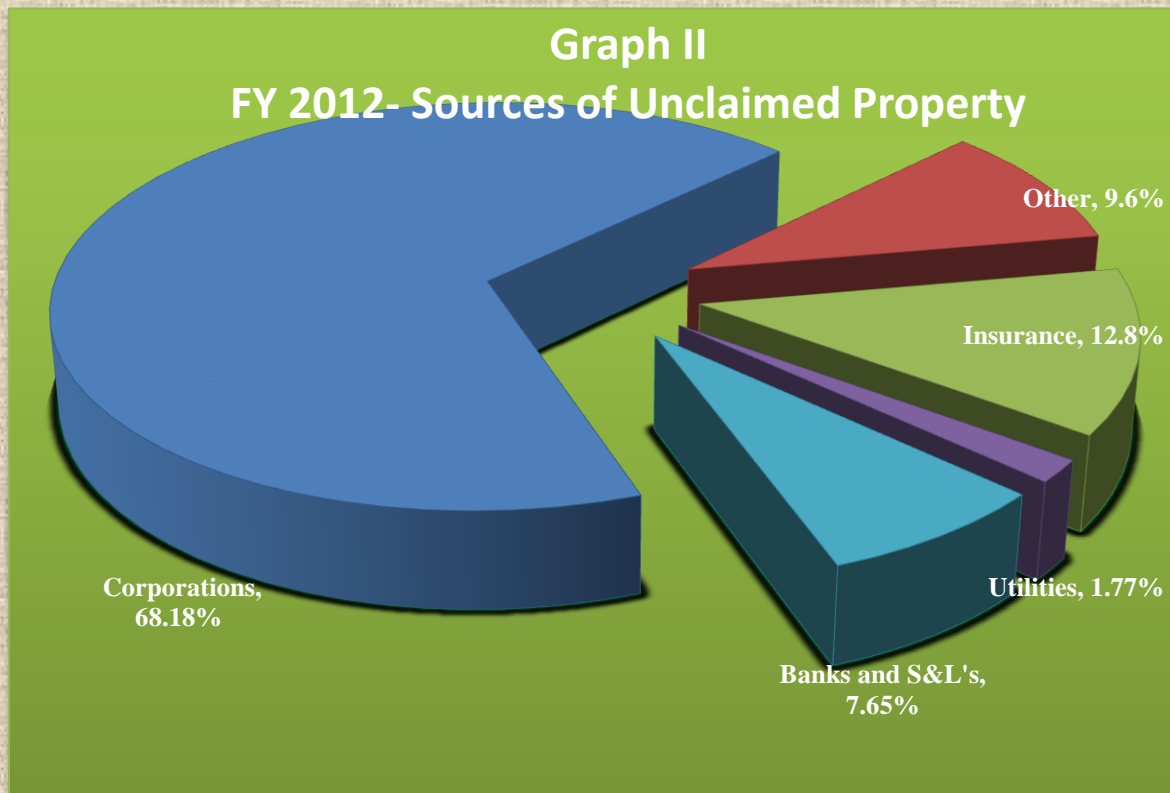
The College Savings Division administers Mississippi's two 529 College Savings Programs. The Mississippi Prepaid Affordable College Tuition (MPACT) program and the Mississippi Affordable College Savings (MACS) programs were opened to encourage parents and grandparents to save for their children's college expenses.

Both plans allow tax-free investments as you save for college, and qualified withdrawals for higher education expenses are federal and state income tax-free. Account owners also qualify for up to a \$20,000 Mississippi state income tax deduction. Funds can be used at eligible schools nationwide.

Fiscal year 2012 marked the MPACT program's fifteenth full year of operation with total enrollment reaching 31,072 participants. The MPACT fund had an invested balance of \$265.9 million at the end of the year. After eleven years of operation the MACS program accounts reached a total enrollment of 12,741 children. The MACS fund has \$143.1 million dollars in assets.

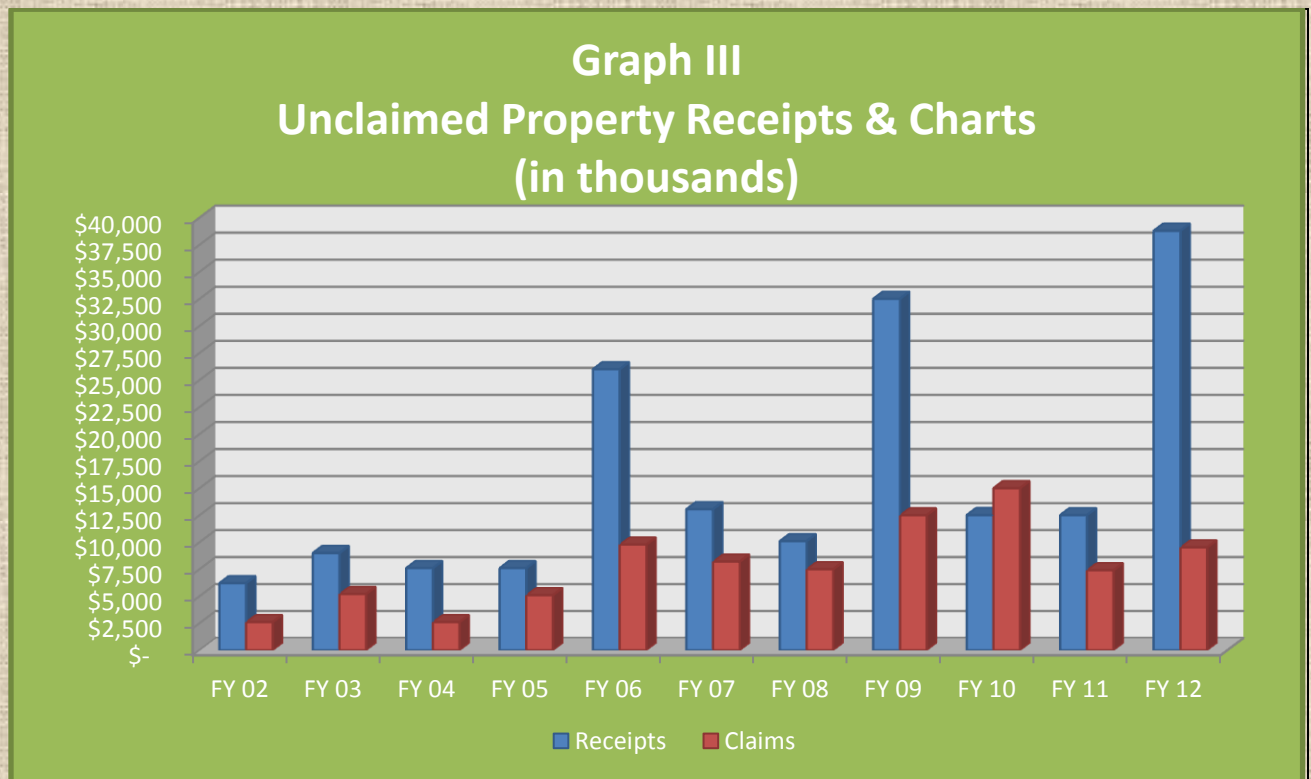


During FY 2012, Treasurer Fitch awarded 11 MACS college scholarships to Mississippi school children.



**Graph II** illustrates the sources of cash collections of Unclaimed Property funds for fiscal year 2012.

**Graph III** provides historical receipts and claims for the system for the past twelve years.



The Mississippi Animal Rescue League receives a large check from Treasurer Lynn Fitch



In some cases, the owner dies and the heirs have no knowledge of the property. Approximately one in five people in the state has unclaimed assets.

## Show Me The Money!



Treasurer Lynn Fitch presented a check to the Palmer Home for Children in the amount of \$108,997.13

## UNCLAIMED PROPERTY

The Office of the State Treasurer is responsible for the administration of the Unclaimed Property Act. The law requires “holders” such as banks, savings and loans companies, insurance companies, retail stores, utility companies, and business associations to turn over to the Office of the State Treasurer any funds such as money, cash, checks or stocks that have been abandoned or there has been no contact for a period of five years. The Unclaimed Property Division is charged with trying to locate the rightful owner.

Since 1982, approximately \$128 million dollars has been returned to the rightful owners. In FY 2012, the Office of the State Treasurer paid 7,208 claims totaling \$9.5 million dollars, of which \$3 million dollars was returned during Treasurer Fitch’s first 45 days in office. Property receipts of \$38.8 million dollars were recorded in FY12. The current cash balance in the fund is \$57 million dollars while the total value of properties held is \$194.4 million dollars.

Good Morning America reporter Elizabeth Leamy traveled to Mississippi for three surprise presentations, including one to a boys & girls club in Columbus, the Palmer Home which takes in children whose parents can’t take care of them at the moment.

The Office of the State Treasurer contacted GMA when they learned of money in unclaimed property that once belonged to Robert and Millie Cox of Vicksburg. When the couple died they left a gift for the Palmer Home. But along the way, it got lost and ended up in unclaimed property.

Elizabeth gathered the residents and supporters of Palmer Home for a big announcement about how much money had been found and returned to the organization. Lynn Fitch, the state treasurer, arrived with a check for more than \$108,000, which of course elicited cheers and tears from touched kids and adults.

The Coxes also left money to the Vicksburg Warren Humane Society and the Mississippi Animal Rescue League in the amount of \$13,624 each.

## INVESTMENT AND CASH MANAGEMENT DIVISION

The investment objectives of the Investment and Cash Management Division are safety, liquidity and return. On a monthly basis, the State Treasurer and the Executive Director of the Department of Finance and Administration (DFA) analyze the amount of cash in the General Fund and Special Funds of the state to determine the excess funds that are not needed for meeting the immediate requirements of the state. The excess cash is determined by a cash flow model provided by the State Treasurer. The cash flow model provides forecasts of revenues and expenditures for the fiscal year, and is used to analyze the amount of cash flow expected to be available for ongoing expenditures of the State.

The excess cash is invested by the Treasurer in securities prescribed in MISS. CODE ANN. §27-105-33. The securities in which state funds may be invested include certificates of deposit with qualified state depositories, repurchase agreements (fully secured by direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations), direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations and any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et. seq., provided that the portfolio is limited to direct obligations issued by the United States of America, United States government sponsored enterprise obligations and to repurchase agreements fully collateralized by the above-listed securities.

The State Treasurer also invests the monies of the Mississippi Educational Improvement Trust Fund (EITF), the Working Cash Stabilization Reserve Fund (WCSRF), the Mississippi Health Care Trust Fund/Expendable Fund (HCTF/HCEF), the

Mississippi Prepaid Affordable College Tuition Fund (MPACT), the Mississippi Worker's Compensation Fund, and the Tort Claims Fund. These funds are invested with outside money managers in an effort to increase the state's interest earnings on the funds through a diversified portfolio of either equity or fixed income instruments, depending on the fund in question.

The EITF's income may be appropriated by the Mississippi Legislature for the exclusive purpose of the education of elementary and secondary school students and/or vocational training in the state. The WCSRF is the "rainy day" fund for the state and may be used to supplement the general fund when budget shortfalls are experienced. The HCTF's income may be appropriated by the Mississippi Legislature for health care purposes and is paid via the HCEF.

The MPACT Fund is invested on behalf of participants in the MPACT program in an effort to generate growth and income to fund both current and future tuition payments for beneficiaries. In addition to the MPACT program, the Treasury oversees the administration of the Mississippi Affordable College Savings Program (MACS).

**Tables IV through XI** on the next two pages detail the holdings of the various funds overseen by the Treasury<sup>1</sup>.

---

<sup>1</sup>Note that the General Fund investment portfolio holdings reflect the General Fund Investment Pool holdings of the General fund and special (Agency) funds of the state. The special fund investment holdings reflect balances of previously issued bond fund investments and money-market holdings of certain special-purpose funds. General Fund Investment Pool holdings of all special-purpose funds, including the EITF, the WCSRF, the HCTF and HCEF, the MPACT Fund, the WCT Fund, and the Tort Claims Fund, are reflected in the Cash/Cash Equivalent sector of their tables to more accurately report the balances of those funds.

# SUMMARY OF STATE INVESTMENT HOLDINGS

## Market Value as of June 30, 2012

Table IV General Fund Portfolio	
Demand Deposits	\$166,366,917
Interest-Bearing Demand Deposits	\$422,000,000
Certificates of Deposit	\$162,228,000
U.S. Government Treasury Obligations	\$101,001,750
U.S. Government Agency Obligations	\$1,758,614,902
Mortgage-Backed Securities	\$709,309,855
<b>Total Investment Portfolio</b>	<b>\$3,319,521,424</b>
Special Fund Portfolio	
Interest-Bearing Demand Deposits	\$17,650,000
<b>Total Investment Portfolio</b>	<b>\$17,650,000</b>
<b>Total General Fund/Special Fund Investments</b>	<b>\$3,337,171,424</b>

Table V Mississippi Education Improvement Trust Fund	
Accrued Interest	\$300,623
Cash/Cash Equivalents	\$1,071,600
Fixed Income	\$47,181,870
<b>Total Education Improvement Trust Fund</b>	<b>\$48,554,093</b>

Table VI Mississippi Working Cash Stabilization Reserve Fund (Rainy Day Fund)	
Accrued Interest	\$78,089
Cash/Cash Equivalents	\$94,716,000
Fixed Income	\$21,097,464
<b>Total Working Cash Stabilization Reserve Fund</b>	<b>\$115,891,553</b>

# SUMMARY OF STATE INVESTMENT HOLDINGS

## Market Value as of June 30, 2012

Table VII Mississippi Health Care Trust Fund (HCTF)	
Accrued Interest	\$233,957
Cash/Cash Equivalents	\$37,424,306
Domestic Equities	\$57,117,732
International Equities	\$0
Real Estate (Timberland)	\$21,765,277
<b>Total Health Care Trust Fund (HCTF)</b>	<b>\$116,541,272</b>
Mississippi Health Care Expendable Fund (HCEF)	
Cash/Cash Equivalents	\$1,535,426
<b>Total Health Care Expendable Fund (HCEF)</b>	<b>\$1,535,426</b>
<b>Total HCTF &amp; HCEF</b>	<b>\$118,076,698</b>

Table VIII Mississippi Prepaid Affordable College Tuition (MPACT) Fund	
Accrued Interest	\$1,163,952
Cash/Cash Equivalents	\$27,559,623
Fixed Income	\$61,360,907
Domestic Equities	\$140,288,447
International Equities	\$30,080,668
Real Estate (Timberland)	\$5,441,319
<b>Total MPACT Fund</b>	<b>\$265,894,916</b>

Table IX Mississippi Affordable College Savings Program (MACS)	
Assorted Mutual Funds	\$143,096,786
<b>Total MACS Program</b>	<b>\$143,096,786</b>

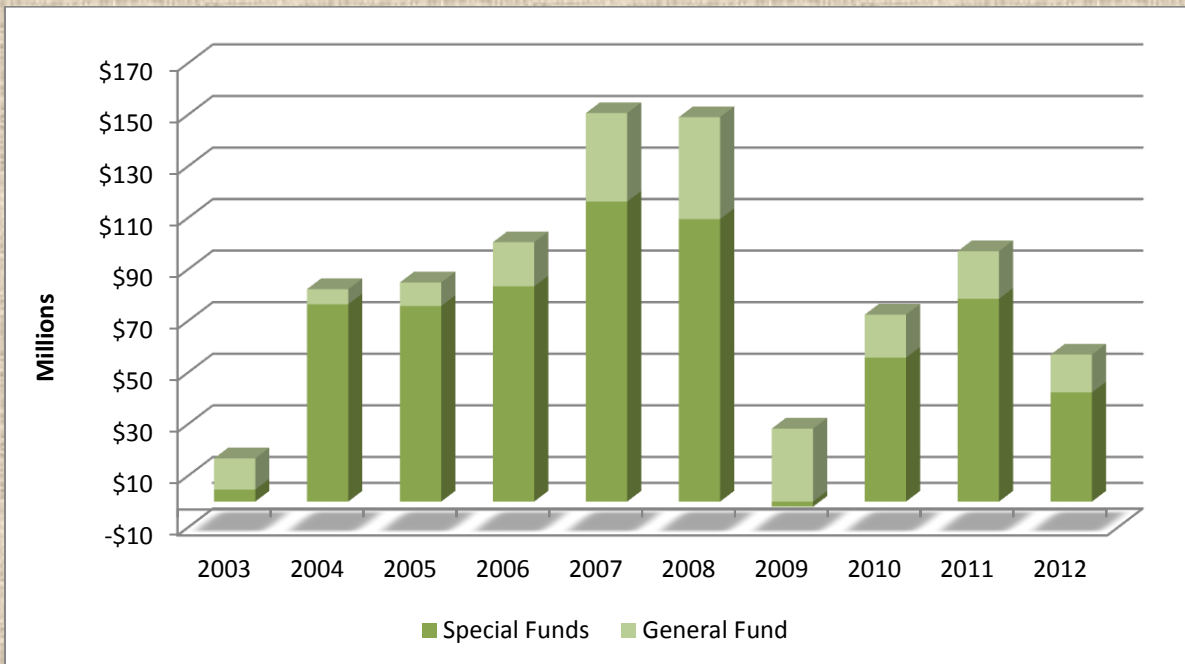
Table X Mississippi Workers' Compensation Fund	
Accrued Interest	\$118,237
Cash/Cash Equivalents	\$3,205,724
Fixed Income	\$22,935,325
<b>Total Workers' Compensation Fund</b>	<b>\$26,259,286</b>

Table XI Mississippi Tort Claims Fund	
Accrued Interest	\$25,386
Cash/Cash Equivalents	\$3,642,940
Fixed Income	\$9,895,586
<b>Total Tort Claims Fund</b>	<b>\$13,563,912</b>

## INTEREST EARNINGS

The Office of the State Treasurer earned \$57 million dollars on all state funds in FY 2012. Over the last ten years, the State Treasurer has earned approximately \$837 million in interest on state funds. **Graph I** illustrates the historical interest earnings on state funds as well as the distribution of those earnings between special funds and general funds. **Table XII** provides the underlying data on interest earnings.

**Graph I**  
**State of Mississippi Interest Earnings**



**Table XII**  
**Historical Interest Earnings**

FY	Special Funds	General Fund	Total Earnings
2003	\$4,624,944	\$12,075,431	\$16,700,375
2004	\$76,460,471	\$5,847,512	\$82,307,983
2005	\$75,767,254	\$9,143,390	\$84,910,644
2006	\$83,397,123	\$17,113,213	\$100,510,336
2007	\$116,265,412	\$34,361,343	\$150,626,755
2008	\$109,509,010	\$39,535,010	\$149,044,020
2009	(\$1,940,622)	\$28,251,137	\$26,310,515
2010	\$55,726,634	\$16,702,716	\$72,429,350
2011	\$78,574,927	\$18,462,087	\$97,037,014
2012	\$42,249,034	\$14,667,768	\$56,916,802
<b>Total</b>	<b>\$640,634,187</b>	<b>\$196,159,607</b>	<b>\$836,793,794</b>



## Financial Reports

**OFFICE OF THE STATE TREASURER  
SUMMARY OF GENERAL, SPECIAL, EDUCATION  
ENHANCEMENT AND CLEARING FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**GENERAL FUND**

Net Cash Balance at June 30, 2011	152,721,301
Add: Outstanding Warrants at June 30, 2011	8,149,612
Prior Year Adjustments	(30,056,261)
Adjusted Cash Balance at July 1, 2011	<u>130,814,652</u>
Add: Receipts	4,900,674,077
Less: Disbursements	<u>4,644,668,992</u>
Cash Balance at June 30, 2012	386,819,737
Less: Outstanding Warrants at June 30, 2012	<u>8,268,157</u>
General Fund Net Cash Balance at June 30, 2012	<u><u>378,551,580</u></u>

**SPECIAL FUNDS**

Net Cash Balance at June 30, 2011	2,913,426,195
Add: Outstanding Warrants at June 30, 2011	42,861,648
Prior Year Adjustments	33,788,418
Adjusted Cash Balance at July 1, 2011	<u>2,990,076,261</u>
Add: Receipts	12,896,786,522
Less: Disbursements	<u>13,141,475,319</u>
Cash Balance at June 30, 2012	2,745,387,464
Less: Outstanding Warrants at June 30, 2012	<u>52,755,432</u>
Special Funds Net Cash Balance at June 30, 2012	<u><u>2,692,632,032</u></u>

**EDUCATION ENHANCEMENT FUNDS**

Net Cash Balance at June 30, 2011	28,620,246
Add: Outstanding Warrants at June 30, 2011	30,721
Prior Year Adjustments	(430,280)
Adjusted Cash Balance at July 1, 2011	<u>28,220,687</u>
Add: Receipts	367,931,372
Less: Disbursements	<u>322,047,407</u>
Cash Balance at June 30, 2012	74,104,652
Less: Outstanding Warrants at June 30, 2012	<u>33,739</u>
Education Enhancement Funds Net Cash Balance at June 30, 2012	<u><u>74,070,913</u></u>

**CLEARING FUNDS**

Net Cash Balance at June 30, 2011	134,116,903
Add: Outstanding Warrants at June 30, 2011	5,980
Adjusted Cash Balance at July 1, 2011	<u>134,122,883</u>
Add: Receipts	5,995,117
Less: Disbursements	<u>37,595</u>
Cash Balance at June 30, 2012	140,080,405
Less: Outstanding Warrants at June 30, 2012	<u>519</u>
Clearing Funds Net Cash Balance at June 30, 2012	<u><u>140,079,886</u></u>

**RECAP OF ALL FUNDS**

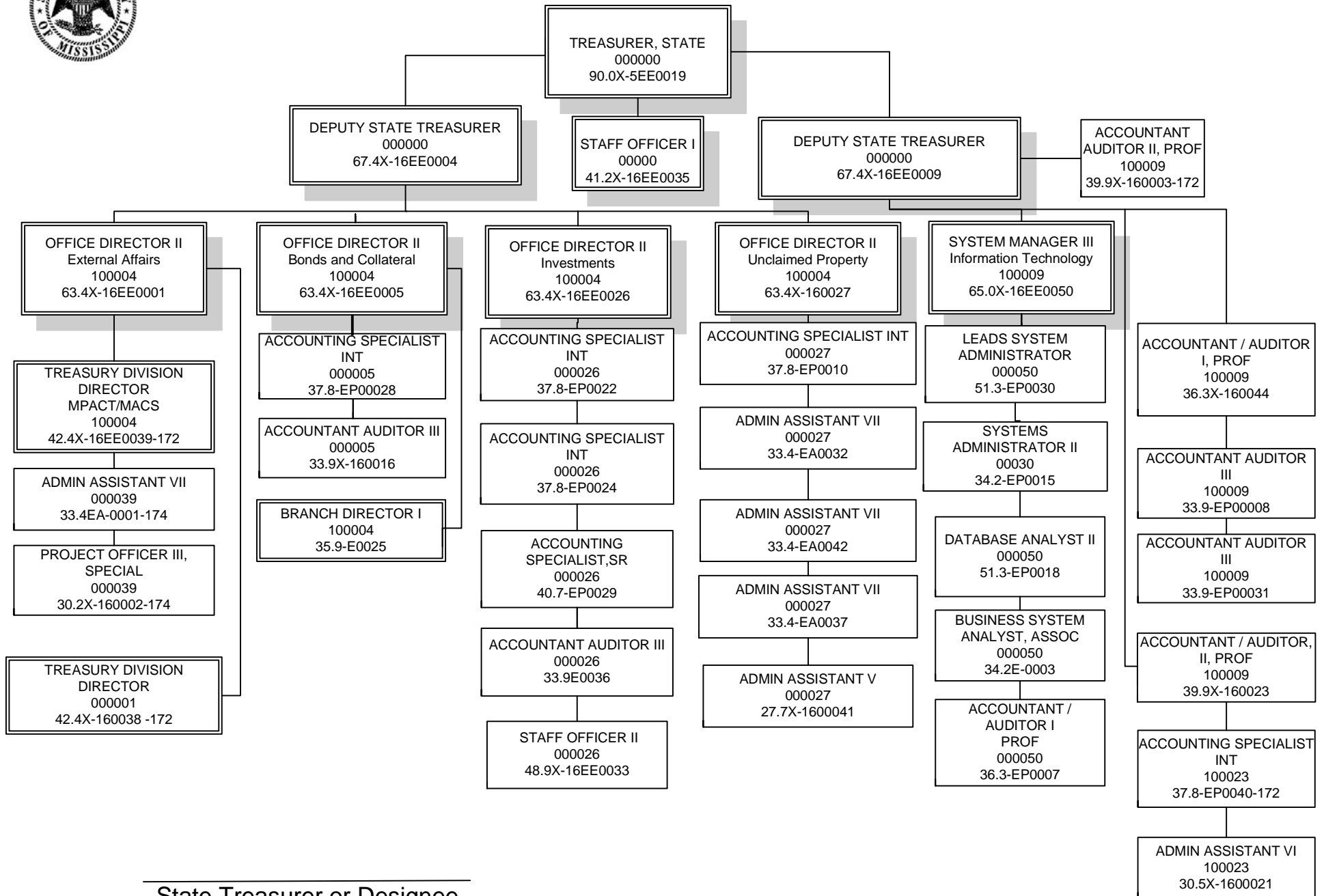
Net Cash Balance at June 30, 2011	3,228,884,645
Add: Outstanding Warrants at June 30, 2011	51,047,961
Prior Year Adjustments	<u>3,301,877</u>
Adjusted Cash Balance at July 1, 2011	3,283,234,483
Add: Receipts	18,171,387,088
Less: Disbursements	<u>18,108,229,313</u>
Cash Balance at June 30, 2012	3,346,392,258
Less: Outstanding Warrants at June 30, 2012	<u>61,057,847</u>
General, Special, Education Enhancement & Clearing Funds Net Cash Balance at June 30, 2012	<u><u>3,285,334,411</u></u>

**STATE TREASURY  
HISTORICAL INFORMATION  
FOR THE YEARS ENDED JUNE 30**

<b>FINANCIAL INFORMATION</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
General Fund Net Cash Balance	\$ 378,551,580	\$ 152,721,301	\$ 101,041,160	\$ 19,125,065	\$ 90,393,335
Special Funds Net Cash Balance	\$ 2,692,632,032	\$ 2,913,426,195	\$ 2,450,787,624	\$ 2,547,678,824	\$ 2,544,813,411
Education Enhancement Funds Net Cash Balance	\$ 74,070,913	\$ 28,620,246	\$ 35,358,344	\$ 27,401,638	\$ 33,306,063
Clearing Funds Net Cash Balance	\$ 140,079,886	\$ 134,116,903	\$ 128,997,759	\$ 121,513,795	\$ 132,092,484
Total General, Special, Education Enhancement and Clearing Funds	\$ 3,285,334,411	\$ 3,228,884,645	\$ 2,716,184,887	\$ 2,715,719,322	\$ 2,800,605,293
Special Funds Investment Balances	\$ 568,212,768	\$ 568,149,845	\$ 616,834,256	\$ 605,405,969	\$ 722,470,676
<b>BALANCE IN THE STATE TREASURY NET OF OUTSTANDING WARRANTS</b>	<b>\$ 3,853,547,179</b>	<b>\$ 3,797,034,490</b>	<b>\$ 3,333,019,143</b>	<b>\$ 3,321,125,291</b>	<b>\$ 3,523,075,969</b>
Interest Revenue on General, Special, Education Enhancement & Clearing Funds	\$ 14,667,768	\$ 18,462,087	\$ 16,702,716	\$ 28,251,167	\$ 39,535,009
Interest Revenue on Special Funds Investment Balances	\$ 42,249,034	\$ 78,574,927	\$ 55,726,634	\$ (1,940,622)	\$ 109,509,010
<b>TOTAL INTEREST REVENUE</b>	<b>\$ 56,916,802</b>	<b>\$ 97,037,014</b>	<b>\$ 72,429,350</b>	<b>\$ 26,310,545</b>	<b>\$ 149,044,019</b>
<b>BONDED INDEBTEDNESS</b>					
General Obligation Bonds:					
Net Direct General Obligation Bonds	\$ 4,130,470,000	\$ 3,778,535,000	\$ 3,485,982,000	\$ 3,422,840,000	\$ 3,409,855,000
Self-Supporting General Obligation Bonds with Specific Revenue Pledges	\$ 995,000	\$ 1,955,000	\$ 2,885,000	\$ 3,790,000	\$ 31,435,000
Total General Obligation Bonds	\$ 4,131,465,000	\$ 3,780,490,000	\$ 3,488,876,000	\$ 3,426,630,000	\$ 3,441,290,000
Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ 24,460,000
<b>TOTAL BONDED INDEBTEDNESS</b>	<b>\$ 4,131,465,000</b>	<b>\$ 3,780,490,000</b>	<b>\$ 3,488,876,000</b>	<b>\$ 3,426,630,000</b>	<b>\$ 3,465,750,000</b>



## OFFICE OF THE STATE TREASURER FY2013 ORGANIZATIONAL CHART



## NOTES TO THE ANNUAL REPORT OF THE TREASURER

### -SIGNIFICANT ACCOUNTING POLICIES-

**Significant accounting policies applicable to the State Treasurer are described below:**

- A. Basis of Accounting** – The accompanying financial statements of the State Treasurer have been prepared on the cash basis of accounting for the reporting period July 1, 2010 through June 30, 2011. The Treasury's policy is to record receipts when deposited with the Treasurer's Office and disbursements when state warrants are presented to the Treasurer's Office for redemption.
- B. Fund Accounting** – The financial activities of the state are recorded in individual funds that are used to observe the restrictions placed on resources and expenditures and to report the financial position of these funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Individual funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or statutory limitations.

## NOTES



**Lynn Fitch, Treasurer**  
**State of Mississippi**

501 NORTH WEST STREET  
SUITE 1101  
JACKSON, MS 39201  
P.O. BOX 120 JACKSON, MS 39205

[WWW.TREASURY.MS.GOV](http://WWW.TREASURY.MS.GOV)

601.359.3600

