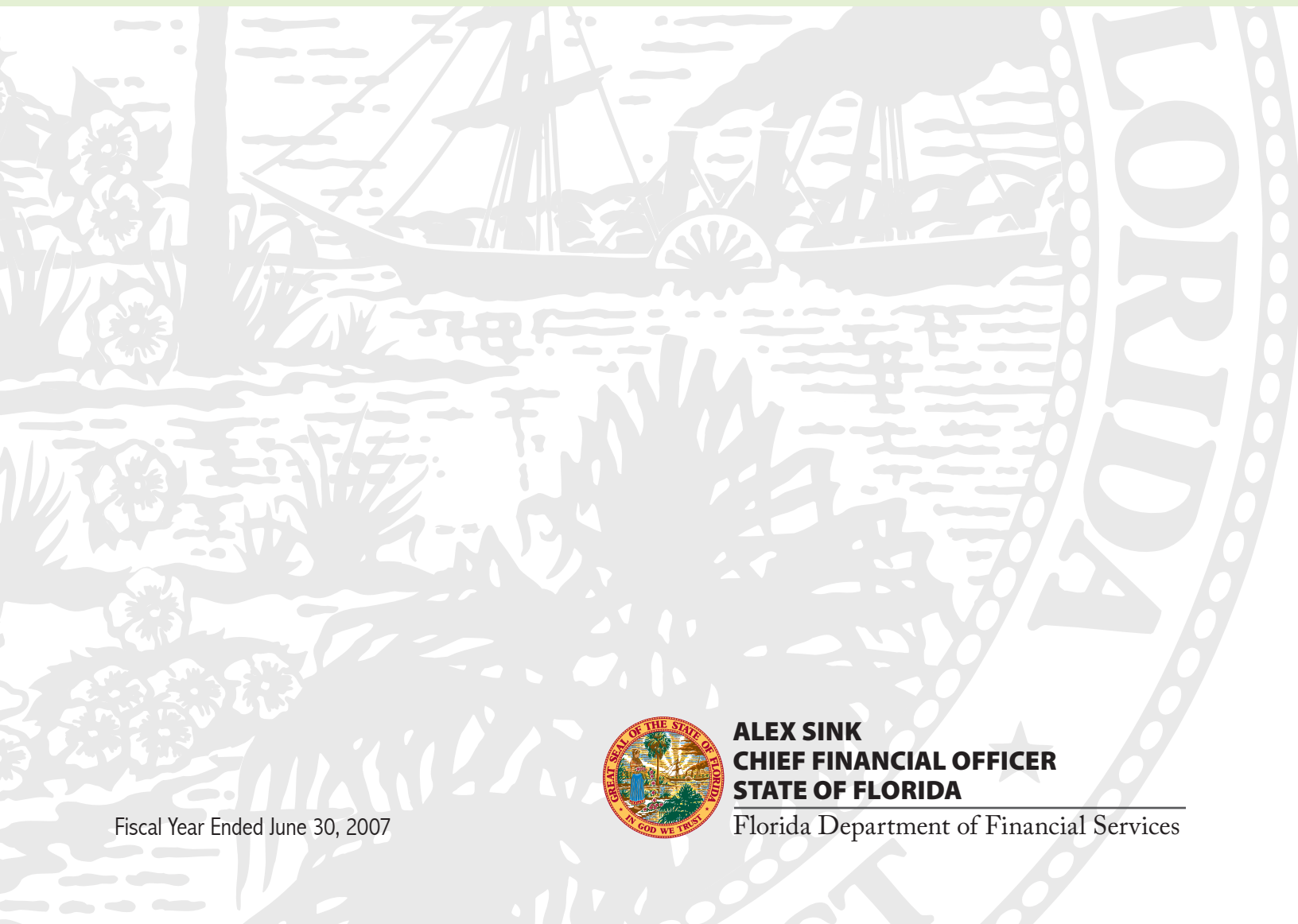


# THE STATE OF FLORIDA

# 2007

## Florida Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2007



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

Florida Department of Financial Services

# **ACKNOWLEDGEMENTS**

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## **SPECIAL APPRECIATION**

Special appreciation is given to all fiscal and accounting personnel throughout the State who contributed financial information for their agencies.

## **GRAPHIC DESIGN**

The report cover was designed by the Publications Unit, Division of Consumer Services, Department of Financial Services.

STATE OF FLORIDA

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2007



Charlie Crist  
GOVERNOR

Alex Sink  
CHIEF FINANCIAL OFFICER

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES**

This document and related information is available via the Florida Department of Financial Services' homepage at:  
[www.myfloridacfo.com](http://www.myfloridacfo.com)

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2007**

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# **INTRODUCTORY SECTION**



CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

ALEX SINK

February 25, 2008

The Honorable Charlie Crist, Governor  
The Honorable Ken Pruitt, President of the Senate  
The Honorable Marco Rubio, Speaker of the House of Representatives  
Citizens of the State of Florida

To Governor Crist, President Pruitt, Speaker Rubio, and the Citizens of Florida:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007 in accordance with Section 216.102(3), Florida Statutes (F.S.). This report is prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. The concept of reasonable assurance ensures that the costs do not exceed the benefits derived.

The Auditor General has issued an opinion on the state's financial statements for the fiscal year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**PROFILE OF THE STATE**

Florida's constitution divides the governmental structure of the state into three independent branches. The Legislative Branch has exclusive law-making power for the state. The Executive Branch, with the Governor as its chief, administers the laws made by the Legislature. The Cabinet shares some executive power and responsibilities with the Governor. The Judicial Branch interprets the law and applies the Constitution. The organizational chart following this letter provides an overview of the state's structure. Florida's government provides a full range of services to its citizens including education, health and family services, transportation, law and corrections, natural resources, environmental, and other services.

The financial reporting entity of the state includes the primary government as well as component units for which the state is either financially accountable or a relationship exists with the state such that exclusion would cause the financial statements to be misleading or incomplete. Refer to Note 1 to the financial statements for a listing of Florida's component units and the Financial Section of the report to obtain an overview of their financial position.

Florida's budget focuses on the needs of the state and its citizens, as well as desired results of programs and services. It is prepared using the guiding principles in Chapter 216, F.S. The major phases of the budget process are detailed in the Other Required Supplementary Information Section of this report. Florida law strictly prohibits overspending and requires budgetary control to be maintained at the individual appropriation account level.



## **ECONOMIC CONDITION**

### **State Economy**

Florida's economy is currently experiencing a decline in overall rates of growth and a significant downturn in its housing market. The rate of job creation outside the agricultural sector has slowed by almost two percent compared to the prior year. Population growth, the historical major driving force behind Florida's economy, is showing signs of leveling off for the first time in decades. Rates of unemployment have increased slightly. Downward trends in consumer spending and real estate sales are resulting in either flat or declining general tax revenues to the state government. Property insurance bills for Florida homeowners have not decreased as expected when lawmakers passed legislation to shift a portion of catastrophic risk from private insurance markets to the state government. Homeowners are also feeling pressure from higher property tax bills as local governments generated revenues to handle the needs of rapidly increasing populations in the past.

The most significant factors affecting Florida's economy also exist in the national economy. Economists are now debating whether the national economy is currently in recession. But there is no debate that sales tax revenues in Florida, tied closely to levels of economic activity, continue to fall below projections. Home values have declined in many markets around the nation; especially where above average appreciation was realized as was the case for many areas in Florida. The number of mortgage defaults and home foreclosures are increasing as the fallout continues from overly-aggressive lending practices nationwide. Florida's real estate market is experiencing a greater than average market correction in large part because it fared much better than the national market in recent years.

Despite current economic conditions, Florida's economy outperformed national averages during the prior fiscal year in measures of personal income growth and job creation rates. Florida continues to have very favorable natural resource, economic, and tax environments as well as stable demand for goods and services. Although the rate of non-farm job creation declined relative to the prior year, 149,000 additional jobs were added. Florida still has one of the highest total job growth rates in the nation as well as among the ten largest states. The construction and other areas of the real estate sector will continue to be negatively affected by the economy and lower rates of population growth for the next few years. Florida's economy is projected to expand steadily in the long-run. Additional economic forecast information is available at <http://edr.state.fl.us/conferences/fleconomic/floridaeconomic.htm> and historical trend information can be found in the Statistical Section of this report.

### **Long-term Financial Planning**

Declining revenue collections recently resulted in a key debt ratio of the state moving near a target limit set by the legislature as a component of conservative fiscal policies. As long as revenue collections available to pay debt service remain lower than anticipated, the state does not have additional bonding capacity beyond already authorized programs while staying below this target. Any long-term borrowings not already authorized must be evaluated with a higher threshold for justification considering the importance of maintaining Florida's excellent bond ratings, which serve to keep the cost of borrowing low. Florida's bond ratings are as follows: Moody's Investor Service (Aa1), Standard and Poor's Corporation (AAA), and Fitch, Inc. (AA+).

The largest portions of outstanding debt are for bond-financed educational facilities of \$12.3 billion, hurricane-related claims of \$4.2 billion, transportation infrastructure of \$4 billion, and environmental conservation of \$2.6 billion. New debt issues for 2007 were \$937 million for educational facilities, \$318 million for transportation infrastructure projects, and \$2.8 billion to provide short-term liquidity for loss claims relating to any future hurricane events. The rate of increase for Florida's overall debt burden is lower than the national average and the outlook for the state's credit rating is stable. Refer to Notes 8, 9, and 10 for additional information on the state's outstanding debt.

Florida's financial health can be seen in the maintenance of reserves, historical revenue growth rates, and a moderate debt burden with strong credit ratings. The budget stabilization fund and other key reserves are maintained to mitigate revenue shortfalls and for use in emergencies. Substantial revenue growth experienced by the state in recent years has strengthened its financial position. Levels of reserves and a quick response by the legislature to recent reductions in general revenue collections are influential factors in maintaining the state's strong credit ratings.

## **Major Initiatives**

Challenges lay ahead as compromises are made to reduce state spending in light of declining general revenues. The Florida Legislature has already reduced planned spending by over \$1 billion for the fiscal year ending June 30, 2008. Now it appears that additional spending reductions are needed as revenue collections continue to be below projections.

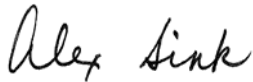
Periods of lower economic activity and declining population growth rates are an opportunity to better formulate plans for a truly sustainable future. Florida's leadership has already recognized that future growth must be sustainable both economically and environmentally. Governor Charlie Crist recently announced plans to stimulate Florida's innovation economy to broaden the economic base beyond the historical major drivers of population growth, construction and real estate. Significant investment is being made to restore America's Everglades in recognition of the true value of this area as a natural ecosystem. Governor Crist also set a new direction for Florida's energy future through a set of Executive Orders to address climate change and promote the development of renewable energy sources in Florida.

There is no doubt that the attractiveness of Florida as a place to live and work, vacation and retire will continue to draw people to this wonderful state and fuel economic growth. Leadership and decisions made today will greatly influence the state's economic future and the quality of life experienced by the three million people projected to come to Florida over the next 10 years. Refer to the MD&A for additional information on current initiatives undertaken to deal with the revenue shortfalls.

## **ACKNOWLEDGEMENTS**

Preparation of the CAFR requires a significant investment of time and resources of fiscal and accounting personnel throughout the state. We appreciate all the contributions made to this effort.

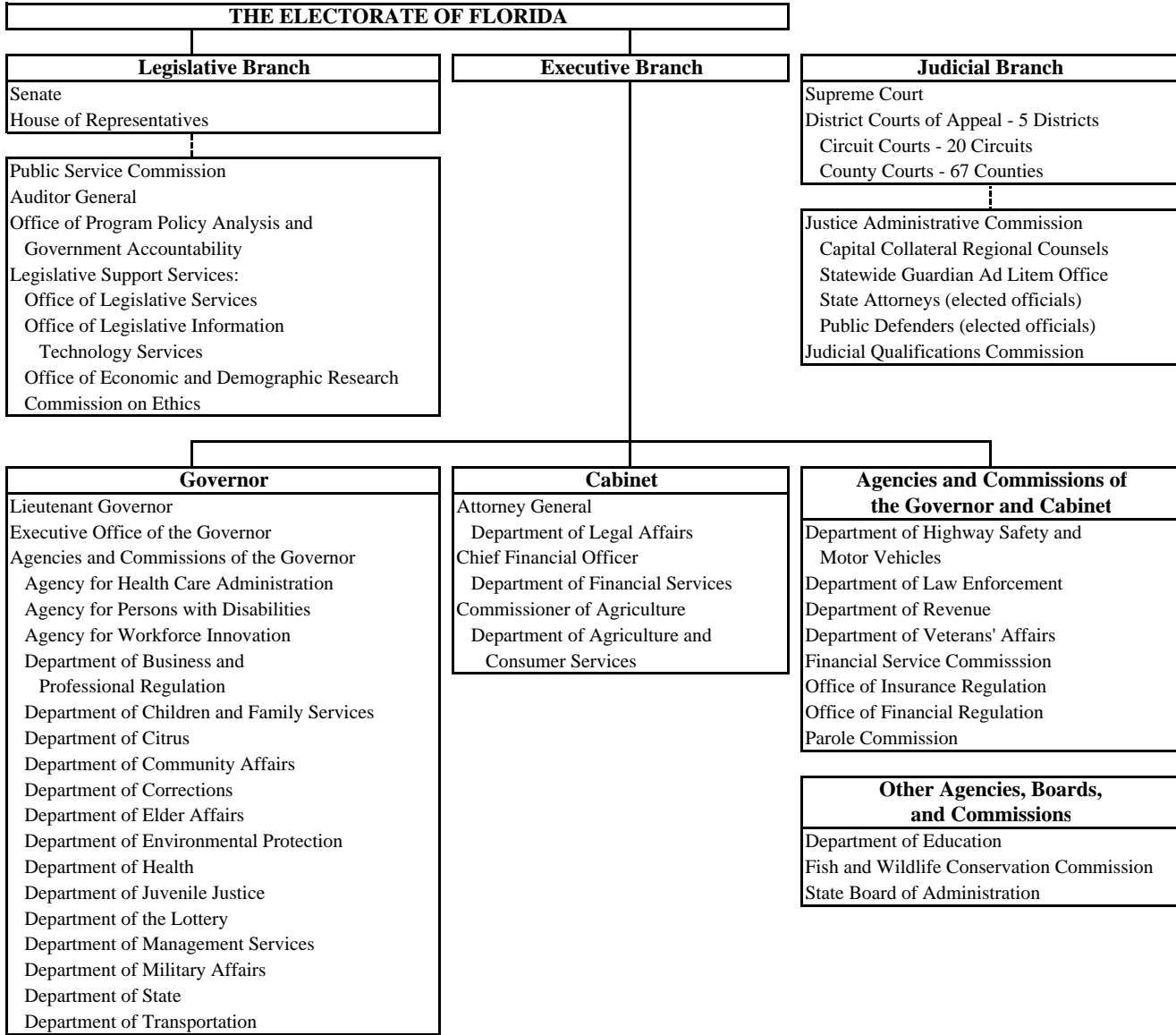
Sincerely,

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

Alex Sink

AS:glb

**ORGANIZATION AT JUNE 30, 2007**



**PRINCIPAL OFFICIALS AT JUNE 30, 2007**

**Legislative Branch**

Senate  
Ken Pruitt, President  
House of Representatives  
Marco Rubio, Speaker

**Executive Branch**

Charlie Crist, Governor  
Jeff Kottkamp, Lieutenant Governor  
Cabinet  
Bill McCollum, Attorney General  
Alex Sink, Chief Financial Officer  
Charles H. Bronson, Commissioner of Agriculture

**Judicial Branch**

R. Fred Lewis, Chief Justice

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**FINANCIAL  
SECTION**



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA



850/488-5534/SC 278-5534  
Fax: 488-6975/SC 278-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of:

- ◆ The Prepaid College Program Fund, which is a major enterprise fund and represents 38 percent and 12 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The Florida Turnpike Fund, which represents 93 percent of the assets and revenues of the Transportation major enterprise fund.
- ◆ The Hurricane Catastrophe Fund, which represents 98 of the assets and revenues of the State Board of Administration major enterprise fund.
- ◆ The College Savings Plan, which represents 8 percent and 4 percent, respectively, of the assets and additions of the Private Purpose Trust Fund.
- ◆ The Florida Legislature, which represents less than one percent of the assets and revenues of the General Fund.
- ◆ The Florida Finance Housing Corporation, the South Florida Water Management District, Citizens Property Insurance Corporation, component units related to the State's universities and community colleges, and certain other funds and entities that, in the aggregate, represent 68 percent and 54 percent, respectively, of the assets and revenues of the discretely presented component units.

Financial statements for the above were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these funds and entities, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, a report on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters will be issued under a separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 1 J. to the financial statements, the State has implemented Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and reclassified the Retiree Health Insurance Subsidy (HIS) Program from an other postemployment benefit plan to a pension plan. The reclassification resulted in the application of Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to the HIS Program for the year ending June 30, 2007.

As discussed in Note 18 C. to the financial statements, the Local Government Surplus Funds Trust Fund Investment Pool no longer met the requirements for classification as a 2a-7-like fund as of November 2007. Note 18 C. also describes the corrective actions taken by the State Board of Administration.

The accompanying management discussion and analysis on pages 14 through 19 and the budgetary information, pension trust fund information, and information on infrastructure using the modified approach on pages 128 through 138 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. As a result of the limited procedures performed, we believe that the amounts reported on page 136 for the actuarial accrued liability and the unfunded actuarial accrued liability for the Retiree Health Insurance Subsidy Program were not measured in conformity with accounting principles generally accepted in the United States of America because the discount rate utilized in determining the amounts reported was not appropriately matched to current and expected investment yields and the nature and mix of related investments.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section on pages 6 through 9, combining statements and individual fund statements and schedules on pages 141 through 217, and the statistical section on pages 221 through 249, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



David W. Martin, CPA  
February 25, 2008

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The information contained in the Management’s Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the State of Florida’s (the state’s) financial activities and performance for the fiscal year ended June 30, 2007 (fiscal year 2006-07). Please read the MD&A in conjunction with the state’s financial statements that are presented in the Financial Section of this Comprehensive Annual Financial Report (CAFR).

**Financial Statements Overview**

The state’s basic financial statements are comprised of the following elements:

**Government-wide Financial Statements**

Government-wide financial statements provide both long-term and short-term information about the state's overall financial condition. Changes in the state’s financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the state’s net assets changed during the fiscal year is presented in the Statement of Activities. Financial information for the state’s component units is also presented.

**Fund Financial Statements**

Fund financial statements for governmental and proprietary funds focus on individual parts of the state, reporting the state's operations in more detail than the government-wide financial statements. Fund financial statements for fiduciary funds are also included to provide financial information related to the state’s fiduciary activities.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the government-wide and fund financial statements. Refer to Note 1 to the financial statements for more information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

<b>Table 1: Major Features of the Basic Financial Statements</b>				
	<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire state government (except fiduciary funds) and the state’s component units	Activities of the state that are not proprietary or fiduciary	Activities of the state that are operated similar to private businesses	Instances in which the state is the trustee or agent for someone else’s resources
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>• Revenues for which cash is received during or soon after the end of the year</li> <li>• Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid



## Condensed Government-wide Financial Statements and Overall Financial Analysis

### Statement of Net Assets

Table 2 below presents the state's Condensed Statement of Net Assets as of June 30, 2007, and 2006, derived from the government-wide Statement of Net Assets. The assets of the state exceeded its liabilities (net assets) at the close of the fiscal year by \$52.5 billion for governmental activities and by \$8 billion for business-type activities, for a combined total of \$60.5 billion for the primary government. The three components of net assets include invested in capital assets, net of related debt; restricted; and unrestricted. The largest component, totaling \$53.8 billion as of June 30, 2007, reflects investment in capital assets, net of related debt. The state uses these capital assets to provide services to the citizens and businesses in the state; consequently, these net assets are not available for future spending. Restricted net assets are the next largest component, totaling \$13.9 billion as of June 30, 2007. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental activities reflect a negative or deficit unrestricted net asset balance of \$7.6 billion at June 30, 2007. This deficit primarily results from education-related bonds for which the state is responsible for the liability while the related assets are owned by local school districts and are therefore not included in the state's financial statements. Refer to Note 8 to the financial statements, Governmental Activities – Unrestricted Net Asset Deficit, for more information.

Business-type activities reflect an unrestricted net asset balance of \$394 million at June 30, 2007. The prior year business-type activities reflected a deficit unrestricted net asset balance of \$1.1 billion primarily attributable to the Florida Hurricane Catastrophe Fund's liability for damages from hurricane events in 2004 and 2005. Reimbursement premiums and statutory emergency assessments provided the funds necessary to reduce FHCF's unrestricted net asset deficit, thereby eliminating the overall deficit for business-type activities during the current fiscal year.

**Table 2: Condensed Statement of Net Assets**  
**As of June 30**  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 30,405	\$ 30,660	\$ 22,748	\$ 18,309	\$ 53,153	\$ 48,969
Capital assets	53,254	50,435	6,376	5,871	59,630	56,306
Total assets	<u>83,659</u>	<u>81,095</u>	<u>29,124</u>	<u>24,180</u>	<u>112,783</u>	<u>105,275</u>
Other liabilities	11,081	11,258	7,230	7,748	18,311	19,006
Noncurrent liabilities	20,072	19,580	13,918	10,627	33,990	30,207
Total liabilities	<u>31,153</u>	<u>30,838</u>	<u>21,148</u>	<u>18,375</u>	<u>52,301</u>	<u>49,213</u>
Net assets:						
Invested in capital assets, net of related debt	49,604	46,546	4,165	3,830	53,769	50,376
Restricted	10,455	9,556	3,417	3,078	13,872	12,634
Unrestricted	(7,553)	(5,845)	394	(1,103)	(7,159)	(6,948)
Total net assets	<u>\$ 52,506</u>	<u>\$ 50,257</u>	<u>\$ 7,976</u>	<u>\$ 5,805</u>	<u>\$ 60,482</u>	<u>\$ 56,062</u>

**Statement of Activities**

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2006-07 and fiscal year 2005-06, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the state's financial position is improving or deteriorating. The state's total net assets increased during the fiscal year by \$4.4 billion. The net assets of governmental activities increased by \$2.2 billion and the net assets of business-type activities increased by \$2.2 billion. Revenues and expenses were generally consistent between the current and prior fiscal years with the exception of those reported in the Florida Hurricane Catastrophe Fund included in the Business-type Activities. This fund did not have any expense for hurricane losses in the current year compared to \$4.7 billion in the prior year. Additionally, reimbursement premiums increased 64 percent over the prior fiscal year due primarily to legislative changes that impacted the premium structure.

**Table 3: Condensed Statement of Activities**  
**For the Fiscal Year Ended June 30**  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$ 6,385	\$ 5,934	\$ 8,968	\$ 7,638	\$ 15,353	\$ 13,572
Operating grants and contributions	17,105	18,057	39	45	17,144	18,102
Capital grants and contributions	2,164	1,375	2	.....	2,166	1,375
Total program revenues	25,654	25,366	9,009	7,683	34,663	33,049
General revenues and payments						
Sales and use tax	20,684	20,729	.....	.....	20,684	20,729
Other taxes	13,532	14,588	.....	.....	13,532	14,588
Investment earnings (loss)	813	174	11	15	824	189
Emergency assessments	.....	.....	195	.....	195	.....
Miscellaneous	.....	.....	.....	(1)	.....	(1)
Total general revenues and payments	35,029	35,491	206	14	35,235	35,505
Total revenues	60,683	60,857	9,215	7,697	69,898	68,554
Program expenses						
General government	8,411	7,411	.....	.....	8,411	7,411
Education	19,739	18,211	.....	.....	19,739	18,211
Human services	20,634	19,765	.....	.....	20,634	19,765
Criminal justice and corrections	3,993	3,812	.....	.....	3,993	3,812
Natural resources and environment	2,768	4,285	.....	.....	2,768	4,285
Transportation	3,546	3,308	404	330	3,950	3,638
State courts	437	414	.....	.....	437	414
Lottery	.....	.....	3,029	2,875	3,029	2,875
State Board of Administration	.....	.....	242	4,758	242	4,758
Prepaid College Program	.....	.....	856	459	856	459
Nonmajor enterprise funds	.....	.....	1,146	994	1,146	994
Indirect interest on long-term debt	12	7	.....	.....	12	7
Total program expenses	59,540	57,213	5,677	9,416	65,217	66,629
Excess (deficiency) before gain (loss) and transfers	1,143	3,644	3,538	(1,719)	4,681	1,925
Gain (loss) on sale of capital assets	(251)	(75)	(10)	(10)	(261)	(85)
Transfers	1,357	1,321	(1,357)	(1,321)	.....	.....
Change in net assets	2,249	4,890	2,171	(3,050)	4,420	1,840
Beginning net assets	50,257	45,329	5,805	8,327	56,062	53,656
Prior period adjustments	.....	38	.....	528	.....	566
Ending net assets	\$ 52,506	\$ 50,257	\$ 7,976	\$ 5,805	\$ 60,482	\$ 56,062

## Major Fund Analysis

### Governmental Funds

The state's governmental funds reported a combined ending fund balance of \$19.4 billion at June 30, 2007, of which \$10.2 billion is reserved for specific purposes and the remaining \$9.2 billion is unreserved and available for the different purposes of the various funds. Refer to Note 1 to the financial statements for an explanation of the different types of reserves. The following major governmental funds are reported:

**General Fund** – This fund is the state's primary operating fund and is used to account for the financial resources and transactions not required to be accounted for in other funds. Fund balances decreased by ten percent from the prior fiscal year due to a slight decline in general fund revenues combined with a 4.4 percent increase in expenditures. Although the general fund experienced a decline its fund balance for the year, a substantial \$7.2 billion remained at the end of the fiscal year. See the Economic Factors section below for more information regarding actions relating to maintenance of the fund balance for this fund.

**Environment, Recreation and Conservation** – This fund accounts for operations of various programs, such as air pollution control, water quality assurance, ecosystem management, and marine resource conservation. This fund is generally consistent with the prior fiscal period but does show a \$347 million increase in capital outlay expenditures primarily for land acquisitions under the Florida Forever program for wildlife conservation and habitat protection.

**Health and Family Services** – This fund accounts for operations of various health and family service-related programs, such as health care, children's medical services, elder care, developmental disabilities services, and child support. Revenues, expenditures, and fund balance for this fund all increased by approximately two percent reflecting expected growth in service demand due to increases in population.

**Transportation** – This fund accounts for administration of the maintenance and development of the state's highway system and other transportation-related projects. This fund is consistent with the prior year showing a 3.6 percent increase in fund balance. An increase in expenditures of 6.6 percent is partially attributable to commencing projects during the year for which notification was received from the federal government that related federal funding was authorized.

### Proprietary Funds

The state's proprietary funds, used to account for the business-type activities reported in the government-wide statements, reported \$8 billion of net assets at June 30, 2007, an increase of over \$2 billion from the prior year attributable mainly to the circumstances described below for the State Board of Administration. The following major proprietary funds are reported:

**Transportation** – This fund primarily accounts for operations of the Florida Turnpike. Net assets increased by \$354 million due primarily to continued growth in toll transactions. Nonoperating investment earnings increased by \$28 million from earnings on cash balances from a bond issuance in December 2006. Capital assets increased by over \$500 million as ongoing investment is made in system improvements and expansion.

**Lottery** – This fund accounts for the operations of the Florida Lottery, which include the sale of lottery tickets, payment of lottery prizes, and transfers to the Education Enhancement Trust Fund. The Florida Lottery's operations were generally consistent with the prior year, including over \$1.2 billion earned and made available for the enhancement of public education in Florida.

**State Board of Administration** – This fund primarily accounts for investments for the Florida Hurricane Catastrophe Fund, (FHCF), which helps cover insurers' losses in the event of a hurricane disaster. This fund had a deficit net asset balance at June 30, 2006 of approximately \$1.5 billion, primarily from 2004 and 2005 hurricane-related claim payments. This fund's deficit was the primary cause of the \$1.1 billion deficit unrestricted net asset balance reported in the prior year for all business-type activities. The State Board of Administration issued revenue bonds during the 2006-07 fiscal year to provide liquidity to pay loss reimbursement claims. Reimbursement premiums and statutory emergency assessments provided the funds necessary to reduce FHCF's unrestricted net asset deficit, thereby eliminating the overall deficit for business-type activities during the current fiscal year.

**Prepaid College Program** – This program was created to provide a medium from which the cost of state post-secondary education may be paid in advance of enrollment at a rate lower than the projected corresponding costs at the time of enrollment. This fund experienced a 44 percent increase in net assets from the prior year due primarily to a significant increase in investment returns and a tuition increase that was lower than projected.

## General Fund Budget Variances

Budgeted expenditures are based on revenues as estimated by the Revenue Estimating Conference and other available resources. Original expenditures are budgeted for less than total expected available resources. There were no significant variances between the original and final budget amounts or between final budget amounts and actual budget results for the General Fund. Variances between the original and final budget or between the final budgeted and actual amounts are not expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the Budgetary Comparison Schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

## Capital Asset and Long-term Debt Activity

### Capital Asset Activity

At June 30, 2007, the state reported \$53.3 billion in net capital assets for governmental activities and \$6.4 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2005-06 to fiscal year 2006-07 by approximately six percent. The increase was primarily due to land acquisition and the capitalization of construction costs related to infrastructure projects. Capitalized infrastructure projects provide additions to and/or enhancements of roadways and bridges on the state's highway system. Construction costs for infrastructure of \$2.1 billion were capitalized as construction work in progress and \$1.8 billion was reclassified from construction work in progress to infrastructure for completed projects. Construction commitments by the Florida Department of Transportation remained consistent with the prior year at about \$7.8 billion. Construction commitments by other state agencies not relating to transportation increased over \$268 million due to major projects including office buildings and correctional facilities. Refer to Note 5 to the financial statements for more information on capital assets and Note 7 to the financial statements for more information on construction commitments.

### Long-term Debt Activity

Section 11 of Article VII of the State Constitution authorizes the state to issue general obligation bonds or revenue bonds to finance or refinance fixed capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the state and payable from proceeds of various taxes. Revenue bonds are payable from funds that receive legally restricted revenues. The Division of Bond Finance of the State Board of Administration has the responsibility to issue all state bonds. Total bonded debt outstanding increased \$3.3 billion from the prior fiscal year to a total of \$23.9 billion. The state maintained its strong credit ratings during the past year.

The state's benchmark debt ratio of debt service to revenues available to pay debt service increased over the prior year. The ratio increased from 5.10 percent in the prior fiscal year to 5.49 percent for the fiscal year ended June 30, 2007. The increase in this ratio is due to lower revenue collections during the fiscal year ended June 30, 2007. It is projected to reach 5.99 percent in 2008 and peak at 6.11 percent in 2010 before improving. The projected ratio is reasonably consistent with the 6 percent target limit and well within a 7 percent cap established by the legislature. However, this ratio could increase further if revenues continue to decline. See the *State of Florida 2007 Debt Affordability Report* for more detailed information. To obtain a copy of this report, contact the Division of Bond Finance, 1801 Hermitage Blvd., Suite 200, Tallahassee, Florida 32308, (850) 488-4782. Additional information on long-term debt is also found in Notes 8, 9, and 10 to the financial statements and the Statistical Section of this report.

## Infrastructure Accounted for Using the Modified Approach

The state elected to use the modified approach to account for roadways and bridges of the State Highway System. Under this approach, the Florida Department of Transportation (FDOT) committed to maintain these assets at levels established by FDOT and approved by the Florida Legislature. No depreciation expense is reported for these assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. FDOT maintains an inventory of these assets and performs periodic assessments to establish that predetermined condition levels are being maintained. The condition assessments performed during fiscal year 2006-07 show that the roadways and bridges of the State Highway System are being maintained at or near FDOT standards. These condition assessments were consistent with condition assessments conducted during the last two years. In addition, FDOT makes annual estimates of the amounts that must be expended to maintain the roadways and bridges included on the State Highway System at the predetermined condition levels. These estimates are based on the FDOT five-year plan that is changed as projects are added, deleted, adjusted, or postponed. The difference between estimated and actual expenditures can be primarily attributed to an increase in the cost of resources for resurfacing projects.

Refer to the Other Required Supplementary Information of the CAFR for information on FDOT's established condition standards, recent condition assessments, and other information on infrastructure reported on the modified approach.

### **Economic Factors**

General fund tax collections for the fiscal year ended June 30, 2007 were 3.8 percent lower than the prior fiscal year. Sales tax collections, the state's primary source of general revenue, were essentially flat, showing only minor growth from the prior year. This is primarily due to a decline in consumer spending related to rebuilding after the hurricane events of 2004 and 2005 as well as declining spending levels related to record-level rates of housing construction, which peaked in 2006. Collections of documentary stamp taxes, which result from sales of real estate, declined significantly compared to the prior fiscal year. Although Florida's housing market reflects national trends, it has proven more vulnerable to the real-estate market downturn due to the popularity of second homes and speculative investment activity in recent years. The overall trend for other sources of general fund revenues, such as corporate income taxes and intangible taxes, show either consistency with the prior fiscal year or decline. Despite the pressure on general fund revenues, the state was able to slightly improve its cash reserves during the year.

A special legislative session was held in October 2007 to address anticipated revenue shortfalls predicted by revenue estimates prepared in August 2007. The resulting action, Chapter 2007-326, Laws of Florida, permanently reduced Florida's budget by over \$1 billion for the fiscal year ending June 30, 2008. The most recent revenue estimate prepared in November 2007 reduces estimated general fund revenue collections by an additional \$1 billion for the fiscal ending June 30, 2008. The November estimate is lower than fiscal year 2006-07 collections by 3.5 percent, or \$933 million. Future legislative action may be required to make spending reductions to offset any fiscal year 2007-08 revenue shortfalls which can't be absorbed by the state's working capital balance. State agencies have been advised that they should plan to reduce discretionary spending as well as delay the implementation of new or improved programs with recurring costs, until reduction plans are finalized for the 2007-2008 and 2008-2009 fiscal years.

Florida's underlying economic fundamentals remain sound as evidenced by lower but continued population growth and good growth in personal incomes. Six years of above-average economic growth yielded strong revenue growth and consistent operating surpluses. The state's audited financial reports consistently show significant unreserved fund balances which are available for use for the purposes of the various funds. The unreserved fund balance for all governmental funds was approximately \$9.2 billion at June 30, 2007. Despite downward trends in general revenue tax collections, the state was able to increase the fund balance of the budget stabilization fund by 14 percent to \$1.2 billion for the fiscal year ended June 30, 2007. The budget stabilization fund is reserved for use to offset general fund deficits and other purposes. Maintenance of this reserve is an indication of fiscal strength. Florida continues to follow conservative fiscal management practices as evidenced by the quick response to reduce spending for the fiscal year ending June 30, 2008.

### **Contact the State's Financial Management**

Questions about this report or requests for additional financial information may be addressed to:

Department of Financial Services  
Bureau of Accounting  
Statewide Financial Reporting Section  
200 East Gaines Street  
Tallahassee, Florida 32399-0354  
(850) 413-5511

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**FINANCIAL  
SECTION:  
BASIC FINANCIAL  
STATEMENTS**

2007 STATE OF FLORIDA CAFR

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 160,956	\$ 27,019	\$ 187,975	\$ 3,777,386
Pooled investments with State Treasury	20,038,544	3,747,835	23,786,379	1,677,539
Other investments	3,684,737	14,524,852	18,209,589	12,989,457
Receivables, net	3,479,551	895,721	4,375,272	3,408,849
Internal balances	427,472	(427,472)	.....	.....
Due from component units/primary	8,211	708	8,919	1,438,797
Inventories	89,777	973	90,750	38,692
Restricted cash and cash equivalents	.....	44	44	273,784
Restricted pooled investments with State Treasury	.....	112,391	112,391	290,902
Restricted investments	.....	2,653,625	2,653,625	1,872,298
Other loans and notes receivable, net	2,494,900	1,176,728	3,671,628	2,899,347
Other assets	21,153	35,843	56,996	438,505
Capital assets, net	53,253,623	6,376,015	59,629,638	15,991,958
<b>Total assets</b>	<b>83,658,924</b>	<b>29,124,282</b>	<b>112,783,206</b>	<b>45,097,514</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	3,145,578	1,221,996	4,367,574	2,627,773
Due to component units/primary	57,159	56	57,215	288,622
Deferred revenue	.....	.....	.....	2,296,232
Obligations under security lending agreements	4,236,171	5,054,552	9,290,723	.....
Obligations under reverse repurchase agreements	2,115,244	124,272	2,239,516	.....
Long-term liabilities				
Due within one year	1,527,072	828,509	2,355,581	1,071,182
Due in more than one year	20,071,735	13,918,407	33,990,142	12,346,471
<b>Total liabilities</b>	<b>31,152,959</b>	<b>21,147,792</b>	<b>52,300,751</b>	<b>18,630,280</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	49,603,845	4,164,740	53,768,585	13,221,937
Restricted for:				
Environment, recreation, and conservation	2,861,436	.....	2,861,436	.....
Health and family services	843,301	.....	843,301	.....
Transportation	1,680,338	.....	1,680,338	.....
Nonmajor governmental funds	2,664,650	.....	2,664,650	.....
Debt service	72,890	.....	72,890	24,683
Lottery	.....	90,869	90,869	.....
Prepaid College Program	.....	842,793	842,793	.....
Unemployment compensation	.....	2,286,489	2,286,489	.....
Other	.....	198,010	198,010	2,686,072
Funds held for permanent endowment				
Expendable	44,830	.....	44,830	2,942,988
Nonexpendable	2,287,402	.....	2,287,402	2,707,863
Unrestricted (Note 8)	(7,552,727)	393,589	(7,159,138)	4,883,691
<b>Total net assets</b>	<b>\$ 52,505,965</b>	<b>\$ 7,976,490</b>	<b>\$ 60,482,455</b>	<b>\$ 26,467,234</b>

The notes to the financial statements are an integral part of this statement.



2007 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 8,410,918	\$ 3,765,988	\$ 806,506	\$ 1,770	\$ (3,836,654)
Education	19,739,622	250,023	2,585,238	.....	(16,904,361)
Human services	20,634,220	1,302,926	12,389,808	.....	(6,941,486)
Criminal justice and corrections	3,992,990	307,550	114,515	1,528	(3,569,397)
Natural resources and environment	2,767,852	368,511	1,165,099	30,180	(1,204,062)
Transportation	3,545,752	371,726	43,156	2,130,209	(1,000,661)
State courts	436,825	18,512	887	28	(417,398)
Indirect interest on long-term debt	11,731	.....	.....	.....	(11,731)
Total governmental activities	59,539,910	6,385,236	17,105,209	2,163,715	(33,885,750)
Business-type activities:					
Transportation	403,982	766,190	14,318	2,285	378,811
Lottery	3,029,103	4,286,152	.....	.....	1,257,049
State Board of Administration	241,568	1,476,660	.....	.....	1,235,092
Prepaid College Program	855,997	1,114,978	.....	.....	258,981
Nonmajor enterprise funds	1,146,532	1,324,114	24,940	2	202,524
Total business-type activities	5,677,182	8,968,094	39,258	2,287	3,332,457
Total primary government	\$ 65,217,092	\$ 15,353,330	\$ 17,144,467	\$ 2,166,002	\$ (30,553,293)
<b>Component units</b>					
Florida Housing Finance Corporation	\$ 555,122	\$ 261,080	\$ .....	\$ 511,053	\$ 217,011
South Florida Water Management District	484,721	11,806	65,414	383,460	(24,041)
University of Florida	4,184,267	2,302,234	957,747	154,184	(770,102)
Florida State University	1,025,212	279,810	298,750	170,811	(275,841)
University of South Florida	1,279,596	424,510	464,953	100,329	(289,804)
Citizens Property Insurance Corporation	1,213,118	2,054,285	.....	.....	841,167
Nonmajor component units	5,910,564	1,441,166	1,637,856	888,675	(1,942,867)
Total component units	\$ 14,652,600	\$ 6,774,891	\$ 3,424,720	\$ 2,208,512	\$ (2,244,477)
<b>Primary Government</b>					
		Governmental Activities	Business-type Activities	Total	Component Units
Net (expense) revenue		\$(33,885,750)	\$ 3,332,457	\$ (30,553,293)	\$ (2,244,477)
General revenues:					
Taxes					
Sales and use tax		20,684,191	.....	20,684,191	.....
Fuel taxes		2,575,303	.....	2,575,303	.....
Corporate income tax		2,450,357	.....	2,450,357	.....
Documentary stamp tax		3,022,536	.....	3,022,536	.....
Intangible personal property tax		757,163	.....	757,163	.....
Communications service tax		1,484,954	.....	1,484,954	.....
Beverage and tobacco taxes		1,112,580	.....	1,112,580	.....
Insurance premium tax		995,340	.....	995,340	.....
Gross receipts utilities tax		615,280	.....	615,280	.....
Property taxes		.....	.....	.....	771,413
Other taxes		518,536	.....	518,536	.....
Investment earning (loss)		812,617	10,640	823,257	1,119,160
Gain (loss) on sale of capital assets		(250,925)	(10,006)	(260,931)	(11,556)
Payments from the State of Florida		.....	.....	.....	3,724,802
Emergency assessments		.....	195,226	195,226	1,986,115
Miscellaneous		.....	.....	.....	726,868
Transfers		1,356,980	(1,356,980)	.....	.....
Contributions to permanent funds		.....	.....	.....	153,556
Total general revenues, transfers, and contributions		36,134,912	(1,161,120)	34,973,792	8,470,358
Changes in net assets		2,249,162	2,171,337	4,420,499	6,225,881
Net assets - beginning		50,256,803	5,805,153	56,061,956	20,239,354
Adjustments to increase (decrease) beginning net assets		.....	.....	.....	1,999
Net assets - ending		\$ 52,505,965	\$ 7,976,490	\$ 60,482,455	\$ 26,467,234

The notes to the financial statements are an integral part of this statement.

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## Major Funds

### GENERAL FUND

This fund is the State's primary operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

### ENVIRONMENT, RECREATION AND CONSERVATION

This fund accounts for operations of various programs, such as air pollution control, water quality assurance, ecosystem management, and marine resources conservation.

### HEALTH AND FAMILY SERVICES

This fund includes internal reporting funds used to operate various health and family service-related programs, such as health care, elder affairs, and child support.

### TRANSPORTATION

This fund includes the internal reporting special revenue funds used to account for the administration of the maintenance and development of the State highway system and other transportation-related projects.

## Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on page 141.

2007 STATE OF FLORIDA CAFR

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 18,082	\$ 2,483	\$ 32,669	\$ 2,633	\$ 92,993
Pooled investments with State Treasury	9,965,800	2,680,012	1,017,313	2,116,137	4,039,371
Investments	206,894	.....	79	.....	1,053,658
Receivables, net	1,324,788	118,618	1,186,823	221,153	507,171
Due from other funds	324,662	19,911	32,306	188,031	318,034
Due from component units/primary	6,603	1,500	.....	.....	.....
Inventories	25,272	1,321	40,883	14,486	7,685
Other	736	.....	.....	754	813
Total current assets	11,872,837	2,823,845	2,310,073	2,543,194	6,019,725
<u>Noncurrent assets</u>					
Long-term investments	.....	.....	.....	.....	2,381,589
Advances to other funds	2,628	.....	.....	211,341	.....
Other loans and notes receivable, net	61,425	858,823	15,380	602,424	956,848
Other	.....	.....	.....	8,945	9,905
Total noncurrent assets	64,053	858,823	15,380	822,710	3,348,342
Total assets	\$ 11,936,890	\$ 3,682,668	\$ 2,325,453	\$ 3,365,904	\$ 9,368,067
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 897,809	\$ 47,899	\$ 1,028,906	\$ 419,873	\$ 244,684
Due to other funds	145,464	37,289	36,179	45,556	349,167
Due to component units/primary	12,224	34,009	10,130	.....	796
Compensated absences	9,459	537	1,739	5,937	799
Claims payable	28,361	.....	.....	.....	55,908
Deposits	481	2,891	12,281	103,726	5,390
Deferred revenues	47,442	2,149	194,776	38,372	49,373
Obligations under security lending agreements	2,242,401	435,369	27,330	281,556	1,215,880
Obligations under reverse repurchase agreements	1,322,830	256,832	16,122	166,095	333,524
Total current liabilities	4,706,471	816,975	1,327,463	1,061,115	2,255,521
<u>Noncurrent liabilities</u>					
Advances from other funds	600	3,091	.....	.....	379,158
Deposits	.....	.....	36,892	270,654	3,462
Deferred revenues	52	.....	17,055	353,796	14,068
Total noncurrent liabilities	652	3,091	53,947	624,450	396,688
Total liabilities	4,707,123	820,066	1,381,410	1,685,565	2,652,209
<u>Fund balances</u>					
Reserved for encumbrances	106,922	2,647	9,910	22,395	100,297
Reserved for inventories	25,272	1,321	40,883	14,486	7,684
Reserved for advances	2,628	.....	.....	211,340	.....
Reserved for long-term receivables	61,373	858,542	.....	235,761	953,386
Reserved for capital outlay	207,807	1,197,848	19,102	1,007,354	1,279,182
Reserved for debt service	.....	.....	.....	.....	72,890
Reserved for permanent trust	.....	.....	.....	.....	2,332,232
Reserved for Budget Stabilization Fund	1,248,490	.....	.....	.....	.....
Other reserved	2,597	69,720	37,127	8,945	39,483
Unreserved, reported in:					
General fund	5,574,678	.....	.....	.....	.....
Special revenue funds	.....	732,524	837,021	180,058	1,881,996
Capital projects funds	.....	.....	.....	.....	45,703
Permanent fund	.....	.....	.....	.....	3,005
Total fund balances	7,229,767	2,862,602	944,043	1,680,339	6,715,858
Total liabilities and fund balances	\$ 11,936,890	\$ 3,682,668	\$ 2,325,453	\$ 3,365,904	\$ 9,368,067

The notes to the financial statements are an integral part of this statement.

Totals  
6/30/07

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\$ 148,860  
 19,818,633  
 1,260,631  
 3,358,553  
 882,944  
 8,103  
 89,647  
 2,303

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25,569,674

2,381,589  
 213,969  
 2,494,900  
 18,850

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5,109,308

\$ 30,678,982

\$ 2,639,171  
 613,655  
 57,159  
 18,471  
 84,269  
 124,769  
 332,112  
 4,202,536  
 2,095,403

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10,167,545

382,849  
 311,008  
 384,971

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1,078,828

11,246,373

242,171  
 89,646  
 213,968  
 2,109,062  
 3,711,293  
 72,890  
 2,332,232  
 1,248,490  
 157,872

5,574,678  
 3,631,599  
 45,703  
 3,005

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19,432,609

\$ 30,678,982

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS  
JUNE 30, 2007  
(in thousands)**

Total fund balances for governmental funds		\$ 19,432,609
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities reported in governmental funds are not financial resources and therefore are not reported in the funds.		
Land and other nondepreciable assets	15,064,718	
Nondepreciable infrastructure	28,092,455	
Buildings, equipment and other depreciable assets	5,542,460	
Accumulated depreciation	(2,830,948)	
Construction work in progress	<u>6,664,310</u>	52,532,995
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(839,114)	
Installment purchases/capital leases	(128,008)	
Claims payable	(2,243,246)	
Due to other governments	(1,915)	
Bonds payable	(17,071,167)	
Other	<u>(70,609)</u>	(20,354,059)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Assets.		(41,538)
Assets (receivables) not available to provide current resources are offset with deferred revenues (liability) in the fund statements. The reduction of the liability and recognition of revenue increases net assets in the Statement of Net Assets.		717,083
Internal service funds are used to report activities that provide goods and services to other funds or agencies within the state. Therefore, the excess of assets over liabilities of the internal service funds are included as governmental activities on the Statement of Net Assets.		<u>218,875</u>
Net assets of governmental activities		<u><u>\$ 52,505,965</u></u>

2007 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 30,028,527	\$ 305,488	\$ 351,602	\$ 2,270,556	\$ 1,260,067
Licenses and permits	122,219	42,108	33,714	11,406	1,140,482
Fees and charges	738,522	138,143	1,048,417	441,658	999,621
Grants and donations	3,705	164,221	12,679,244	2,143,396	4,213,547
Investment earnings	582,196	135,358	14,350	66,740	620,079
Fines, forfeits, settlements and judgments	68,293	12,579	63,910	29,052	656,344
Other revenue	3,287	.....	173	12,054	58,364
Total revenues	<u>31,546,749</u>	<u>797,897</u>	<u>14,191,410</u>	<u>4,974,862</u>	<u>8,948,504</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,490,229	16,868	183,604	204,029	2,457,176
Education	13,797,295	.....	.....	.....	5,371,552
Human services	5,784,202	.....	14,402,531	.....	399,523
Criminal justice and corrections	3,440,218	.....	.....	.....	472,473
Natural resources and environment	380,389	1,329,479	44,178	.....	978,960
Transportation	.....	.....	.....	3,456,243	23
State courts	420,380	.....	.....	.....	15,151
Capital outlay	100,377	513,569	12,710	2,045,493	333,539
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....	768
Debt service:					
Principal retirement	6,447	.....	1,830	.....	802,449
Interest and fiscal charges	744	.....	1,360	.....	840,454
Total expenditures	<u>29,420,281</u>	<u>1,859,916</u>	<u>14,646,213</u>	<u>5,705,765</u>	<u>11,672,068</u>
Excess (deficiency) of revenues over expenditures	2,126,468	(1,062,019)	(454,803)	(730,903)	(2,723,564)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	1,563	150,009	.....	.....	958,625
Proceeds of refunding bonds	.....	.....	.....	.....	401,977
Operating transfers in	729,380	1,309,084	964,660	1,527,001	5,452,053
Operating transfers out	(3,691,739)	(513,462)	(490,280)	(737,869)	(3,173,197)
Proceeds of financing agreements	14,132	.....	.....	.....	4,546
Payments to refunded bond agent	.....	.....	.....	.....	(401,977)
Total other financing sources (uses)	<u>(2,946,664)</u>	<u>945,631</u>	<u>474,380</u>	<u>789,132</u>	<u>3,242,027</u>
Net change in fund balances	(820,196)	(116,388)	19,577	58,229	518,463
Fund balances - beginning	8,049,963	2,978,990	924,466	1,622,110	6,197,395
Fund balances - ending	<u>\$ 7,229,767</u>	<u>\$ 2,862,602</u>	<u>\$ 944,043</u>	<u>\$ 1,680,339</u>	<u>\$ 6,715,858</u>

The notes to the financial statements are an integral part of this statement.



Totals  
6/30/07

\$ 34,216,240  
 1,349,929  
 3,366,361  
 19,204,113  
 1,418,723  
 830,178  
73,878  
60,459,422

8,351,906  
 19,168,847  
 20,586,256  
 3,912,691  
 2,733,006  
 3,456,266  
 435,531  
 3,005,688  
 768

810,726  
842,558

63,304,243

(2,844,821)

1,110,197  
 401,977  
 9,982,178  
 (8,606,547)  
 18,678  
(401,977)

2,504,506

(340,315)

19,772,924

\$ 19,432,609

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

Net change in fund balance - total governmental funds		\$ (340,315)
<p>Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the state. Therefore, the net revenue (expense) of the internal service funds is reported with governmental activities.</p>		
		(1,298)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.</p>		
Capital outlay expenditures	3,315,199	
Depreciation expense	<u>(307,905)</u>	
		3,007,294
<p>In the Statement of Activities, the gain or (loss) on the sale of assets is reported whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the assets sold.</p>		
		(250,157)
<p>In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred revenues.</p>		
		160,488
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in compensated absences	(38,093)	
Increase in accrued interest	(1,793)	
Increase in claims payable	(39,307)	
Increase in arbitrage liability	(317)	
Decrease in other liabilities	<u>15,429</u>	
		(64,081)
<p>The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Bond proceeds	(1,110,197)	
Refunding bond proceeds	(401,977)	
Financing agreement proceeds	(18,678)	
Repayment of bonds	782,740	
Repayment of capital leases/installment purchase contracts	27,986	
Payment to refunded bond escrow agent	401,977	
Amortization of bond premium	74,415	
Amortization of deferred amount on refunding	(11,920)	
Accrued interest payable at refunding	<u>(7,115)</u>	
		<u>(262,769)</u>
Change in net assets of governmental activities		<u>\$ 2,249,162</u>

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# PROPRIETARY FUND FINANCIAL STATEMENTS

## Major Funds

### TRANSPORTATION

This fund includes the internal reporting enterprise funds that primarily account for operations of the Florida Turnpike.

### LOTTERY

This fund accounts for lottery operations in the state, which include sale of lottery tickets, payment of lottery prizes, and transfers to the Education Enhancement Trust Fund.

### STATE BOARD OF ADMINISTRATION

This fund, administered by the State Board of Administration, a blended component unit, includes the State Board of Administration's Administrative Expense Fund and the Florida Hurricane Catastrophe Fund, which was created to help cover insurers' losses in the event of a hurricane disaster.

### PREPAID COLLEGE PROGRAM

This fund, administered by the State Board of Administration, is used to account for payments from purchasers of the Florida Prepaid College Program, a blended component unit. This program was created to provide a medium through which the cost of state post-secondary education may be paid in advance of enrollment at a rate lower than the projected corresponding costs at the time of enrollment.

## Nonmajor Funds

Nonmajor enterprise funds are presented on page 183.

## Internal Service Funds

Internal service funds are presented on page 189.

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Transportation	Lottery	State Board of Administration	Prepaid College Program
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 19,284	\$ 3,269	\$ 24	\$ 2,060
Pooled investments with State Treasury	674,617	250,551	.....	.....
Investments	.....	.....	1,947,441	3,600,147
Receivables, net	4,871	39,355	119,947	479,783
Due from other funds	1,918	.....	1,157	14
Due from component units/primary	.....	.....	.....	.....
Inventories	.....	967	.....	.....
Other	127	3,098	9,782	.....
Total current assets	<u>700,817</u>	<u>297,240</u>	<u>2,078,351</u>	<u>4,082,004</u>
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	44	.....	.....	.....
Restricted pooled investments with State Treasury	93,962	18,429	.....	.....
Restricted investments	121,425	2,532,200	.....	.....
Long-term investments	.....	.....	2,981,507	5,995,757
Advances to other funds	500	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	1,176,728
<u>Capital assets</u>				
Land and other nondepreciable assets	842,471	.....	.....	.....
Nondepreciable infrastructure	4,637,399	.....	.....	.....
Buildings, equipment, and other depreciable assets	321,566	18,526	14,991	61
Accumulated depreciation	(157,465)	(16,618)	(10,385)	(53)
Construction work in progress	720,016	.....	.....	.....
Other	12,829	.....	9,978	.....
Total noncurrent assets	<u>6,592,747</u>	<u>2,552,537</u>	<u>2,996,091</u>	<u>7,172,493</u>
Total assets	<u>7,293,564</u>	<u>2,849,777</u>	<u>5,074,442</u>	<u>11,254,497</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	52,518	17,861	862,225	244,967
Accrued prize liability	.....	322,905	.....	.....
Due to other funds	100,009	117,531	26	29
Due to component units/primary	.....	.....	.....	.....
Compensated absences	.....	867	769	32
Installment purchases/capital leases	.....	.....	.....	.....
Bonds payable	.....	.....	.....	.....
Bonds payable from restricted assets	75,060	.....	.....	.....
Deposits	1,250	.....	.....	.....
Obligations under security lending agreements	126,875	1,292,455	5,475	3,590,487
Obligations under reverse repurchase agreements	74,846	26,266	.....	.....
Certificates of participation payable	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	392,252
Total current liabilities	<u>430,558</u>	<u>1,777,885</u>	<u>868,495</u>	<u>4,227,767</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	207,350	.....	.....	.....
Accrued prize liability	.....	976,090	.....	.....
Due to other governments	20	.....	.....	.....
Bonds payable	2,125,459	.....	4,193,149	.....
Certificates of participation payable	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....
Deposits	897	.....	.....	.....
Compensated absences	.....	3,025	2,755	128
Tuition and housing benefits payable	.....	.....	.....	6,183,801
Total noncurrent liabilities	<u>2,333,726</u>	<u>979,115</u>	<u>4,195,904</u>	<u>6,183,929</u>
Total liabilities	<u>2,764,284</u>	<u>2,757,000</u>	<u>5,064,399</u>	<u>10,411,696</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,152,713	1,908	4,606	8
Restricted for unemployment compensation	.....	.....	.....	.....
Restricted for lottery	.....	90,869	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	842,793
Restricted - other	198,010	.....	.....	.....
Unrestricted	178,557	.....	5,437	.....
Total net assets	<u>\$ 4,529,280</u>	<u>\$ 92,777</u>	<u>\$ 10,043</u>	<u>\$ 842,801</u>

The notes to the financial statements are an integral part of this statement.

2007 STATE OF FLORIDA CAFR

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Nonmajor Enterprise Funds	Totals 6/30/07	Internal Service Funds
\$ 2,382	\$ 27,019	\$ 12,096
2,822,667	3,747,835	219,911
.....	5,547,588	42,517
250,197	894,153	8,218
7,347	10,436	17,497
708	708	108
6	973	130
29	13,036	.....
<u>3,083,336</u>	<u>10,241,748</u>	<u>300,477</u>
.....	44	.....
.....	112,391	.....
.....	2,653,625	.....
.....	8,977,264	.....
.....	500	.....
.....	1,176,728	.....
.....	842,471	331
.....	4,637,399	.....
14,836	369,980	868,832
(9,330)	(193,851)	(301,337)
.....	720,016	152,802
.....	22,807	.....
<u>5,506</u>	<u>19,319,374</u>	<u>720,628</u>
<u>3,088,842</u>	<u>29,561,122</u>	<u>1,021,105</u>
44,425	1,221,996	37,182
.....	322,905	.....
11,895	229,490	2,538
56	56	.....
4,074	5,742	3,340
.....	.....	1,225
.....	.....	14,900
.....	75,060	.....
31,300	32,550	3,765
39,260	5,054,552	33,635
23,160	124,272	19,841
.....	.....	13,960
.....	392,252	.....
<u>154,170</u>	<u>7,458,875</u>	<u>130,386</u>
.....	207,350	2,803
.....	976,090	.....
.....	20	.....
.....	6,318,608	399,076
.....	.....	253,234
.....	.....	5,862
422,764	423,661	.....
10,319	16,227	10,869
.....	6,183,801	.....
<u>433,083</u>	<u>14,125,757</u>	<u>671,844</u>
<u>587,253</u>	<u>21,584,632</u>	<u>802,230</u>
5,505	4,164,740	157,132
2,286,489	2,286,489	.....
.....	90,869	.....
.....	842,793	.....
.....	198,010	.....
209,595	393,589	61,743
<u>\$ 2,501,589</u>	<u>\$ 7,976,490</u>	<u>\$ 218,875</u>

2007 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (in thousands)**

	Transportation	Lottery	State Board of Administration	Prepaid College Program
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 2,136	\$ 4,128,998	\$ 1,207,747	\$ 539,145
Fees	713,877	.....	89	4,883
Sales - state	.....	.....	19,189	.....
Rents and royalties - nonstate	10,710	281	4	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	3,048	257	.....	.....
Total operating revenues	<u>729,771</u>	<u>4,129,536</u>	<u>1,227,029</u>	<u>544,028</u>
<b>OPERATING EXPENSES</b>				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	2,484,519	.....	.....
Commissions on lottery sales	.....	234,291	.....	.....
Contractual services	289,695	114,550	20,169	683,183
Personal services	21,117	25,789	15,222	730
Depreciation	16,358	726	2,078	5
Materials and supplies	6,796	1,764	929	51
Repairs and maintenance	.....	1,690	945	12
Basic services	.....	5,069	2,324	120
Interest and fiscal charges	.....	.....	264	33
Bad debt	.....	1,085	.....	.....
Total operating expenses	<u>333,966</u>	<u>2,869,483</u>	<u>41,931</u>	<u>684,134</u>
Operating income (loss)	<u>395,805</u>	<u>1,260,053</u>	<u>1,185,098</u>	<u>(140,106)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	14,318	.....	.....	.....
Investment earnings	36,681	156,617	239,033	570,931
Interest and fiscal charges	(70,017)	(159,622)	(199,639)	(170,258)
Property disposition gain (loss)	(9,175)	(97)	(3)	.....
Grant expense and client benefits	.....	.....	.....	(104)
Emergency assessment	.....	.....	195,226	.....
Other	.....	.....	.....	.....
Total nonoperating revenues (expenses)	<u>(28,193)</u>	<u>(3,102)</u>	<u>234,617</u>	<u>400,569</u>
Income (loss) before transfers and contributions	367,612	1,256,951	1,419,715	260,463
Operating transfers in	20,723	19	14,729	18
Operating transfers out	(36,787)	(1,263,909)	(10,000)	(1,500)
Capital contributions	2,285	.....	.....	.....
Change in net assets	353,833	(6,939)	1,424,444	258,981
Total net assets - beginning	<u>4,175,447</u>	<u>99,716</u>	<u>(1,414,401)</u>	<u>583,820</u>
Total net assets - ending	<u>\$ 4,529,280</u>	<u>\$ 92,777</u>	<u>\$ 10,043</u>	<u>\$ 842,801</u>

The notes to the financial statements are an integral part of this statement.



2007 STATE OF FLORIDA CAFR

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Nonmajor Enterprise Funds	Totals 6/30/07	Internal Service Funds
\$ 70,034	\$ 5,948,060	\$ 40,896
1,111,728	1,830,577	.....
534	19,723	236,879
.....	10,995	272
60	60	102,370
16,798	20,103	1
<u>1,199,154</u>	<u>7,829,518</u>	<u>380,418</u>
950,857	950,857	.....
.....	2,484,519	.....
.....	234,291	.....
27,332	1,134,929	194,079
129,151	192,009	98,533
1,362	20,529	22,663
8,953	18,493	17,772
334	2,981	14,376
25,197	32,710	13,398
357	654	1
.....	1,085	.....
<u>1,143,543</u>	<u>5,073,057</u>	<u>360,822</u>
<u>55,611</u>	<u>2,756,461</u>	<u>19,596</u>
24,940	39,258	.....
131,092	1,134,354	5,092
(201)	(599,737)	(18,847)
(731)	(10,006)	(895)
(839)	(943)	.....
.....	195,226	.....
(1,858)	(1,858)	5,314
<u>152,403</u>	<u>756,294</u>	<u>(9,336)</u>
208,014	3,512,755	10,260
11,006	46,495	4,397
(78,004)	(1,390,200)	(16,527)
2	2,287	572
<u>141,018</u>	<u>2,171,337</u>	<u>(1,298)</u>
<u>2,360,571</u>	<u>5,805,153</u>	<u>220,173</u>
<u>\$ 2,501,589</u>	<u>\$ 7,976,490</u>	<u>\$ 218,875</u>

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(in thousands)**

	Transportation	Lottery	State Board of Administration
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 730,957	\$ 4,118,400	\$ 1,228,726
Cash paid to vendors	(265,894)	(357,192)	(23,804)
Cash paid to employees	(22,183)	(25,765)	(15,269)
Cash paid for grants made	.....	.....	.....
Lottery prizes	.....	(2,446,007)	.....
Cash paid for insurance claims	.....	.....	(1,330,386)
Unemployment benefits	.....	.....	.....
Net cash provided (used) by operating activities	<u>442,880</u>	<u>1,289,436</u>	<u>(140,733)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	(5,816)	(1,240,218)	14,851
Advances, grants or loans (to) from or repayment from others	.....	.....	(10,000)
Cash received from sale of bonds	.....	.....	4,182,195
Payment of bonds or loans (principal and interest)	.....	.....	(169,461)
Cash received from noncapital grants or donations	709	.....	.....
Emergency assessment funds received	.....	.....	94,574
Net cash provided (used) by noncapital financing activities	<u>(5,107)</u>	<u>(1,240,218)</u>	<u>4,112,159</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from sale of capital assets	450,669	19	.....
Cash received from the sale of bonds	.....	.....	.....
Cash received from capital grants and donations	1,418	.....	.....
Payment of bond principal	(244,449)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(97,970)	.....	.....
Purchase or construction of capital assets	(482,473)	(1,487)	(716)
Net cash provided (used) by capital and related financing activities	<u>(372,805)</u>	<u>(1,468)</u>	<u>(716)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	28,572	15,737	.....
Proceeds from the sale or maturity of investments	1,522,461	246,500	102,867,755
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(246,500)	.....
Investment earnings	34,972	15,420	219,877
Purchase of investments	(1,551,067)	(19,476)	(107,072,144)
Net cash provided (used) by investing activities	<u>34,938</u>	<u>11,681</u>	<u>(3,984,512)</u>
Net increase (decrease) in cash and cash equivalents	<u>99,906</u>	<u>59,431</u>	<u>(13,802)</u>
Total cash and cash equivalents - beginning	<u>688,001</u>	<u>212,818</u>	<u>13,826</u>
Cash and cash equivalents - ending	<u>\$ 787,907</u>	<u>\$ 272,249</u>	<u>\$ 24</u>

The notes to the financial statements are an integral part of this statement.

2007 STATE OF FLORIDA CAFR

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Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/07	Internal Service Funds
\$ 465,582	\$ 1,285,091	\$ 7,828,756	\$ 400,075
(178,236)	(66,739)	(891,865)	(239,154)
(811)	(123,616)	(187,644)	(93,074)
.....	(842)	(842)	.....
.....	.....	(2,446,007)	.....
.....	(100)	(1,330,486)	.....
.....	(947,724)	(947,724)	.....
<u>286,535</u>	<u>146,070</u>	<u>2,024,188</u>	<u>67,847</u>
(1,485)	(72,641)	(1,305,309)	(11,352)
(673)	663	(10,010)	.....
.....	.....	4,182,195	.....
.....	.....	(169,461)	.....
.....	24,621	25,330	.....
.....	.....	94,574	.....
<u>(2,158)</u>	<u>(47,357)</u>	<u>2,817,319</u>	<u>(11,352)</u>
.....	1,190	451,878	.....
.....	.....	.....	93,113
.....	.....	1,418	.....
.....	.....	(244,449)	(29,140)
.....	.....	.....	.....
.....	.....	(97,970)	(26,461)
<u>(8)</u>	<u>(836)</u>	<u>(485,520)</u>	<u>(83,216)</u>
<u>(8)</u>	<u>354</u>	<u>(374,643)</u>	<u>(45,704)</u>
.....	14,012	58,321	7,530
16,757,659	.....	121,394,375	.....
.....	.....	(246,500)	.....
100,691	130,393	501,353	1,064
<u>(17,142,085)</u>	<u>.....</u>	<u>(125,784,772)</u>	<u>.....</u>
<u>(283,735)</u>	<u>144,405</u>	<u>(4,077,223)</u>	<u>8,594</u>
634	243,472	389,641	19,385
1,426	2,581,577	3,497,648	212,622
<u>\$ 2,060</u>	<u>\$ 2,825,049</u>	<u>\$ 3,887,289</u>	<u>\$ 232,007</u>

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(in thousands)**

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities**

	<u>Transportation</u>	<u>Lottery</u>	<u>State Board of Administration</u>
Operating income (loss)	\$ 395,805	\$ 1,260,053	\$ 1,185,098
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	16,358	726	2,078
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(350)	(11,111)	17,327
(Increase) decrease in due from other funds	(3,319)	.....	3,224
Increase (decrease) in allowance for uncollectibles	.....	1,061	.....
(Increase) decrease in inventories	.....	470	.....
Increase (decrease) in accounts payable	8,048	(221)	(1,348,697)
Increase (decrease) in compensated absences	.....	22	222
Increase (decrease) in due to other funds	26,218	(76)	15
Increase (decrease) in loan program principal	.....	.....	.....
Increase (decrease) in deferred revenues	120	.....	.....
Increase (decrease) in prize liability	.....	38,512	.....
Net cash provided (used) by operating activities	<u>\$ 442,880</u>	<u>\$ 1,289,436</u>	<u>\$ (140,733)</u>

**Noncash investing, capital, and financing activities**

Borrowing under capital lease or installment purchase	\$ .....	\$ .....	\$ .....
Change in fair value of investments	.....	(75,543)	(83)
Contribution of capital assets	.....	.....	.....

The notes to the financial statements are an integral part of this statement.

2007 STATE OF FLORIDA CAFR

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Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/07	Internal Service Funds
\$ (140,106)	\$ 55,611	\$ 2,756,461	\$ 19,596
5	1,362	20,529	22,663
(81,278)	82,717	7,305	6,084
(15)	(1,204)	(1,314)	6,677
.....	(1,893)	(832)	.....
.....	.....	470	(106)
507,957	6,211	(826,702)	1,959
(58)	1,009	1,195	(96)
30	1,222	27,409	(843)
.....	.....	.....	11,273
.....	1,035	1,155	640
.....	.....	38,512	.....
<u>\$ 286,535</u>	<u>\$ 146,070</u>	<u>\$ 2,024,188</u>	<u>\$ 67,847</u>

\$ .....	\$ .....	\$ .....	\$ 1,899
157,768	.....	82,142	.....
.....	.....	.....	51

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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

### **PRIVATE-PURPOSE TRUST FUNDS**

Individual fund descriptions and financial statements begin on page 195.

### **PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

Individual fund descriptions and financial statements begin on page 201.

### **AGENCY FUNDS**

Individual fund descriptions and financial statements begin on page 207.

### **INVESTMENT TRUST FUND**

This blended component unit includes the internal reporting funds used to account for the external portion of investment pools reported by the State.

2007 STATE OF FLORIDA CAFR

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Investment Trust Fund	Totals 6/30/07
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,920	\$ 815,873	\$ 38,629	\$ 4,597	\$ 903,019
Pooled investments with State Treasury	650,681	339,687	5,065,392	.....	6,055,760
Total cash and cash equivalents	694,601	1,155,560	5,104,021	4,597	6,958,779
<u>Investments</u>					
Certificates of deposit	14	518,751	514,589	2,396,003	3,429,357
U.S. government & federally guaranteed obligations	12,282	2,929,252	2,280,525	806	5,222,865
Federal agencies	22,092	10,739,080	95,171	84,916	10,941,259
Commercial paper	266	14,419,056	3,766,904	17,571,687	35,757,913
Repurchase agreements	.....	33,169	6,697	398,728	438,594
Bonds and notes	12,781	11,570,309	1,079,569	4,976,454	17,639,113
International bonds and notes	1,136	1,799,886	97,712	444,959	2,343,693
Real estate contracts	.....	7,474,764	.....	.....	7,474,764
Mutual fund investments	6,776	17,622,588	.....	.....	17,629,364
Money market and short-term investments	17,200	394,997	.....	.....	412,197
Domestic equity	97,320	58,376,871	43,257	.....	58,517,448
Limited partnerships	.....	3,999,522	.....	.....	3,999,522
Equity group trust	.....	8,103	.....	.....	8,103
International equity	.....	14,884,354	392	.....	14,884,746
Deferred compensation annuities	.....	68,242	.....	.....	68,242
Other investments	.....	4,570	160	.....	4,730
Total investments	169,867	144,843,514	7,884,976	25,873,553	178,771,910
<u>Receivables</u>					
Accounts receivable	64,229	57,301	377,006	.....	498,536
State contributions receivable	.....	59,016	.....	.....	59,016
Nonstate contributions receivable	.....	248,547	7	.....	248,554
Interest receivable	3,124	309,847	48,890	66,217	428,078
Dividends receivable	80	100,990	42	.....	101,112
Pending investment sales	242	2,535,241	432	68	2,535,983
Forward contracts	.....	655,577	.....	.....	655,577
Futures trade equity	.....	.....	16	3	19
Due from state funds	43	5,279	74,061	.....	79,383
Due from other governments	13,652	.....	.....	.....	13,652
Total receivables	81,370	3,971,798	500,454	66,288	4,619,910
Security lending collateral	26,796	19,886,958	25,230	83,407	20,022,391
Advances to other funds	378,533	.....	.....	.....	378,533
Loans receivable	789,762	.....	.....	.....	789,762
Capital assets	878	1,820	.....	.....	2,698
Accumulated depreciation	(316)	(1,151)	.....	.....	(1,467)
Other assets	5,890	.....	.....	66	5,956
Total assets	2,147,381	169,858,499	13,514,681	26,027,911	211,548,472
<b>LIABILITIES</b>					
Accounts payable	33,890	182,766	684,882	161	901,699
DROP	.....	2,373,475	.....	.....	2,373,475
Pending investment purchases	3,666	4,608,852	5,150	794	4,618,462
Short sell obligations	.....	962,733	.....	.....	962,733
Forward contracts payable	.....	659,870	39,415	.....	699,285
Broker rebate fees	108	73,267	96	141	73,612
Due to other funds	3,600	31,090	109,887	.....	144,577
Due to other governments	10,078	.....	533,072	5,757	548,907
Due to component units	.....	.....	8,483,996	.....	8,483,996
Obligations under security lending agreements	133,117	20,173,893	749,751	83,642	21,140,403
Obligations under reverse repurchase agreements	62,720	26,797	427,413	.....	516,930
Claims payable	.....	51,878	19,149	.....	71,027
Deposits payable	.....	111,445	2,461,870	.....	2,573,315
Compensated absences	326	1,468	.....	.....	1,794
Total liabilities	247,505	29,257,534	13,514,681	90,495	43,110,215
<b>NET ASSETS</b>					
Held in trust for pension benefits and other purposes	\$ 1,899,876	\$ 140,600,965	\$ .....	\$ 25,937,416	\$ 168,438,257

The notes to the financial statements are an integral part of this statement.



2007 STATE OF FLORIDA CAFR

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Totals 06/30/07
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ .....	\$ 873,912	\$ .....	\$ 873,912
Pension fund contributions - nonstate	.....	2,677,559	.....	2,677,559
Employer/employee contributions	.....	1,483,820	.....	1,483,820
Purchase of time by employees	.....	91,354	.....	91,354
Fees	4,986	666	.....	5,652
Grants and contributions	185,023	.....	.....	185,023
Flexible benefit contributions	.....	204,209	.....	204,209
Fines, forfeits, settlements and judgments	196	.....	1	197
Unclaimed property remittances	308,518	.....	.....	308,518
Transfers in from state funds	1,500	1,143,360	.....	1,144,860
Total contributions and other deposits	500,223	6,474,880	1	6,975,104
<u>Investment income</u>				
Interest income	56,437	1,908,991	1,326,228	3,291,656
Dividends	1,319	1,714,561	.....	1,715,880
Other investment income	.....	29	.....	29
Net increase (decrease) in fair market value	11,593	18,527,396	1,967	18,540,956
Total investment income	69,349	22,150,977	1,328,195	23,548,521
Investment activity expense	(454)	(212,318)	(3,336)	(216,108)
Net income from investing activity	68,895	21,938,659	1,324,859	23,332,413
<u>Security lending activity</u>				
Security lending income	905	1,106,904	93,349	1,201,158
Security lending expense	(874)	(1,044,576)	(90,752)	(1,136,202)
Net income from security lending	31	62,328	2,597	64,956
Total net investment income	68,926	22,000,987	1,327,456	23,397,369
Other additions	9,016	22,905	1	31,922
Total additions	578,165	28,498,772	1,327,458	30,404,395
<b>DEDUCTIONS</b>				
Benefit payments	.....	5,905,057	.....	5,905,057
Insurance claims expense	387,464	764,349	.....	1,151,813
HMO payments	.....	607,311	.....	607,311
Supplemental insurance payments	.....	58,432	.....	58,432
Flexible reimbursement payments	.....	22,157	.....	22,157
Life insurance premium payments	.....	48,248	.....	48,248
Remittances to annuity companies	.....	200,265	.....	200,265
Interest expense	1,643	2	.....	1,645
Student loan default payments	152,157	.....	.....	152,157
Payments to unclaimed property claimants	148,137	.....	.....	148,137
Distribution to State School Fund	134,000	.....	.....	134,000
Administrative expense	20,132	39,608	.....	59,740
Property disposition gain (loss)	12	(49)	.....	(37)
Transfers out to state funds	4,589	1,160,067	.....	1,164,656
Other deductions	52,728	652	1	53,381
Total deductions	900,862	8,806,099	1	9,706,962
<u>Depositor activity</u>				
Deposits	804,007	.....	64,786,907	65,590,914
Withdrawals	(29,314)	.....	(61,211,223)	(61,240,537)
Excess (deficiency) of deposits over withdrawals	774,693	.....	3,575,684	4,350,377
Change in net assets	451,996	19,692,673	4,903,141	25,047,810
Net assets - beginning	1,103,174	120,940,319	21,034,275	143,077,768
Adjustments to increase (decrease) beginning net assets	344,706	(32,027)	.....	312,679
Net assets - beginning, as restated	1,447,880	120,908,292	21,034,275	143,390,447
Net assets - ending	\$ 1,899,876	\$ 140,600,965	\$ 25,937,416	\$ 168,438,257

The notes to the financial statements are an integral part of this statement.

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# COMPONENT UNIT FINANCIAL STATEMENTS

## Major Component Units

### FLORIDA HOUSING FINANCE CORPORATION

Pursuant to Section 420.504, Florida Statutes, this corporation was created as an entrepreneurial public corporation organized to provide and promote public welfare by administering the governmental function of financing or refinancing housing and related facilities in Florida.

### SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Pursuant to Chapter 373, Florida Statutes, this district was created as a public corporation to promote the natural systems protection and restoration, development and proper utilization of surface and ground water within district boundaries and to prevent damage from floods, soil erosion and excessive drainage.

### UNIVERSITY OF FLORIDA

University of Florida is a major, public, comprehensive, land-grant, research university with a main campus location in Gainesville, Florida.

### FLORIDA STATE UNIVERSITY

Florida State University is a public, comprehensive, liberal arts based graduate-research university with a main campus location in Tallahassee, Florida.

### UNIVERSITY OF SOUTH FLORIDA

University of South Florida is a multi-campus national research university with a main campus location in Tampa, Florida.

### CITIZENS PROPERTY INSURANCE CORPORATION

Pursuant to Section 627.351(6), Florida Statutes, this corporation was created to provide certain residential property and casualty insurance coverage to qualified risks in the State of Florida under specified circumstances.

## Nonmajor Component Units

Nonmajor component units are presented beginning on page 213.

2007 STATE OF FLORIDA CAFR

**STATEMENT OF NET ASSETS  
COMPONENT UNITS  
JUNE 30, 2007  
(in thousands)**

	Florida Housing Finance Corporation	South Florida Water Management District	University of Florida	Florida State University
<b>ASSETS</b>				
Cash and cash equivalents	\$ 190,624	\$ 35,792	\$ 154,673	\$ 15,974
Pooled investments with State Treasury	353,504	.....	122,693	406,830
Other investments	1,977,464	298,873	2,813,864	581,805
Receivables, net	171,154	11,421	428,723	73,127
Due from component units/primary	1	82,244	229,936	117,825
Inventories	.....	3,692	7,011	3,809
Restricted cash and cash equivalents	.....	.....	3,956	6,912
Restricted pooled investments with State Treasury	.....	.....	.....	54,334
Restricted investments	.....	66,952	86,326	94,527
Other loans and notes receivable, net	2,776,802	.....	36,473	14,445
Other assets	16,741	6,378	151,493	98,109
Capital assets, net	293	3,144,719	2,243,686	1,479,163
Total assets	<u>5,486,583</u>	<u>3,650,071</u>	<u>6,278,834</u>	<u>2,946,860</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	64,685	185,625	345,096	99,999
Due to component units/primary	24,825	.....	58,710	18,032
Deferred revenue	59,713	.....	92,155	62,698
Long-term liabilities				
Due within one year	104,657	58,861	60,285	30,587
Due within more than one year	3,589,371	131,694	1,221,051	394,187
Total liabilities	<u>3,843,251</u>	<u>376,180</u>	<u>1,777,297</u>	<u>605,503</u>
<b>NET ASSETS</b>				
Investments in capital assets, net of related debt	294	2,991,539	1,419,053	1,140,576
Restricted for:				
Debt Service	.....	5,843	3,010	502
Other	1,544,224	40,831	.....	297,305
Funds held for permanent endowment				
Expendable	.....	13,049	1,115,105	132,632
Nonexpendable	.....	7,230	919,574	363,092
Unrestricted	98,814	215,399	1,044,795	407,250
Total net assets	<u>\$ 1,643,332</u>	<u>\$ 3,273,891</u>	<u>\$ 4,501,537</u>	<u>\$ 2,341,357</u>

The notes to the financial statements are an integral part of this statement.

2007 STATE OF FLORIDA CAFR

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University of South Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/07
\$ 17,394	\$ 2,873,260	\$ 489,669	\$ 3,777,386
320,986	125,882	347,644	1,677,539
111,383	4,247,738	2,958,330	12,989,457
178,215	1,702,488	843,721	3,408,849
290,124	.....	718,667	1,438,797
285	.....	23,895	38,692
1,991	.....	260,925	273,784
68,358	.....	168,210	290,902
443,202	.....	1,181,291	1,872,298
6,506	.....	65,121	2,899,347
18,875	48,803	98,106	438,505
834,313	17,216	8,272,568	15,991,958
<u>2,291,632</u>	<u>9,015,387</u>	<u>15,428,147</u>	<u>45,097,514</u>
87,571	822,077	1,022,720	2,627,773
135,118	.....	51,937	288,622
99,305	1,612,914	369,447	2,296,232
16,638	465,161	334,993	1,071,182
472,152	4,728,079	1,809,937	12,346,471
<u>810,784</u>	<u>7,628,231</u>	<u>3,589,034</u>	<u>18,630,280</u>
489,248	17,216	7,164,011	13,221,937
7,951	.....	7,377	24,683
15,229	.....	788,483	2,686,072
182,205	.....	1,499,997	2,942,988
458,023	.....	959,944	2,707,863
328,192	1,369,940	1,419,301	4,883,691
<u>\$ 1,480,848</u>	<u>\$ 1,387,156</u>	<u>\$ 11,839,113</u>	<u>\$ 26,467,234</u>

2007 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

Functions/Programs	Expenses	Program Revenues			Florida Housing Finance Corporation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Florida Housing Finance Corporation	\$ 555,122	\$ 261,080	\$ .....	\$ 511,053	\$ 217,011
South Florida Water Management District	484,721	11,806	65,414	383,460	.....
University of Florida	4,184,267	2,302,234	957,747	154,184	.....
Florida State University	1,025,212	279,810	298,750	170,811	.....
University of South Florida	1,279,596	424,510	464,953	100,329	.....
Citizens Property Insurance Corporation	1,213,118	2,054,285	.....	.....	.....
Nonmajor Component Units	5,910,564	1,441,166	1,637,856	888,675	.....
<b>Total component units</b>	<b>\$ 14,652,600</b>	<b>\$ 6,774,891</b>	<b>\$ 3,424,720</b>	<b>\$ 2,208,512</b>	<b>217,011</b>

General revenues

Property taxes	.....
Investment earnings (loss)	.....
Gain (loss) on sale of capital assets	.....
Payments from the State of Florida	.....
Emergency assessment	.....
Miscellaneous	55,713
Contributions to permanent funds	.....
<b>Total general revenues and contributions</b>	<b>55,713</b>
Change in net assets	272,724
Net assets - beginning	1,370,608
Adjustments to increase (decrease) beginning net assets	.....
<b>Net assets - ending</b>	<b>\$ 1,643,332</b>

The notes to the financial statements are an integral part of this statement.

2007 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets

South Florida Water Management District	University of Florida	Florida State University	University of South Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/2007
\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 217,011
(24,041)	.....	.....	.....	.....	.....	(24,041)
.....	(770,102)	.....	.....	.....	.....	(770,102)
.....	.....	(275,841)	.....	.....	.....	(275,841)
.....	.....	.....	(289,804)	.....	.....	(289,804)
.....	.....	.....	.....	841,167	.....	841,167
.....	.....	.....	.....	.....	(1,942,867)	(1,942,867)
(24,041)	(770,102)	(275,841)	(289,804)	841,167	(1,942,867)	(2,244,477)
457,263	.....	.....	.....	.....	314,150	771,413
15,366	293,651	107,239	96,082	235,473	371,349	1,119,160
.....	(4,483)	(3,040)	.....	.....	(4,033)	(11,556)
.....	702,289	380,286	388,392	.....	2,253,835	3,724,802
.....	.....	.....	.....	1,986,115	.....	1,986,115
29,665	213,977	26,472	29,203	.....	371,838	726,868
.....	93,721	25,884	.....	.....	33,951	153,556
502,294	1,299,155	536,841	513,677	2,221,588	3,341,090	8,470,358
478,253	529,053	261,000	223,873	3,062,755	1,398,223	6,225,881
2,795,638	3,972,484	2,080,357	1,256,975	(1,675,599)	10,438,891	20,239,354
.....	.....	.....	.....	.....	1,999	1,999
\$ 3,273,891	\$ 4,501,537	\$ 2,341,357	\$ 1,480,848	\$ 1,387,156	\$ 11,839,113	\$ 26,467,234

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The State of Florida's (the state's) financial reporting entity includes the primary government (i.e., legislative agencies, the Governor and Cabinet, departments and agencies, commissions, boards of the Executive Branch, and various offices relating to the Judicial Branch) and its component units.

Component units, as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 39 *Determining Whether Certain Organizations are Component Units*, are legally separate organizations for which the elected officials of the state are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete.

### Blended Component Units

A component unit is reported as blended when either (1) the component unit's governing body is substantively the same as the governing body of the state or (2) the component unit provides services entirely, or almost entirely, to the state or otherwise exclusively, or almost exclusively, benefits the state even though the component unit does not provide services directly to the state.

The state's blended component units are:

- Citrus Commission (Department of Citrus)
- Corrections Foundation, Inc.
- Florida Clerks of Court Operations Corporation
- Florida Engineers Management Corporation
- Florida High Speed Rail Authority
- Florida Prepaid College Board
- Florida School for the Deaf and the Blind
- Florida State Board of Administration (SBA)
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Investment Fraud Restoration Financing Corporation
- Scripps Florida Funding Corporation
- Space Florida
- State Board of Education (SBE)
- Wireless Emergency Telephone System
- Workforce Florida, Inc.

Blended component units that are considered major are reported in separate columns in the fund financial statements. Other blended component units that are considered nonmajor are reported with other funds in the appropriate columns in the fund financial statements. In addition, the financial data for some blended component units (i.e., State Board of Administration) are reported in more than one fund type, some of which are considered major and others that are considered nonmajor. Refer to Section D of this note for more information on the determination criteria for major funds and a list of major funds and fund types.

### Discretely Presented Component Units

Component units that are not blended are discretely presented. In the government-wide financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the state.

In addition, financial data for discretely presented component units that are considered major are reported in separate columns in the basic financial statements for component units. Discretely presented component units that are considered nonmajor are combined and reported in one column in the component unit financial statements and are aggregated by type in the combining statements. The state's financial statements are reported for the fiscal year ended June 30, 2007. The state's component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units have a fiscal year other than June 30. Accordingly, amounts reported by the state as due from and to component units on the

statement of net assets may not agree with amounts reported by the component units as due from and to the state. Refer to Section D of this note for more information on major fund determination and presentation. The state's discretely presented component units are grouped into the following categories:

**State Universities and Colleges.** State universities and colleges receive funding from the state. The state university system is governed by the Florida Board of Governors. Each university is administered by a local board of trustees. The state community college system is governed by the State Board of Education. All state universities and community colleges have a June 30 year-end. Component units included in this category are:

**State Universities**

**Major:**

- Florida State University
- University of Florida
- University of South Florida

**Nonmajor:**

- Florida Agricultural and Mechanical University
- Florida Atlantic University
- Florida Gulf Coast University
- Florida International University
- New College of Florida
- University of Central Florida
- University of North Florida
- University of West Florida

**Community Colleges**

**Nonmajor:**

- Brevard Community College
- Broward Community College
- Central Florida Community College
- Chipola College
- Daytona Beach Community College
- Edison College
- Florida Community College at Jacksonville
- Florida Keys Community College
- Gulf Coast Community College
- Hillsborough Community College
- Indian River Community College
- Lake City Community College
- Lake-Sumter Community College
- Manatee Community College
- Miami Dade College
- North Florida Community College
- Okaloosa-Walton College
- Palm Beach Community College
- Pasco-Hernando Community College
- Pensacola Junior College
- Polk Community College
- St. Johns River Community College
- St. Petersburg College
- Santa Fe Community College
- Seminole Community College
- South Florida Community College
- Tallahassee Community College
- Valencia Community College

**Florida Housing Finance Corporation (Major).** Pursuant to Section 420.504, Florida Statutes (F.S.), this corporation was created as an entrepreneurial public corporation organized to provide and promote public welfare by administering the

governmental function of financing or refinancing housing and related facilities in Florida. This entity has a December 31 year-end.

**Water Management Districts.** Pursuant to Section 373.069, F.S., these districts were created to provide for the management and conservation of water and related land resources. In addition, the general regulatory and administrative functions of the districts are either fully or in part financed by general appropriations. Water management districts have a September 30 year-end. Component units included in this category are:

**Major:**

- South Florida Water Management District

**Nonmajor:**

- Northwest Florida Water Management District
- St. Johns River Water Management District
- Southwest Florida Water Management District
- Suwannee River Water Management District

**Citizens Property Insurance Corporation (Major).** Pursuant to Section 627.351(6), F.S., this corporation was created to provide certain residential property and casualty insurance coverage to qualified risks in the state under specified circumstances. Citizens Property Insurance Corporation was formed through the merger of the Florida Residential Property and Casualty Joint Underwriting Association and the Florida Windstorm Underwriting Association. This entity has a December 31 year-end.

**Other.** Additional discretely presented component units of the state include various foundations and not-for-profit organizations. The fiscal year-ends of these component units may vary. Component units included in this category are:

**Nonmajor:**

- Commission for Florida Law Enforcement Accreditation, Inc.\*
- Enterprise Florida, Inc.
- Florida Agricultural Museum\*
- Florida Agriculture Center and Horse Park Authority\*
- Florida Agriculture in the Classroom Program\*
- Florida Birth-Related Neurological Injury Compensation Plan
- Florida Black Business Investment Board, Inc.\*
- Florida Board of Governors Foundation, Inc.\*
- Florida Comprehensive Health Association
- Florida Education Foundation, Inc.\*
- Florida Education Fund, Inc.
- Florida Fund for Minority Teachers, Inc.\*
- Florida Healthy Kids Corporation
- Florida Mobile Home Relocation Corporation\*
- Florida Patient's Compensation Fund
- Florida Sports Foundation, Inc.\*
- Florida State Fair Authority
- Florida Telecommunications Relay, Inc.\*
- Florida Tourism Industry Marketing Corporation, Inc.
- Forestry Arson Alert Association, Inc.\*
- Friends of Florida State Forests, Inc.\*
- Higher Educational Facilities Financing Authority\*
- Prison Rehabilitative Industries and Diversified Enterprises, Inc. (PRIDE)
- South Florida Regional Transportation Authority (formerly Tri-County Commuter Railroad Authority)
- Technological Research and Development Authority\*
- The Astronauts Memorial Foundation, Inc.
- The Florida Endowment Foundation for Vocational Rehabilitation, Inc.
- Wildlife Alert Reward Association\*
- Wildlife Foundation of Florida, Inc.\*

\*The state's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$98 million and \$153 million, respectively. These amounts represent less than one percent of total aggregate component unit assets and revenues.

## Joint Ventures

A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. Financial data for the state's joint ventures are not included in its statements. The state's joint ventures include the following:

***Apalachicola-Chattahoochee-Flint River Basin (ACFRB) Commission.*** Section 373.71, F.S., provided for the creation of an interstate administrative agency to promote interstate comity, remove causes of present and future controversies, equitably apportion the surface waters of the ACFRB, and engage in water planning. Operational funding required by the Commission is equally shared among the party states.

***Board of Control for Southern Regional Education.*** Section 1000.32, F.S., promotes the development and maintenance of regional education services and facilities in the southern states to provide greater educational advantages and facilities for the citizens in the region. The states established a joint agency called the Board of Control for Southern Regional Education to submit plans and recommendations to the states from time to time for their approval and adoption by appropriate legislative action for the development, establishment, acquisition, operation, and maintenance of educational facilities in the region.

***Regional Planning Councils.*** Sections 186.501 through 186.513, F.S., the "Florida Regional Planning Council Act," provide for the creation of regional planning agencies to assist local governments in resolving their common problems. The regional planning councils are designated as the primary organizations to address problems and plan solutions that are of greater-than-local concern or scope. Participants in these councils are required by statutes to contribute to the support of these programs.

***Southern States Energy Compact.*** Section 377.711, F.S., enacted this compact into law joining the State of Florida and other states to recognize that proper employment and conservation of energy and employment of energy-related facilities, materials, and products can assist substantially in the industrialization of the South and the development of a balanced economy in the region. The State of Florida appropriates funds to support Florida's participation in the compact.

## Related Organizations

Organizations for which the state is accountable because the state appoints a voting majority of the board, but for which the state is not financially accountable, are related organizations. The state's related organizations include certain transportation authorities, hospital districts, port authorities, and aviation authorities. Since the state is not financially accountable for any of these organizations, applicable financial data is not included in the state's financial statements.

## Contact

Financial statements of the component units that issue separate statements and other financial statement-related information may be obtained from:

Department of Financial Services  
 Bureau of Accounting  
 Statewide Financial Reporting Section  
 200 East Gaines Street  
 Tallahassee, Florida 32399-0354  
 Telephone: (850) 413-5511  
 Department Website: <http://www.myfloridacfo.com>

Joint ventures may be contacted directly for their financial statements.

## B. Basic Financial Statements

The state's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. The basic financial statements of the state, including its component units, are presented in the required format discussed below.

## Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its discretely presented component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function. Some functions may include administrative overhead that is essentially indirect expenses of other functions. The state currently does not allocate those indirect expenses to other functions. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not included in program revenues are reported in general revenues.

## Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

### C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues collected within 60 days of the end of the current fiscal year are considered available, with the exception of certain tax revenues, which are considered available when collected within 30 days of year-end. For governmental funds, certain long-term liabilities, such as compensated absences, due within 60 days of the end of the current fiscal year are expected to be liquidated with expendable financial resources and are recognized within the applicable governmental fund. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for insurance and similar services extending over more than one fiscal year generally are accounted for as expenditures of the fiscal year of acquisition. Further, principal and interest on general long-term debt are recognized when due.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the state, for business-type activities and enterprise funds, has the option to elect to apply all pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The state has elected not to apply FASB pronouncements issued after the applicable date.

### D. Basis of Presentation

#### Major Funds

GASB Statement No. 34, as amended by GASB Statement No. 37, sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses for either fund category or the governmental and enterprise funds combined) for the determination of major funds. GASB 34 further requires that the reporting government's main operating fund (the General Fund) always be reported as a major fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. The state reports the following major funds:

#### Major Governmental Funds

**General Fund** - accounts for the financial resources of the state, except those required to be accounted for in another fund. This is the state's primary operating fund.

***Environment, Recreation and Conservation*** – a special revenue fund, accounts for the operations of various programs such as air pollution control, water quality assurance, ecosystem management, and marine resources conservation.

***Health and Family Services*** – a special revenue fund, includes funds used to operate various health and family service-related programs such as health care, elder affairs, and child support.

***Transportation*** – a special revenue fund, accounts for the maintenance and development of the state highway system and other transportation-related projects.

### **Major Business-type Funds**

***Transportation*** – an enterprise fund, primarily accounts for operations of the Florida Turnpike.

***Lottery*** – an enterprise fund, accounts for lottery operations in the state, which include sale of lottery tickets, payment of lottery prizes, and transfers to the Educational Enhancement Trust Fund.

***State Board of Administration*** – an enterprise fund, primarily accounts for investments for the Florida Hurricane Catastrophe Fund, which was created to help cover insurers' losses in the event of a hurricane disaster.

***Prepaid College Program*** – an enterprise fund, accounts for payments from purchasers of the Florida Prepaid College Program. This program was created to provide a medium through which the cost of state post-secondary education may be paid in advance of enrollment at a rate lower than the projected corresponding costs at the time of enrollment.

### **Fund Types**

Additionally, the state reports the following fund types:

#### **Internal Service Funds**

These proprietary-type funds are primarily used to report activities that provide goods or services to other funds or agencies within the state, rather than to the general public. Internal service funds are classified into the following categories:

- ***Data Centers*** - accounts for services provided by data processing centers operated by various agencies.
- ***Communications and Facilities*** - primarily accounts for services provided by the Department of Management Services such as those related to the construction, operation, and maintenance of public facilities, and management and operation of the SUNCOM (state communication) Network.
- ***Other*** - accounts for services provided to other state agencies such as legal services, records management, and community services (inmate work squads).

#### **Fiduciary Fund Types**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the state's own programs.

***Private-Purpose Trust Funds*** - used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments including funds accounting for unclaimed property; federally guaranteed, higher education loans; contributions to a college savings plan and various others.

***Pension and Other Employee Benefits Trust Funds*** - used to report resources that are required to be held in trust for the members and beneficiaries of the state's pension plans and other employee benefit plans.

***Agency Funds*** - used to report resources held by the state in a purely custodial capacity. For example, these funds account for asset and liability balances related to retiree health care, taxes collected and held by the Department of Revenue for other entities, student funds held by the School for Deaf and Blind, and the external portion of investment pools reported by the State Board of Administration. See also Note 1J.

**Investment Trust Funds** - used to report the external portion of investment pools reported by the state.

## **E. Assets, Liabilities, and Net Assets or Fund Balance**

### **Cash and Cash Equivalents**

The state's cash includes cash on hand and on deposit in banks, including demand deposits, certificates of deposit, and time deposits. Most deposits are held by financial institutions qualified as public depositories under Florida law. Cash equivalents are short-term, highly liquid investments. For the purposes of GASB Codification Section 2450, *Cash Flow Statements*, pooled investments with the State Treasury are considered cash equivalents. Details of deposits are included in Note 2.

### **Investments**

Florida Statutes authorize the state to invest in various instruments. Investments of the Local Government Surplus Funds Trust Fund (LGSF Pool), a Securities and Exchange Commission (SEC) Rule 2a7-like external investment pool, are reported based on amortized cost. Investments of the Debt Service Escrowed Fund, which meet the requirements of a legal or in-substance defeasance, are reported at cost. Other investments are reported at fair value at the reporting date. Investments that do not have an established market are reported at their estimated fair value. Financial condition, operating results and projected operating cash flow of the underlying portfolio companies, private and public sales and trade information for similar securities, restrictions on disposition, expenses and delay involved in registration, existence of merger proposals or tender offers, and reports prepared by analysts are considered when determining fair value. Due to the inherent uncertainty of valuations, these estimates may differ significantly from prices ultimately realized. Investment detail is included in Note 2.

### **Inventories**

Inventories primarily consist of expendable supplies. Inventories are recorded according to the consumption method as expenditures when consumed. At the end of the fiscal year, inventory is reported as an asset and a fund balance reservation. The method used to determine the cost of inventories varies by agency responsible for the inventories.

### **Capital Assets**

Capital assets are real and personal property that have a cost equal to or greater than an established capitalization threshold and have an estimated useful life extending beyond one year. For additional information, refer to Note 5.

### **Long-term Liabilities**

Refer to Note 8 for information on bonds payable and certificates of participation, Note 9 for information on capital leases and installment purchase contracts, and Note 10 for changes in long-term liabilities.

### **Compensated Absences Liability**

Employees earn the right to be compensated during absences for vacation and illness as well as for unused special compensatory leave earned for hours worked on legal holidays and other specifically authorized overtime. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees upon separation from state service. The amounts reported for compensated absences are based on current year-end salary rates and include employer Social Security and Medicare tax and pension contributions at current rates.

### **Net Assets**

The government-wide statement of net assets classifies net assets into the following categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. The "invested in capital assets, net of related debt" component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as "restricted" when constraints placed on net asset use are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. "Unrestricted" net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." When both restricted and unrestricted resources are to be used for the same purpose, the agency responsible for administering the resources determines the flow assumption used to



identify the portion of expenses paid from restricted resources. At June 30, 2007, the government-wide statement of net assets report \$13.9 billion of restricted net assets, of which \$7.6 billion is restricted by enabling legislation.

### **Reserves of Fund Balance**

In the fund financial statements, governmental funds report reserves of fund balance for amounts that are not available for appropriation or are legally reserved by outside parties for use for a specific purpose. The state has the following types of reserves of fund balance:

*Reserve for encumbrances* represents outstanding purchase orders, contracts, and other commitments.

*Reserves for inventories, advances, and long-term receivables* represent fund assets that are not expendable financial resources.

*Reserve for capital outlay* represents funds reserved for capital projects.

*Reserve for debt service* represents fund assets reserved for payment of debt service.

*Reserve for permanent trust* represents trust fund assets for which the corpus and the residual net earnings are non-expendable and the net earnings are reserved for endowment-approved programs.

*Reserve for Budget Stabilization Fund* represents funds available to cover revenue shortfalls in the General Revenue Fund and for emergencies defined by law.

*Other reserves* represent fund assets reserved for various reasons, including donor-imposed restrictions and statutory guidelines.

### **F. Interfund Activity and Balances**

The effect of interfund activities, except those between funds reported as governmental activities and funds reported as business-type activities, has been eliminated from the government-wide statements. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. Transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers between funds are made to accomplish various provisions of law.

Interfund receivables and payables have been eliminated from the statement of net assets, except for the residual amounts due between governmental and business-type activities.

For additional information, refer to Note 11.

### **G. Nonmonetary Transactions**

The state participates in various activities that are, in part, represented by nonmonetary transactions. Examples include nonmonetary assistance in the form of Federal grants, such as vaccines, Electronic Benefit Transfer (EBT) cards for food assistance, and donated food commodities. The state also acts as an agent for the United States Department of Agriculture in the distribution of donated food commodities to qualifying organizations outside the state's reporting entity. The fair value of these items is reported in the governmental fund financial statements.

State Attorneys and Public Defenders of the State of Florida are furnished certain office space and other services by counties under the provisions of Chapter 29, F.S. Some counties also provide certain facilities and services to other officers and staff of the judicial branch. The value of the facilities and services provided by the counties is not reported as revenue.

### **H. Operating and Nonoperating Revenues**

Proprietary funds distinguish operating and nonoperating revenues. Operating revenues typically derive from providing goods or services, and include all transactions involved in delivering those goods or services. These revenues are a direct result of exchange-type transactions associated with the principal activity of the fund. Cash flow resulting from capital and relating financing, noncapital financing and investment activities are considered nonoperating for reporting purposes.

**I. Reporting Changes****Changes in Reporting Component Units**

The following entity is determined to be a new component unit of the state for the fiscal year ended June 30, 2007:

- Space Florida – this component unit was formed from the combination of two previously reported discretely presented component units, Florida Aerospace Finance Corporation and Florida Space Authority, and a separate organization, Florida Space Research Institute.

**J. Accounting Changes and Prior Period Adjustments****Accounting Changes**

- The state implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform reporting standards for Other Postemployment Benefit (OPEB) Plans. The implementation of this standard included establishing a new agency fund for reporting the asset and liability balances relating to retiree participation in the state group health plan. The new agency fund is reported in Other Agency Funds in the Combining and Individual Fund Statements and Schedules – Nonmajor Funds – Fiduciary Funds Section of the CAFR. Note 6 to the financial statements incorporates the OPEB substantive plan description, summary of significant accounting policies related to the plan, and details on contributions and reserves.
- The state's Retiree Health Insurance Subsidy (HIS) Program was reclassified from an other postemployment benefit plan to a pension plan. This change resulted in the application of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to the HIS program for fiscal year ending June 30, 2007. Refer to Note 6 to the financial statements to obtain additional information.

**Prior Period Adjustments**

- Net assets at July 1, 2006, for Trust Escrow Administration, reported as a private-purpose trust fund, have been increased by \$344,706,077 to correct payables and expenses that were overstated in prior years relating to insurance entities placed into receivership.
- Net assets at July 1, 2006, for Enterprise Florida, Inc., reported as an other nonmajor component unit, have been increased by \$1,998,981 to restate prior year revenues. Additional information can be found in the entity's separately issued financial statements (see contact information in Section A of this note).
- Net assets at July 1, 2006, for Deferred Compensation Trust Fund, reported as a pension and other employees' benefit trust fund, have been decreased by \$32,026,553 to correct prior year valuation of annuities.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### A. Deposits

At June 30, 2007, the state's deposits in financial institutions totaled approximately \$2.2 billion for primary government and \$1 billion for discretely presented component units.

#### 1. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the state will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The state mitigates custodial credit risk by generally requiring public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer (CFO) as authorized to receive deposits in the state and meets the collateral requirements as set forth in Chapter 280, Florida Statutes (F.S.).

The CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Chapter 69C-2, Florida Administrative Code, and Section 280.04, F.S. Eligible collateral includes Federal, federally guaranteed, state and local government obligations, corporate bonds, and letters of credit issued by a Federal Home Loan Bank. Also, with the CFO's permission, eligible collateral includes collateralized mortgage obligations, real estate mortgage investment conduits and securities or other interests in any open-end management investment company registered under the Investment Company Act of 1940. However, the portfolio of the investment company must be limited to direct obligations of the United States (U.S.) Government and to repurchase agreements fully collateralized by such direct obligations of the U.S. Government, and the investment company must take delivery of such collateral either directly or through an authorized custodian.

At June 30, 2007, primary government deposits totaling \$611.3 million and \$195.2 million were exposed to custodial credit risk because, respectively, they were uninsured and uncollateralized and collateralized with securities held by the pledging financial institution. Discretely presented component units' deposits totaling \$180.4 million, \$214.1 million, and \$48.7 million were exposed to custodial credit risk because, respectively, they were uninsured and uncollateralized, collateralized with securities held by the pledging financial institution, and collateralized with securities held by the pledging financial institution's trust department or agency but not in the state's name.

#### 2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Under Section 215.47, F.S., and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in fixed income obligations or stocks denominated in foreign currency. The SBA has developed a total fund investment plan for the investment of assets in the Florida Retirement System (FRS) Pension Trust Fund and the Lawton Chiles Endowment Fund (LCEF) that sets ranges on investments by asset class. In the FRS Trust Fund, total assets held in the foreign equities asset class (all non-U.S. investments) are limited to a range of 11-25% of total investments with a target of 20%. For the LCEF, total assets held in the foreign equities asset class are limited to a range of 6-18% of total investments with a target of 12%. Other asset classes may hold non-U.S. securities as well, depending on portfolio guidelines. In both cases, Florida law limits the exposure to foreign securities to 25% of the total fund. The FRS and LCEF investment plans were adopted May 15, 2007, and February 25, 2003; respectively, and may be modified in the future if the SBA adopts changes. This investment activity in foreign investments resulted in deposits in foreign currency as of June 30, 2007, as illustrated in the following schedule (in thousands):

#### Foreign Currency Deposits Held As of June 30, 2007

Currency	Bank Statement Balance (in U.S. \$)		
	FRS Pension Trust Fund	LCEF	Total
Brazilian real	\$ 1,367	\$ 51	\$ 1,418
British pound sterling	32,870	137	33,007
Canadian dollar	2,757	9	2,766
Euro currency unit	68,339	118	68,457
Hong Kong dollar	3,295	11	3,306
Japanese yen	4,741	316	5,057
Norwegian krone	1,128	163	1,291
Singapore dollar	3,815	2	3,817
South African rand	1,002	2	1,004
Swiss franc	2,045	2	2,047
Taiwan new dollar	7,607	1	7,608
Turkish lira	9,216	12	9,228
Other	3,033	121	3,154
Total deposits subject to foreign currency risk	\$ 141,215	\$ 945	\$ 142,160

**B. Investments**

At June 30, 2007, the state's investments in governmental and business-type activities and fiduciary funds totaled \$249.7 billion, consisting of pooled investments with the State Treasury in the amount of \$30 billion and other investments in the amount of \$219.7 billion. The State Treasury had holdings at June 30, 2007, of \$2.4 billion for discretely presented component units in total. These investments are not reported as part of the primary government and may be different from the amounts reported by some component units due to different reporting periods. Other investments for discretely presented component units totaled \$14.9 billion.

***Pooled Investments with the State Treasury***

Unless specifically exempted by statute, all cash of the state must be deposited in the State Treasury. Certain component units are allowed by statute to deposit cash with the State Treasury. The State Treasury, in turn, keeps the funds fully invested to maximize interest earnings. Authorized investment types are set forth in Section 17.57, F.S.

The State Treasury records, as an investment, funds credited to the state's account in the Federal Unemployment Compensation Trust Fund pursuant to Section 903 of the Social Security Act. The fund is drawn upon primarily to pay unemployment compensation benefits. This money is pooled with deposits from other states and is managed by the Federal Government. No disclosures can be made of specific securities owned.

The schedule below discloses the detail of the State Treasury holdings and the fair value of each type of investment at June 30, 2007 (including security lending collateral investments), as well as a reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury  
As of June 30, 2007**

<u>Investment type</u>	<u>Fair value</u>
Commercial paper	\$ 3,827,338
U.S. guaranteed obligations	3,792,001
Federal agencies	9,612,574
Bonds and notes - domestic	4,848,403
Bonds and notes - international	75,740
Bankers' acceptances	516,656
Unemployment compensation funds pooled with U. S. Treasury	2,506,818
Mutual funds	1,464,381
Futures (net futures contracts)	(44)
Total investments excluding security lending collateral	26,643,867
Lending collateral investments:	
Repurchase agreements	621,011
Bonds and notes - domestic	3,624,365
Mutual funds	427,222
Total lending collateral investments	4,672,598
Total investments	31,316,465
Cash on hand	300
Cash on deposit	1,139,762
Total State Treasury holdings	32,456,527
Adjustments:	
Outstanding warrants	(934,355)
Unsettled securities liability	(1,567,642)
Reconciled balance, June 30, 2007	\$ 29,954,530
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 20,038,544
Business-type activities	3,747,835
Fiduciary funds	6,055,760
Total pooled investments with State Treasury	29,842,139
Restricted pooled investments with State Treasury (Business-type activities)	112,391
Total pooled investments with State Treasury for primary government	\$ 29,954,530

**Other Investments**

Other investments in various funds of the state are primarily managed by the SBA. The largest of these funds managed by the SBA is the FRS Pension Trust Fund (Defined Benefit Pension Fund), whose total investments represented 72% of total other investments of the primary government at June 30, 2007. Investments in the LGSF Pool represented another 14% of total other investments of the primary government. Section 215.47, F.S., allows the SBA to invest funds in a range of instruments, including security lending agreements and reverse repurchase agreements.

The schedule below discloses other investments at fair value and their total carrying value at June 30, 2007, as well as a reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments  
As of June 30, 2007**

Investment type	Fair value			Total
	FRS Pension Trust Fund	Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 510,235	\$ 3,213,032	\$ 100	\$ 3,723,367
Commercial paper	7,199,669	10,231,068	.....	17,430,737
Liquidity notes	7,157,201	13,512,821	.....	20,670,022
Money market funds	361	753,197	13,270	766,828
Repurchase agreements	33,169	561,657	.....	594,826
U.S. guaranteed obligations	2,929,252	7,979,937	2,847	10,912,036
Federal agencies	10,713,595	1,825,175	6,639	12,545,409
Domestic bonds & notes	10,873,879	8,690,433	602,632	20,166,944
Domestic bonds & notes mutual fund	.....	761,955	.....	761,955
International bonds & notes	1,798,881	571,924	.....	2,370,805
Domestic stocks	58,367,744	2,225,462	9,616	60,602,822
Domestic equity group trust	8,103	.....	.....	8,103
Domestic equity commingled funds	1,864,772	1,777,583	9,126	3,651,481
International stocks	14,883,904	361,583	846	15,246,333
International equity commingled funds	11,108,133	774,995	450	11,883,578
Limited partnerships	3,999,522	.....	.....	3,999,522
Option contracts	4,570	.....	.....	4,570
Swap contracts (debt related)	(31,748)	.....	.....	(31,748)
Swap contracts (equity index)	7,202	.....	.....	7,202
Real estate investments	7,474,764	.....	.....	7,474,764
Mutual funds	.....	.....	1,333,134	1,333,134
Deferred compensation annuities	.....	.....	68,242	68,242
<b>Total investments excluding lending collateral</b>	<b>138,903,208</b>	<b>53,240,822</b>	<b>2,046,902</b>	<b>194,190,932</b>
Lending collateral investments:				
Certificates of deposit	2,897,748	14,059	.....	2,911,807
Commercial paper	2,572,008	.....	.....	2,572,008
Money market funds	144,690	15,724	.....	160,414
Short-term security lending collateral pool	.....	3,833,401	.....	3,833,401
Repurchase agreements	3,825,559	398,052	.....	4,223,611
Domestic bonds & notes	7,662,721	1,158,232	.....	8,820,953
International bonds & notes	2,784,231	207,283	.....	2,991,514
<b>Total lending collateral investments</b>	<b>19,886,957</b>	<b>5,626,751</b>	<b>.....</b>	<b>25,513,708</b>
<b>Total investments for all types - fair value</b>	<b>\$ 158,790,165</b>	<b>\$ 58,867,573</b>	<b>\$ 2,046,902</b>	<b>\$ 219,704,640</b>
<b>Total investments for all types - carrying value</b>	<b>\$ 158,790,165</b>	<b>\$ 58,821,440</b>	<b>\$ 2,045,910</b>	<b>\$ 219,657,515</b>
% of total other investments for primary government	72%	27%	1%	

Reconciliation of carrying value to the basic financial statements (in thousands):

	Governmental activities	Business-type activities	Fiduciary funds	Total
Other investments	\$ 3,684,737	\$ 14,524,852	\$ .....	\$ 18,209,589
Restricted investments	.....	2,653,625	.....	2,653,625
Long-term investments	.....	.....	178,771,910	178,771,910
Security lending collateral	.....	.....	20,022,391	20,022,391
<b>Total other investments for primary government</b>	<b>\$ 3,684,737</b>	<b>\$ 17,178,477</b>	<b>\$ 198,794,301</b>	<b>\$ 219,657,515</b>

The SBA issued a separate report (financial statements and notes) pertaining to the state's Investment Trust Fund for the period ended June 30, 2007, as required by GASB statement No. 31. Additional information pertaining to the Investment Trust Fund or a copy of the report may be obtained from the Senior Operating Officer, Finance and Accounting, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 101, Tallahassee, Florida 32308, (850) 488-4406.

**Component Units**

The schedule below discloses other investments reported at fair value and total carrying value, as of June 30, 2007, for discretely presented component units and a reconciliation to the basic financial statements (in thousands). Those investments held with the State Treasury as of June 30, 2007, are excluded.

**Schedule of Other Investments  
For Discretely Presented Component Units  
As of June 30, 2007**

<u>Investment type</u>	<u>Fair value</u>
Certificates of deposit	\$ 17,479
Commercial paper	84,099
Repurchase agreements	103,234
Money market funds	2,760,896
U.S. guaranteed obligations	1,534,658
Federal agencies	2,208,775
Domestic bonds & notes	2,828,165
International bonds & notes	1,277
Domestic stocks	1,331,218
International stocks	361,517
Real estate investments	16,848
Mutual funds	1,769,721
Investment agreements	1,873,406
Total other investments for all types - fair value	<u>\$ 14,891,293</u>
Total other investments for all types - carrying value	<u>\$ 14,861,755</u>
Reconciliation of carrying value to the basic financial statements:	
Other Investments	\$ 12,989,457
Restricted investments	<u>1,872,298</u>
Total other investments for component units	<u>\$ 14,861,755</u>

At June 30, 2007, 72% of total other investments for discretely presented component units belonged to the following major component units: Florida Housing Finance Corporation, South Florida Water Management District, University of Florida, Florida State University, University of South Florida, and Citizens Property Insurance Corporation.

**1. Credit Risk and Concentration of Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the state's investment in a single issuer.

***Pooled Investments with the State Treasury***

The State Treasury follows the investment guidelines set forth in Section 17.57, F.S., for reducing exposure to investment credit risk. The State Treasury's rated debt investments as of June 30, 2007, were rated by Standard and Poor's (S&P) and/or an equivalent nationally recognized statistical rating organization (NRSRO), and the ratings are presented below using the S&P rating scale (in thousands):

**State Treasury  
Credit Quality Ratings  
As of June 30, 2007**

Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes	Bankers' acceptances	Total*	S&P rating**
\$ .....	\$ 9,114,559	\$ 2,048,360	\$ 3,868	\$ .....	\$ 11,166,787	AAA
.....	21,359	562,282	.....	.....	583,641	AA
.....	.....	814,763	48,923	.....	863,686	A
.....	.....	970,185	22,949	.....	993,134	BBB
.....	.....	10,875	.....	.....	10,875	BB
.....	16,868	434,884	.....	.....	451,752	***
3,827,338	459,788	7,054	.....	516,656	4,810,836	A-1
<u>\$ 3,827,338</u>	<u>\$ 9,612,574</u>	<u>\$ 4,848,403</u>	<u>\$ 75,740</u>	<u>\$ 516,656</u>	<u>18,880,711</u>	
				U.S. guaranteed obligations	3,792,001	Not rated
				Mutual funds	1,464,381	Not rated
				Net futures contracts	(44)	Not rated
					<u>\$ 24,137,049</u>	

\* The remaining \$5,817,482 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, investments purchased with cash collateral, unsettled securities liability, and outstanding warrants as presented in the Schedule of Pooled Investments with State Treasury.

\*\* Long-term ratings are presented except for "A-1," which is a short-term rating for S&P.

\*\*\* Not rated by S&P rating agency.

State Treasury investment policies address concentration of credit risk by placing limits on amounts invested per issuer (taking into account the maturity date of the investment). In addition, the policies also address limits on certain investments by credit ratings. Limits on amounts invested are expressed in dollar amounts per issuer and also in total amounts per investment type as a percentage of the investment pool's market value. As of June 30, 2007, the State Treasury did not have more than 5% of total investments in a single issuer.

***Other Investments***

The SBA, in compliance with Section 215.47, F.S., has adopted certain investment policies with regard to credit risk of debt securities. Investment policies vary by fund or portfolio. Below are the investment policies and credit risk disclosures for the FRS Pension Trust Fund and the LGSF Pool, which constitute the primary portion of other investments.

**FRS Pension Trust Fund** – Investments are generally managed through individual portfolios within various asset classes, as listed below. Some of the individual portfolios have slightly different restrictions on credit quality.

**Short-term portfolios** – Securities must be investment grade at the time of purchase. Minimum short-term ratings are at least S&P A-1, Moody's P-1, or Fitch F-1; and long-term ratings are at least S&P BBB-, Moody's Baa3, or Fitch BBB-. Securities of a single issuer should not represent more than 5% of portfolio amortized cost (excluding U.S. Treasuries and Agencies).

**Mortgage portfolios** – Securities are generally limited to those issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). No specific credit rating criteria are listed. The state may own notes secured by first mortgages on Florida real property, insured or guaranteed by the Federal Housing Administration or the U.S. Department of Veterans Affairs, but exposure is limited to 10% of portfolio market value. All collateralized mortgage obligations (CMOs) should have publicly traded GNMA, FNMA, FHLMC securities as underlying collateral. Exposure is limited to 10-35% of the portfolio. U.S. Treasury and Agency debentures are allowed but are limited to 10% of portfolio market value.

**Government/Corporate portfolios** – Securities should be rated investment grade by one of the NRSROs at the time of purchase. Minimum ratings include S&P BBB-, Moody's Baa3, and Fitch BBB-. Securities of a single issuer are generally limited to 5% of the market value of the portfolio (excluding U.S. Treasuries and Agencies).

**High Yield portfolios** – Emerging market securities are not permitted, with the exception of securities issued in the Yankee market that meet the criteria for inclusion in the Lehman BB or B-rated 2% Cap indices. All securities should be rated at least single B or double B by one of the NRSROs at the time of purchase. If a security is no longer rated at least the equivalent of single B- by any of the NRSROs, the state must provide written notification and justify retaining such investment beyond 90 days. Also, no more than 5% of market value shall be invested in investment grade securities (BBB- or higher). Securities of a single issuer should not exceed 5% of portfolio market value. No more than 35% of market value may be in any one industry.

**Lending portfolios** – Short-term rating requirements are similar to short-term portfolio rating requirements. Investments with original maturity of greater than two years, at the time of purchase, should carry ratings of at least S&P AA-, Moody's Aa3, or Fitch AA-, except for asset-backed securities, which should have a rating of either S&P AAA, or Moody's Aaa, or Fitch AAA. There are no rating requirements for U.S. Government guaranteed securities, federal agencies or instrumentalities, repurchase agreements (repos) or shares of mutual funds. Repos should be fully collateralized. The state may hold up to the greater of \$5 million or 5% of its assets in securities by a single issuer and its affiliates (excluding U.S. Government guaranteed investments, its agencies or instrumentalities). For all lending programs except the Mellon lending program, up to an additional 5% of the book value of the portfolio may be invested in the obligations of any single issuer, guarantor or repo counterparty that will mature on the next business day, that are redeemable upon demand, or that contain an unconditional put feature.





LGSF Pool – The LGSF Pool was operating similar to a SEC 2a-7 money market fund at June 30, 2007 (see Note 18 for subsequent events related to this pool). Investments must be first tier at the time of purchase. The 2a-7 first tier definition includes (1) a rated security that has received a short-term rating from the NRSROs in the highest short-term rating category for debt obligations; or (2) is an unrated security that is of comparable quality to a security meeting the requirements for a rated security in (1), as determined by the fund's board of directors; or (3) is a security issued by a registered investment company that is a money market fund; or (4) is a U.S. Government security. For investments with remaining maturities of 397 days or less at the time of purchase, short-term ratings should be at least S&P A-1, Moody's P-1, or Fitch F-1. For securities without short-term ratings, long-term minimum ratings by at least one NRSRO are required consisting of S&P A-, Moody's A3, or Fitch A-. The LGSF Pool's exposure to a single issuer is limited to 5% of portfolio amortized cost (excluding U.S. Treasuries and Agencies). Maximum exposure to second tier issuers is limited to no more than 1% of portfolio amortized cost. The LGSF Pool also participates in several security lending programs.

The schedule below discloses credit quality ratings on investments held in all funds managed by the SBA (except the FRS Pension Trust Fund) at June 30, 2007 (in thousands). The LGSF Pool did not hold any investments with a single issuer that met or exceeded 5% of the fund's fair market value at June 30, 2007.

**All SBA Managed Funds (except Defined Benefit Pension Trust Fund)**

**Credit Quality Ratings**

As of June 30, 2007

Certificates of deposit	Commercial paper & liquidity notes	Money market funds	Federal agencies	Domestic bonds & notes	International bonds & notes	Total***	S&P rating**	Moody's rating**
\$ .....	\$ .....	\$ 331,763	\$ 462,066	\$ 1,061,579	\$ 196,920	\$ 2,052,328	AAA	
657,687	.....	.....	8,581	3,805,384	564,954	5,036,606	AA	
1,804,955	.....	.....	.....	3,815,435	11,476	5,631,866	A	
.....	.....	.....	.....	126,066	4,014	130,080	BBB	
309,555	.....	51	3,992	50,919	1,505	366,022		Aaa
.....	.....	.....	.....	159,450	193	159,643		Aa
199,970	.....	.....	.....	388,399	.....	588,369		A
.....	.....	.....	.....	368	.....	368		Baa
.....	21,541,087	.....	.....	.....	.....	21,541,087	A-1*	
.....	1,702,855	.....	.....	.....	.....	1,702,855		P-1*
254,924	499,947	437,107	1,350,536	335,065	145	2,877,724	Not rated	Not rated
<b>\$ 3,227,091</b>	<b>\$ 23,743,889</b>	<b>\$ 768,921</b>	<b>\$ 1,825,175</b>	<b>\$ 9,742,665</b>	<b>\$ 779,207</b>	<b>40,086,948</b>		
				Repurchase agreements		959,709	Not rated	Not rated
				Security lending collateral pool		3,833,401	Not rated	Not rated
				U.S. guaranteed obligations		7,979,937	Not rated	Not rated
				Investment agreements		106,000	Not rated	Not rated
				Domestic bonds & notes mutual fund		761,955	Not rated	Not rated
				Domestic stocks		2,225,462	Not rated	Not rated
				Domestic equity commingled funds		1,777,583	Not rated	Not rated
				International stocks		361,583	Not rated	Not rated
				International equity commingled funds		774,995	Not rated	Not rated
				Total investments		<b>\$ 58,867,573</b>		

\* Long-term ratings are presented except for "A-1" and "P-1". These are short-term ratings for S&P and Moody's, respectively.

\*\* S&P ratings were primarily used. If S&P did not rate a security, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated."

\*\*\* All investments are included in this schedule, including security lending collateral investments.

**Component Units**

Investment policies with regard to credit risk of debt securities vary from component unit to component unit. In addition, investment policies vary among Universities' direct support organizations. Investment policies may be obtained separately from component units. Presented below are reported credit quality ratings for debt securities of major component units (in thousands). Amounts shown below represent only that portion of debt investments required to be disclosed by component units reporting under the GASB reporting model.

**Major Component Units  
Credit Quality Ratings  
As of June 30, 2007**

Component Unit	Federal agencies	Bonds & notes	Mutual funds	Total	S&P rating
Florida Housing Finance Corporation (1)	\$ 102,059	\$ 400,385	\$ .....	\$ 502,444	A, AA, AAA
South Florida Water Management District (2)	234,431	5,000	.....	239,431	AAA
University of Florida (UF)	.....	36,924	1,993	38,917	A, AA, AAA
UF (continued)	.....	35,023	8,761	43,784	Not rated
University of South Florida (USF)	6,564	3,142	9,869	19,575	A, AA, AAA
USF (continued)	11,574	.....	.....	11,574	Not rated
Citizens Property Insurance Corporation (3)	1,429,722	2,432,263	.....	3,861,985	AA, AAA
	<u>\$ 1,784,350</u>	<u>\$ 2,912,737</u>	<u>\$ 20,623</u>	<u>\$ 4,717,710</u>	

(1) Florida Housing Finance Corporation reported total investments with a fair value in the amount of \$838.9 million subject to concentration of credit risk. These investments were issued by Trinity Funding, FannieMae, Bayerische Landsmark, and DePfa Deutsche Pfandbriefbank AG.

(2) South Florida Water Management District reported total investments with a fair value in the amount of \$78.2 million subject to concentration of credit risk. These investments were issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Company, and the Federal Home Loan Bank system.

(3) Citizens Property Insurance Corporation reported total investments with a fair value in the amount of \$264.2 million subject to concentration of credit risk. These investments were issued by the First American Funds Prime Obligation Money Market Fund.

**2. Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the state will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

***Pooled Investments with the State Treasury***

Based on negotiated trust and custody contracts, all State Treasury investments were held in the state’s name by the State Treasury’s custodial financial institutions at June 30, 2007.

***Other Investments***

The SBA does not have an overall policy addressing custodial credit risk. However, based on negotiated trust and custody contracts, many of the state’s investments were held in the state’s name by the SBA’s custodial financial institutions at June 30, 2007. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

<b>Other Investments Custodial Credit Risk As of June 30, 2007</b>		
	FRS Pension Trust Fund	Other funds
Repurchase agreements	\$ 33,169	\$ .....
Invested security lending collateral:		
Certificates of deposit	2,897,748	10,559
Commercial paper	2,465,278	.....
Domestic bonds & notes	5,967,034	957,372
International bonds & notes (\$ denom)	2,390,235	195,511
Total	\$ 13,753,464	\$ 1,163,442

***Component Units***

Component units manage their exposure to custodial credit risk through various investment policies. These policies may be obtained separately from component units. Presented below is the applicable custodial credit risk information for major component units (in thousands).

<b>Major Component Units Custodial Credit Risk As of June 30, 2007</b>	
Component unit / Investment type	Fair value
University of Florida	
Bonds and notes	\$ 23,992
Mutual funds	1,132
University of South Florida	
U.S. guaranteed obligations	7,107
Federal agencies	18,138
Bonds and notes	3,142
Mutual funds	9,869
Total	\$ 63,380

### 3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt investments.

#### *Pooled Investments with the State Treasury*

Through its investment policy, the State Treasury manages its exposure to interest rate risk by limiting either the maturities or durations of the various investment strategies used for the investment pool. The maximum effective weighted duration allowed, per externally managed portfolio with various investments, is six years. As of June 30, 2007, the State Treasury had the following investments and effective weighted durations (in thousands):

<b>Debt Investments</b>		
<b>As of June 30, 2007</b>		
Investment type	Fair value	Effective weighted duration (in years)
Commercial paper	\$ 3,827,338	0.04
U.S. guaranteed obligations:		
U.S. Treasury bonds and notes	2,950,137	4.11
U.S. Treasury strips	119,434	9.01
U.S. Treasury bills	350,850	0.24
GNMA mortgage-backed pass-through	186,981	4.54
GNMA TBA pass-through	53,575	2.88
GNMA collateralized mortgage obligations (CMO's)	71,290	4.07
GNMA CMO's - interest only	1,056	29.36
GNMA CMO's - principal only	148	8.96
SBA CMO's	9,969	4.46
SBA asset-backed	23,873	4.21
FICA zero coupons	11,014	9.51
Other U.S. agency securities	1,973	6.90
Corporate bonds & notes	2,992	2.84
International bonds & notes	8,709	9.31
Federal agencies:		
Discount notes	468,178	0.10
Unsecured bonds & notes	1,995,757	2.81
Mortgage-backed pass-through	2,592,447	3.49
TBA mortgage-backed pass-through	1,478,113	5.07
Mortgage-backed CMO's	3,046,418	2.19
Mortgage-backed CMO's - principal only	16,817	8.68
Mortgage-backed CMO's - interest only	14,844	-8.45
Domestic bonds & notes:		
Corporate	2,598,589	4.81
Non-government backed CMO's & CMBS*	1,661,522	3.13
Non-government backed CMO's & CMBS* - principal only	4,729	9.87
Non-government backed CMO's & CMBS* - interest only	43,245	3.22
Municipal/provincial	18,820	7.36
Corporate asset-backed	521,498	1.27
International bonds & notes:		
Government & regional	75,740	3.35
Bankers' acceptances	516,656	0.19
Mutual funds	1,464,381	NA
Net futures contracts***	(44)	2.09
Total debt investments	<u>\$ 24,137,049</u>	**

\* Commercial Mortgage-Backed Securities (CMBS)

\*\* The remaining \$5,817,482 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, investments purchased with cash collateral, unsettled securities liability, and outstanding warrants as presented in the Schedule of Pooled Investments with State Treasury.

\*\*\* Net futures contracts weighting on duration was calculated using notional rather than fair values.

***Other Investments***

The SBA manages its exposure to interest rate risk through various investment policies. Policies and interest rate risk disclosures for debt investments within the FRS Pension Trust Fund and LGSF Pool, the largest portion of the SBA managed funds, are presented below.

Investments authorized by Section 215.47, F.S., are managed through individual portfolios within various asset classes. The individual portfolios may have different policies regarding interest rate risk. Major types of debt portfolios are listed below.

*Short-term portfolios* – Weighted average maturity (WAM) is limited to 120 days in Cash and Central Custody portfolio and 180 days in the internally managed FRS Short-term Investment Pool (STIPFRS) portfolio. In the STIPFRS, no individual security shall have a final maturity date longer than three years. Final maturity is limited to two years in the Cash and Central Custody portfolio. For securities without a fixed interest rate, the next interest rate reset date is used as the maturity date for the WAM calculation.

*Mortgage portfolios* – Portfolio duration should be similar to the duration of the mortgage-related fixed income market and should remain within plus or minus 1 to 1.5 years of index duration. The index is the Lehman U.S. MBS Index component of the Lehman Brothers Aggregate Index.

*Government/Corporate portfolios* – Portfolio duration should remain within plus or minus 0.25-0.50 years of the index duration. Several different Lehman indices are used among the individual portfolios.

*High Yield portfolios* – Portfolio duration should remain within 2.5 years of the high yield index duration. Index duration for high yield securities is the effective duration as reported by Lehman Brothers.

*Security Lending portfolios* – Maximum WAM for a portfolio is 60 or 90 days, depending on the lending program.

Presented in the following schedule is the interest rate risk table for FRS Pension Trust Fund (in thousands). Investment types related to debt portfolios are presented using effective weighted duration. Investment types related to short-term and security lending collateral portfolios are presented using weighted average maturity.

**FRS Pension Trust Fund**  
**Debt Investments**  
**As of June 30, 2007**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ 375,235	0.05	\$ 3,032,748	38
Commercial paper	.....	NA	9,771,677	18
Liquidity notes	.....	NA	7,157,201	18
Money market funds	.....	NA	145,051	2
Repurchase agreements	.....	NA	3,858,728	3
U.S. guaranteed obligations:				
U.S. Treasury bills	174	0.15	.....	NA
U.S. Treasury bonds and notes	1,989,242	6.85	.....	NA
Index linked government bonds	459,906	8.63	.....	NA
U.S. government guaranteed	9,461	2.21	.....	NA
GNMA mortgage-backed	402,711	4.59	.....	NA
GNMA collateralized mortgage obligations (CMO's)	65,759	6.09	.....	NA
GNMA inverse Floating CMO's	1,999	35.55	.....	NA
Federal agencies:				
Unsecured bonds & notes	1,684,966	3.40	94,933	69
Mortgage-backed	7,867,051	4.50	.....	NA
Mortgage-backed CMO's	791,830	3.92	.....	NA
Interest-only CMO's	77,961	-9.54	.....	NA
Interest-only inverse floating CMO's	17,901	24.15	.....	NA
Principal-only CMO's	91,358	13.02	.....	NA
Inverse floating CMO's	87,595	22.04	.....	NA
Domestic bonds & notes:				
Corporate	5,127,552	4.14	8,160,150	46
Non-government asset-backed & mortgage-backed	416,428	1.44	1,490,803	30
Non-government backed CMO's	2,222,884	3.26	683,018	22
Municipal/provincial	13,241	12.55	.....	NA
Real estate mortgage loans	21,525	6.63	.....	NA
Master notes	.....	NA	176,000	6
Funding agreements	.....	NA	225,000	42
International bonds & notes:				
Government & regional	458,759	5.52	14,998	63
Government agency	148,981	6.24	.....	NA
Corporate	724,065	3.67	1,470,826	62
Non-government asset-backed & mortgage-backed	296,684	0.17	241,373	26
Non-government backed CMO's	.....	NA	1,227,426	46
Futures contracts - U.S. Treasuries *	.....	3.33	.....	NA
Futures contracts - Euro-Bund *	.....	0.24	.....	NA
Option contracts *	4,570	1.71	.....	NA
Swap contracts (debt related)*	(31,748)	3.86	.....	NA
Total debt investments	<u>\$ 23,326,090</u>		<u>\$ 37,749,932</u>	

\* The futures, option and swap contracts' weighting on duration was calculated using notional rather than fair values.

LGSF Pool – The LGSF Pool weighted average maturity (WAM) is not allowed to exceed 90 days. Maturities of money market securities are not allowed to exceed 397 days, and maturities of government securities are not allowed to exceed 762 days. The LGSF Pool also participates in several security lending programs. The maximum WAM for a security lending collateral portfolio is 60 days.

Presented below are interest rate risk schedules for all debt-related investments managed by the SBA (excluding the FRS Pension Trust Fund), as of June 30, 2007 (in thousands). Certain investment types may be presented using two or more interest rate risk methods, if the investment types are managed using different techniques. For example, if investments are purchased to match scheduled debt payments, to coincide with Lottery prize payouts, or are entirely client directed investments, the investments are presented using the segmented time distribution method. If investments are in a portfolio that contains weighted average maturity restrictions, the investments are presented using this method. If investments are subject to certain restrictions on duration, then that method is used. Individual investments are only included in one of the following three methods scheduled below.

**Debt Investments Managed by SBA (except FRS Pension Trust Fund)  
That Use Segmented Time Distribution Method  
As of June 30, 2007**

Investment type	Total fair value	Investment maturities (in years)						
		Less than or equal to 1	> 1 to 3	> 3 to 5	> 5 to 10	>10 to 15	> 15 to 20	> 20
Commercial paper	\$ 19,934	\$ 19,934	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
Liquidity notes	37,026	37,026	.....	.....	.....	.....	.....	.....
Repurchase agreements	561,657	561,657	.....	.....	.....	.....	.....	.....
U.S. guaranteed obligations:								
U.S. Treasury bonds, notes, & SLGS*	2,344,051	1,165,410	721,106	413,415	43,388	732	.....	.....
U.S. Treasury strips	1,287,954	240,677	382,341	274,069	298,513	40,300	32,528	19,526
Federal agencies:								
Unsecured bonds & notes	131,635	2,996	24,912	41,889	61,838	.....	.....	.....
Agency strips	93,609	17,967	31,028	25,280	19,334	.....	.....	.....
Inverse floating rate CMO's	470	.....	.....	.....	.....	.....	470	.....
Domestic bonds & notes:								
Municipal/provincial	263	.....	.....	.....	263	.....	.....	.....
<b>Total debt investments</b>	<b>\$ 4,476,599</b>	<b>\$ 2,045,667</b>	<b>\$ 1,159,387</b>	<b>\$ 754,653</b>	<b>\$ 423,336</b>	<b>\$ 41,032</b>	<b>\$ 32,998</b>	<b>\$ 19,526</b>

\* Special U.S. Treasury securities for State and Local Governments.



**Debt Investments Managed by SBA (except FRS Pension Trust Fund)  
That Use Weighted Average Maturity Method or Duration Method  
As of June 30, 2007**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ .....	NA	\$ 3,227,091	34
Commercial paper	.....	NA	10,211,134	24
Liquidity notes	.....	NA	13,475,795	24
Money market funds	385,433	0.50	383,488	28
Security lending collateral pools	.....	NA	3,833,401	23
Repurchase agreements	.....	NA	398,052	2
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	55,249	5.55	894,217	3
U.S. Treasury strips	2,953,496	11.10	.....	NA
Index linked government bonds	411,297	5.74	.....	NA
GNMA mortgage-backed	33,673	4.55	.....	NA
Federal agencies:				
Unsecured bonds & notes	37,719	4.11	286,094	454
Agency strips	337,016	11.48	.....	NA
Mortgage-backed	938,632	5.11	.....	NA
Domestic bonds & notes:				
Corporate	284,005	7.03	8,216,249	34
Non-government asset-backed & mortgage-backed	36,751	1.63	389,675	19
Non-government backed CMO's	345,985	5.31	43,546	18
Municipal/provincial	721	7.92	425,470	16
Master notes	.....	NA	81,000	2
Funding agreements	.....	NA	25,000	16
Domestic bonds & notes mutual fund	746,698	5.09	15,257	529
International bonds & notes:				
Government & regional	5,146	4.69	.....	NA
Government agency	3,971	3.93	.....	NA
Corporate	13,252	3.83	573,055	66
Non-government asset-backed & mortgage-backed	.....	NA	35,504	16
Non-government backed CMO's	.....	NA	148,279	57
Total debt investments	<u>\$ 6,589,044</u>		<u>\$ 42,662,307</u>	

**Component Units**

Component units manage their exposure to interest rate risk through various investment policies. These policies may be obtained separately from component units. Presented below is the applicable interest rate risk information for major component units (in thousands). Amounts shown below represent only that portion of debt investments required to be disclosed by component units reporting under the GASB reporting model.

**Major Component Units  
Debt Investments  
That Use Segmented Time Distribution Method  
As of June 30, 2007**

Component unit / Investment type	Total fair value	Investment maturities (in years)			
		Less than or equal to 1	> 1 to 5	> 6 to 10	> 10
University of Florida					
U.S. guaranteed obligations	\$ 23,414	\$ 1,171	\$ 15,129	\$ 2,932	\$ 4,182
Federal agencies	16,037	16,037	.....	.....	.....
Bonds and notes	71,947	6,432	52,635	3,074	9,806
Mutual funds	9,917	1,156	8,761	.....	.....
University of South Florida					
Federal agencies	14,231	14,231	.....	.....	.....
Mutual funds	9,275	9,275	.....	.....	.....
Total debt investments	<u>\$ 144,821</u>	<u>\$ 48,302</u>	<u>\$ 76,525</u>	<u>\$ 6,006</u>	<u>\$ 13,988</u>

**Major Component Units  
Debt Investments  
That Use Duration and Specific Identification Maturities  
As of June 30, 2007**

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Specific
				identification maturity (in years)
Florida Housing Finance Corporation				
U.S. guaranteed obligations	\$ 118,164	1.41	\$ .....	NA
Federal agencies	30,903	1.46	.....	NA
Bonds and notes	400,385	0.84	.....	NA
South Florida Water Management District				
Federal agencies	234,431	1.20	.....	NA
Bonds and notes	5,000	0.04	.....	NA
University of South Florida				
U.S. guaranteed obligations	.....	NA	7,107	5.29
Federal agencies	.....	NA	3,908	4.17
Bonds and notes	.....	NA	3,142	2.98
Mutual funds	.....	NA	594	0.02
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	385,753	0.08	.....	NA
Federal agencies	1,429,722	0.56	.....	NA
Bonds and notes	2,432,263	1.60	.....	NA
Total debt investments	<u>\$ 5,036,621</u>		<u>\$ 14,751</u>	

#### 4. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

##### *Pooled Investments with the State Treasury*

The State Treasury does not have any investments in foreign currency. State law and investment policy do not authorize investments in foreign currency related to State Treasury investment operations.

##### *Other Investments*

The FRS Pension Trust Fund and the Lawton Chiles Endowment Fund had exposure to foreign currency risk at June 30, 2007. These funds are managed primarily by the use of "asset classes." In addition to securities denominated in foreign currency, the SBA purchases many investments that are issued in other countries, but that are denominated in U.S. dollars. These securities are, in many cases, traded on U.S. exchanges and function similar to U.S. securities. They do contain foreign country risk exposure, even if they do not contain foreign currency exposure.

The FRS Pension Trust Fund's Foreign Equities asset class range limits, as adopted in the SBA's Total Fund Investment Plan, are 11-25% of total fund assets, with a target of 20%. Other asset classes may hold non-U.S. securities as well, depending on portfolio guidelines. The Lawton Chiles Endowment Fund's foreign equities asset class range limits, as adopted in the fund's investment plan, are 6-18% of total fund assets, with a target of 12%. A limited amount of exposure occurs in certain Fixed Income portfolios. In all cases, Florida law limits the total exposure to foreign securities to 25% of the total fund. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the managers use them in many cases.

Presented below in U.S. dollars are the FRS Pension Trust Fund and Lawton Chiles Endowment Fund investments exposed to foreign currency risk as of June 30, 2007, listed in total, by currency (in thousands). International securities that are denominated in U.S. dollars are also included.

**FRS Pension Trust Fund and Lawton Chiles Endowment Fund (LCEF)**  
**Investments Exposed to Foreign Currency Risk**  
**As of June 30, 2007**

Currency	FRS Pension Trust Fund			LCEF
	Swap Contract *	Equity	Total	Equity
Australian dollar	\$ .....	\$ 370,181	\$ 370,181	\$ 27,089
Brazilian real	.....	171,453	171,453	4,803
British pound sterling	.....	2,234,718	2,234,718	36,641
Canadian dollar	.....	331,137	331,137	14,293
Euro currency unit	401	4,083,441	4,083,842	108,426
Hong Kong dollar	.....	658,893	658,893	7,834
Japanese yen	.....	2,092,087	2,092,087	47,107
Mexican peso	.....	114,581	114,581	8,972
Norwegian krone	.....	147,304	147,304	890
Singapore dollar	.....	186,840	186,840	2,429
South African rand	.....	175,616	175,616	.....
South Korean won	.....	408,761	408,761	20,666
Swedish krona	.....	231,787	231,787	12,646
Swiss franc	.....	986,207	986,207	10,717
Taiwan new dollar	.....	282,438	282,438	7,651
Thailand baht	.....	110,967	110,967	2,266
Other	.....	414,091	414,091	15,082
International private equity limited partnerships (various currencies)	.....	28,448	28,448	.....
International equity mutual fund (various currencies)	.....	11,108,133	11,108,133	.....
Euro-Bund Future (notional value 48,800,000 Euro) **	.....	.....	.....	.....
Total investments subject to foreign currency risk	\$ 401	\$ 24,137,083	\$ 24,137,484	\$ 327,512

\* The FRS Pension Trust Fund receives 230 basis points annually (received quarterly) on a notional value of 85,000,000 in Euro currency units on a credit default swap contract. No payments are made unless the underlying creditor defaults. The FRS Pension Fund also receives the 6 month EURIBOR rate semi-annually and pays a fixed rate of 4.8905% annually on a notional value of 144,000,000 Euro currency units in an interest rate swap contract. The fair values (in U.S. dollars) at June 30, 2007 are negative \$5,305 on the credit default swap, and positive \$406,166 on the interest rate swap.

\*\* The FRS Pension Trust Fund held 488 contracts on a Euro-Bund Future with a notional value totaling 48,800,000 Euro currency units. These futures contracts have a market value of \$0 since margins are settled between counterparties daily.

##### *Component Units*

Component unit information regarding foreign currency risk was not readily available.

## 5. Security Lending

### *Pooled Investments with the State Treasury*

Section 17.61(1), F.S. authorizes the State Treasury to participate in a security lending program. Agents of the State Treasury loan securities, including U.S. government and federally guaranteed obligations, bonds and notes to broker/dealers for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Collateral for loaned securities cannot be less than 100 percent of the fair value of the underlying security plus accrued interest. Such collateral may consist of cash; government securities; unconditional, irrevocable standby letters of credit; or other assets specifically agreed to in writing. Cash collateral is invested by the agent in investments authorized by Section 17.57, F.S. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned because security loan agreements are generally open-ended with no fixed expiration date. Since the collateral under security lending agreements (including accrued interest) exceeded the fair value of the securities underlying those agreements (including accrued interest), the Treasury had no credit risk exposure at June 30, 2007. If a situation occurs where an agent does not receive collateral sufficient to offset the fair value of any securities lent, or the borrowers fail to return the securities or fail to pay the State Treasury for income distributions by the securities' issuers while the securities are on loan, the agent is required to indemnify the State Treasury for any losses that might occur. The State Treasury does not have the ability to pledge or sell the non-cash collateral securities, so the non-cash portion of the collateral is not reported on the balance sheet. Securities held with others under security lending agreements with cash collateral totaled \$4,590,886,438. Securities held with others under security lending agreements with non-cash collateral totaled \$744,695,857. Security lending asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government. The securities held with others under security lending agreements as of June 30, 2007, are as follows (fair value equals carrying value of investments on loan): U.S. obligations of \$3,269,202,649, federal agencies of \$1,818,876,687, and domestic bonds and notes of \$247,502,959.

### *Other Investments*

Through the SBA, various funds, including the FRS Pension Trust Fund, the LGSF Pool, the Florida Lottery Trust Fund, the Florida Hurricane Catastrophe Fund, and the Florida Prepaid College Trust Fund participate in security lending programs. Initial collateral requirements for securities on loan primarily must be 102 percent or greater. The SBA had received and invested \$25,758,711,753 in cash and \$677,171,592 in U.S. government securities as collateral for the lending programs as of June 30, 2007. At June 30, 2007, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest) except with two borrowers totaling \$6,535,088. The SBA does not have the ability to pledge or sell the non-cash collateral securities, so the non-cash portion is not reported on the balance sheet. All security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security loan agreements are generally open-ended with no fixed expiration date. As such, investments made with cash collateral are primarily in short-term investments. However, investments purchased for some security lending programs included investments with final maturities of six months or more representing a range of approximately 52% to 76% of total collateral invested. There are no restrictions on the amount of securities that can be loaned at one time to one borrower for most funds. For the Local Government Surplus Funds Trust Fund, the SBA has adopted industry practice for SEC 2a-7-like pools, which generally restricts lending activity to no more than one-third of the portfolio.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2007 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements  
As of June 30, 2007**

Investment type	Fair value		Total
	FRS Pension Trust Fund	Other funds Managed by SBA	
U.S. guaranteed obligations	\$ 2,517,645	\$ 4,397,115	\$ 6,914,760
Federal agencies	5,317,982	860,311	6,178,293
Domestic bonds & notes	1,135,895	13,438	1,149,333
International bonds & notes	70,486	.....	70,486
Domestic stocks	7,621,020	134,106	7,755,126
International stocks	2,818,416	52,523	2,870,939
Total investments on loan for all types - fair value *	\$ 19,481,444	\$ 5,457,493	\$ 24,938,937

\* The fair value equals the carrying value of investments on loan.

## **6. Derivatives**

Pursuant to the State Treasury's established investment policy guidelines, interest rate futures are used as part of the investment strategy related to interest rate risk, duration adjustments, and yield curve strategies. Interest rate futures are the only type of derivative authorized.

As of June 30, 2007, all of the State Treasury interest rate futures were reported at fair value.

The SBA has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are not to be used to speculate in the expectation of earning extremely high returns. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, and mortgaged-backed security prepayment risk, as well as for yield-curve strategy purposes, diversification, and the management of equity market exposure. Derivative investment instruments include futures, options, forward exchange contracts, interest rate swaps, and equity index swaps.

The FRS Pension Trust Fund also held units in the SSGA Daily Active Emerging Markets Fund, BGI International Alpha Tilts and BGI Index Plus Funds. These Funds use equity return swaps and equity futures to gain exposure to certain international equity markets. The FRS Pension Trust Fund does not directly hold positions in these derivatives; it only holds units of the commingled funds.

As of June 30, 2007, all of the SBA derivatives were reported at fair value.

## **7. Reverse Repurchase Agreements**

Section 17.57, F.S. authorizes the State Treasury to enter into reverse repurchase agreements. The maturities of the reverse repurchase agreements are monthly. The maturities of the reverse repurchase agreements are not matched to the underlying collateral securities; however, the collateral securities are comprised primarily of floating rate securities that reset monthly. Securities held with others under reverse repurchase agreements include U.S. and federally guaranteed obligations totaling \$3,143,354,065. Reverse repurchase agreement asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government.

Section 215.47, F.S. authorizes the SBA to enter into reverse repurchase agreements. The maturities of the reverse repurchase agreements are monthly. The maturities of the reverse repurchase agreements are not matched to the underlying collateral securities; however, the collateral securities are comprised primarily of Federal Agency issued fixed rate mortgages. As of June 30, 2007, securities held with others under reverse repurchase agreements in the FRS Pension Trust Fund include U.S. Federal Agency obligations totaling \$94,940,000.

**NOTE 3 - RECEIVABLES AND PAYABLES**

“Receivables, net” and “Other loans and notes receivables, net,” as presented on the Government-wide Statement of Net Assets and the applicable balance sheets and statements of net assets in the fund financial statements, consist of the following (in thousands):

**GOVERNMENTAL ACTIVITIES**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
Accounts receivable	\$ 184,116	\$ 31,032	\$ 229,900	\$ 3,972	\$ 221,287
Taxes receivable	1,139,216	28,059	.....	133,623	1,112
Interest & dividends receivable	25,037	5,168	402	7,504	20,193
Loans & notes receivable	10,919	55,705	.....	2,700	94,342
Due from Federal government	65	22,633	983,512	19,224	162,186
Other receivables	436	1,250	6,435	54,797	48,368
Allowance for uncollectibles	(35,001)	(25,229)	(33,426)	(667)	(40,317)
<b>Receivables, net</b>	<b>\$ 1,324,788</b>	<b>\$ 118,618</b>	<b>\$ 1,186,823</b>	<b>\$ 221,153</b>	<b>\$ 507,171</b>
Loans & notes receivable					
from other governments	\$ .....	\$ 730,201	\$ .....	\$ 607,296	\$ 671,281
Other loans & notes receivable	62	438	176,949	614	427,528
Advances to other governments	8,149	18,225	2,833	.....	3,462
Advances to component units	53,224	109,959	.....	.....	.....
Long-term interest receivable	.....	.....	.....	1,324	.....
Allowance for uncollectibles	(10)	.....	(164,402)	(6,810)	(145,423)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 61,425</b>	<b>\$ 858,823</b>	<b>\$ 15,380</b>	<b>\$ 602,424</b>	<b>\$ 956,848</b>

(Continued below)

	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 670,307	\$ 7,665	\$ 112,780	\$ 790,752
Taxes receivable	1,302,010	.....	.....	1,302,010
Interest & dividends receivable	58,304	339	.....	58,643
Loans & notes receivable	163,666	.....	.....	163,666
Due from Federal government	1,187,620	.....	.....	1,187,620
Other receivables	111,286	214	.....	111,500
Allowance for uncollectibles	(134,640)	.....	.....	(134,640)
<b>Receivables, net</b>	<b>\$ 3,358,553</b>	<b>\$ 8,218</b>	<b>\$ 112,780</b>	<b>\$ 3,479,551</b>
Loans & notes receivable				
from other governments	\$ 2,008,778	\$ .....	\$ .....	\$ 2,008,778
Other loans & notes receivable	605,591	.....	.....	605,591
Advances to other governments	32,669	.....	.....	32,669
Advances to component units	163,183	.....	.....	163,183
Long-term interest receivable	1,324	.....	.....	1,324
Allowance for uncollectibles	(316,645)	.....	.....	(316,645)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,494,900</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 2,494,900</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise Funds
Accounts receivable	\$ 2,489	\$ 39,434	\$ 100,979	\$ 143,527	\$ 67,675
Taxes receivable	.....	.....	.....	.....	289,203
Interest & dividends receivable	2,261	2,711	18,968	30,553	35,095
Loans & notes receivable	.....	.....	.....	305,703	.....
Due from Federal government	.....	.....	.....	.....	100
Other receivables	121	.....	.....	.....	2,610
Allowance for uncollectibles	.....	(2,790)	.....	.....	(144,486)
<b>Receivables, net</b>	<b>\$ 4,871</b>	<b>\$ 39,355</b>	<b>\$ 119,947</b>	<b>\$ 479,783</b>	<b>\$ 250,197</b>

(Continued below)

	<b>Total Enterprise Funds</b>	Government-wide Reconciling Balances	<b>Total Business-type Activities</b>
Accounts receivable	\$ 354,104	\$ 1,568	\$ 355,672
Taxes receivable	289,203	.....	289,203
Interest & dividends receivable	89,588	.....	89,588
Loans & notes receivable	305,703	.....	305,703
Due from Federal government	100	.....	100
Other receivables	2,731	.....	2,731
Allowance for uncollectibles	(147,276)	.....	(147,276)
<b>Receivables, net</b>	<b>\$ 894,153</b>	<b>\$ 1,568</b>	<b>\$ 895,721</b>

**COMPONENT UNITS**

Accounts receivable	\$ 2,737,577
Interest & dividends receivable	93,020
Loans & notes receivable	130,822
Due from Federal government	14,362
Other receivables	743,552
Allowance for uncollectibles	(310,484)
<b>Receivables, net</b>	<b>\$ 3,408,849</b>
Other loans & notes receivable	\$ 3,062,776
Allowance for uncollectibles	(163,429)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,899,347</b>

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“Accounts payable and accrued liabilities,” as presented on the Government-wide Statement of Net Assets and the applicable balance sheets and statements of net assets in the fund financial statements, consist of the following (in thousands):

**GOVERNMENTAL ACTIVITIES**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds
Accounts payable	\$ 641,542	\$ 32,516	\$ 976,130	\$ 158,027	\$ 202,332
Construction contracts	.....	.....	.....	230,206	1,061
Claims payable	4,000	.....	.....	.....	27
Accrued salaries & wages	102,635	.....	45,785	19,733	10,013
Deposits payable	355	1,241	.....	3,849	754
Due to Federal government	1,837	41	1,203	.....	1,639
Due to other governmental units	138,874	14,101	5,788	8,016	23,700
Other payables	8,566	.....	.....	42	5,158
<b>Accounts payable and accrued liabilities</b>	<b>\$ 897,809</b>	<b>\$ 47,899</b>	<b>\$ 1,028,906</b>	<b>\$ 419,873</b>	<b>\$ 244,684</b>

*(Continued below)*

	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 2,010,547	\$ 27,274	\$ 469,225	\$ 2,507,046
Construction contracts	231,267	.....	.....	231,267
Claims payable	4,027	.....	.....	4,027
Accrued salaries & wages	178,166	3,632	.....	181,798
Deposits payable	6,199	.....	.....	6,199
Due to Federal government	4,720	.....	.....	4,720
Due to other governmental units	190,479	16	.....	190,495
Other payables	13,766	6,260	.....	20,026
<b>Accounts payable and accrued liabilities</b>	<b>\$ 2,639,171</b>	<b>\$ 37,182</b>	<b>\$ 469,225</b>	<b>\$ 3,145,578</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise Funds
Accounts payable	\$ 1,509	\$ 14,731	\$ 821,797	\$ 238,725	\$ 40,470
Construction contracts	45,330	.....	.....	.....	.....
Accrued salaries & wages	.....	32	.....	.....	3,431
Deposits payable	5,679	3,098	.....	6,242	.....
Due to other governmental units	.....	.....	.....	.....	466
Other payables	.....	.....	40,428	.....	58
<b>Accounts payable and accrued liabilities</b>	<b>\$ 52,518</b>	<b>\$ 17,861</b>	<b>\$ 862,225</b>	<b>\$ 244,967</b>	<b>\$ 44,425</b>

*(Continued below)*

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 1,117,232	\$ .....	\$ 1,117,232
Construction contracts	45,330	.....	45,330
Accrued salaries & wages	3,463	.....	3,463
Deposits payable	15,019	.....	15,019
Due to other governmental units	466	.....	466
Other payables	40,486	.....	40,486
<b>Accounts payable and accrued liabilities</b>	<b>\$ 1,221,996</b>	<b>\$ .....</b>	<b>\$ 1,221,996</b>



**COMPONENT UNITS**

Accounts payable	\$	882,270
Construction contracts		98,784
Claims payable		1,312,968
Accrued salaries & wages		155,612
Deposits payable		55,735
Due to Federal government		15,767
Due to other governmental units		90
Other payables		106,547
<b>Accounts payable and accrued liabilities</b>	<b>\$</b>	<b><u>2,627,773</u></b>

**NOTE 4 – TAXES**

Florida levies neither a personal income tax nor an ad valorem tax on real or tangible personal property. Taxes are, however, the principal sources of financing state operations. A schedule of tax revenues by major tax type for each applicable major governmental fund, and for nonmajor governmental funds in the aggregate, is presented below (in thousands):

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 20,684,191	\$ .....	\$ .....	\$ .....	\$ .....	\$ 20,684,191
Fuel taxes:						
Motor fuel tax	.....	.....	.....	2,201,270	.....	2,201,270
Pollutant tax	.....	259,654	.....	.....	.....	259,654
Aviation fuel tax	.....	.....	.....	69,286	.....	69,286
Solid minerals severance tax	.....	36,595	.....	.....	.....	36,595
Oil and gas production tax	8,498	.....	.....	.....	.....	8,498
Total fuel taxes	8,498	296,249	.....	2,270,556	.....	2,575,303
Corporate income tax	2,450,357	.....	.....	.....	.....	2,450,357
Documentary stamp tax	3,022,536	.....	.....	.....	.....	3,022,536
Intangible personal property tax	757,163	.....	.....	.....	.....	757,163
Communications service tax	1,038,124	.....	.....	.....	446,830	1,484,954
Estate tax	43,338	.....	.....	.....	.....	43,338
Gross receipts utilities tax	.....	9,239	.....	.....	606,041	615,280
Beverage and tobacco taxes:						
Alcoholic beverage tax	630,882	.....	.....	.....	26,132	657,014
Cigarette tax	422,100	.....	.....	.....	.....	422,100
Smokeless tobacco tax	33,466	.....	.....	.....	.....	33,466
Total beverage and tobacco taxes	1,086,448	.....	.....	.....	26,132	1,112,580
Other taxes:						
Insurance premium tax	931,617	.....	.....	.....	63,723	995,340
Hospital public assistance tax	.....	.....	351,602	.....	.....	351,602
Citrus excise tax	.....	.....	.....	.....	41,774	41,774
Pari-mutuel wagering tax	2,659	.....	.....	.....	75,567	78,226
Other	3,596	.....	.....	.....	.....	3,596
Total other taxes	937,872	.....	351,602	.....	181,064	1,470,538
<b>Total</b>	<b>\$ 30,028,527</b>	<b>\$ 305,488</b>	<b>\$ 351,602</b>	<b>\$ 2,270,556</b>	<b>\$ 1,260,067</b>	<b>\$ 34,216,240</b>

**NOTE 5 - CAPITAL ASSETS**

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

For financial statement purposes, the state reports capital assets under the following categories and has established a reporting capitalization threshold for each category. Applicable capital assets are depreciated over the appropriate estimated useful lives using the straight-line method.

<b>Capital Asset Category</b>	<b>Financial Statement Capitalizing Threshold</b>	<b>Estimated Useful Life (in Years)</b>
<b>Land and other nondepreciable assets</b>	Capitalize all	Not depreciable
<b>Nondepreciable infrastructure</b>	Capitalize all	Not depreciable
<b>Construction work in progress</b>	\$100,000 when work is completed	Not depreciable
<b>Buildings, equipment, and other depreciable assets</b>		
Buildings and building improvements	\$100,000	5 - 50
Infrastructure and infrastructure improvements (depreciable)	\$100,000	3 - 50
Leasehold improvements	\$100,000	2 - 15
Property under capital lease	Threshold correlates to asset category	2 - 20
Furniture and equipment	\$1,000 and \$250 for non-circulated books	2 - 25
Works of art and historical treasures	Items capitalized as of June 30, 1999, remain capitalized; capitalize unless considered a collection	5 - 50
Library resources	\$25	5 - 50
Other capital assets	\$1,000	3 - 20

The state has elected to use the modified approach for accounting for its bridges and roadways included in the State Highway System. Under this approach, the Department of Transportation has made the commitment to preserve and maintain these assets at levels established by the Department of Transportation and approved by the Florida Legislature. No depreciation expense is reported for such assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. The Department of Transportation maintains an inventory of these assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. In addition, the Department of Transportation makes annual estimates of the amounts that must be expended to preserve and maintain these assets at the predetermined condition levels. Refer to the Required Supplementary Information for additional information on infrastructure using the modified approach.

Not included in the reported capital assets are the irreplaceable collections at various historic sites and museums throughout the state. For example, the Museum of Florida History, located in Tallahassee, currently has artifacts illustrating the history of Florida since the arrival of human beings on the peninsula. It also has access to collections that include Florida upland and underwater archaeology, Florida archives, and Florida and Spanish colonial numismatics.

Depreciation expense charged to functions of governmental activities for the year ended June 30, 2007, is as follows (in thousands):

General government	\$ 83,395
Education	7,018
Human services	36,332
Criminal justice and corrections	102,003
Natural resources & environment	53,500
Transportation	44,331
State courts	3,989
<b>Total depreciation expense (governmental activities)</b>	<b>\$ 330,568</b>

Primary government capital asset activities for the fiscal year ended June 30, 2007, are as follows (in thousands):

**GOVERNMENTAL ACTIVITIES**

	Balance 7/1/2006	Increases	Decreases	Balance 6/30/2007
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 14,070,401	\$ 1,112,346	\$ 117,709	\$ 15,065,038
Infrastructure and infrastructure improvements - nondepreciable	26,606,632	1,485,823	.....	28,092,455
Construction work in progress	6,587,564	1,819,108	1,589,560	6,817,112
<b>Total capital assets, not being depreciated</b>	<b>47,264,597</b>	<b>4,417,277</b>	<b>1,707,269</b>	<b>49,974,605</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	3,542,976	196,831	19,813	3,719,994
Infrastructure and infrastructure improvements	476,908	34,529	874	510,563
Leasehold improvements	268	.....	.....	268
Property under capital lease	214,499	.....	14	214,485
Furniture and equipment	1,755,289	206,261	176,557	1,784,993
Works of art and historical treasures	1,431	36	9	1,458
Library resources	29,939	2,557	789	31,707
Other	126,793	26,588	5,545	147,836
<b>Total capital assets, being depreciated</b>	<b>6,148,103</b>	<b>466,802</b>	<b>203,601</b>	<b>6,411,304</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	1,526,598	113,679	10,612	1,629,665
Infrastructure and infrastructure improvements	193,013	19,294	595	211,712
Leasehold improvements	71	18	.....	89
Property under capital lease	46,711	9,426	10	56,127
Furniture and equipment	1,167,221	176,471	164,178	1,179,514
Works of art and historical treasures	501	36	6	531
Library resources	9,783	983	7	10,759
Other	33,417	10,661	189	43,889
<b>Total accumulated depreciation</b>	<b>2,977,315</b>	<b>330,568</b>	<b>175,597</b>	<b>3,132,286</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,170,788</b>	<b>136,234</b>	<b>28,004</b>	<b>3,279,018</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 50,435,385</b>	<b>\$ 4,553,511</b>	<b>\$ 1,735,273</b>	<b>\$ 53,253,623</b>

**BUSINESS-TYPE ACTIVITIES**

	Balance 7/1/2006	Increases	Decreases	Balance 6/30/2007
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 829,636	\$ 12,835	\$ .....	\$ 842,471
Infrastructure and infrastructure improvements - nondepreciable	4,313,983	325,356	1,943	4,637,396
Construction work in progress	564,655	474,074	318,713	720,016
<b>Total capital assets, not being depreciated</b>	<b>5,708,274</b>	<b>812,265</b>	<b>320,656</b>	<b>6,199,883</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	214,197	17,580	1,012	230,765
Infrastructure and infrastructure improvements	51	.....	.....	51
Furniture and equipment	117,982	16,426	3,789	130,619
Library resources	2	.....	.....	2
Other	8,244	300	.....	8,544
<b>Total capital assets, being depreciated</b>	<b>340,476</b>	<b>34,306</b>	<b>4,801</b>	<b>369,981</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	85,243	7,062	387	91,918
Infrastructure and infrastructure improvements	36	1	.....	37
Furniture and equipment	88,821	11,830	3,691	96,960
Other	3,294	1,640	.....	4,934
<b>Total accumulated depreciation</b>	<b>177,394</b>	<b>20,533</b>	<b>4,078</b>	<b>193,849</b>
<b>Total capital assets, being depreciated, net</b>	<b>163,082</b>	<b>13,773</b>	<b>723</b>	<b>176,132</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 5,871,356</b>	<b>\$ 826,038</b>	<b>\$ 321,379</b>	<b>\$ 6,376,015</b>

Component units' capital asset activities for the fiscal year ended June 30, 2007, are as follows (in thousands):

<b>COMPONENT UNITS</b>				
	Balance 7/1/2006	Increases	Decreases	Balance 6/30/2007
<b>Capital assets, not being depreciated:</b>				
Land and other non-depreciable assets	\$ 4,371,774	\$ 534,330	\$ 36,036	\$ 4,870,068
Construction work in progress	1,187,323	1,196,543	1,129,348	\$ 1,254,518
<b>Total capital assets, not being depreciated</b>	<b>5,559,097</b>	<b>1,730,873</b>	<b>1,165,384</b>	<b>6,124,586</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	9,676,377	1,052,396	107,292	10,621,481
Infrastructure and infrastructure improvements	1,330,851	252,407	581	1,582,677
Leasehold improvements	174,269	26,602	1,158	199,713
Property under capital lease	151,109	6,766	42,097	115,778
Furniture and equipment	2,792,326	338,459	151,786	2,978,999
Works of art and historical treasures	1,568	191	25	1,734
Library resources	694,102	46,430	2,285	738,247
Other	165,445	19,119	4,657	179,907
<b>Total capital assets, being depreciated</b>	<b>14,986,047</b>	<b>1,742,370</b>	<b>309,881</b>	<b>16,418,536</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	3,042,087	292,278	10,397	3,323,968
Infrastructure and infrastructure improvements	456,025	43,208	2,758	496,475
Leasehold improvements	44,919	7,611	708	51,822
Property under capital lease	45,318	7,129	13,222	39,225
Furniture and equipment	1,900,518	243,441	124,117	2,019,842
Works of art and historical treasures	385	114	2	497
Library resources	471,623	39,639	4,837	506,425
Other	92,639	21,934	1,663	112,910
<b>Total accumulated depreciation</b>	<b>6,053,514</b>	<b>655,354</b>	<b>157,704</b>	<b>6,551,164</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,932,533</b>	<b>1,087,016</b>	<b>152,177</b>	<b>9,867,372</b>
<b>Component units capital assets, net</b>	<b>\$ 14,491,630</b>	<b>\$ 2,817,889</b>	<b>\$ 1,317,561</b>	<b>\$ 15,991,958</b>

## NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

### A. Pensions

#### 1. The Florida Retirement System

The Florida Retirement System (FRS) was created December 1, 1970, with consolidation of the Teachers' Retirement System (Chapter 238, Florida Statutes [F.S.]), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Section 121.046, F.S.) was also consolidated with the FRS. The FRS was created by (and can be amended by) Chapter 121, F.S., to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program and further amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the Public Employee Optional Retirement Program (PEORP).

Chapter 121, F.S., also provides for nonintegrated, optional retirement programs in lieu of the FRS to members of the Senior Management Service Class (SMSC) employed by the state or state elected officials who chose SMSC membership in lieu of membership in the Elected Officers' Class, as well as faculty and specified employees in the state university system and state community colleges. Provisions relating to the FRS are also contained in Chapter 112, F.S.

Except for employees who elect to withdraw from the FRS altogether, or eligible employees who participate in the non-integrated optional retirement programs in lieu of the FRS, FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made.

There are five general classes of membership, as follows:

- *Regular Class* - This class consists of members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - This class consists of members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the Senior Management Service Class in lieu of the Elected Officers' Class.
- *Special Risk Class* - This class consists of members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers, certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - This class consists of Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* - This class consists of elected state and county officers in addition to the elected officers of cities and special districts that choose to place their elected officials in this class.

The FRS defined benefit plan (the FRS Pension Plan) provides vesting of benefits after six years of service for all membership classes. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* - Six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age.
- *Special Risk Class and Special Risk Administrative Support Class Members* - Six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five

years of special risk service regardless of age. A total of twenty-five years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

*Note: Any member not employed in a regularly established position on July 1, 2001, shall be deemed vested upon completion of creditable service, provided that such member is employed in a covered position for at least one work year after July 1, 2001.*

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a 3 percent cost-of-living adjustment.

The Deferred Retirement Option Program (DROP) was established, effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. It permits eligible defined benefit plan members who have reached normal retirement to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months after becoming eligible to participate. Additionally, authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits remain in the FRS Trust Fund and accrue interest. As of June 30, 2007, the FRS Trust Fund projected \$2,373,474,335 in accumulated benefits and interest for 31,562 current and prior participants in the DROP.

The FRS Pension Plan is primarily a cost-sharing multiple-employer public-employee defined benefit pension plan administered by the Department of Management Services, Division of Retirement. The State Board of Administration invests the assets of the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded through earnings on investments of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of expected future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. No investment in any one organization represents 5 percent or more of the net assets available for pension benefits.

Service retirement benefits under the Public Employee Optional Retirement Program (FRS Investment Plan) are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for all Investment Plan contributions regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The investment of this account is directed by the member from investment options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.05 percent of payroll and by forfeited benefits of plan members. After termination, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement in order to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or choose to remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Section 121.031(3), F.S., requires an annual actuarial study of the FRS, which is provided to the Legislature as guidance for funding decisions. Employer contribution rates are established in Section 121.71, F.S. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Except in those instances where employees have elected to remain in pre-existing plans, employees make no required contributions. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. The balance of legally required reserves for all defined benefit pension plans at June 30, 2007, was \$134,381,748,495<sup>(1)</sup> and was reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

<sup>(1)</sup> This amount excludes the net assets of the Retiree Health Insurance Subsidy Program and includes \$17,191,977 of net assets of the Institute of Food and Agricultural Sciences Supplemental Retirement Program which was merged with the FRS Pension Plan effective July 1, 2007.

**FRS Retirement Contribution Rates:**

Membership Class	Normal Cost Rates Recommended	
	by Actuarial Valuation as of 7/1/2005 for Fiscal Year 2006-2007	7/1/2006 Statutory Rates* (Ch. 121, F.S.)
Regular	9.55%	8.69%
Senior Management Service	13.29%	11.96%
Special Risk	21.96%	19.76%
Special Risk Administrative Support	12.65%	11.39%
Elected Officers - Judges	20.44%	18.40%
Elected Officers - Legislators/Attorneys/Cabinet	14.80%	13.32%
Elected Officers, Local	17.08%	15.37%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	10.89%	9.80%

\* Rates indicated are uniform rates for all FRS members created by blending the FRS Investment Plan and FRS Pension Plan rates and do not include a 0.05% contribution for the FRS Investment Plan administration and educational program fee. The FRS Pension Plan rates for 2006-07 are offset (reduced) using surplus actuarial assets.

**FRS Participating Employers:**

Employer Types	6/30/2007
State Agencies	55
County Agencies	397
District School Boards	67
Community Colleges	28
Cities	164 *
Special Districts	209 *
Hospitals	4 *
Other	11
<b>Total Participating Employers</b>	<b>935</b>

\* These totals include the 35 cities, 3 independent hospitals, and 14 independent special districts that are closed to new FRS members as of January 1, 1996.

**FRS Membership:**

Member Types	Regular Class	SMSC	Special Risk	Special Risk Admin Supp	EOC	Total
Active:						
Non-vested	196,252	1,698	25,842	1	428	224,221
Vested	399,786	6,010	48,382	73	1,830	456,081
DROP Participants	28,266	472	2,609	10	205	31,562
Current Retirees and Beneficiaries	239,224	1,505	21,132	154	1,868	263,883
Vested Terminated	76,040	801	5,109	18	356	82,324
<b>Total Members</b>	<b>939,568</b>	<b>10,486</b>	<b>103,074</b>	<b>256</b>	<b>4,687</b>	<b>1,058,071</b>



Additional information about the FRS Pension Plan can be obtained from the Research and Education Section, Division of Retirement by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; by email at REP@dms.myflorida.com; or at the Division's website (<http://frs.myflorida.com>). The above counts do not reflect the FRS Investment Plan members who received a distribution from their accounts during fiscal year 2006-07.

**FRS Participation by the State of Florida**

The State of Florida contributed to the FRS as a participating employer. State participation for the following disclosure includes the employees of state agencies and the State University System who elected to participate in the FRS. The state contributes to both the defined benefit and defined contribution plans within the FRS. For the fiscal year ended June 30, 2007, the state's total covered payroll for its 141,372 active members and 7,889 DROP participants amounted to \$5,720,415,750 with contributions totaling \$671,246,176, or 11.73 percent of payroll. Contributions for the prior fiscal year were \$536,836,078, or 9.67 percent of payroll. These amounts were equal to the required contributions for each year. Covered payroll refers to all compensation paid by the state to active employees covered by the FRS on which contributions are based. The state's contributions represented 21.72 percent of the total contributions required of all participating employers.

Employee eligibility, benefits, and contributions by class are as previously described. Employees not filling regular established positions and working under the other personal services (OPS) status are not covered by the FRS.

**2. Retiree Health Insurance Subsidy Program**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2007, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, F.S. To be eligible to receive the HIS, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended June 30, 2007, the contribution rate was 1.11 percent of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. In the event contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

Implementation of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* resulted in the reconsideration of the HIS classification. Subsequently, the HIS was reclassified from an other postemployment benefit plan to a pension plan. This change resulted in the application of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which was implemented for the fiscal year ended June 30, 2007, the transition year. At transition, the pension liability was determined in accordance with GASB Statement No. 27. Contractually required contributions of \$5,076,000 were owed to the plan by the state at June 30, 2007. There is no difference in the liability at transition. See the Other Required Supplementary Information section of this report for actuarial and other information. The HIS plan disclosures are also included in the FRS Annual Report prepared by the Division of Retirement. For a copy of that report, please contact the Division of Retirement by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; or by email at REP@dms.myflorida.com. The table below provides additional information for the HIS as of June 30:

	2005	2006	2007
Recipients	209,722	220,757	232,406
Contributions	\$266,229,756	\$301,747,699	\$326,052,459
Benefits paid	\$261,326,835	\$275,602,670	\$290,655,776
Trust Fund net assets	\$159,423,440	\$192,466,911	\$238,353,353

**3. Other Defined Contribution Programs (Optional Retirement Programs)**

**State University System Optional Retirement Program (SUSORP)**

Section 121.35, F.S., created the SUSORP for eligible State University System faculty, administrators, and administrative and professional staff. This program was designed to aid universities in recruiting employees who may not remain in the FRS long enough to vest. The SUSORP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible positions are compulsory participants in the SUSORP unless they elect membership in the FRS.

The employing universities were statutorily required to contribute 10.43 percent of the participants' gross monthly compensation from July 2006 through June 2007. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize any unfunded actuarial liability (UAL). There was no UAL for fiscal year 2006-07. In accordance with Chapter 60U-2, Florida Administrative Code, 0.01 percent of the employer contribution rate was used for the administration of the SUSORP program and the remainder was distributed to the provider companies designated by the participant. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. Additional information pertaining to the SUSORP is as follows:

Members	16,937		
Payroll	\$ 1,254,118,630		
Contributions:			
Employee	\$ 65,785,976	5.25%	of payroll
Employer	\$ 133,979,540	10.68%	of payroll

**Senior Management Service Optional Annuity Program (SMSOAP)**

Section 121.055, F.S., created the SMSOAP as an optional retirement program for state members of the Senior Management Service Class. The SMSOAP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers were required to contribute 12.49 percent of covered payroll from July 2006 through June 2007. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize the unfunded actuarial liability (UAL). There was no UAL for fiscal year 2006-07. The employers' contributions were paid to the provider companies designated by the participant. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. Additional information pertaining to the SMSOAP is as follows:

Members	48		
Payroll	\$ 5,778,536		
Contributions:			
Employee	\$ 29,875	0.52%	of payroll
Employer	\$ 789,636	13.66%	of payroll

**B. Other Postemployment Benefits**

**Retiree Implicit Healthcare Premium Subsidy**

Section 110.123, F.S., authorizes the offering of health insurance benefits to retired state and university employees. Section 112.0801, F.S., requires all public employers that offer benefits through a group insurance plan to allow their retirees to continue participation in the plan. The law also requires public employers to commingle the claims experience of the retiree group with the claims experience of active employees for purposes of single-premium determination. The premium offered to retired employees can be no more than the premium cost applicable to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the plan is secondary payer to Medicare. Although retirees pay 100% of the premium amount, the premium cost to the retiree is implicitly subsidized due to the increase of health care costs with age and the commingling of the claims experience in a single risk pool with a single premium determination.

Although the state group health insurance program operates as a cost-sharing multiple-employer defined benefit plan, the implicit premium subsidy related to retiree health care follows the accounting and financial reporting requirements applicable

to an agent multiple-employer plan because no formal trust exists. There are eighteen participating employers including the primary government of the state, the eleven state universities, and other governmental entities. There are 172,021 total plan members including 33,680 retirees and 138,341 members who are either active employees or covered through COBRA provisions. Employees must make an election to participate in the plan within 31 days of the effective date of their retirement to be eligible to continue in the plan as a retiree. Four types of health plans are offered to eligible participants: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, and a Health Investor HMO Plan. HMO coverage is available only to those retirees who live in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks.

The asset and liability balances relating to retiree participation in the state group health insurance program are reported in an Agency Fund on the accrual basis of accounting. Premium payments from retirees are recognized as revenue in the period in which the payments are due. Costs for providing benefits, which include premiums and direct healthcare services, are recognized as expense when incurred.

The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., as responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the state group health insurance plans. The Self-Insurance Estimating Conference develops official information for determining the budget levels needed for the state's planning and budgeting process. The Governor's recommended budget and the General Appropriations Act provide for a premium level necessary for fully funding the program each year. Monthly premiums for active employees and retirees under the age of 65 for the standard plan are \$428 and \$968 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums for the standard plan are \$227 for a single contract, \$454 for two Medicare eligible members, and \$655 when only one member is Medicare eligible.

## NOTE 7 - COMMITMENTS AND OPERATING LEASES

### A. Construction Commitments

Road and bridge construction projects, supervised by the Department of Transportation, are included in the Department of Transportation work program, which is updated during each budget cycle. As of June 30, 2007, the Department had available approximately \$7.8 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2007, totaled \$472.7 million. Additional disclosures on construction in progress are included in the capital assets note (Note 5). Construction commitments for component units totaled \$1.9 billion.

### B. Florida Ports Financing Commission Revenue Bonds

The state has enacted legislation obligating it to remit annually \$25 million to a designated trustee for the purpose of repaying the debt on certain Florida Ports Financing Commission revenue bonds. The Florida Ports Financing Commission is not part of the state's reporting entity. These revenue bonds do not create or constitute a legal obligation or debt of the state. Funding for the annual remittance comes from the State of Florida, Department of Transportation's portion of motor vehicle registration fees, which was \$538,039,321 for the fiscal year ended June 30, 2007. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2007, amounted to \$309,195,000 including Series 1996 bonds payable of \$178,605,000 and Series 1999 bonds payable of \$130,590,000.

### C. Operating Leases

Operating leases are not recorded on the balance sheets or statements of net assets; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the state's governmental activities, business-type activities, and component units were \$137.2 million, \$20 million, and \$52.6 million, respectively, for the year ended June 30, 2007. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2007 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2008	\$ 140,100	\$ 21,546	\$ 52,101
2009	128,289	17,969	32,238
2010	115,982	15,589	24,651
2011	103,172	13,409	22,184
2012	94,942	11,010	15,699
2013-2017	195,153	22,414	38,079
2018-2022	62,793	13,451	23,197
2023-2027	638	11,011	11,986
2028-2032	539	11,011	7,476
2033-2037	551	11,011	2,585
2038-2042	.....	.....	2,438
2043-2047	.....	.....	2,633
2048-2052	.....	.....	1,794
2053-2057	.....	.....	1,069
2058-2062	.....	.....	39,735
2063-2067	.....	.....	776
<b>Total</b>	<b>\$ 842,159</b>	<b>\$ 148,421</b>	<b>\$ 278,641</b>

**NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION****A. Bonds Payable****1. Outstanding Bonds**

Bonds payable at June 30, 2007, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 1,913,395	\$ 1,753,680	3.375%-6.375%	2034
SBE Capital Outlay Bonds	1,208,355	767,005	3.000%-5.375%	2026
Lottery Education Bonds	2,846,955	2,042,290	3.000%-5.750%	2025
Public Education Bonds	12,260,687	9,483,700	2.125%-9.125%	2037
Conservation and Recreation Lands Bonds	32,670	12,975	5.250%-5.375%	2012
Save Our Coast Bonds	149,960	53,965	3.250%-5.250%	2012
Preservation 2000 Bonds	1,787,855	960,090	4.000%-6.000%	2013
Florida Forever Bonds	1,730,570	1,489,510	3.000%-5.375%	2026
Water Pollution Control Bonds	139,775	108,725	2.000%-5.550%	2023
State Infrastructure Bank Bonds	62,340	57,145	4.000%-5.000%	2026
Florida Facilities Pool Bonds	500,785	407,690	2.625%-6.750%	2030
Everglades Restoration Bonds	100,000	94,760	3.680%-3.730%	2025
	<u>22,733,347</u>	<u>17,231,535</u>		
Unamortized premiums (discounts) on bonds payable		430,734		
Less amount deferred on refunding		(177,125)		
Total Bonds Payable	<u>\$ 22,733,347</u>	<u>\$ 17,485,144</u>		
Business-type Activities:				
Toll Facilities Bonds	\$ 2,585,015	\$ 2,211,275	2.375%-6.500%	2036
Florida Hurricane Catastrophe Fund Bonds	4,150,025	4,150,025	4.000%-5.330%	2012
	<u>6,735,040</u>	<u>6,361,300</u>		
Unamortized premiums (discounts) on bonds payable		78,475		
Less amount deferred on refunding		(46,107)		
Total Bonds Payable	<u>\$ 6,735,040</u>	<u>\$ 6,393,668</u>		

## 2. Types of Bonds

**Road and Bridge (serial and term) Bonds** are secured by a pledge of a portion of the state-assessed motor fuel tax revenues, discretionary sales tax levied by the City of Jacksonville, and by a pledge of the full faith and credit of the state.

**State Board of Education (SBE) Capital Outlay Bonds** are issued to finance capital outlay projects of school districts and community colleges. The bonds mature serially and are secured by a pledge of a portion of the state-assessed motor vehicle license tax and by a pledge of the full faith and credit of the state.

**Lottery Education Bonds** are issued to finance all or a portion of the costs of various local school district educational facilities. The bonds mature serially and are secured by a pledge of a portion of the lottery revenues transferred to the Educational Enhancement Trust Fund.

**Public Education Bonds** are issued to finance capital outlay projects of local school districts, community colleges, vocational technical schools, and state universities. The bonds, serial and term, are secured by a pledge of the state's gross receipts tax revenues and by a pledge of the full faith and credit of the state.

**Conservation and Recreation Lands Bonds** are issued to acquire lands, water areas, and related resources. The bonds mature serially and are primarily secured by a pledge of the documentary stamp tax.

**Save Our Coast Bonds** are used to finance the purchase of environmentally significant coastal property. The bonds mature serially and are secured by a pledge of State Land Acquisition Trust Fund collections (primarily documentary stamp taxes).

**Preservation 2000 Bonds** are issued to pay the cost of acquiring lands and related resources in furtherance of outdoor recreation and natural resources conservation. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

**Florida Forever Bonds** are issued to finance the cost of acquisition and improvements of lands, water areas, and related property interests and resources in the State of Florida for the purposes of restoration, conservation, recreation, water resource development, or historical preservation. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

**Water Pollution Control Bonds** are issued by the Water Pollution Control Financing Corporation (a blended component unit) to fund loans to local governments to finance or refinance the cost of wastewater treatment and storm water management projects. The bonds mature serially and are secured by a pledge of the loan payments from local governments.

**State Infrastructure Bank Bonds** are issued primarily to finance loans made for the purpose of financing qualified transportation projects. The bonds mature serially and are secured by a pledge of repayments on pledged loans and moneys and investments held in reserve accounts.

**Florida Facilities Pool Bonds** are issued to provide funds for the acquisition and construction of facilities to be leased to state agencies. The bonds, serial and term, are secured by a pledge of the revenues derived from the leasing and operations of these facilities.

**Everglades Restoration Bonds** are revenue bonds issued to finance or refinance the costs of acquisition and improvement of lands, water areas, and related property interests and resources for the purpose of implementing the Comprehensive Everglades Restoration Plan. The bonds mature serially and are secured by a pledge of a portion of the documentary stamp tax.

**Toll Facilities Bonds** are issued to provide construction funds for roads and bridges. Toll bonds, serial and term, are secured by a pledge of toll facility revenues.

**Florida Hurricane Catastrophe Fund Bonds** are issued by the Florida Hurricane Catastrophe Fund Finance Corporation to make payments to participating insurers for losses resulting from 2005 covered events (hurricanes). The bonds mature serially and are secured by emergency assessments and reimbursement premiums. Pre-event notes are also issued to provide a source of funds to reimburse participating insurers for losses relating to future covered events and are secured by reimbursement premiums.

### 3. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2007, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 824,395	\$ 848,962	\$ 1,673,357	\$ 75,060	\$ 325,398	\$ 400,458
2009	860,840	807,651	1,668,491	323,230	309,316	632,546
2010	895,555	765,210	1,660,765	336,775	292,911	629,686
2011	921,860	719,319	1,641,179	353,300	275,870	629,170
2012	972,890	672,291	1,645,181	3,170,585	124,554	3,295,139
2013-2017	4,187,640	2,662,797	6,850,437	800,310	380,829	1,181,139
2018-2022	3,999,160	1,664,268	5,663,428	551,840	247,957	799,797
2023-2027	2,708,110	778,474	3,486,584	430,915	129,875	560,790
2028-2032	1,362,325	304,961	1,667,286	213,920	52,689	266,609
2033-2037	498,760	49,607	548,367	105,365	9,777	115,142
Bonds payable and interest	17,231,535	9,273,540	26,505,075	6,361,300	2,149,176	8,510,476
Unamortized premiums (discounts)	430,734	.....	430,734	78,475	.....	78,475
Less amount deferred or refunded	(177,125)	.....	(177,125)	(46,107)	.....	(46,107)
Total bonds payable and interest	\$ 17,485,144	\$ 9,273,540	\$ 26,758,684	\$ 6,393,668	\$ 2,149,176	\$ 8,542,844

Year Ending June 30	Component Units		
	Principal	Interest	Total
2008	\$ 576,336	\$ 588,480	\$ 1,164,816
2009	161,177	1,132,784	1,293,961
2010	160,430	1,110,384	1,270,814
2011	140,395	1,097,197	1,237,592
2012	183,055	1,084,115	1,267,170
2013-2017	678,563	2,555,188	3,233,751
2018-2022	5,482,005	4,335,858	9,817,863
2023-2027	762,107	3,184,179	3,946,286
2028-2032	819,294	1,467,041	2,286,335
2033-2037	901,223	1,064,224	1,965,447
2038-2042	930,765	588,606	1,519,371
2043-2047	305,682	222,225	527,907
Bonds payable and interest	11,101,032	18,430,281	29,531,313
Unamortized premiums (discounts)	(50,137)	.....	(50,137)
Less amount deferred or refunded	(7,462)	.....	(7,462)
Total bonds payable and interest	\$ 11,043,433	\$ 18,430,281	\$ 29,473,714

### 4. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2007, the state took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

The proceeds of the current refundings are used to immediately call the refunded bonds. The proceeds of the advance refundings are deposited into irrevocable trusts and invested in direct obligations of the Federal government and/or obligations guaranteed by the Federal government. The funds deposited along with the interest to be earned will be sufficient to meet the future principal and interest payments on the refunded bonds as they become due.

Bonds legally defeased through the consummation of refunding transactions are not included in Florida's outstanding debt. Irrevocable escrow accounts held by the State Board of Administration to service the refunded bonds are reported as agency funds. The following refundings occurred during the fiscal year.

#### Advance Refundings

##### Governmental Activities

State of Florida, State Board of Education, Lottery Revenue Refunding Bonds, Series 2006B in the amount of \$148,290,000 along with additional funds of \$3,457,448 were used to advance refund \$57,965,000 of the State of Florida, State Board of Education, Lottery Revenue Bonds, Series 1999A maturing in the years 2011 through 2019 and \$92,995,000 of the State of Florida, State Board of Education, Lottery Revenue Bonds, Series 2000C maturing in the years 2011 through 2020. The

refunding resulted in debt savings of \$10,910,696, an economic gain of \$8,431,971, and a deferred loss on refunding of \$10,059,070.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2007 Series A in the amount of \$195,055,000 along with additional funds of \$3,334,470 were used to advance refund \$199,415,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1998 Series A maturing in the years 2009 through 2028. The refunding resulted in debt savings of \$17,700,393, an economic gain of \$11,647,662, and a deferred loss on refunding of \$4,103,229.

#### **Business-type Activities**

State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2006A in the amount of \$443,290,000 were used in part to advance refund \$168,330,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 1998B maturing in the years 2011 through 2027. The refunding resulted in debt savings of \$15,561,061, an economic gain of \$10,420,636, and a deferred loss on refunding of \$6,238,653.

### **Current Refundings**

#### **Governmental Activities**

State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2006A in the amount of \$37,400,000 along with additional funds of \$473,468 were used to refund \$37,220,000 of the State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 1996 maturing in the years 2007 through 2021. The refunding resulted in debt savings of \$3,200,729 an economic gain of \$2,398,441, and a deferred loss on refunding of \$370,218.

#### **Business-type Activities**

State of Florida, Department of Transportation, Alligator Alley Revenue Refunding Bonds, Series 2007A in the amount of \$43,175,000 along with additional funds of \$981,481 were used to refund \$45,225,000 of the State of Florida, Department of Transportation Alligator Alley Revenue Bonds, Series 1997 maturing in the years 2008 through 2027. The refunding resulted in debt savings of \$4,140,721, an economic gain of \$2,651,955, and a deferred loss on refunding of \$1,564,246.

#### **5. In-substance Defeasance – Governmental Activities**

State of Florida, Full Faith and Credit, Pollution Control Bonds, Series F in the amount of \$4,405,000 maturing July 2008 through July 2009 were defeased in-substance using state and other local government resources. Funds other than the State of Florida bond proceeds were used to establish irrevocable escrow accounts to satisfy scheduled principal and interest payments on the defeased bonds.



**6. Prior-year Defeased Bonds**

In prior years, the state has deposited with escrow agents in irrevocable trusts amounts sufficient to meet the debt service requirements of certain bonds. These defeased bonds are not reported as outstanding debt. Irrevocable trusts established with the State Board of Administration are reported in an agency fund. Debt considered defeased consists of the following (in thousands):

	Principal at 6/30/2007
Governmental Activities:	
Road and Bridge Bonds	\$ 11,750
SBE Capital Outlay Bonds	239,645
Public Education Capital Outlay Bonds	531,480
Lottery Education Bonds	91,060
Pollution Control Bonds	3,320
Florida Facilities Pool Bonds	47,205
Total	<u>\$ 924,460</u>
Business-type Activities:	
Toll Facilities Bonds	<u>\$ 221,525</u>
Component Units:	
University Revenue Certificates	\$ 2,494
Higher Education Bonds	28,395
	<u>\$ 30,889</u>

**7. Arbitrage Regulations**

The State of Florida complies with Federal arbitrage regulations.

**8. Direct Interest**

The state's bonds are issued for the creation or continuing existence of various programs. Interest is reported in the following governmental activities as direct expenses on the Statement of Activities (in thousands):

Governmental Activities	Interest
Education:	
SBE Capital Outlay Bonds	\$ 32,692
Lottery Education Bonds	100,528
Public Education Bonds	433,628
Total Education	<u>566,848</u>
Natural Resources and Environment:	
Conservation and Recreation Lands Bonds	803
Pollution Control Bonds	366
Everglades Restoration Bonds	3,752
Water Pollution Control Bonds	4,431
Save Our Coast Bonds	2,778
Florida Forever Bonds	61,734
Preservation 2000 Bonds	58,204
Total Natural Resources and Environment	<u>132,068</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	82,818
State Infrastructure Bank Bonds	2,404
Total Transportation	<u>85,222</u>
Total Direct Interest	<u>\$ 784,138</u>

**9. Governmental Activities – Unrestricted Net Asset Deficit**

Governmental activities reflect a negative unrestricted net asset balance of \$7.6 billion at June 30, 2007. This deficit is primarily the result of education-related bonds in which the state is responsible for the debt, but the local school districts own the capital assets. Because the state does not own these capital assets, the bonded debt is not netted on the line item “Invested in capital assets, net of related debt.” Instead, this bonded debt is netted with unrestricted net assets. Education-related bonds include SBE Capital Outlay Bonds; PECO Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2007, of \$12.3 billion. The state has an additional \$1.2 billion in bonded debt in which the state does not own the related capital assets, including some Road and Bridge Bonds, Pollution Control Bonds, and Preservation 2000/Florida Forever Bonds. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net assets for governmental activities would be \$5.9 billion.

**B. Certificates of Participation**

The state has issued certificates of participation (original amount of \$258,035,000) to finance privately operated detention facilities. The certificates of participation’s interest rates range from 2.125% to 5.375% and the last maturity is during the fiscal year ending June 30, 2026. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2007 (in thousands):

Year Ending June 30	Principal	Interest	Total
2008	13,960	11,764	25,724
2009	14,525	11,173	25,698
2010	15,140	10,565	25,705
2011	15,790	9,919	25,709
2012	16,460	9,203	25,663
2013-2017	84,475	33,009	117,484
2018-2022	51,290	16,821	68,111
2023-2027	46,395	4,418	50,813
<b>Total</b>	<b>258,035</b>	<b>106,872</b>	<b>364,907</b>
Unamortized premiums (discounts)	9,828	.....	9,828
(Amount deferred upon refunding)	(670)	.....	(670)
<b>Total certificates of participation payable</b>	<b>\$ 267,193</b>	<b>\$ 106,872</b>	<b>\$ 374,065</b>

Component units (universities) have issued certificates of participation (original amount of \$606,207,633) primarily to finance academic and student facilities. The certificates of participation’s interest rates range from 2.440% to 6.000% and the last maturity is during the fiscal year ending June 30, 2037. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2007 (in thousands):

Year Ending June 30	Principal	Interest	Total
2008	\$ 6,026	\$ 26,389	\$ 32,415
2009	8,144	26,136	34,280
2010	12,315	25,771	38,086
2011	12,899	25,304	38,203
2012	13,545	24,811	38,356
2013-2017	75,148	115,270	190,418
2018-2022	92,265	96,850	189,115
2023-2027	107,943	73,894	181,837
2028-2032	131,820	46,813	178,633
2033-2037	135,275	13,517	148,792
<b>Total</b>	<b>595,380</b>	<b>474,755</b>	<b>1,070,135</b>
Unamortized premiums (discounts)	8,876	.....	8,876
(Amount deferred upon refunding)	(211)	.....	(211)
<b>Total certificates of participation payable</b>	<b>\$ 604,045</b>	<b>\$ 474,755</b>	<b>\$ 1,078,800</b>

**NOTE 9 - INSTALLMENT PURCHASES AND CAPITAL LEASES**

**A. Installment Purchases**

The state has a number of installment purchase contracts providing for the acquisition of buildings, furniture, and equipment. At June 30, 2007, installment purchase contracts for governmental activities and component units were primarily for furniture and equipment. The following is a schedule of future minimum installment purchase contract payments for the primary government and component units at June 30, 2007 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2008	\$ 27,732	\$ 5,099
2009	21,371	4,016
2010	10,780	2,940
2011	5,301	1,228
2012	1,151	495
2013-2017	869	.....
Total	67,204	13,778
Less: Interest	(3,398)	(713)
Present value of future minimum payments	\$ 63,806	\$ 13,065

**B. Capital Leases**

The state has a number of capital leases providing for the acquisition of land, buildings, and furniture and equipment. At June 30, 2007, 55 percent of the state's capital leases for governmental activities were for buildings, with the remainder for furniture and equipment. Capital leases for component units consisted of 66 percent for buildings, 30 percent for furniture and equipment, and 4 percent for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2007 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2008	\$ 9,248	\$ 11,994
2009	9,254	9,861
2010	9,248	9,061
2011	9,256	8,309
2012	9,097	6,875
2013-2017	38,110	27,597
2018-2022	7,455	23,445
2023-2027	.....	18,627
2028-2032	.....	14,964
Total	91,668	130,733
Less: Interest	(20,378)	(30,749)
Present value of future minimum payments	\$ 71,290	\$ 99,984

**NOTE 10 - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2007, are as follows (in thousands):

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007	Due Within One Year (Current)
<b>Governmental Activities</b>					
Bonds payable:					
Road and Bridge Bonds	\$ 1,806,220	\$ 37,400	\$ 89,940	\$ 1,753,680	\$ 53,215
SBE Capital Outlay Bonds	823,425	.....	56,420	767,005	55,745
Lottery Education Bonds	2,148,880	148,290	254,880	2,042,290	109,085
Public Education Bonds	8,840,210	1,131,805	488,315	9,483,700	312,090
Conservation and Recreation					
Lands Bonds	15,145	.....	2,170	12,975	2,290
Save Our Coast Bonds	75,685	.....	21,720	53,965	19,795
Preservation 2000 Bonds	1,093,740	.....	133,650	960,090	140,425
Florida Forever Bonds	1,439,960	142,350	92,800	1,489,510	100,665
Pollution Control Bonds	6,535	.....	6,535	.....	.....
Water Pollution Control Bonds	116,500	.....	7,775	108,725	8,500
State Infrastructure Bank Bonds	62,340	.....	5,195	57,145	3,895
Everglades Restoration Bonds	98,430	.....	3,670	94,760	3,790
Florida Facilities Pool Bonds	328,435	93,745	14,490	407,690	14,900
	16,855,505	1,553,590	1,177,560	17,231,535	824,395
Unamortized bond premiums (discounts)	445,912	59,237	74,415	430,734	.....
Amounts deferred on refunding	(162,252)	(26,793)	(11,920)	(177,125)	.....
Total bonds payable	17,139,165	1,586,034	1,240,055	17,485,144	824,395
Certificates of participation payable	279,228	.....	12,035	267,193	13,960
Deposits	359,157	203,498	123,115	439,540	128,533
Compensated absences	835,371	197,713	161,289	871,795	225,509
Claims payable	2,284,457	848,460	805,402	2,327,515	302,633
Installment purchases/capital leases	143,816	51,574	60,294	135,096	32,042
Due to other governments:					
Federal arbitrage liability	1,598	317	.....	1,915	.....
Other liabilities	86,039	31,589	47,019	70,609	.....
<b>Total Governmental Activities</b>	<b>\$ 21,128,831</b>	<b>\$ 2,919,185</b>	<b>\$ 2,449,209</b>	<b>\$ 21,598,807</b>	<b>\$ 1,527,072</b>

Long-term liabilities for governmental activities are generally liquidated by the applicable governmental funds and/or internal service funds. Specifically, the special revenue funds, capital projects funds, and/or internal service funds in which the certificates of participation payable, installment purchase contracts, and capital leases are recorded will liquidate those obligations. The applicable special revenue funds and internal service funds will reduce deposits when such monies are earned. The governmental and internal services funds that account for employees' salaries and wages will liquidate the compensated absences liabilities. The General Fund and the non-major special revenue fund will generally liquidate claims payable. The applicable special revenue funds and internal service funds, as well as the debt service fund, will liquidate obligations to other governments. The nonmajor special revenue funds will generally liquidate other liabilities.

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Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2007, are as follows (in thousands):

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007	Due Within One Year (Current)
<b>Business-type Activities</b>					
Bonds payable:					
Toll Facility Bonds	\$ 2,007,675	\$ 486,465	\$ 282,865	\$ 2,211,275	\$ 75,060
Florida Hurricane Catastrophe Fund Bonds	1,350,025	2,800,000	.....	4,150,025	.....
Unamortized bond premiums (discounts)	89,794	.....	11,319	78,475	.....
Amounts deferred on refunding	(44,547)	(1,560)	.....	(46,107)	.....
<b>Total bonds payable</b>	<b>3,402,947</b>	<b>3,284,905</b>	<b>294,184</b>	<b>6,393,668</b>	<b>75,060</b>
Accrued prize liability	1,418,271	642,488	761,764	1,298,995	322,905
Deposits	451,948	12,418	8,155	456,211	32,550
Compensated absences	21,694	7,523	7,248	21,969	5,742
Tuition and housing benefits payable	6,073,983	1,174,540	672,470	6,576,053	392,252
Due to other governments:					
Federal arbitrage liability	.....	20	.....	20	.....
<b>Total Business-type Activities</b>	<b>\$ 11,368,843</b>	<b>\$ 5,121,894</b>	<b>\$ 1,743,821</b>	<b>\$ 14,746,916</b>	<b>\$ 828,509</b>
<b>Component Units</b>					
Bonds payable	\$ 5,121,343	\$ 6,406,688	\$ 484,598	\$ 11,043,433	\$ 576,336
Deposits	73,407	28,940	12,307	90,040	82,132
Compensated absences	562,503	374,542	323,695	613,350	67,176
Installment purchases/capital leases	102,743	53,225	42,919	113,049	13,625
Claims payable	88,724	37,328	8,400	117,652	14,987
Certificates of participation payable	544,757	65,221	5,933	604,045	6,026
Due to other governments	970	.....	3	967	.....
Other liabilities	2,984,785	210,910	2,360,578	835,117	310,900
<b>Total Component Units</b>	<b>\$ 9,479,232</b>	<b>\$ 7,176,854</b>	<b>\$ 3,238,433</b>	<b>\$ 13,417,653</b>	<b>\$ 1,071,182</b>

**NOTE 11 - INTERFUND BALANCES AND TRANSFERS**

At June 30, 2007, amounts to be received or paid with current available resources are reported as due from or due to other funds, whereas the noncurrent portion is reported as advances to or advances from other funds. Interfund balances at June 30, 2007, consist of the following (in thousands):

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Governmental Activities			
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 15,494	\$ 4,570	\$ 2,669
Environment, Recreation and Conservation	20,340	.....	625	16,062
Health and Family Services	16,304	22	.....	3,693
Transportation	9,101	1,220	.....	.....
Nonmajor	178,305	3,167	25,011	57,371
Internal Service Funds	1,764	.....	.....	103
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	100,008
Lottery	4	.....	.....	27
State Board of Administration	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....
Nonmajor	5,429	.....	197	.....
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	128	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	11	.....	.....	.....
Agency Funds	93,276	8	1,903	8,098
<b>Total</b>	<b>\$ 324,662</b>	<b>\$ 19,911</b>	<b>\$ 32,306</b>	<b>\$ 188,031</b>

*(Continued below)*

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 78,472	\$ 5,389
Environment, Recreation and Conservation	168	33
Health and Family Services	2,227	7,040
Transportation	21,545	2,063
Nonmajor	82,975	1,868
Internal Service Funds	289	355
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	117,443	29
State Board of Administration	.....	26
Prepaid College Program	.....	.....
Nonmajor	5,601	652
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	3,458	.....
Pension and Other Employee Benefits Trust Funds	2	42
Agency Funds	5,854	.....
<b>Total</b>	<b>\$ 318,034</b>	<b>\$ 17,497</b>

*(Continued next page)*

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	State Board of Administration	Prepaid College Program	Nonmajor
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ .....	\$ .....	\$ 752
Environment, Recreation and Conservation	.....	.....	.....	61
Health and Family Services	.....	.....	.....	6,004
Transportation	1,477	.....	.....	25
Nonmajor	.....	17	.....	443
Internal Service Funds	.....	.....	.....	15
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	.....	28
State Board of Administration	.....	.....	.....	.....
Prepaid College Program	.....	29	.....	.....
Nonmajor	.....	.....	.....	16
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	4	8	2
Pension and Other Employee Benefits Trust Funds	.....	1,036	6	1
Agency Funds	441	71	.....	.....
<b>Total</b>	<b>\$ 1,918</b>	<b>\$ 1,157</b>	<b>\$ 14</b>	<b>\$ 7,347</b>

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Total
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 16	\$ 38,102	\$ 145,464
Environment, Recreation and Conservation	.....	.....	.....	37,289
Health and Family Services	.....	.....	889	36,179
Transportation	.....	.....	10,125	45,556
Nonmajor	10	.....	.....	349,167
Internal Service Funds	12	.....	.....	2,538
<b>Business-type Activities</b>				
Transportation	.....	.....	1	100,009
Lottery	.....	.....	.....	117,531
State Board of Administration	.....	.....	.....	26
Prepaid College Program	.....	.....	.....	29
Nonmajor	.....	.....	.....	11,895
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	.....	.....	3,600
Pension and Other Employee Benefits Trust Funds	21	5,263	24,708	31,090
Agency Funds	.....	.....	236	109,887
<b>Total</b>	<b>\$ 43</b>	<b>\$ 5,279</b>	<b>\$ 74,061</b>	<b>\$ 990,260</b>

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)		
	Governmental Activities	Business-type Activities	
	General Fund	Transportation	Transportation
<b>Governmental Activities</b>			
General Fund	\$ .....	\$ 100	\$ 500
Environment, Recreation and Conservation	.....	3,091	.....
Nonmajor	625	.....	.....
Internal Service Funds	2,003	800	.....
<b>Business-type Activities</b>			
Transportation	.....	207,350	.....
<b>Total</b>	<b>\$ 2,628</b>	<b>\$ 211,341</b>	<b>\$ 500</b>

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	Private-purpose Trust Funds
		Total
<b>Governmental Activities</b>		
General Fund	\$ .....	\$ 600
Environment, Recreation and Conservation	.....	3,091
Nonmajor	378,533	379,158
Internal Service Funds	.....	2,803
<b>Business-type Activities</b>		
Transportation	.....	207,350
<b>Total</b>	<b>\$ 378,533</b>	<b>\$ 593,002</b>



During the course of operations, there are numerous transactions between funds within the state. Interfund transfers during the year are as follows (in thousands):

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Governmental Activities			
	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 1,247,854	\$ 840,257	\$ 563,562
Environment, Recreation and Conservation	86,988	.....	3,305	.....
Health and Family Services	34,086	.....	.....	30,434
Transportation	59,077	20,900	.....	.....
Nonmajor	487,306	39,761	115,982	895,002
Internal Service Funds	7,923	569	1	1,216
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	36,787
Lottery	413	.....	.....	.....
State Board of Administration	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....
Nonmajor	51,479	.....	5,028	.....
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	10	.....	87	.....
Pension and Other Employee Benefits Trust Funds	2,098	.....	.....	.....
<b>Total</b>	<b>\$ 729,380</b>	<b>\$ 1,309,084</b>	<b>\$ 964,660</b>	<b>\$ 1,527,001</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 1,035,628	\$ .....
Environment, Recreation and Conservation	423,012	.....
Health and Family Services	423,780	707
Transportation	637,061	.....
Nonmajor	1,626,369	3,681
Internal Service Funds	6,716	9
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	1,263,449	.....
State Board of Administration	10,000	.....
Prepaid College Program	.....	.....
Nonmajor	21,411	.....
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	4,471	.....
Pension and Other Employee Benefits Trust Funds	156	.....
<b>Total</b>	<b>\$ 5,452,053</b>	<b>\$ 4,397</b>

(Continued next page)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)				
	Business-type Activities				
	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor
<b>Governmental Activities</b>					
General Fund	\$ .....	\$ .....	\$ .....	\$ .....	\$ 4,138
Environment, Recreation and Conservation	.....	.....	.....	.....	157
Health and Family Services	.....	.....	.....	.....	1,273
Transportation	20,723	.....	.....	.....	108
Nonmajor	.....	.....	.....	.....	5,096
Internal Service Funds	.....	19	.....	.....	73
<b>Business-type Activities</b>					
Transportation	.....	.....	.....	.....	.....
Lottery	.....	.....	.....	.....	47
State Board of Administration	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Nonmajor	.....	.....	1	.....	85
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	.....	.....	.....	18	3
Pension and Other Employee Benefits Trust Funds	.....	.....	14,728	.....	26
<b>Total</b>	<b>\$ 20,723</b>	<b>\$ 19</b>	<b>\$ 14,729</b>	<b>\$ 18</b>	<b>\$ 11,006</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)		
	Fiduciary Funds		
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Total
<b>Governmental Activities</b>			
General Fund	\$ .....	\$ 300	\$ 3,691,739
Environment, Recreation and Conservation	.....	.....	513,462
Health and Family Services	.....	.....	490,280
Transportation	.....	.....	737,869
Nonmajor	.....	.....	3,173,197
Internal Service Funds	.....	1	16,527
<b>Business-type Activities</b>			
Transportation	.....	.....	36,787
Lottery	.....	.....	1,263,909
State Board of Administration	.....	.....	10,000
Prepaid College Program	1,500	.....	1,500
Nonmajor	.....	.....	78,004
<b>Fiduciary Funds</b>			
Private-purpose Trust Funds	.....	.....	4,589
Pension and Other Employee Benefits Trust Funds	.....	1,143,059	1,160,067
<b>Total</b>	<b>\$ 1,500</b>	<b>\$ 1,143,360</b>	<b>\$ 11,177,930</b>

**NOTE 12 - RISK MANAGEMENT****A. State Risk Management Trust Fund**

The State Risk Management Trust Fund provides property insurance coverage for state buildings and contents against loss from fire, lightning, sinkholes, flood, and other hazards customarily insured by extended coverage and loss from the removal of personal property from such properties when endangered by covered perils. The property insurance program self-insures the first \$2 million per occurrence for all perils except named windstorm and flood. The property insurance program self-insures the first \$2 million per occurrence with an annual aggregate of \$40 million for named windstorm and flood. Commercial excess insurance is purchased for losses over the self-insured retention up to \$50 million per occurrence for named windstorm, \$50 million per occurrence for flood losses, and \$200 million per occurrence for fire, lightning, and sinkhole losses.

The Fund's estimated liability for unpaid property insurance claims at the fiscal year-end is determined by an actuarial method and includes an amount for losses incurred but not yet reported. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2006, and June 30, 2007, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2006	\$ 2,351	\$ 1,851	\$ (2,436)	\$ 1,766
June 30, 2007	1,766	881	(1,007)	1,640

During the 2004 legislative session, Chapter 216.222, Florida Statutes, was amended to allow the transfer of funds to the State Risk Management Trust Fund ("Fund") from the Budget Stabilization Fund whenever more than \$5 million of catastrophic loss payments are made within a year. Due to the four hurricanes that struck Florida during 2004, the Fund incurred catastrophic losses of \$16,589,958 (values as of June 30, 2007), which were paid in full as of June 30, 2007. Due to the four hurricanes that struck Florida during 2005, the Fund incurred catastrophic losses of \$9,330,639 (values as of June 30, 2007), which were paid in full as of June 30, 2007. The changes in estimate and claim payments depicted above are for non-catastrophic claims only, and the claims liability as of June 30, 2007 consists only of non-catastrophic claims.

The State Risk Management Trust Fund also provides casualty insurance coverage for the risks of loss related to Federal civil rights and employment actions, workers' compensation, court-awarded attorney fees, automobile liability, and general liability. The state is self-insured for all claims associated with liability risks and workers' compensation coverage.

The estimated liability for unpaid casualty insurance claims at June 30, 2007, was \$1.08 billion. This amount was determined through an actuarial method based on historical paid and incurred losses and includes an amount for losses incurred but not yet reported. In addition, this amount includes the present value of workers' compensation indemnity reserves discounted using a 4 percent annual percentage rate.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2006, and June 30, 2007, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2006	\$ 1,123,855	\$ 122,053	\$(125,899)	\$1,120,009
June 30, 2007	1,120,009	55,590	(98,269)	1,077,330

The amount of claims paid for property or workers' compensation claims did not exceed insurance coverage for each of the last three years.

**B. Employee and Retiree Health Insurance Funds**

Employees and retirees may obtain health care services through participation in the state's group health insurance plan or through membership in a health maintenance organization plan under contract with the state. The state's risk financing activities associated with state group health insurance, such as the risks of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund, a Pension and Other Employee Benefits Trust Fund. Due to the implementation of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, asset and liability balances related to the cost of retiree health care services are reported in an agency fund included in the financial statements in Other Agency Funds. It is the practice of the state not to purchase commercial coverage for the risks of losses covered by this Fund.

The Fund's estimated fiscal year-end liability includes an amount for claims that have been incurred but not reported, which is based on analyses of historical data performed by both the state and its contractors. Changes in claims liability amounts for the fiscal years ended June 30, 2006, and June 30, 2007, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2006	\$ 56,397	\$ 720,662	\$(716,944)	\$ 60,115
June 30, 2007	60,115	769,407	(763,758)	65,764

**NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM**

The Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of registration and dormitory residence may be paid in advance of enrollment in a state postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. Additional information as of June 30, 2007, is as follows:

Actuarial present value of future benefits payable	\$	6,576,053,121
Net assets available	\$	7,423,265,615
Net assets as a percentage of tuition and housing benefits obligation		112.9%

**NOTE 14 – FLORIDA HURRICANE CATASTROPHE FUND**

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 by Section 215.555, Florida Statutes, as a state fund to provide a stable and ongoing source of reimbursement to qualified insurers for a portion of their catastrophic hurricane losses, thereby creating additional insurance capacity to ensure that covered structures (and their contents) damaged or destroyed in a hurricane may be repaired or reconstructed as soon as possible. The Fund is administered by the State Board of Administration (SBA), which contracts with each insurer writing covered policies in the state to reimburse the insurer for a percentage of losses incurred from covered events from reimbursement premiums collected. The contract shall also provide that the obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity of the fund up to a limit of \$15 billion for that contract year adjusted for growth in exposure for covered policies since 2003, although the annual increase is limited by prior year cash collections. In addition, in 2007 legislation increased the claims-paying capacity to allow insurers the option to purchase additional coverage. The Fund is accounted for as an enterprise fund administered by the SBA. An actuarially determined formula is used to calculate the reimbursement premium collected. Additional information as of June 30, 2007, follows (in thousands):

Deficit of unrestricted net assets      \$    (59,474)

The State of Florida was not hit by any hurricanes during the 2006 season. There were no hurricane losses incurred for the year ended June 30, 2007. The unpaid hurricane losses liability decreased from \$2.1 billion at June 30, 2006, to \$810 million at June 30, 2007. In July 2006, the Corporation issued pre-event Series 2006B Extendible Floating Rate Notes. In August, September, October, November, and December 2007 and January 2008, \$200 million, \$22.25 million, \$75 million, \$80 million, \$952.5 million, and \$30 million respectively, of these notes were not extended by the note purchasers. These notes will become payable in August, September, October, November, and December 2008, and January 2009, respectively. Until then, interest will be payable on these amounts at the rate of 30-day LIBOR, plus the applicable spread. In September 2007, the Corporation executed a modification to the Extendible Floating Rate Notes to increase the coupon spreads applicable to the four remaining annual reset periods to 21, 22, 23, and 25 basis points, above the 30-day LIBOR rate.

In addition, to maximize the ability of the Fund to meet future obligations, in October 2007, the Corporation issued \$3.5 billion pre-event 2007A Floating Rate Notes. The proceeds from these notes will be used the pay for the losses incurred from future covered events. Investment earnings on these funds and reimbursement premiums, if necessary, will be used to pay the debt service requirements of these notes.

**NOTE 15 – CONTINGENCIES****A. Federal Family Education Loans Program**

The Florida Department of Education (FDOE) administers the Federal Family Education Loans Program (FFELP), under which the FDOE guarantees loans made to eligible students and their parents by financial institutions. At June 30, 2007, approximately \$4.1 billion of loans were outstanding under this Program. The United States Department of Education participates in the Program as a reinsurer and reimburses the FDOE for defaulted loans at various rates based on the incidence of default. For loans made prior to October 1, 1993, the reimbursement rate for defaulted loans can be 80, 90, or 100 percent. For loans made on or after October 1, 1993, the reimbursement rate for defaulted loans can be 78, 88, or 98 percent. For loans made on or after October 1, 1998, the reimbursement rate for defaulted loans can be 75, 85, and 95 percent. During the 2006-2007 fiscal year, the actual rates were 95, 98, and 100 percent. A potential liability exists for loans defaulted in excess of the federal reimbursement. The specific amount of this potential liability is indeterminable.

**B. Federally Assisted Grant Programs**

Florida participates in a number of federally assisted grant programs. These programs are subject to audits by the grantors or their representatives. Any disallowance as a result of these audits may become a liability of the state. Any foreseeable disallowances will not have a material adverse effect on the State of Florida's financial position.

**C. Peak Oil Superfund Site Remediation**

The U.S. Environmental Protection Agency identified the Florida Department of Transportation (FDOT) as a Potentially Responsible Party for past and future response costs at the Peak Oil Superfund Site. The FDOT made payments under a consent decree in 1998, as entered in the case of *United States of America v. Bill Currie Ford, et al.*, Case No. 8:97-cv-01566-RAL, United States District Court, Middle District of Florida, Tampa Division. Implementation of remedial design is in process and the evaluation of the need for remedy in wetlands and deep aquifer is ongoing. Though no current litigation exists regarding the FDOT's remedial efforts for this site, FDOT management has indicated the potential for future litigation which may result in response costs in excess of \$25 million.

**NOTE 16 – LITIGATION**

Due to its size and broad range of activities, the state is involved in various, though sometimes routine, legal actions. The following are the significant loss contingencies associated with legal proceedings:

**A. Kindred Pharmacy Services East, LLC, et al. v. Florida Agency for Health Care Administration**

Case No. 04-CA-1291, Second Judicial Circuit, Leon County. Breach of contract and declaratory judgment action was brought by eight pharmacies alleging that the Agency did not properly reimburse providers for prescription drugs provided under the Medicaid program. The lawsuit was served on June 2, 2004. The estimated exposure of the claim is up to \$50 million. Petitioner filed a Third Amended Complaint on February 5, 2007. Plaintiff filed a Motion for Partial Summary Judgment on March 7, 2007. The Agency filed a Cross Motion for Summary Judgment on March 21, 2007. On April 25, 2007, a hearing was held on the Summary Judgment motions. On November 7, 2007, the Judge issued the Final Summary Judgment which denied Plaintiffs' motion for partial summary judgment and granted Defendant's cross-motion for partial summary judgment. The Judge stated that the Agency was authorized by law to reimburse Medicaid prescribed drug service providers using the wholesaler acquisition cost plus 7% for the period of April 30, 2002, through June 30, 2004. The Judge further granted Defendant's motion to dismiss count II of Plaintiffs' third amended complaint. On December 6, 2007, Plaintiffs' appealed to the First District Court of Appeal.

**B. Plantation General Hospital, et al. v. Florida Agency for Health Care Administration**

Case Nos. 1D06-3877, 1D06-3872, 1D06-3857, and 1D06-3890; Lower Court Case Nos. 03-1868 to 03-1880, 03-1885 to 03-1890, 03-1892, 03-1909, 03-1918 to 03-1919, 03-1928 to 03-1935, 03-2681, 03-2981 to 03-2991, 03-2993, 03-3465 to 03-3467, 03-3971, 03-3974, 04-1555, 04-1557 to 04-1559, 04-1562, 04-1564, 04-1580 to 04-1584, and 04-1882, First District Court of Appeal, State of Florida. Funding for health care services provided to indigent persons is provided through assessments on hospitals' net operating revenues from inpatient and outpatient services. During the 2000 Legislative session, Section 395.701, Florida Statutes, was amended and the assessment rate on net operating revenue from outpatient services was reduced. As a result of that amendment, hospitals claimed entitlement to a refund of payments. Resolution of the refund amount was based on statutory interpretation brought before the Division of Administrative Hearings (DOAH). DOAH interpreted the statute in a manner that resulted in the hospitals receiving a smaller refund than they believed they were entitled. In the Final Order rendered on June 29, 2006, AHCA adopted DOAH's interpretation, and the hospitals initiated an appeal to the First District Court of Appeal. The case was fully briefed. Oral Argument was held on May 15, 2007. The Appellate Court issued an opinion on September 14, 2007, mandating that AHCA adopt the invoice methodology that was argued by Plaintiffs. AHCA has adopted the Court's order and implemented the invoice methodology. The estimated value of reimbursements is from \$20 to \$40 million.

**C. Collier, et al. v. Dickinson, et al.**

Case No. 04-21351-CIV-GRAHAM/GARBER, U.S. District Court, Southern District of Florida, Miami. Plaintiffs proceed here under Federal causes of action rather than state law claims. They contend that the Federal Driver's Privacy Protection Act (DPPA) overrode state constitutional and statutory law requiring the release of driver information as public record. They seek damages from several state officials involved in managing state driver license information and its release to bulk mailers. The Eleventh Circuit Court of Appeals recently denied the qualified immunity defense to the Defendants and remanded the case back to the District Court. The individual capacity Defendants' petition for writ of certiorari was denied by the U.S. Supreme Court on January 7, 2008. The three individual capacity defendants have been provided private contract counsel. Plaintiffs seek damages in excess of \$25 million.

**D. Rine v. Dickinson**

Case No. 3:07-CV-156-J-33HTS, U.S. District Court, Middle District, Jacksonville. Imagitas, Inc., is under contract with the Florida Department of Highway Safety and Motor Vehicles to handle registration renewals for tax collectors pursuant to Section 320.02 Florida Statutes. Section 283.58 Florida Statutes, permits an agency to enter into agreements to secure the private publication of public information materials for distribution without charge to the public by authorizing the vendor to include advertising approved by the agency. Plaintiffs allege Federal Driver's Privacy Protection Act (DPPA) violations for Imagitas' use of personal information to contact motorists. The case against Department officials is associated with the main Imagitas suit since it contains similar DPPA violation allegations pertaining to the registration renewals. Motions for summary judgment were scheduled to be heard in January 2008. The potential liability could equal that of the Collier litigation described above, although the circumstances presented in the Imagitas contract are more favorable to the Department and qualified immunity may apply.



**E. Rendon, et al. v. Florida Department of Highway Safety and Motor Vehicles, et al.**

Case No. 3D02-611, Third District Court of Appeal. Various handicapped drivers sued the Department, challenging the imposition and collection of a fee for placards for handicapped parking spaces. The trial court granted class certification and held that requiring payment of a fee for a disabled parking permit under Section 320.0848, Florida Statutes, violates the Americans with Disabilities Act. Following an appeal to the Third district Court of Appeal (DCA) and review by the U.S. Supreme Court, the case was remanded back to the Florida Third (DCA), which ruled that the lower court properly entered injunctive relief halting the Department from imposing the fee, but limited any refunds to those in the class who timely applied under Section 215.25, Florida Statutes, for such a refund. The opinion also awarded attorneys fees to the Plaintiffs for a part of their efforts. The Plaintiffs timely filed a notice to invoke the discretionary jurisdiction of the Florida Supreme Court. The defendants filed a cross notice. Before jurisdictional briefs were filed, the parties agreed to pursue mediation and the Supreme Court stayed proceedings until January 28, 2008, to permit mediation to go forward. Pursuant to mediation on September 24, 2007, the parties reached a tentative settlement of the case on both cy pres relief and attorneys' fees for \$2 million. However, the settlement has not yet been executed and is subject to legislative funding approval.

**F. Anderson, et al. v. Florida Department of Juvenile Justice, et al.**

Case No. 4:06cv374-RH/WCS, United States District Court, Northern District of Florida, Tallahassee Division. The nature of the claim is wrongful death of a youth in a program funded by the Department of Juvenile Justice and operated under contract by the Sheriff of Bay County. On May 23, 2007, Governor Charlie Christ signed into law Chapter 2007-57, Laws of Florida. The law appropriated \$4,800,000 to the Department of Financial Services to purchase annuity contracts for the benefit of the Anderson family. On May 31, 2007, a Settlement Agreement was reached to provide \$4,800,000 to fund periodic payments to the parents of Martin Lee Anderson. An additional \$200,000 was paid by the Department of Financial Services, Division of Risk Management in April 2007.

**G. Boccia, et al. v. Florida Department of Revenue, et al., and Penzer, et al. v. Florida Department of Revenue, et al.**

Case Nos. 05-CA-3003 and 05-CA-3006, Second Judicial Circuit, Leon County. Both cases are class action refund cases that involve substantially similar issues. The issues pertain to whether charges by automobile leasing companies for 1) excess mileage; 2) wear and tear; and 3) disposition are taxable. Potential loss in the Boccia case no longer exceeds damages of \$25 million. The Penzer case is closed. The Plaintiffs filed notices of voluntary dismissal with prejudice in June 2007.

**H. DirecTV, Inc., v. Florida Department of Revenue and Ogborn v. Florida Department of Revenue, et al.**

Case Nos. 05-CA-1037 and 05-CA-1354, Second Judicial Circuit, Leon County. These related cases challenge the statutory distinction made in the application of the Communication Services Tax of Chapter 202, Florida Statutes, to cable and satellite TV providers. DirecTV challenges the statute as a provider, while Ogborn challenges on behalf of a class of subscribers. The Plaintiffs argue that applying a different statutory rate of tax on the sale of these competing services violates the Commerce Clause and the Equal Protection Clause. The amount of tax refund at issue is \$40 million annually for each of the three years open to refund claims. A motion to dismiss filed by the Department in the Ogborn case was granted and the Plaintiff has appealed to the First District Court of Appeal, Case No. 1D07-1831. Litigation in the DirecTV case remains at an early stage.

**I. SunTrust Bank v. Florida Department of Revenue; Chrysler Financial Co., LLC v. Florida Department of Revenue; Wells Fargo Financial Acceptance Florida, Inc., v. Florida Department of Revenue; Arcadia Financial Ltd. v. Florida Department of Revenue; Wells Fargo Financial America, Inc., v. Florida Department of Revenue; and WFS Financial, Inc., v. Florida Department of Revenue**

Case Nos. C10-01-3902, C10-01-3925, C10-01-4327, C10-01-3903, 01-CA-1545-16-W, and 01-03894, respectively, various circuits. These banks applied for refunds of sales tax paid on balances due to the banks for loans made on repossessed vehicles. On December 6, 2005, the Ninth Judicial Circuit Court issued an Order of Final Summary Judgment in favor of the Department, as SunTrust was not the "dealer who paid the tax," pursuant to Sections 212.17(2) and (3), Florida Statutes. The Department received SunTrust's Notice of Appeal on December 28, 2005. Oral arguments were presented at the Fifth District Court of Appeal on January 16, 2007, and the Court affirmed the Ninth Judicial Circuit's Final Summary Judgment in favor of the Department. The Fifth District Court of Appeal on February 23, 2007, denied SunTrust's motion for rehearing, request for written opinion and motion for certification. The other banks filed notices of voluntary dismissal with prejudice in their respective cases on March 15, 2007. The Department has closed its files for these cases.

**J. Pinellas VP, LLC v. Florida Department of Revenue; Pilgrim Hall, LLC v. Florida Department of Revenue; and TPA Investments, LLC f/k/a Condo, LLC v. Florida Department of Revenue**

Case Nos. 06-1080, 06-1081, and 06-1082, respectively, Sixth Circuit, Pinellas County, challenge documentary stamp tax on deeds to encumbered real property. In each case, the Plaintiff alleged that no tax was due because the same individual owns 100% of the grantor and the grantee entities, and was “ultimately liable” on the mortgages both before and after the conveyances. Summary judgment issued against the Department where the judge concluded in each case that there was merely a non-taxable change in the form of ownership under the Florida Supreme Court’s opinion in Crescent Miami Center, LLC v. Department of Revenue, 903 So.2d 913 (Fla. 2005). Final judgments have been entered. The Department has asked the Office of the Attorney General to file appeals in all three cases. The potential loss to the state could be in excess of \$25 million.

**K. Modern, Inc., and First Omni Service Corporation v. Florida Department of Transportation, et al.**

Case No. 6:03-CV-718-ORL-31DAB, United States District Court, Middle District of Florida, Orlando Division. This is a suit for inverse condemnation by flooding. Trial began in August 2006 and concluded in May 2007. Post trial briefs were filed July 30, 2007. The case is awaiting a ruling by the Court. Plaintiffs seek damages of \$34 million.

**L. Florida Department of Transportation v. Smith & Company, Inc.**

Case No. CA-2004-52-DM, Fifth Judicial Circuit, Hernando County. The Department filed suit to recover liquidated damages and indemnity for sums paid to repair a section of the Suncoast Parkway. Smith counterclaimed against the Department for breach of contract resulting from delays and extra work caused by sinkholes and soil conditions. In June 2007, this case along with two other Smith v. Department cases settled at mediation for a total of \$9.5 million.

**M. Florida Gas Transmission Company v. Florida Department of Transportation**

Case No. 07-01922-08, Seventeenth Judicial Circuit, in and for Broward County. This is a suit for breach of contract seeking reimbursement of natural gas pipeline relocation costs. The suit was served on February 13, 2007. FDOT has filed an Answer and Affirmative Defenses and discovery is on going. Plaintiff seeks damages in excess of \$130,000,000.

**N. AMEC Civil LLC v. Florida Department of Transportation**

AMEC has alleged construction claims involving negligent design, environmental issues, delays, and other matters. This is a pre-suit matter where the claims total \$37 million. In a similar suit, case no. 2003-CA-005462-XXXX-MA; Fourth Judicial Circuit, Duval County that claimed money damages due to errors and delays in a construction project allegedly caused by the Department. The Jury awarded AMEC \$8,500,000 in October 2007. A final judgment is pending and will include an additional award of pre-judgment interest of approximately \$1,022,096.

**O. Kathryn Cox et al. v. Florida Department of Agriculture and Consumer Services et al.**

Case No. 00-18394, Seventeenth Judicial Circuit, Broward County. A group of Broward County homeowners sought damages for the removal of their trees exposed to citrus canker after January 1, 2000. A class was certified and the certification was affirmed by the Fourth District. Plaintiffs received summary judgment of liability for damages under Section 581.1845, Florida Statutes, and a liability trial for inverse condemnation was concluded in December 2007. A damages trial is scheduled to begin April 14, 2008. Plaintiffs are expected to claim damages in excess of \$25 million. Plaintiffs also seek costs and attorneys’ fees.

**P. Mendez v. Florida Department of Agriculture and Consumer Services; Dellaselva v. Florida Department of Agriculture and Consumer Services**

Case No. 02-13717 and 03-1947, Fifteenth Judicial Circuit, Palm Beach County, and Twentieth Judicial Circuit, Lee County, respectively. The attorneys representing the homeowners in the Broward County case have commenced these related but separate class action lawsuits in Palm Beach and Lee Counties. In the Palm Beach County case, the class has prevailed on liability for damages under Section 581.1845, Florida Statutes, and liability on the class’ claim for inverse condemnation. A damages trial is scheduled for September 15, 2008. No other trials are currently scheduled in these cases. Plaintiffs are expected to claim damages, costs and attorneys’ fees in excess of \$25 million.

**Q. Rick and Dawn Amora v. Florida Department of Children and Family Services**

Case No. 2002CAO11369, Fifteenth Judicial Circuit; 4D05-3346, Fourth District Court of Appeals. A law suit was brought against the Department by the legal guardians of a minor child to finance the habilitative care of the child over the duration of her lifetime and as relief for violations of her rights and for injuries and damages she sustained as a result of the Department's wrongful or negligent conduct. A jury awarded the Plaintiffs \$35 million, of which the Department was assessed 75% or \$26.8 million. The Department appealed the jury's decision; however, the appellate Court affirmed the jury's decision in favor of the child. A claims bill was filed (Senate Bill No. 2008-46) requesting the Legislature to appropriate funding for \$26.8 million for the Plaintiffs. The Department is currently in negotiations to arrive at a settlement agreement. The Department believes there is a possibility that a settlement agreement can be reached before the bill passes that could reduce the amount to below \$25 million.

**NOTE 17 – DEFICIT FUND EQUITY****A. Governmental Activities****Nonmajor Governmental Funds – Special Revenue Funds**

The *State School Trust Fund* has a deficit fund balance of approximately \$247 million. The deficit is a result of establishing an advance (long-term liability) for potential future claims on a portion of the cash advanced by the Unclaimed Property Trust Fund. Due to the long-term nature of the liability, the Department of Education plans to pay claims as they are made rather than funding the full amounts which may be ultimately payable.

**Internal Service Funds – Other**

The *Legal Services Trust Fund* has a net asset deficit of approximately \$3.1 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability. Due to the long-term nature of the liability, the Department of Legal Affairs plans to continue providing legal services and liquidate the liability on a pay-as-you-go basis.

The *Correctional Work Program Trust Fund* has a net asset deficit of approximately \$2.3 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability. Due to the long-term nature of the liability, the Department of Corrections plans to continue operating the program and liquidate the liability on a pay-as-you-go basis.

**B. Business-type Activities****Transportation**

The *BeeLine East Expressway Toll Trust Fund* has a net asset deficit of approximately \$42.8 million. The deficit is a result of committing BeeLine toll revenues to pay a portion of the construction costs of SR 520, an adjoining non-tolled road. Expenses incurred to date are greater than toll revenues. The Department of Transportation has agreed to fund certain costs in advance thereby creating a liability for BeeLine to repay. Future toll revenues continue to be used to pay additional SR 520 costs and the associated liability.

**State Board of Administration**

The *Florida Hurricane Catastrophe Trust Fund* has a net asset deficit of approximately \$59.4 million. The deficit is a result of the Fund's reimbursement liability for damages caused by the hurricanes in 2004 and 2005. The State Board of Administration issued revenue bonds with a settlement date of July 7, 2006, to provide liquidity to pay loss reimbursement claims. Reimbursement premiums and statutory emergency assessments to insurers and those insured should provide the funds necessary to reduce, and ultimately eliminate, the deficit.

## NOTE 18 – SUBSEQUENT EVENTS

## A. Bonds and Certificates of Participation

The following bond and certificates of participation series for governmental activities of the primary government were issued or sold subsequent to June 30, 2007:

<u>Agency/Bond</u>	<u>Series</u>	<u>Amount</u>	<u>Matures</u>	<u>Interest Rate</u>
<b>Governmental Activities</b>				
Department of Environmental Protection, Everglades Restoration Revenue Bonds	2007A-B	\$100,000,000	7/1/2008 - 7/1/2027	5.098% - 5.157% <sup>(1)</sup>
Department of Environmental Protection, Florida Forever Revenue Bonds	2007B	\$141,435,000	7/1/2008 - 7/1/2027	4.000% - 5.000%
Department of Transportation, State Infrastructure Bank Revenue Bonds	2007	\$61,275,000	7/1/2008 - 7/1/2027	4.250% - 5.000%
State Board of Education, Lottery Revenue Bonds	2007A	\$200,000,000	7/1/2008 - 7/1/2026	5.000%
State Board of Education, Lottery Revenue Bonds	2007B	\$250,000,000	7/1/2008 - 7/1/2027	5.000%
State Board of Education, Public Education Capital Outlay Bonds	2007C	\$300,000,000	6/1/2008 - 6/1/2037	3.000%-5.000%
State Board of Education, Public Education Capital Outlay Bonds	2005G	\$216,300,000	6/1/2008-6/1/2037	4.000%-5.000%
State Board of Education, Public Education Capital Outlay Bonds	2006C	\$250,000,000	6/1/2008-6/1/2037	4.000%-5.000%
State Board of Education, Public Education Capital Outlay Bonds	2007B	\$200,000,000	6/1/2008-6/1/2037	4.000%-5.000%
Department of Management Services, Certificates of Participation	2008A	\$26,045,000	8/1/2008-8/1/2027	3.250%-5.000%
<b>Business-type Activities</b>				
Department of Transportation, Turnpike Revenue Bonds	2007A	\$256,075,000	7/1/2008-7/1/2036	4.250%-5.000%
Department of Transportation, Turnpike Revenue Bonds	2008A	\$325,775,000	7/1/2008-7/1/2037	4.500%-5.000%
Florida Hurricane Catastrophe Fund Finance Corporation, Floating Rate Notes	2007A	\$3,500,000,000	10/15/2012	1 month LIBOR + .78%

<sup>(1)</sup> The Department of Environmental Protection, Everglades Restoration Revenue Bonds Series 2007A-B have variable interest rates. The interest rate is capped at 12.0%, but estimated yields by the Division of Bond Finance are 5.098% to 5.157%.

**B. Notes Not Extended**

In 2006, the Florida Hurricane Catastrophe Fund Finance Corporation sold \$2.8 billion of Series 2006B extendible floating rate notes. Subsequent to June 30, 2007, several note purchasers with investments totaling approximately \$1.4 billion elected to not extend the maturity of their investments in this debt beyond the dates listed below.

Maturity Date	Amount Not Extended
8/15/2008	\$ 200,000,000
9/15/2008	22,250,000
10/15/2008	75,000,000
11/15/2008	80,000,000
12/12/2008	952,500,000
1/14/2009	30,000,000
Total Amount Not Extended	<u>\$ 1,359,750,000</u>

**C. Local Government Surplus Funds Trust Fund Investment Pool**

The Local Government Surplus Funds Trust Fund Investment Pool (LGSF Pool) no longer met the requirements for classification as a 2a-7-like fund as of November 2007. The decline in the market value of some mortgage-backed investments was sufficient to cause the difference between the amortized cost of all pool investments and their market value to exceed one-half percent, the established threshold for classification as a 2a-7-like fund. The decline in market value of these investments is related to investor anxiety surrounding an increase in mortgage defaults and the overall national sub-prime residential mortgage financial situation.

The LGSF Pool is a low-cost investment option available to local governments and is managed by the State Board of Administration (SBA) similar to SEC 2a-7 money market funds. The LGSF Pool is reported in the Fiduciary Fund Financial Statements (82% of LGSF Pool assets are reported in the Investment Trust Fund column, with the remaining 18% reported in the Agency Funds column). The net assets of the LGSF Pool do not belong to the state but are held in a fiduciary capacity on behalf of LGSF Pool participants. At June 30, 2007, the amortized cost of LGSF Pool investments totaled \$31 billion. Refer to Note 2 to the financial statements for more information on the LGSF Pool and a summary of 2a-7 fund requirements.

Since inception, the LGSF Pool has purchased commercial paper with high short-term credit ratings including asset backed commercial paper (ABCP) with the highest ratings of A-1+/P-1. The SBA maintains a listing of 150 to 200 approved commercial paper programs including approximately 50 extendible ABCP programs. Issuers of several programs with securities owned by the LGSF Pool chose to extend maturities beginning in August 2007. The extension of these maturities was related to issuer liquidity problems caused by an increase in defaults on home mortgage loans. Some investments also received quality rating downgrades from securities rating agencies.

The LGSF Pool experienced significant net withdrawals of \$12.2 billion in November 2007 as LGSF Pool participants became aware that some LGSF Pool assets were mortgage-backed investments that were downgraded by rating agencies or had elected to extend maturities. The demand for liquidity by LGSF Pool participants was met through selling higher quality investments which resulted in a higher percentage of the remaining LGSF Pool assets being comprised of the downgraded or lower quality securities. The combination of market value declines and significant liquidity demands by LGSF Pool participants contributed to the LGSF Pool no longer meeting 2a-7-like criteria in November 2007.

The LGSF Pool was temporarily closed for withdrawals and deposits on November 29, 2007 to protect the remaining investors and to allow time to develop a plan for administration of the LGSF Pool in the new environment. An investment firm was hired on November 30, 2007 to develop and recommend a plan. On December 4, 2007, the SBA trustees approved the plan developed by the investment firm and hired the firm as interim investment manager for up to 90 days until a permanent manager could be selected. The plan divided the LGSF Pool into two sub-pools with higher quality, more liquid assets placed into sub-pool A and distressed securities deemed not available for current liquidation were segregated into sub-pool B. LGSF Pool investors received pro-rata shares in the two sub-pools.

The LGSF Pool reopened on December 6, 2007. Sub-pool A is being managed with limitations on withdrawals and redemption fees designed to limit larger withdrawals and promote stability of the LGSF Pool. Sub-pool B is being managed

recognizing that investments with a currently diminished market value or liquidity can improve over time. As investments are liquidated in sub-pool B, assets are transferred to sub-pool A to further improve the liquidity available to LGSF Pool participants. At January 31, 2008, total investments for the sub-pools, as shown by SBA investment accounting records were:

	<u>Amortized Cost</u>	<u>Market Value</u>
Sub-pool A	\$ 8,472,160,010	\$ 8,460,059,310
Sub-pool B	<u>1,998,071,076</u>	<u>1,888,171,244</u>
Total LGSF	<u>\$ 10,470,231,086</u>	<u>\$ 10,348,230,554</u>

The SBA Audit Committee is currently seeking and evaluating proposals from qualified firms for a performance audit of various SBA funds, including the LGSF Pool. An Interim Executive Director for the SBA was recently appointed and a search is underway to identify a highly experienced candidate for permanent appointment. Sub-pool A received the highest quality rating of AAAm from Standard & Poor's on December 21, 2007. The SBA is working to improve investor confidence through changes such as establishing a Participant Advisory Committee and improving communications capabilities between the SBA and LGSF Pool participants. Additional information is available at <https://www.sbafla.com/pool/> including financial statements, recent notices, and current holdings information for both sub-pools.

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**OTHER REQUIRED  
SUPPLEMENTARY  
INFORMATION**

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	General Fund			Variance with Final Budget Over / (Under)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2006	\$ 6,211,512	\$ 6,211,512	\$ 6,211,512	\$ .....
Reversions	538,629	538,629	538,629	.....
Fund Balances, July 1, 2006, restated	6,750,141	6,750,141	6,750,141	.....
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	704,797	695,897	646,507	(49,390)
Licenses	107,510	105,610	118,281	12,671
Taxes	30,481,031	30,263,830	30,092,275	(171,555)
Miscellaneous	3,206	3,206	3,839	633
Interest	402,750	482,150	452,848	(29,302)
Grants	3,756	3,756	4,039	283
Refunds	6,982	6,982	295,503	288,521
Other	147,924	147,924	209,464	61,540
Total Direct Revenues	31,857,956	31,709,355	31,822,756	113,401
Indirect revenues:				
Transfers and distributions	3,623,129	3,146,529	2,760,301	(386,228)
Other	7	7	65,149	65,142
Total Indirect Revenues	3,623,136	3,146,536	2,825,450	(321,086)
Total Revenues	35,481,092	34,855,891	34,648,206	(207,685)
Total Available Resources	42,231,233	41,606,032	41,398,347	(207,685)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,784,487	4,023,397	3,991,452	31,945
Other personal services	58,281	84,602	77,523	7,079
Expenses	520,579	550,111	540,216	9,895
Grants and aids	13,562,799	13,652,435	13,429,767	222,668
Operating capital outlay	21,568	29,459	27,720	1,739
Food products	84,455	85,338	85,115	223
Fixed capital outlay	75,808	75,808	75,808	.....
Lump sum	710,619	11,952	11,952	.....
Special categories	10,034,270	10,308,505	10,016,756	291,749
Financial assistance payments	272,210	272,210	264,907	7,303
Grants/aids to local governments	149,063	149,063	149,063	.....
Data processing services	48,083	49,533	36,229	13,304
Pensions and benefits	14,995	14,995	11,732	3,263
Claim bills and relief acts	.....	13,300	13,300	.....
Total Operating Expenditures	29,337,217	29,320,708	28,731,540	589,168
Nonoperating expenditures:				
Continuing Appropriations	.....	17,031	17,031	.....
Transfers	5,091,842	4,133,477	4,133,477	.....
Qualified expenditures	20,072	.....	.....	.....
Refunds	656,180	378,988	378,988	.....
Other	3,990,605	3,136,215	3,136,215	.....
Total Nonoperating Expenditures	9,758,699	7,665,711	7,665,711	.....
Total Expenditures	39,095,916	36,986,419	36,397,251	589,168
Fund Balances, June 30, 2007	\$ 3,135,317	\$ 4,619,613	\$ 5,001,096	\$ 381,483

The notes to required supplementary information are an integral part of this schedule.

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 2,227,490	\$ 2,227,490	\$ 2,227,490	\$ .....
Reversions	521	521	521	.....
Fund Balances, July 1, 2006, restated	<u>2,228,011</u>	<u>2,228,011</u>	<u>2,228,011</u>	<u>.....</u>
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	99,271	131,085	135,415	4,330
Licenses	29,728	43,796	43,027	(769)
Taxes	349,979	305,532	307,223	1,691
Miscellaneous	14,808	45	472	427
Interest	43,334	86,698	89,176	2,478
Grants	244,503	157,793	175,575	17,782
Refunds	949	930	3,224	2,294
Bond proceeds	250,000	150,000	150,009	9
Other	49,446	56,816	72,158	15,342
Total Direct Revenues	<u>1,082,018</u>	<u>932,695</u>	<u>976,279</u>	<u>43,584</u>
Indirect revenues:				
Transfers and distributions	2,340,137	2,607,931	2,618,323	10,392
Other	3,470	1,203	4,061	2,858
Total Indirect Revenues	<u>2,343,607</u>	<u>2,609,134</u>	<u>2,622,384</u>	<u>13,250</u>
Total Revenues	<u>3,425,625</u>	<u>3,541,829</u>	<u>3,598,663</u>	<u>56,834</u>
Total Available Resources	<u>5,653,636</u>	<u>5,769,840</u>	<u>5,826,674</u>	<u>56,834</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	189,485	198,157	195,564	2,593
Other personal services	33,606	31,933	28,626	3,307
Expenses	56,079	56,333	51,922	4,411
Grants and aids	3,173	3,173	3,099	74
Operating capital outlay	3,482	3,528	3,148	380
Fixed capital outlay	1,204,210	1,204,210	1,204,210	.....
Special categories	1,016,478	1,022,837	999,824	23,013
Grants/aids to local governments	713,226	713,226	713,226	.....
Data processing services	46	.....	.....	.....
Total Operating Expenditures	<u>3,219,785</u>	<u>3,233,397</u>	<u>3,199,619</u>	<u>33,778</u>
Nonoperating expenditures:				
Transfers	496,374	264,164	264,164	.....
Qualified expenditures	3,388	.....	.....	.....
Refunds	38,183	16,273	16,273	.....
Other	402,301	354,673	354,673	.....
Total Nonoperating Expenditures	<u>940,246</u>	<u>635,110</u>	<u>635,110</u>	<u>.....</u>
Total Expenditures	<u>4,160,031</u>	<u>3,868,507</u>	<u>3,834,729</u>	<u>33,778</u>
Fund Balances, June 30, 2007	\$ 1,493,605	\$ 1,901,333	\$ 1,991,945	\$ 90,612

The notes to required supplementary information are an integral part of this schedule.

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 843,963	\$ 843,963	\$ 843,963	\$ .....
Reversions	785,913	785,913	785,913	.....
Fund Balances, July 1, 2006, restated	<u>1,629,876</u>	<u>1,629,876</u>	<u>1,629,876</u>	<u>.....</u>
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	1,025,676	1,039,191	1,003,918	(35,273)
Licenses	22,993	31,346	24,665	(6,681)
Taxes	320,700	413,980	392,610	(21,370)
Miscellaneous	.....	.....	5	5
Interest	5,096	19,264	9,588	(9,676)
Grants	12,168,612	12,788,010	11,549,371	(1,238,639)
Refunds	695,108	585,753	703,798	118,045
Other	42,815	41,769	44,481	2,712
Total Direct Revenues	<u>14,281,000</u>	<u>14,919,313</u>	<u>13,728,436</u>	<u>(1,190,877)</u>
Indirect revenues:				
Transfers and distributions	1,448,014	937,072	958,159	21,087
Other	.....	39	1,127	1,088
Total Indirect Revenues	<u>1,448,014</u>	<u>937,111</u>	<u>959,286</u>	<u>22,175</u>
Total Revenues	<u>15,729,014</u>	<u>15,856,424</u>	<u>14,687,722</u>	<u>(1,168,702)</u>
Total Available Resources	<u>17,358,890</u>	<u>17,486,300</u>	<u>16,317,598</u>	<u>(1,168,702)</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	1,201,346	1,231,593	1,197,566	34,027
Other personal services	88,844	89,985	82,029	7,956
Expenses	312,661	272,406	251,794	20,612
Grants and aids	218,830	218,393	196,032	22,361
Operating capital outlay	16,011	20,930	18,528	2,402
Food products	1,728	1,503	1,483	20
Fixed capital outlay	9,668	9,668	9,668	.....
Lump sum	12,633	.....	.....	.....
Special categories	13,702,162	14,003,928	13,220,259	783,669
Financial assistance payments	42,213	45,831	20,376	25,455
Grants/aids to local governments	7,357	7,357	7,357	.....
Data processing services	34,371	48,766	37,599	11,167
Claim bills and relief acts	760	760	760	.....
Total Operating Expenditures	<u>15,648,584</u>	<u>15,951,120</u>	<u>15,043,451</u>	<u>907,669</u>
Nonoperating expenditures:				
Continuing appropriations	.....	9,250	9,250	.....
Transfers	838,916	710,382	710,382	.....
Qualified expenditures	64,459	.....	.....	.....
Refunds	55,617	8,607	8,607	.....
Other	9,962	12,189	12,189	.....
Special expenses	355	833	833	.....
Total Nonoperating Expenditures	<u>969,309</u>	<u>741,261</u>	<u>741,261</u>	<u>.....</u>
Total Expenditures	<u>16,617,893</u>	<u>16,692,381</u>	<u>15,784,712</u>	<u>907,669</u>
Fund Balances, June 30, 2007	\$ 740,997	\$ 793,919	\$ 532,886	\$ (261,033)

The notes to required supplementary information are an integral part of this schedule.

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 262,149	\$ 262,149	\$ 262,149	\$ .....
Reversions	123	123	123	.....
Fund Balances, July 1, 2006, restated	<u>262,272</u>	<u>262,272</u>	<u>262,272</u>	<u>.....</u>
<b>REVENUES</b>				
Direct revenues:				
Fees and charges	146,379	147,260	134,379	(12,881)
Taxes	2,313,912	2,257,778	2,313,912	56,134
Miscellaneous	10	.....	.....	.....
Interest	2,364	2,364	3,433	1,069
Refunds	12,279	.....	12,282	12,282
Other	14,533	10	7,558	7,548
Total Direct Revenues	<u>2,489,477</u>	<u>2,407,412</u>	<u>2,471,564</u>	<u>64,152</u>
Indirect revenues:				
Transfers and distributions	113,373	113,374	105,544	(7,830)
Other	31,271	49,759	45,003	(4,756)
Total Indirect Revenues	<u>144,644</u>	<u>163,133</u>	<u>150,547</u>	<u>(12,586)</u>
Total Revenues	<u>2,634,121</u>	<u>2,570,545</u>	<u>2,622,111</u>	<u>51,566</u>
Total Available Resources	<u>2,896,393</u>	<u>2,832,817</u>	<u>2,884,383</u>	<u>51,566</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,912	4,061	3,479	582
Other personal services	51	55	46	9
Expenses	1,103	1,126	1,004	122
Operating capital outlay	15	15	4	11
Fixed capital outlay	25,618	25,618	25,618	.....
Special categories	114,730	112,846	109,663	3,183
Total Operating Expenditures	<u>145,429</u>	<u>143,721</u>	<u>139,814</u>	<u>3,907</u>
Nonoperating expenditures:				
Transfers	15,813	14,582	14,582	.....
Refunds	61,500	49,716	49,716	.....
Other	2,505,700	2,422,637	2,422,637	.....
Total Nonoperating Expenditures	<u>2,583,013</u>	<u>2,486,935</u>	<u>2,486,935</u>	<u>.....</u>
Total Expenditures	<u>2,728,442</u>	<u>2,630,656</u>	<u>2,626,749</u>	<u>3,907</u>
Fund Balances, June 30, 2007	<u>\$ 167,951</u>	<u>\$ 202,161</u>	<u>\$ 257,634</u>	<u>\$ 55,473</u>

The notes to required supplementary information are an integral part of this schedule.

**BUDGET TO GAAP RECONCILIATION  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 5,001,096	\$ 1,991,945	\$ 532,886	\$ 257,634
Items not included in budgetary basis fund balances:				
Security lending investments within the State Treasury	3,565,231	692,201	43,452	447,651
Fair value adjustments to investments within the State Treasury	(103,334)	(20,063)	(1,259)	(12,975)
Special investments within the State Treasury	14,569	.....	9,013	.....
Non-State Treasury cash and investments	224,976	2,483	32,748	2,633
Other GAAP basis fund balances not included in budgetary basis fund balances	(15,341)	(1,474)	110,320	1,360,879
Adjusted budgetary basis fund balances	8,687,197	2,665,092	727,160	2,055,822
Adjustments (basis differences):				
Net receivables (payables) not certified forward	(1,590,360)	193,542	166,090	(422,063)
Inventories, prepaid items and deferred charges	26,008	1,321	40,883	24,185
Encumbrances	106,922	2,647	9,910	22,395
GAAP basis fund balances	<u>\$ 7,229,767</u>	<u>\$ 2,862,602</u>	<u>\$ 944,043</u>	<u>\$ 1,680,339</u>

The notes to required supplementary information are an integral part of this schedule.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION****BUDGETARY REPORTING****Budget Process**

Chapter 216, Florida Statutes (F.S.), promulgates the process used to develop the budget for the State of Florida. By October 15 of each year, the head of each state agency and the Chief Justice of the Supreme Court for the Judicial Branch submit a final annual legislative budget request to the Governor and Legislature. Then, at least 30 days before the scheduled annual legislative session in each year, the Governor, as Chief Budget Officer, submits his recommended budget to each legislator.

The Governor also provides estimates of revenues sufficient to fund the recommended appropriations. Revenue estimates for the General Fund and selected trust funds are made by the Revenue Estimating Conference. This group includes members of the Executive and Legislative branches with forecasting experience who develop official information regarding anticipated state and local government revenues as needed for the state budgeting process. Revenue estimates for trust funds not projected by the Revenue Estimating Conference (consisting mainly of special revenue funds) are provided by state agencies. These estimates may be revised during the course of the Legislature's consideration and adoption of a final budget. These estimates, together with known available cash balances, are further considered by the Governor and the Chief Justice of the Florida Supreme Court during the preparation of annual release (spending) plans. Further adjustments to the original budget's trust fund revenue estimates may be made to conform agency revenue estimates to actual and projected revenue streams.

The Governor's recommended budget forms the basis of the appropriations bill. As amended and approved by the Legislature (subject to the line-item veto power of the Governor and override authority of the Legislature), this bill becomes the General Appropriations Act. The Governor and the Chief Justice of the Supreme Court may, under certain conditions and subject to the review and objection procedures set forth in Section 216.177, Florida Statutes, establish appropriations and corresponding releases for amounts not appropriated by the Legislature to agencies and the Judicial Branch, respectively. These appropriations are made primarily for non-operating disbursements, such as the purchase of investments and the transfer of money between state funds.

If circumstances warrant, the head of a department or the Chief Justice of the Supreme Court may transfer appropriations (other than fixed capital outlay appropriations) but only to the extent of 5 percent of the original appropriation or \$250,000, whichever is greater or within certain programs and between identical funding sources and specific appropriation categories. Transfers of general revenue appropriations in excess of 5 percent or \$250,000, whichever is greater, or for fixed capital outlay, or with certain program flexibility may be approved by the Legislative Budget Commission. The Governor and the Chief Justice of the Supreme Court may approve transfers of expenditure authority within any trust fund for agencies and the Judicial Branch, respectively, if the transfers are less than \$1 million. The Legislative Budget Commission may approve trust fund transfers in excess of \$1 million. At the end of the fiscal year, any balance of an operating appropriation which has not been disbursed but is expended (recorded as a payable) or contracted to be expended (recorded as a reserve for encumbrances in governmental fund types), may be carried forward into the next fiscal year.

The Chief Financial Officer approves disbursements in accordance with legislative authorizations. The budget is controlled at the account code level, which is defined as an appropriation category (e.g., salaries and benefits) and fund within a budget entity. The Governor and the Chief Financial Officer are responsible for detecting conditions which could lead to a deficit in any agency's funds and reporting that fact to the Legislative Budget Commission and the Chief Justice of the Supreme Court. The Constitution of the State, Article VII, Section 1(d), states, "Provision shall be made by law for raising sufficient revenue to defray the expenses of the state for each fiscal period."

**Budgetary Basis of Accounting**

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). Appropriations are made from funds that are prescribed by law. These legal basis fund types (known as state funds) are the General Revenue Fund, numerous trust funds, and the Budget Stabilization Fund. Certain moneys, known as local funds, available to agencies for their operations are maintained outside the State Treasury. Because the funds are located in banks outside of the State Treasury, budgetary authority and the disbursement of these funds are not controlled by the Chief Financial Officer. For example, the State Board of Administration operates from such funds.

The state presents budgetary comparison schedules for the general fund and major special revenue funds as part of the other required supplementary information. In addition, budgetary comparison schedules for non-major special revenue funds which have legally adopted annual budgets are presented with other combining and individual fund statements and schedules.

Budgetary basis revenues are essentially reported on the cash basis and include amounts classified by GAAP as other financing sources. Budgetary basis expenditures include disbursements, except those for prior year carry/certified forwards, plus current year payables and encumbrances which are carried/certified forward into the next fiscal year. They also include amounts classified by GAAP as other financing uses. State law requires prior year payables and encumbrances not carried/certified forward to be paid from the current year budget. The Lump Sum expenditure category presented in the budgetary comparison schedules is used as a budgetary tool to track moneys appropriated to a particular fund until subsequent allocations are made to other expenditure categories.

The presentation of budgetary comparison information for the major governmental fund for transportation excludes the State Transportation Trust Fund within the Department of Transportation because it accounts for projects of a multi-year nature, and comparison of actual annual expenditures to a multi-year appropriated amount is not meaningful. Appropriations are made in total the first year of a project even though they are released and expended over the period of construction for a project.

**Budget to GAAP Reconciliation**

The budgetary comparison schedules for the General Fund and the major special revenue funds present comparisons of the original budget and final budget with actual revenues and expenditures on a budgetary basis. A budget to GAAP reconciliation is presented following the budgetary comparison schedules because accounting principles for budgetary basis differ significantly from those used to present financial statements in conformity with GAAP.



## OTHER REQUIRED SUPPLEMENTARY INFORMATION

## FLORIDA RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll <sup>(1)</sup> (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2002	99,405,677	86,469,774	(12,935,903)	114.96%	22,195,184	(58.28%)
July 1, 2003	101,906,724	89,251,331	(12,655,393)	114.18%	22,270,807	(56.83%)
July 1, 2004	106,707,426	95,185,433	(11,521,993)	112.10%	23,115,581	(49.85%)
July 1, 2005	111,539,878	103,925,498	(7,614,380)	107.33%	24,185,983	(31.48%)
July 1, 2006	117,159,615	110,977,831	(6,181,784)	105.57%	25,327,922	(24.41%)
July 1, 2007	125,584,704	118,870,513	(6,714,191)	105.65%	26,385,768	(25.45%)

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2002	1,825,485	97%
2003	1,844,203	98%
2004	2,044,540	92%
2005	2,141,862	102%
2006	2,193,928	96%
2007	2,455,255	111%

## ADDITIONAL INFORMATION

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2007
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Projected Pay, Entry Age to Exit
Equivalent single amortization period	30 Years <sup>(2)</sup> , Open
Asset valuation method	5-Year Smoothed Method
Actuarial assumptions:	
Investment rate of return	7.75% <sup>(3)</sup>
Projected salary increases	6.25% <sup>(3, 4)</sup>
Cost-of-living adjustments	3.00%

<sup>(1)</sup> Includes Deferred Retirement Option Program (DROP) payroll.

<sup>(2)</sup> Used for GASB Statement No. 27 reporting purposes.

<sup>(3)</sup> Includes inflation at 3.00%.

<sup>(4)</sup> Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**RETIREE HEALTH INSURANCE SUBSIDY PROGRAM SCHEDULE OF FUNDING PROGRESS**

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2006	\$ 192,808	\$ 4,667,058	\$ 4,474,250	4.13%	\$ 27,712,320 <sup>(1)</sup>	16.15%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2006	N/A <sup>(2)</sup>	N/A
2007	\$ 363,175	90%

**ADDITIONAL INFORMATION**

The information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Projected Pay, Entry Age to Exit
Equivalent single amortization period	30 Years <sup>(3)</sup> , Open
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75% <sup>(4)</sup>
Projected salary increases	6.25% <sup>(4, 5)</sup>
Cost-of-Living Adjustments	0.00%

<sup>(1)</sup> Includes Deferred Retirement Option Program (DROP) and Public Employee Optional Retirement Program (PEORP) payroll.

<sup>(2)</sup> First valuation completed July 1, 2006, which determined ARC for FY 06-07.

<sup>(3)</sup> Used for GASB Statement No. 27 reporting purposes.

<sup>(4)</sup> Includes inflation at 3.00%.

<sup>(5)</sup> Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

Pursuant to GASB Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted an alternative process to recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,067 centerline miles of roads and 6,559 bridges that the State is responsible for maintaining.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

#### Condition and Maintenance Programs

**Resurfacing Program:** Road pavements require periodic resurfacing. The frequency of resurfacing depends on the volume of traffic, type of traffic, pavement material variability, and weather conditions. Resurfacing preserves the structural integrity of highway pavements and includes pavement resurfacing, pavement rehabilitation, and minor reconstruction.

The Florida Department of Transportation (FDOT) conducts an annual Pavement Condition Survey. Pavements are rated on a scale of 0 to 10 (with 10 being the best) in each of three criteria: ride smoothness, pavement cracking, and wheel path rutting. Ride smoothness is what the motorist experiences. It directly affects motor vehicle operation costs. Pavement cracking refers to the structural deterioration of the pavement, which leads to loss of smoothness and deterioration of the road base by water seepage if not corrected. Wheel path rutting refers to depressions in pavement caused by heavy use. Ride smoothness and wheel path rutting are measured mechanically using lasers. Pavement cracking is determined through visual observation by experienced survey crews.

The condition rating scales were set by a statewide committee of pavement engineers, so that a pavement segment receiving a rating of six or less in any of the three rating criteria is designated a deficient pavement segment. In low-speed urban areas, the ride rating must drop to five or less before a pavement segment is considered deficient due to ride.

The FDOT standard is to ensure that 80% of the pavement on the State Highway System remains non-deficient.

**Bridge Repair/Replacement Program:** The FDOT Bridge Repair Program places primary emphasis on periodic maintenance and specified rehabilitation work activities on State Highway System bridge structures. The FDOT Bridge Replacement Program’s primary focus is on the replacement of structurally deficient or weight restricted bridges on the State Highway System. In addition, this program addresses bridges that require structural repair but which are more cost effective to replace.

The FDOT conducts bridge condition surveys using the National Bridge Inspection (NBI) Standards to determine condition ratings. Each bridge is inspected at least once every two years. During the inspection process, the major components such as deck, superstructure, and substructure are assigned a condition rating. The condition rating ranges from 0 to 9. A rating of 8 to 9 is very good to excellent which indicates that no repairs are necessary. A rating of 5 to 7 is fair to good which indicates that minor repairs are required. A rating below 5 identifies bridges needing major repairs or replacement. A rating of 4 or less indicates a condition of poor to failing and requires urgency in making repairs. A rating of 2 requires closure of the bridge and a rating of 1 is used for a bridge that is closed, but with corrective action may be put back into light service. A rating of 0 indicates that the bridge is out of service and beyond corrective action. In general, bridges that have a rating below 5 need major repairs or replacement. However, in isolated cases, bridges with a rating of 5 or greater can judgmentally be determined to need major repairs.

The FDOT standard is to ensure that 90% of all Department maintained bridges do not need major repairs or replacement.

**Routine Maintenance Program:** The FDOT is responsible for managing and performing routine maintenance on the State Highway System to help preserve the condition of the highway system. Routine maintenance includes many activities, such as:

highway repair, roadside upkeep, emergency response, maintaining signs, roadway striping, and keeping storm drains clear and structurally sound.

The quality and effectiveness of the routine maintenance program is monitored by quarterly surveys, using the Maintenance Rating Program (MRP), which result in an annual assessment. The MRP has been used since 1985 to evaluate routine maintenance of the transportation system in five broad categories, or elements. The five rating elements are roadway, roadside, vegetation/aesthetics, traffic services, and drainage. The MRP provides a maintenance rating of 1 to 100 for each category and overall.

The FDOT standard is to achieve and maintain an overall maintenance rating of 80.

**Condition Rating for the State Highway System**

Percentage of pavement meeting FDOT standards

<u>2007</u>	<u>2006</u>	<u>2005</u>
84%	82%	80%

Percentage of bridges meeting FDOT standards

<u>2007</u>	<u>2006</u>	<u>2005</u>
94%	93%	93%

**Maintenance Rating**

<u>2007</u>	<u>2006</u>	<u>2005</u>
83	83	83

**Comparison of Needed-to-Actual Maintenance/Preservation  
(in millions)**

Resurfacing Program

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Needed	\$898.1	\$670.3	\$604.1	\$562.2	\$611.0
Actual	851.1	786.7	575.3	504.2	420.4

Bridge Repair/Replacement Program

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Needed	\$273.4	\$102.7	\$346.6	\$320.0	\$256.8
Actual	121.7	88.4	348.5	312.9	142.8

Routine Maintenance Program

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Needed	\$463.7	\$442.5	\$427.0	\$405.2	\$419.8
Actual	479.2	456.2	435.6	416.5	418.1

The FDOT determines its program needs based on a five-year plan. The needed amounts provided above are for estimated expenses and commitments relating to projects within the plan at the time of the budget request. The nature of a long-term plan is that it is continually changing. Projects are added, deleted, adjusted, or postponed. The differences between the needed and actual amounts above reflect these changes. Specifically for the Bridge Repair/Replacement Program, three major bridge projects with an estimated cost of \$140 million were postponed to future years.

**FINANCIAL  
SECTION:**

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**

**NONMAJOR FUNDS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Individual fund descriptions and financial statements begin on page 145.

### **CAPITAL PROJECTS FUNDS**

Individual fund descriptions and financial statements begin on page 175.

### **DEBT SERVICE FUND**

This fund, administered by the State Board of Administration, a blended component unit, is used to account for resources earmarked to pay principal, interest, and service charges on general long-term debt of the State.

### **PERMANENT FUNDS**

Individual fund descriptions and financial statements begin on page 179.

2007 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/07
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 91,451	\$ .....	\$ 374	\$ 1,168	\$ 92,993
Pooled investments with State Treasury	3,946,886	84,476	3	8,006	4,039,371
Investments	634,103	.....	17,660	401,895	1,053,658
Receivables, net	493,682	84	182	13,223	507,171
Due from other funds	266,735	51,299	.....	.....	318,034
Inventories	7,685	.....	.....	.....	7,685
Other	813	.....	.....	.....	813
Total current assets	<u>5,441,355</u>	<u>135,859</u>	<u>18,219</u>	<u>424,292</u>	<u>6,019,725</u>
<u>Noncurrent assets</u>					
Long-term investments	6,630	.....	55,615	2,319,344	2,381,589
Other loans and notes receivable, net	956,848	.....	.....	.....	956,848
Other	905	9,000	.....	.....	9,905
Total noncurrent assets	<u>964,383</u>	<u>9,000</u>	<u>55,615</u>	<u>2,319,344</u>	<u>3,348,342</u>
Total assets	<u>\$ 6,405,738</u>	<u>\$ 144,859</u>	<u>\$ 73,834</u>	<u>\$ 2,743,636</u>	<u>\$ 9,368,067</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 195,799	\$ 1,330	\$ 944	\$ 46,611	\$ 244,684
Due to other funds	348,983	3	.....	181	349,167
Due to component units/primary	796	.....	.....	.....	796
Compensated absences	799	.....	.....	.....	799
Claims payable	55,908	.....	.....	.....	55,908
Deposits	5,390	.....	.....	.....	5,390
Deferred revenues	49,373	.....	.....	.....	49,373
Obligations under security lending agreements	847,370	13,504	.....	355,006	1,215,880
Obligations under reverse repurchase agreements	324,777	7,966	.....	781	333,524
Total current liabilities	<u>1,829,195</u>	<u>22,803</u>	<u>944</u>	<u>402,579</u>	<u>2,255,521</u>
<u>Noncurrent liabilities</u>					
Advances from other funds	379,158	.....	.....	.....	379,158
Deposits	3,462	.....	.....	.....	3,462
Deferred revenues	14,068	.....	.....	.....	14,068
Total noncurrent liabilities	<u>396,688</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>396,688</u>
Total liabilities	<u>2,225,883</u>	<u>22,803</u>	<u>944</u>	<u>402,579</u>	<u>2,652,209</u>
<u>Fund balances</u>					
Reserved for encumbrances	94,727	5,570	.....	.....	100,297
Reserved for inventories	7,684	.....	.....	.....	7,684
Reserved for long-term receivables	953,386	.....	.....	.....	953,386
Reserved for capital outlay	1,217,399	61,783	.....	.....	1,279,182
Reserved for debt service	.....	.....	72,890	.....	72,890
Reserved for permanent trust	.....	.....	.....	2,332,232	2,332,232
Other reserved	24,663	9,000	.....	5,820	39,483
Unreserved, reported in:					
Special revenue funds	1,881,996	.....	.....	.....	1,881,996
Capital projects funds	.....	45,703	.....	.....	45,703
Permanent fund	.....	.....	.....	3,005	3,005
Total fund balances	<u>4,179,855</u>	<u>122,056</u>	<u>72,890</u>	<u>2,341,057</u>	<u>6,715,858</u>
Total liabilities and fund balances	<u>\$ 6,405,738</u>	<u>\$ 144,859</u>	<u>\$ 73,834</u>	<u>\$ 2,743,636</u>	<u>\$ 9,368,067</u>



2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/07
<b>REVENUES</b>					
Taxes	\$ 1,260,067	\$ .....	\$ .....	\$ .....	\$ 1,260,067
Licenses and permits	1,139,852	.....	.....	630	1,140,482
Fees and charges	919,111	.....	80,510	.....	999,621
Grants and donations	4,213,547	.....	.....	.....	4,213,547
Investment earnings	228,141	1,753	20,308	369,877	620,079
Fines, forfeits, settlements and judgments	655,812	102	.....	430	656,344
Other revenue	58,364	.....	.....	.....	58,364
Total revenues	<u>8,474,894</u>	<u>1,855</u>	<u>100,818</u>	<u>370,937</u>	<u>8,948,504</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,376,939	3,351	57,193	19,693	2,457,176
Education	5,369,971	1,495	.....	86	5,371,552
Human services	383,284	16,239	.....	.....	399,523
Criminal justice and corrections	434,106	38,367	.....	.....	472,473
Natural resources and environment	978,401	559	.....	.....	978,960
Transportation	.....	23	.....	.....	23
State courts	15,151	.....	.....	.....	15,151
Capital outlay	65,713	267,826	.....	.....	333,539
Gain/(loss) on disposal of general fixed assets	768	.....	.....	.....	768
Debt service:					
Principal retirement	17,204	2,505	782,740	.....	802,449
Interest and fiscal charges	1,420	1,009	838,025	.....	840,454
Total expenditures	<u>9,642,957</u>	<u>331,374</u>	<u>1,677,958</u>	<u>19,779</u>	<u>11,672,068</u>
Excess (deficiency) of revenues over expenditures	<u>(1,168,063)</u>	<u>(329,519)</u>	<u>(1,577,140)</u>	<u>351,158</u>	<u>(2,723,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	954,074	.....	4,551	.....	958,625
Proceeds of refunding bonds	.....	.....	401,977	.....	401,977
Operating transfers in	3,363,765	478,331	1,609,957	.....	5,452,053
Operating transfers out	(2,970,952)	(120,923)	(40,149)	(41,173)	(3,173,197)
Proceeds of financing agreements	4,546	.....	.....	.....	4,546
Payments to refunded bond agent	.....	.....	(401,977)	.....	(401,977)
Total other financing sources (uses)	<u>1,351,433</u>	<u>357,408</u>	<u>1,574,359</u>	<u>(41,173)</u>	<u>3,242,027</u>
Net change in fund balances	183,370	27,889	(2,781)	309,985	518,463
Fund balances - beginning	3,996,485	94,167	75,671	2,031,072	6,197,395
Fund balances - ending	<u>\$ 4,179,855</u>	<u>\$ 122,056</u>	<u>\$ 72,890</u>	<u>\$ 2,341,057</u>	<u>\$ 6,715,858</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

### PUBLIC EDUCATION

This fund includes internal reporting funds administered by the Department of Education to operate education-related programs.

### EMPLOYMENT SERVICES

This fund includes internal reporting funds used for employee-service related programs of an administrative nature (non risk-related), such as workers' compensation, employment security, and labor market statistics.

### GOVERNMENT ADMINISTRATION

This fund includes internal reporting special revenue funds primarily administered by the Department of State, Department of Management Services, and Department of Financial Services.

### BUSINESS AND COMMUNITY DEVELOPMENT

This fund includes internal reporting special revenue funds primarily administered by the Executive Office of the Governor and the Department of Community Affairs.

### REGULATION AND LICENSING

This fund includes internal reporting special revenue funds primarily administered by the Department of Business and Professional Regulation, Department of Highway Safety and Motor Vehicles, and Department of Financial Services.

### TOBACCO SETTLEMENT

This fund includes internal reporting special revenue funds established to account for the settlement of *State of Florida, et al., v. American Tobacco Company, et al.*, Case No. 95-1466 AH, filed in the Fifteenth Judicial Circuit, in and for Palm Beach County Florida.

### PUBLIC SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Department of Law Enforcement, Department of Highway Safety and Motor Vehicles, Department of Legal Affairs, and Department of Military Affairs.

### CORRECTIONS

This fund includes internal reporting special revenue funds administered by the Department of Corrections.

### CONSUMER PROTECTION AND SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Department of Community Affairs, Department of Legal Affairs, and Department of Financial Services.

### AGRICULTURE

This fund includes internal reporting special revenue funds administered by the Department of Agriculture and Consumer Services.

### JUVENILE JUSTICE

This fund includes internal reporting special revenue funds administered by the Department of Juvenile Justice.

### JUDICIAL SERVICES

This fund includes internal reporting special revenue funds primarily administered by the Justice Administrative Commission and the State Courts System.

### MILITARY AND VETERANS' AFFAIRS

This fund includes internal reporting special revenue funds administered by the Department of Military Affairs and Department of Veterans' Affairs.

### BLENDED COMPONENT UNITS

#### FLORIDA CLERKS OF COURT OPERATIONS CORPORATION

Pursuant to Section 28.35, Florida Statutes (F.S.), this entity was created to establish a process for reviewing and certification of proposed court-related budgets submitted by the clerks of court and establishing a system of uniform performance measures and standards for the clerks.

#### CITRUS COMMISSION

As authorized in Chapter 601, F.S., this entity was established to primarily promote the general welfare of the Florida citrus industry.

#### STATE BOARD OF ADMINISTRATION

This entity includes the following internal reporting special revenue funds administered by the State Board of Administration: Tobacco Clearing Trust Fund and Gas Tax Clearing Accounts.

#### SCHOOL FOR THE DEAF AND THE BLIND

As authorized in Section 1002.36, F.S., this entity is a State-supported residential school for hearing-impaired and visually impaired students in preschool through 12th grade.

#### WIRELESS EMERGENCY TELEPHONE SYSTEM

As authorized in Section 365.172, F.S., this entity was established to promote a comprehensive statewide emergency telephone number system that will provide wireless telephone users with rapid direct access to public safety agencies.

#### WORKFORCE FLORIDA INC

This not-for-profit entity was created pursuant to Chapter 445, F.S., as the principal workforce policy organization for the State and the regional workforce boards.

#### FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Pursuant to Section 403.1837, F.S., this entity was created to finance the costs of water pollution control projects and activities described in Section 403.1835, F.S.

#### INLAND PROTECTION FINANCING CORPORATION

Pursuant to Section 376.3075, F.S., this entity was created to finance the rehabilitation of petroleum contamination sites pursuant to Sections 376.30-376.319, F.S., and the payment, purchase and settlement of reimbursement obligations of the Department of Environmental Protection pursuant to Section 376.3071(12), F.S.

#### INVESTMENT FRAUD RESTORATION CORPORATION

Pursuant to Section 517.1204, F.S., this entity was created to finance the remedial measures instituted by the Legislature with respect to the victims of GIC Government Securities, Inc., and the payment of approved claims pursuant to Section 517.1203, F.S.

#### SURPLUS LINES

Pursuant to Section 626.921, F.S., this entity was created to establish a system that would permit better access by consumers to approved unauthorized insurers.

#### CORRECTIONS FOUNDATION INC

This entity was organized to serve as a catalyst to identify and address critical issues that impact public safety by building public/private partnerships and collaborations to acquire resources necessary to create a safer environment as authorized by Section 944.802, F.S.

#### SCRIPPS FLORIDA FUNDING CORPORATION

Pursuant to Section 288.955, F.S., this entity was created to facilitate the establishment and operation of a biomedical research institution for the purposes of enhancing education and research and promoting economic development and diversity.

#### SPACE FLORIDA

Pursuant to Chapter 2006-60, Laws of Florida, this entity was created to be the single point of contact for aerospace-related activities within the State.

2007 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Public Education	Employment Services	Government Administration	Business and Community Development
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ .....	\$ 220	\$ 1	\$ 20
Pooled investments with State Treasury	2,134,545	554,744	166,292	69,422
Investments	.....	2,197	.....	285,671
Receivables, net	6,377	96,026	314	182,185
Due from other funds	126,799	4,235	106	10,765
Inventories	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total current assets	2,267,721	657,422	166,713	548,063
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	100
Other loans and notes receivable, net	.....	29,976	.....	7,827
Other	.....	.....	.....	.....
Total noncurrent assets	.....	29,976	.....	7,927
Total assets	\$ 2,267,721	\$ 687,398	\$ 166,713	\$ 555,990
<b>LIABILITIES AND FUND BALANCES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 7,931	\$ 37,258	\$ 5,791	\$ 19,514
Due to other funds	4,140	82,750	442	94,451
Due to component units/primary	.....	.....	.....	.....
Compensated absences	.....	175	146	1
Claims payable	.....	55,908	.....	.....
Deposits	.....	57	258	4,502
Deferred revenues	.....	.....	.....	46,127
Obligations under security lending agreements	345,812	72,237	24,592	139,153
Obligations under reverse repurchase agreements	204,000	42,614	14,507	2,236
Total current liabilities	561,883	290,999	45,736	305,984
<u>Noncurrent liabilities</u>				
Advances from other funds	378,533	.....	.....	.....
Deposits	.....	.....	.....	3,198
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	378,533	.....	.....	3,198
Total liabilities	940,416	290,999	45,736	309,182
<u>Fund balances</u>				
Reserved for encumbrances	7,014	28,823	1,874	9,542
Reserved for inventories	.....	.....	.....	.....
Reserved for long-term receivables	.....	29,976	.....	4,629
Reserved for capital outlay	1,137,711	.....	7,781	42,495
Other reserved	.....	.....	.....	.....
Unreserved	182,580	337,600	111,322	190,142
Total fund balances	1,327,305	396,399	120,977	246,808
Total liabilities and fund balances	\$ 2,267,721	\$ 687,398	\$ 166,713	\$ 555,990

2007 STATE OF FLORIDA CAFR

Regulation and Licensing	Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ 320	\$ .....	\$ 50	\$ .....	\$ 71	\$ 126	\$ 109
244,176	121,947	112,778	24,673	110,299	57,201	24,480
.....	.....	.....	.....	.....	.....	.....
37,124	245	12,489	667	11,122	5,556	55,935
31,769	.....	7,331	1,054	1,493	62,800	8
387	4,758	.....	.....	.....	1,813	1
64	.....	.....	.....	.....	.....	.....
313,840	126,950	132,648	26,394	122,985	127,496	80,533
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	264	.....	.....
.....	.....	905	.....	.....	.....	.....
.....	.....	905	.....	264	.....	.....
\$ 313,840	\$ 126,950	\$ 133,553	\$ 26,394	\$ 123,249	\$ 127,496	\$ 80,533
\$ 11,683	\$ 7,335	\$ 25,679	\$ 1,165	\$ 3,616	\$ 8,972	\$ 8,259
46,951	4,395	15,924	725	61,293	34,734	1,192
1	221	54	.....	.....	375	.....
179	.....	35	3	42	55	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	98	.....	412	.....	.....
.....	.....	2,481	.....	649	.....	.....
30,710	17,878	2,575	.....	2,740	6,957	1,417
18,117	10,547	1,519	.....	1,616	4,104	836
107,641	40,376	48,365	1,893	70,368	55,197	11,704
.....	.....	625	.....	.....	.....	.....
.....	.....	.....	.....	264	.....	.....
.....	.....	1,145	.....	595	.....	.....
.....	.....	1,770	.....	859	.....	.....
107,641	40,376	50,135	1,893	71,227	55,197	11,704
4,757	164	2,459	.....	33,696	4,609	.....
387	4,758	.....	.....	.....	1,813	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	1,385	.....	19,934	6,270
23,738	.....	905	.....	.....	.....	.....
177,317	81,652	80,054	23,116	18,326	45,943	62,559
206,199	86,574	83,418	24,501	52,022	72,299	68,829
\$ 313,840	\$ 126,950	\$ 133,553	\$ 26,394	\$ 123,249	\$ 127,496	\$ 80,533

2007 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ .....	\$ 724	\$ 66	\$ 1,387
Pooled investments with State Treasury	48,436	25,218	.....	20,713
Investments	.....	.....	.....	.....
Receivables, net	361	2,809	340	3,878
Due from other funds	1,493	527	.....	.....
Inventories	.....	191	.....	532
Other	.....	.....	.....	556
Total current assets	50,290	29,469	406	27,066
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total noncurrent assets	.....	.....	.....	.....
Total assets	\$ 50,290	\$ 29,469	\$ 406	\$ 27,066
<b>LIABILITIES AND FUND BALANCES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 2,993	\$ 4,931	\$ 252	\$ 6,534
Due to other funds	398	89	.....	586
Due to component units/primary	.....	.....	.....	145
Compensated absences	42	26	.....	66
Claims payable	.....	.....	.....	.....
Deposits	63	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Obligations under security lending agreements	212	936	.....	3,410
Obligations under reverse repurchase agreements	125	552	.....	2,011
Total current liabilities	3,833	6,534	252	12,752
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	.....	.....
Total liabilities	3,833	6,534	252	12,752
<u>Fund balances</u>				
Reserved for encumbrances	389	1,388	.....	.....
Reserved for inventories	.....	191	.....	532
Reserved for long-term receivables	.....	.....	.....	.....
Reserved for capital outlay	.....	1,823	.....	.....
Other reserved	.....	.....	.....	.....
Unreserved	46,068	19,533	154	13,782
Total fund balances	46,457	22,935	154	14,314
Total liabilities and fund balances	\$ 50,290	\$ 29,469	\$ 406	\$ 27,066

2007 STATE OF FLORIDA CAFR

Blended Component Units					
State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp
\$ .....	\$ 469	\$ .....	\$ 12,326	\$ .....	\$ .....
.....	462	109,874	.....	121,626	.....
16,285	10,703	.....	.....	1,308	1
313	140	198	506	69,745	.....
18,355	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	13	.....	.....
34,953	11,774	110,072	12,845	192,679	1
.....	.....	.....	.....	.....	.....
247,500	.....	.....	.....	671,281	.....
.....	.....	.....	.....	.....	.....
247,500	.....	.....	.....	671,281	.....
\$ 282,453	\$ 11,774	\$ 110,072	\$ 12,845	\$ 863,960	\$ 1
\$ 18,363	\$ 363	\$ 18,542	\$ 473	\$ 16	\$ .....
.....	.....	8	.....	905	.....
.....	.....	.....	.....	.....	.....
.....	4	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	17,143	.....	20,138	.....
.....	.....	10,113	.....	11,880	.....
18,363	367	45,806	473	32,939	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	12,328	.....	.....
.....	.....	.....	12,328	.....	.....
18,363	367	45,806	12,801	32,939	.....
.....	.....	12	.....	.....	.....
.....	.....	.....	.....	.....	.....
247,500	.....	.....	.....	671,281	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
16,590	11,407	64,254	44	159,740	1
264,090	11,407	64,266	44	831,021	1
\$ 282,453	\$ 11,774	\$ 110,072	\$ 12,845	\$ 863,960	\$ 1

2007 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007  
(in thousands)**

	Blended Component Units				
	Investment Fraud Restoration Corp	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$	.....	\$ 14,924	\$ 484	\$ 51,789
Pooled investments with State Treasury		.....			.....
Investments		27			317,911
Receivables, net		.....	2,455	18	3,007
Due from other funds		.....			.....
Inventories		.....		3	.....
Other		.....	12		13
Total current assets		27	17,391	505	372,720
<u>Noncurrent assets</u>					
Long-term investments		.....	6,530		.....
Other loans and notes receivable, net		.....			.....
Other		.....			.....
Total noncurrent assets		.....	6,530		.....
Total assets	\$	27	\$ 23,921	\$ 505	\$ 372,720
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$	.....	\$ 1,310	\$ 80	\$ 3,651
Due to other funds		.....			.....
Due to component units/primary		.....			.....
Compensated absences		.....			.....
Claims payable		.....			.....
Deposits		.....			.....
Deferred revenues		.....			.....
Obligations under security lending agreements		.....			161,460
Obligations under reverse repurchase agreements		.....			.....
Total current liabilities		.....	1,310	80	165,111
<u>Noncurrent liabilities</u>					
Advances from other funds		.....			.....
Deposits		.....			.....
Deferred revenues		.....			.....
Total noncurrent liabilities		.....			.....
Total liabilities		.....	1,310	80	165,111
<u>Fund balances</u>					
Reserved for encumbrances		.....			.....
Reserved for inventories		.....		3	.....
Reserved for long-term receivables		.....			.....
Reserved for capital outlay		.....			.....
Other reserved		.....		20	.....
Unreserved		27	22,611	402	207,609
Total fund balances		27	22,611	425	207,609
Total liabilities and fund balances	\$	27	\$ 23,921	\$ 505	\$ 372,720



Space Florida	Totals 6/30/07
\$ 8,365	\$ 91,451
.....	3,946,886
.....	634,103
1,872	493,682
.....	266,735
.....	7,685
155	813
<u>10,392</u>	<u>5,441,355</u>
.....	6,630
.....	956,848
.....	905
.....	964,383
<u>\$ 10,392</u>	<u>\$ 6,405,738</u>
\$ 1,088	\$ 195,799
.....	348,983
.....	796
25	799
.....	55,908
.....	5,390
116	49,373
.....	847,370
.....	324,777
<u>1,229</u>	<u>1,829,195</u>
.....	379,158
.....	3,462
.....	14,068
.....	396,688
<u>1,229</u>	<u>2,225,883</u>
.....	94,727
.....	7,684
.....	953,386
.....	1,217,399
.....	24,663
9,163	1,881,996
<u>9,163</u>	<u>4,179,855</u>
<u>\$ 10,392</u>	<u>\$ 6,405,738</u>

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Public Education	Employment Services	Government Administration	Business and Community Development
<b>REVENUES</b>				
Taxes	\$ 1,052,870	\$ .....	\$ .....	\$ .....
Licenses and permits	.....	.....	.....	.....
Fees and charges	49,687	296,759	26,316	7,465
Grants and donations	2,420,748	633,671	11,928	709,048
Investment earnings	109,993	21,360	7,021	11,911
Fines, forfeits, settlements and judgments	76,788	89,627	2	.....
Other revenue	32,682	8,355	15	11,137
Total revenues	3,742,768	1,049,772	45,282	739,561
<b>EXPENDITURES</b>				
Current:				
General government	.....	1,417,263	129,523	121,552
Education	5,196,624	170,208	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	660,673
State courts	.....	.....	.....	.....
Capital outlay	629	1,768	2,617	313
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....
Debt service:				
Principal retirement	71	9	.....	.....
Interest and fiscal charges	2	1	.....	.....
Total expenditures	5,197,326	1,589,249	132,140	782,538
Excess (deficiency) of revenues over expenditures	(1,454,558)	(539,477)	(86,858)	(42,977)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	954,074	.....	.....	.....
Operating transfers in	1,549,917	738,298	81,532	262,878
Operating transfers out	(1,070,220)	(330,981)	(2,933)	(68,434)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	1,433,771	407,317	78,599	194,444
Net change in fund balances	(20,787)	(132,160)	(8,259)	151,467
Fund balances - beginning	1,348,092	528,559	129,236	95,341
Fund balances - ending	\$ 1,327,305	\$ 396,399	\$ 120,977	\$ 246,808

2007 STATE OF FLORIDA CAFR

Regulation and Licensing	Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ 165,423	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
1,059,755	.....	62,350	.....	11	17,397	.....
78,395	.....	78,033	6,483	5,485	76,736	140,809
.....	.....	61,243	18,359	120,106	112,100	12,421
6,683	4,020	1,300	84	831	3,263	337
6,094	396,738	56,065	5	15,504	4,383	2,766
688	.....	1,390	.....	1,315	2,284	289
1,317,038	400,758	260,381	24,931	143,252	216,163	156,622
226,268	99	32,140	.....	5,249	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	339,737	.....	.....	.....	.....	.....
.....	.....	187,144	13,987	25,898	.....	163,612
.....	.....	181	.....	56,010	261,537	.....
.....	.....	.....	.....	.....	.....	.....
3,110	242	12,844	4,399	676	15,131	2,927
.....	.....	.....	.....	.....	.....	.....
13,766	.....	3,352	.....	.....	.....	.....
1,262	.....	155	.....	.....	.....	.....
244,406	340,078	235,816	18,386	87,833	276,668	166,539
1,072,632	60,680	24,565	6,545	55,419	(60,505)	(9,917)
.....	.....	.....	.....	.....	.....	.....
174,179	40,932	63,514	15,508	46,075	81,369	61,898
(1,154,585)	(77,563)	(81,925)	(14,774)	(128,868)	(16,840)	(4,838)
.....	.....	4,546	.....	.....	.....	.....
(980,406)	(36,631)	(13,865)	734	(82,793)	64,529	57,060
92,226	24,049	10,700	7,279	(27,374)	4,024	47,143
113,973	62,525	72,718	17,222	79,396	68,275	21,686
\$ 206,199	\$ 86,574	\$ 83,418	\$ 24,501	\$ 52,022	\$ 72,299	\$ 68,829

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 41,774
Licenses and permits	339	.....	.....	.....
Fees and charges	28,407	33,309	1,170	30
Grants and donations	9,858	69,610	.....	6,844
Investment earnings	(4)	118	.....	407
Fines, forfeits, settlements and judgments	7,750	.....	.....	90
Other revenue	149	1	.....	58
Total revenues	46,499	103,038	1,170	49,203
<b>EXPENDITURES</b>				
Current:				
General government	.....	47,046	1,369	43,983
Education	.....	.....	.....	.....
Human services	.....	43,547	.....	.....
Criminal justice and corrections	42,552	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....
State courts	15,151	.....	.....	.....
Capital outlay	2,056	18,901	.....	75
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....
Debt service:				
Principal retirement	.....	.....	.....	6
Interest and fiscal charges	.....	.....	.....	.....
Total expenditures	59,759	109,494	1,369	44,064
Excess (deficiency) of revenues over expenditures	(13,260)	(6,456)	(199)	5,139
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	.....	.....	.....	.....
Operating transfers in	24,819	10,695	.....	.....
Operating transfers out	(1,737)	(403)	.....	(1,457)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	23,082	10,292	.....	(1,457)
Net change in fund balances	9,822	3,836	(199)	3,682
Fund balances - beginning	36,635	19,099	353	10,632
Fund balances - ending	\$ 46,457	\$ 22,935	\$ 154	\$ 14,314

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Blended Component Units						
State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	
\$	\$	\$	\$	\$	\$	\$
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	78,487	.....	.....	.....	.....
.....	1,942	.....	11,864	.....	.....	.....
13,557	.....	4,125	.....	23,585	.....	1
.....	.....	.....	.....	.....	.....	.....
.....	1	.....	.....	.....	.....	.....
13,557	1,943	82,612	11,864	23,585	.....	1
212,068	.....	68,258	12,413	190	.....	.....
.....	3,139	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	14	.....	11	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
212,068	3,153	68,258	12,424	190	.....	.....
(198,511)	(1,210)	14,354	(560)	23,395	.....	1
.....	.....	.....	.....	.....	.....	.....
210,363	1,788	.....	.....	.....	.....	.....
(1,014)	(3)	(30)	.....	(14,347)	.....	.....
.....	.....	.....	.....	.....	.....	.....
209,349	1,785	(30)	.....	(14,347)	.....	.....
10,838	575	14,324	(560)	9,048	.....	1
253,252	10,832	49,942	604	821,973	.....	.....
\$	\$	\$	\$	\$	\$	\$
264,090	11,407	64,266	44	831,021	.....	1

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Blended Component Units			
	Investment Fraud Restoration Corp	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ .....
Licenses and permits	.....	.....	.....	.....
Fees and charges	.....	9,188	472	.....
Grants and donations	.....	.....	377	25
Investment earnings	2	962	5	18,417
Fines, forfeits, settlements and judgments	.....	.....	.....	.....
Other revenue	.....	.....	.....	.....
Total revenues	2	10,150	854	18,442
<b>EXPENDITURES</b>				
Current:				
General government	3	3,548	.....	50,452
Education	.....	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	913	.....
Natural resources and environment	.....	.....	.....	.....
State courts	.....	.....	.....	.....
Capital outlay	.....	.....	.....	.....
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....
Debt service:				
Principal retirement	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....
Total expenditures	3	3,548	913	50,452
Excess (deficiency) of revenues over expenditures	(1)	6,602	(59)	(32,010)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	.....	.....	.....	.....
Operating transfers in	.....	.....	.....	.....
Operating transfers out	.....	.....	.....	.....
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	.....	.....	.....	.....
Net change in fund balances	(1)	6,602	(59)	(32,010)
Fund balances - beginning	28	16,009	484	239,619
Fund balances - ending	\$ 27	\$ 22,611	\$ 425	\$ 207,609

Space Florida	Totals 6/30/07
\$ .....	\$ 1,260,067
.....	1,139,852
1,880	919,111
13,403	4,213,547
163	228,141
.....	655,812
.....	58,364
15,446	8,474,894
5,515	2,376,939
.....	5,369,971
.....	383,284
.....	434,106
.....	978,401
.....	15,151
.....	65,713
768	768
.....	17,204
.....	1,420
6,283	9,642,957
9,163	(1,168,063)
.....	954,074
.....	3,363,765
.....	(2,970,952)
.....	4,546
.....	1,351,433
9,163	183,370
.....	3,996,485
\$ 9,163	\$ 4,179,855

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Public Education		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 1,598,419	\$ 1,598,419	\$ .....
Reversions	3,373	3,373	.....
Fund Balances, July 1, 2006, restated	1,601,792	1,601,792	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	46,484	46,516	32
Taxes	595,515	605,385	9,870
Miscellaneous	1,561	1,523	(38)
Interest	99,376	95,122	(4,254)
Grants	2,383,134	2,383,420	286
Refunds	32,652	32,612	(40)
Bond proceeds	954,074	970,256	16,182
Other	35,323	37,286	1,963
Total Direct Revenues	4,148,119	4,172,120	24,001
Indirect revenues:			
Transfers and distributions	2,441,445	2,373,905	(67,540)
Other	44	70	26
Total Indirect Revenues	2,441,489	2,373,975	(67,514)
Total Revenues	6,589,608	6,546,095	(43,513)
Total Available Resources	8,191,400	8,147,887	(43,513)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	38,440	37,564	876
Other personal services	4,354	3,807	547
Expenses	16,912	9,368	7,544
Grants and aids	3,982,932	2,923,656	1,059,276
Operating capital outlay	1,079	672	407
Fixed capital outlay	2,147,390	2,147,390	.....
Special categories	705,839	693,557	12,282
Financial assistance payments	35,270	34,413	857
Grants/aids to local governments	380,310	380,310	.....
Data processing services	5,404	4,762	642
Total Operating Expenditures	7,317,930	6,235,499	1,082,431
Nonoperating expenditures:			
Payments to U.S. Treasury	1,204	1,204	.....
Transfers	298,958	298,958	.....
Refunds	1,105	1,105	.....
Other	28,041	28,041	.....
Total Nonoperating Expenditures	329,308	329,308	.....
Total Expenditures	7,647,238	6,564,807	1,082,431
Fund Balances, June 30, 2007	\$ 544,162	\$ 1,583,080	\$ 1,038,918



2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Employment Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 387,878	\$ 387,878	\$ .....
Reversions	79,008	79,008	.....
Fund Balances, July 1, 2006, restated	466,886	466,886	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	310,379	294,394	(15,985)
Licenses	1,069	1,055	(14)
Miscellaneous	708	707	(1)
Interest	17,110	17,957	847
Grants	753,744	651,265	(102,479)
Refunds	7,521	29,358	21,837
Other	12,617	15,959	3,342
Total Direct Revenues	1,103,148	1,010,695	(92,453)
Indirect revenues:			
Transfers and distributions	748,100	750,258	2,158
Other	1,053	1,164	111
Total Indirect Revenues	749,153	751,422	2,269
Total Revenues	1,852,301	1,762,117	(90,184)
Total Available Resources	2,319,187	2,229,003	(90,184)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	138,536	122,275	16,261
Other personal services	17,077	9,106	7,971
Expenses	40,591	27,375	13,216
Grants and aids	5,272	3,326	1,946
Operating capital outlay	2,192	1,077	1,115
Food products	150	90	60
Fixed capital outlay	103	103	.....
Special categories	1,327,872	1,227,674	100,198
Data processing services	11,912	7,595	4,317
Total Operating Expenditures	1,543,705	1,398,621	145,084
Nonoperating expenditures:			
Transfers	218,175	218,175	.....
Refunds	3,740	3,740	.....
Other	313,984	313,984	.....
Total Nonoperating Expenditures	535,899	535,899	.....
Total Expenditures	2,079,604	1,934,520	145,084
Fund Balances, June 30, 2007	\$ 239,583	\$ 294,483	\$ 54,900

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Government Administration		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 131,536	\$ 131,536	\$ .....
Reversions	1,292	1,292	.....
Fund Balances, July 1, 2006, restated	132,828	132,828	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	98,207	71,062	(27,145)
Interest	5,858	6,054	196
Grants	12,443	11,711	(732)
Refunds	10	340	330
Other	46	46	.....
Total Direct Revenues	116,564	89,213	(27,351)
Indirect revenues:			
Transfers and distributions	11,961	38,916	26,955
Other	.....	1	1
Total Indirect Revenues	11,961	38,917	26,956
Total Revenues	128,525	128,130	(395)
Total Available Resources	261,353	260,958	(395)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	33,155	32,307	848
Other personal services	4,015	2,549	1,466
Expenses	8,447	8,175	272
Grants and aids	5,114	5,111	3
Operating capital outlay	395	344	51
Fixed capital outlay	2,020	2,020	.....
Special categories	91,437	80,781	10,656
Grants/aids to local governments	4,000	4,000	.....
Data processing services	1,779	1,495	284
Total Operating Expenditures	150,362	136,782	13,580
Nonoperating expenditures:			
Transfers	2,536	2,536	.....
Refunds	143	143	.....
Other	1,020	1,020	.....
Total Nonoperating Expenditures	3,699	3,699	.....
Total Expenditures	154,061	140,481	13,580
Fund Balances, June 30, 2007	\$ 107,292	\$ 120,477	\$ 13,185

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 68,387	\$ 68,387	\$ .....
Reversions	147,608	147,608	.....
Fund Balances, July 1, 2006, restated	215,995	215,995	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	7,579	7,171	(408)
Interest	1,241	1,421	180
Grants	1,231,832	902,971	(328,861)
Refunds	1,452	2,555	1,103
Other	.....	11,554	11,554
Total Direct Revenues	1,242,104	925,672	(316,432)
Indirect revenues:			
Transfers and distributions	274,351	252,661	(21,690)
Other	192	199	7
Total Indirect Revenues	274,543	252,860	(21,683)
Total Revenues	1,516,647	1,178,532	(338,115)
Total Available Resources	1,732,642	1,394,527	(338,115)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	8,849	7,482	1,367
Other personal services	5,069	4,168	901
Expenses	3,448	2,457	991
Grants and aids	2,390	2,390	.....
Operating capital outlay	63	28	35
Special categories	1,356,593	1,238,357	118,236
Grants/aids to local governments	68,696	68,696	.....
Total Operating Expenditures	1,445,108	1,323,578	121,530
Nonoperating expenditures:			
Transfers	19,566	19,566	.....
Refunds	893	893	.....
Other	839	839	.....
Total Nonoperating Expenditures	21,298	21,298	.....
Total Expenditures	1,466,406	1,344,876	121,530
Fund Balances, June 30, 2007	\$ 266,236	\$ 49,651	\$ (216,585)

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 135,803	\$ 135,803	\$ .....
Reversions	593	593	.....
Fund Balances, July 1, 2006, restated	136,396	136,396	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	84,158	76,830	(7,328)
Licenses	1,119,474	1,043,447	(76,027)
Taxes	168,928	161,886	(7,042)
Miscellaneous	184	236	52
Interest	4,316	6,053	1,737
Refunds	453	674	221
Other	3,418	5,799	2,381
Total Direct Revenues	1,380,931	1,294,925	(86,006)
Indirect revenues:			
Transfers and distributions	124,725	166,224	41,499
Other	5	5	.....
Total Indirect Revenues	124,730	166,229	41,499
Total Revenues	1,505,661	1,461,154	(44,507)
Total Available Resources	1,642,057	1,597,550	(44,507)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	108,693	104,097	4,596
Other personal services	11,214	10,902	312
Expenses	24,585	23,182	1,403
Operating capital outlay	1,331	1,228	103
Fixed capital outlay	367	367	.....
Special categories	70,333	70,333	.....
Total Operating Expenditures	216,523	210,109	6,414
Nonoperating expenditures:			
Transfers	1,116,958	1,116,958	.....
Refunds	12,188	12,188	.....
Other	74,672	69,349	5,323
Total Nonoperating Expenditures	1,203,818	1,198,495	5,323
Total Expenditures	1,420,341	1,408,604	11,737
Fund Balances, June 30, 2007	\$ 221,716	\$ 188,946	\$ (32,770)

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 57,100	\$ 57,100	\$ .....
Reversions	6,901	6,901	.....
Fund Balances, July 1, 2006, restated	64,001	64,001	.....
<b>REVENUES</b>			
Direct revenues:			
Interest	3,950	3,783	(167)
Refunds	.....	84	84
Other	437,700	437,738	38
Total Direct Revenues	441,650	441,605	(45)
Indirect revenues:			
Transfers and distributions	457,669	449,916	(7,753)
Other	.....	8	8
Total Indirect Revenues	457,669	449,924	(7,745)
Total Revenues	899,319	891,529	(7,790)
Total Available Resources	963,320	955,530	(7,790)
<b>EXPENDITURES</b>			
Operating expenditures:			
Expenses	250	250	.....
Grants and aids	17,205	17,199	6
Fixed capital outlay	861	861	.....
Special categories	417,179	405,905	11,274
Total Operating Expenditures	435,495	424,215	11,280
Nonoperating expenditures:			
Transfers	452,596	452,596	.....
Other	861	861	.....
Total Nonoperating Expenditures	453,457	453,457	.....
Total Expenditures	888,952	877,672	11,280
Fund Balances, June 30, 2007	\$ 74,368	\$ 77,858	\$ 3,490

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Public Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 96,323	\$ 96,323	\$ .....
Reversions	7,184	7,184	.....
Fund Balances, July 1, 2006, restated	103,507	103,507	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	79,363	74,264	(5,099)
Licenses	62,625	53,426	(9,199)
Miscellaneous	236	248	12
Interest	618	967	349
Grants	81,161	53,916	(27,245)
Refunds	144	5,365	5,221
Other	40,523	42,258	1,735
Total Direct Revenues	264,670	230,444	(34,226)
Indirect revenues:			
Transfers and distributions	87,349	69,820	(17,529)
Other	26	155	129
Total Indirect Revenues	87,375	69,975	(17,400)
Total Revenues	352,045	300,419	(51,626)
Total Available Resources	455,552	403,926	(51,626)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	47,022	43,155	3,867
Other personal services	8,563	6,413	2,150
Expenses	23,956	19,696	4,260
Grants and aids	28,535	17,446	11,089
Operating capital outlay	14,261	9,682	4,579
Fixed capital outlay	180	180	.....
Special categories	172,803	127,152	45,651
Data processing services	143	15	128
Total Operating Expenditures	295,463	223,739	71,724
Nonoperating expenditures:			
Transfers	53,168	53,168	.....
Refunds	1,724	1,724	.....
Other	36,670	36,670	.....
Total Nonoperating Expenditures	91,562	91,562	.....
Total Expenditures	387,025	315,301	71,724
Fund Balances, June 30, 2007	\$ 68,527	\$ 88,625	\$ 20,098

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Corrections		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 15,375	\$ 15,375	\$ .....
Reversions	552	552	.....
Fund Balances, July 1, 2006, restated	15,927	15,927	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	5,691	5,692	1
Grants	18,359	18,359	.....
Refunds	50	50	.....
Other	934	935	1
Total Direct Revenues	25,034	25,036	2
Indirect revenues:			
Transfers and distributions	14,601	17,360	2,759
Other	56	57	1
Total Indirect Revenues	14,657	17,417	2,760
Total Revenues	39,691	42,453	2,762
Total Available Resources	55,618	58,380	2,762
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	7,224	5,299	1,925
Other personal services	1,003	351	652
Expenses	4,765	2,888	1,877
Operating capital outlay	3,321	1,993	1,328
Food products	615	269	346
Fixed capital outlay	1,660	1,660	.....
Special categories	22,909	18,972	3,937
Total Operating Expenditures	41,497	31,432	10,065
Nonoperating expenditures:			
Refunds	359	359	.....
Other	2,188	2,188	.....
Special expenses	892	892	.....
Total Nonoperating Expenditures	3,439	3,439	.....
Total Expenditures	44,936	34,871	10,065
Fund Balances, June 30, 2007	\$ 10,682	\$ 23,509	\$ 12,827

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 9,025	\$ 9,025	\$ .....
Reversions	49,179	49,179	.....
Fund Balances, July 1, 2006, restated	58,204	58,204	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	5,417	5,491	74
Licenses	11	11	.....
Interest	160	619	459
Grants	250,615	122,020	(128,595)
Refunds	54,792	55,079	287
Other	9,021	12,357	3,336
Total Direct Revenues	320,016	195,577	(124,439)
Indirect revenues:			
Transfers and distributions	47,222	54,622	7,400
Other	1	2	1
Total Indirect Revenues	47,223	54,624	7,401
Total Revenues	367,239	250,201	(117,038)
Total Available Resources	425,443	308,405	(117,038)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	21,656	19,643	2,013
Other personal services	487	157	330
Expenses	3,105	2,395	710
Operating capital outlay	470	162	308
Special categories	284,807	166,919	117,888
Data processing services	42	.....	42
Total Operating Expenditures	310,567	189,276	121,291
Nonoperating expenditures:			
Transfers	92,210	92,210	.....
Refunds	1,928	1,928	.....
Other	4,101	4,101	.....
Total Nonoperating Expenditures	98,239	98,239	.....
Total Expenditures	408,806	287,515	121,291
Fund Balances, June 30, 2007	\$ 16,637	\$ 20,890	\$ 4,253



2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Agriculture		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 39,197	\$ 39,197	\$ .....
Reversions	15,817	15,817	.....
Fund Balances, July 1, 2006, restated	55,014	55,014	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	69,012	69,546	534
Licenses	17,054	17,179	125
Taxes	371	374	3
Miscellaneous	5,506	5,618	112
Interest	2,688	2,688	.....
Grants	50,728	52,675	1,947
Refunds	1,707	1,738	31
Other	4,698	4,787	89
Total Direct Revenues	151,764	154,605	2,841
Indirect revenues:			
Transfers and distributions	100,925	100,465	(460)
Other	416	422	6
Total Indirect Revenues	101,341	100,887	(454)
Total Revenues	253,105	255,492	2,387
Total Available Resources	308,119	310,506	2,387
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	77,289	70,885	6,404
Other personal services	6,401	4,418	1,983
Expenses	35,884	29,527	6,357
Grants and aids	5,083	4,790	293
Operating capital outlay	4,256	3,665	591
Fixed capital outlay	15,249	15,249	.....
Special categories	87,509	87,509	.....
Total Operating Expenditures	231,671	216,043	15,628
Nonoperating expenditures:			
Payments to U.S. Treasury	8,196	8,196	.....
Transfers	52,991	52,991	.....
Refunds	1,068	1,068	.....
Other	9,046	9,046	.....
Total Nonoperating Expenditures	71,301	71,301	.....
Total Expenditures	302,972	287,344	15,628
Fund Balances, June 30, 2007	\$ 5,147	\$ 23,162	\$ 18,015

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 10,910	\$ 10,910	\$ .....
Reversions	2,210	2,210	.....
Fund Balances, July 1, 2006, restated	13,120	13,120	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	105,268	95,076	(10,192)
Interest	.....	301	301
Grants	8,618	8,105	(513)
Refunds	8,289	57	(8,232)
Other	2,760	3,047	287
Total Direct Revenues	124,935	106,586	(18,349)
Indirect revenues:			
Transfers and distributions	53,393	59,927	6,534
Other	.....	4	4
Total Indirect Revenues	53,393	59,931	6,538
Total Revenues	178,328	166,517	(11,811)
Total Available Resources	191,448	179,637	(11,811)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	84,145	80,430	3,715
Other personal services	3,650	3,092	558
Expenses	9,859	9,133	726
Grants and aids	802	664	138
Operating capital outlay	466	406	60
Food products	196	196	.....
Fixed capital outlay	453	453	.....
Special categories	76,217	70,729	5,488
Total Operating Expenditures	175,788	165,103	10,685
Nonoperating expenditures:			
Transfers	1	1	.....
Refunds	15	15	.....
Other	806	806	.....
Total Nonoperating Expenditures	822	822	.....
Total Expenditures	176,610	165,925	10,685
Fund Balances, June 30, 2007	\$ 14,838	\$ 13,712	\$ (1,126)

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Judicial Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 35,130	\$ 35,130	\$ .....
Reversions	2,480	2,480	.....
Fund Balances, July 1, 2006, restated	<u>37,610</u>	<u>37,610</u>	<u>.....</u>
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	31,453	31,550	97
Licenses	350	339	(11)
Interest	.....	4	4
Grants	6,564	6,505	(59)
Refunds	360	365	5
Other	7,492	7,492	.....
Total Direct Revenues	<u>46,219</u>	<u>46,255</u>	<u>36</u>
Indirect revenues:			
Transfers and distributions	30,613	30,371	(242)
Other	18	19	1
Total Indirect Revenues	<u>30,631</u>	<u>30,390</u>	<u>(241)</u>
Total Revenues	<u>76,850</u>	<u>76,645</u>	<u>(205)</u>
Total Available Resources	<u>114,460</u>	<u>114,255</u>	<u>(205)</u>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	58,225	43,326	14,899
Other personal services	5,336	2,949	2,387
Expenses	3,380	2,459	921
Operating capital outlay	149	36	113
Special categories	21,169	13,080	8,089
Data processing services	418	228	190
Total Operating Expenditures	<u>88,677</u>	<u>62,078</u>	<u>26,599</u>
Nonoperating expenditures:			
Transfers	5,726	5,726	.....
Refunds	245	245	.....
Other	1,474	1,474	.....
Total Nonoperating Expenditures	<u>7,445</u>	<u>7,445</u>	<u>.....</u>
Total Expenditures	<u>96,122</u>	<u>69,523</u>	<u>26,599</u>
Fund Balances, June 30, 2007	<u>\$ 18,338</u>	<u>\$ 44,732</u>	<u>\$ 26,394</u>

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 10,944	\$ 10,944	\$ .....
Reversions	5,557	5,557	.....
Fund Balances, July 1, 2006, restated	16,501	16,501	.....
<b>REVENUES</b>			
Direct revenues:			
Fees and charges	17,688	16,973	(715)
Miscellaneous	1	2	1
Interest	117	128	11
Grants	60,377	67,241	6,864
Refunds	16,215	15,641	(574)
Other	.....	81	81
Total Direct Revenues	94,398	100,066	5,668
Indirect revenues:			
Transfers and distributions	5,295	10,632	5,337
Other	2	2	.....
Total Indirect Revenues	5,297	10,634	5,337
Total Revenues	99,695	110,700	11,005
Total Available Resources	116,196	127,201	11,005
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	27,127	26,947	180
Other personal services	2,214	2,103	111
Expenses	18,110	17,644	466
Operating capital outlay	632	527	105
Food products	3,762	3,750	12
Fixed capital outlay	18,436	18,436	.....
Special categories	35,952	35,537	415
Total Operating Expenditures	106,233	104,944	1,289
Nonoperating expenditures:			
Transfers	4,151	4,151	.....
Refunds	124	124	.....
Other	114	114	.....
Total Nonoperating Expenditures	4,389	4,389	.....
Total Expenditures	110,622	109,333	1,289
Fund Balances, June 30, 2007	\$ 5,574	\$ 17,868	\$ 12,294

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 5,761	\$ 5,761	\$ .....
Reversions	994	994	.....
Fund Balances, July 1, 2006, restated	6,755	6,755	.....
<b>REVENUES</b>			
Direct revenues:			
Taxes	40,559	41,875	1,316
Miscellaneous	75	30	(45)
Interest	158	366	208
Grants	8,189	6,879	(1,310)
Refunds	68	67	(1)
Other	.....	293	293
Total Direct Revenues	49,049	49,510	461
Total Revenues	49,049	49,510	461
Total Available Resources	55,804	56,265	461
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	7,066	4,484	2,582
Other personal services	173	71	102
Expenses	4,981	1,292	3,689
Operating capital outlay	351	101	250
Special categories	39,727	39,727	.....
Data processing services	8	2	6
Total Operating Expenditures	52,306	45,677	6,629
Nonoperating expenditures:			
Refunds	3	3	.....
Other	1,299	1,299	.....
Total Nonoperating Expenditures	1,302	1,302	.....
Total Expenditures	53,608	46,979	6,629
Fund Balances, June 30, 2007	\$ 2,196	\$ 9,286	\$ 7,090

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 660	\$ 660	\$ .....
Carry forward adjustment	1,751	1,751	.....
Fund Balances, July 1, 2006, restated	2,411	2,411	.....
<b>REVENUES</b>			
Direct revenues:			
Grants	1,946	1,920	(26)
Refunds	.....	1	1
Total Direct Revenues	1,946	1,921	(25)
Indirect revenues:			
Transfers and distributions	886	886	.....
Total Indirect Revenues	886	886	.....
Total Revenues	2,832	2,807	(25)
Total Available Resources	5,243	5,218	(25)
<b>EXPENDITURES</b>			
Operating expenditures:			
Special categories	3,005	3,005	.....
Total Operating Expenditures	3,005	3,005	.....
Nonoperating expenditures:			
Continuing appropriations	1,751	1,751	.....
Total Nonoperating Expenditures	1,751	1,751	.....
Total Expenditures	4,756	4,756	.....
Fund Balances, June 30, 2007	\$ 487	\$ 462	\$ (25)

2007 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2006	\$ 49,407	\$ 49,407	\$ .....
Reversions	191	191	.....
Fund Balances, July 1, 2006, restated	49,598	49,598	.....
<b>REVENUES</b>			
Direct revenues:			
Interest	3,660	3,594	(66)
Refunds	.....	38	38
Other	80,081	80,075	(6)
Total Direct Revenues	83,741	83,707	(34)
Total Revenues	83,741	83,707	(34)
Total Available Resources	133,339	133,305	(34)
<b>EXPENDITURES</b>			
Operating expenditures:			
Expenses	623	283	340
Grants and aids	81,091	68,051	13,040
Special categories	114	80	34
Total Operating Expenditures	81,828	68,414	13,414
Nonoperating expenditures:			
Transfers	30	30	.....
Refunds	7	7	.....
Total Nonoperating Expenditures	37	37	.....
Total Expenditures	81,865	68,451	13,414
Fund Balances, June 30, 2007	\$ 51,474	\$ 64,854	\$ 13,380

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## **CAPITAL PROJECTS FUNDS**

### **GENERAL GOVERNMENT**

This fund includes various internal reporting capital projects funds administered by various agencies to account for resources used for the acquisition or construction of major capital facilities other than those financed by other funds.

### **RIGHT-OF-WAY AND BRIDGE CONSTRUCTION**

This fund includes the internal reporting capital projects funds administered by the Department of Transportation for right-of-way acquisition and bridge construction.

### **HEALTH SERVICES**

This fund includes various internal reporting capital projects funds administered by the Department of Health.

### **OTHER**

This fund includes various internal reporting capital projects funds administered by other agencies.

### **SCHOOL FOR THE DEAF AND THE BLIND**

This capital projects fund is administered by the School for the Deaf and the Blind.

**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2007**  
(in thousands)

	General Government	Right-of-Way and Bridge Construction	Health Services	Other	School for the Deaf and the Blind	Totals 6/30/07
<b>ASSETS</b>						
<u>Current assets</u>						
Pooled investments with State Treasury	\$ .....	\$ 68,279	\$ .....	\$15,197	\$ 1,000	\$ 84,476
Receivables, net	.....	56	.....	28	.....	84
Due from other funds	47,225	.....	.....	.....	4,074	51,299
Total current assets	47,225	68,335	.....	15,225	5,074	135,859
<u>Noncurrent assets</u>						
Other	.....	9,000	.....	.....	.....	9,000
Total noncurrent assets	.....	9,000	.....	.....	.....	9,000
Total assets	\$ 47,225	\$ 77,335	\$ .....	\$15,225	\$ 5,074	\$ 144,859
<b>LIABILITIES AND FUND BALANCES</b>						
<u>Current liabilities</u>						
Accounts payable and accrued liabilities	\$ 259	\$ 829	\$ .....	\$ .....	\$ 242	\$ 1,330
Due to other funds	.....	.....	.....	2	1	3
Obligations under security lending agreements	.....	11,124	.....	2,380	.....	13,504
Obligations under reverse repurchase agreements	.....	6,562	.....	1,404	.....	7,966
Total current liabilities	259	18,515	.....	3,786	243	22,803
Total liabilities	259	18,515	.....	3,786	243	22,803
<u>Fund balances</u>						
Reserved for encumbrances	152	.....	.....	800	4,618	5,570
Reserved for capital outlay	34,225	26,600	.....	745	213	61,783
Other reserved	.....	9,000	.....	.....	.....	9,000
Unreserved	12,589	23,220	.....	9,894	.....	45,703
Total fund balances	46,966	58,820	.....	11,439	4,831	122,056
Total liabilities and fund balances	\$ 47,225	\$ 77,335	\$ .....	\$15,225	\$ 5,074	\$ 144,859

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Health Services	Other	School for the Deaf and the Blind	Totals 6/30/07
<b>REVENUES</b>						
Investment earnings	\$ .....	\$ 1,148	\$ .....	\$ 605	\$ .....	\$ 1,753
Fines, forfeits, settlements and judgments	.....	102	.....	.....	.....	102
Total revenues	.....	1,250	.....	605	.....	1,855
<b>EXPENDITURES</b>						
Current:						
General government	3,338	.....	.....	13	.....	3,351
Education	.....	.....	.....	.....	1,495	1,495
Human services	16,239	.....	.....	.....	.....	16,239
Criminal justice and corrections	38,367	.....	.....	.....	.....	38,367
Natural resources and environment	559	.....	.....	.....	.....	559
Transportation	.....	23	.....	.....	.....	23
Capital outlay	53,278	205,328	.....	681	8,539	267,826
Debt service:						
Principal retirement	2,505	.....	.....	.....	.....	2,505
Interest and fiscal charges	1,009	.....	.....	.....	.....	1,009
Total expenditures	115,295	205,351	.....	694	10,034	331,374
Excess (deficiency) of revenues over expenditures	(115,295)	(204,101)	.....	(89)	(10,034)	(329,519)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	132,463	336,000	.....	1,184	8,684	478,331
Operating transfers out	(1,888)	(118,439)	(493)	(103)	.....	(120,923)
Total other financing sources (uses)	130,575	217,561	(493)	1,081	8,684	357,408
Net change in fund balances	15,280	13,460	(493)	992	(1,350)	27,889
Fund balances - beginning	31,686	45,360	493	10,447	6,181	94,167
Fund balances - ending	\$ 46,966	\$ 58,820	\$ .....	\$11,439	\$ 4,831	\$ 122,056

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## **PERMANENT FUNDS**

### **PRIVATE GRANTS**

Funds in this category include those administered by the Fish and Wildlife Conservation Commission, used to support fish and wildlife conservation programs of the State, in accordance with Section 372.105, Florida Statutes. The primary source of the principal of the funds includes proceeds of gifts, grants, contributions, and the sale of lifetime licenses. Also included in this category are various private scholarship funds administered by the Department of Education and used to pay scholarship awards as specified by the contributors. Only the interest income received and accrued from the investments of these funds can be used. No disbursement is made from the principal of the funds.

### **LAWTON CHILES ENDOWMENT FUND**

This fund is administered by the State Board of Administration, a blended component unit of the State, in accordance with Section 215.5601, Florida Statutes. Its purpose is to provide a perpetual source of enhanced funding for State children's health programs, child welfare programs, children's community-based health and human services initiatives, elder programs, and biomedical research activities related to tobacco use.

**COMBINING BALANCE SHEET**  
**PERMANENT FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Private Grants	Lawton Chiles Endowment Fund	Totals 6/30/07
<b>ASSETS</b>			
<u>Current assets</u>			
Cash and cash equivalents	\$ 157	\$ 1,011	\$ 1,168
Pooled investments with State Treasury	8,006	.....	8,006
Investments	2,909	398,986	401,895
Receivables, net	21	13,202	13,223
Total current assets	11,093	413,199	424,292
<u>Noncurrent assets</u>			
Long-term investments	.....	2,319,344	2,319,344
Total noncurrent assets	.....	2,319,344	2,319,344
Total assets	\$ 11,093	\$ 2,732,543	\$ 2,743,636
<b>LIABILITIES AND FUND BALANCES</b>			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	\$ .....	\$ 46,611	\$ 46,611
Due to other funds	164	17	181
Obligations under security lending agreements	1,323	353,683	355,006
Obligations under reverse repurchase agreements	781	.....	781
Total liabilities	2,268	400,311	402,579
<u>Fund balances</u>			
Reserved for permanent trust	.....	2,332,232	2,332,232
Other reserved	5,820	.....	5,820
Unreserved	3,005	.....	3,005
Total fund balances	8,825	2,332,232	2,341,057
Total liabilities and fund balances	\$ 11,093	\$ 2,732,543	\$ 2,743,636

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
PERMANENT FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Private Grants	Lawton Chiles Endowment Fund	Totals 6/30/07
<b>REVENUES</b>			
Licenses and permits	\$ 630	\$ .....	\$ 630
Investment earnings	1,188	368,689	369,877
Fines, forfeits, settlements and judgments	.....	430	430
Total revenues	<u>1,818</u>	<u>369,119</u>	<u>370,937</u>
<b>EXPENDITURES</b>			
Current:			
General government	.....	19,693	19,693
Education	86	.....	86
Total expenditures	<u>86</u>	<u>19,693</u>	<u>19,779</u>
Excess (deficiency) of revenues over expenditures	<u>1,732</u>	<u>349,426</u>	<u>351,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	(241)	(40,932)	(41,173)
Total other financing sources (uses)	<u>(241)</u>	<u>(40,932)</u>	<u>(41,173)</u>
Net change in fund balances	1,491	308,494	309,985
Fund balances - beginning	7,334	2,023,738	2,031,072
Fund balances - ending	<u>\$ 8,825</u>	<u>\$ 2,332,232</u>	<u>\$ 2,341,057</u>

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**NONMAJOR ENTERPRISE FUNDS**

**UNEMPLOYMENT COMPENSATION**

This fund accounts for the receipt of monies for and payment of unemployment compensation benefits.

**OTHER**

This category includes various internal reporting enterprise funds administered by various agencies.

**FLORIDA ENGINEERS MANAGEMENT CORPORATION**

This blended component unit was created for the benefit of the Department of Business and Professional Regulation and the Board of Professional Engineers for the purpose of providing administrative, investigative, and prosecutorial services as provided in Section 471.038, Florida Statutes.

**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corporation	Totals 6/30/07
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 931	\$ 1,320	\$ 131	\$ 2,382
Pooled investments with State Treasury	2,518,361	304,306	.....	2,822,667
Receivables, net	240,435	9,762	.....	250,197
Due from other funds	1,582	5,765	.....	7,347
Due from component units/primary	708	.....	.....	708
Inventories	.....	6	.....	6
Other	.....	.....	29	29
Total current assets	2,762,017	321,159	160	3,083,336
<u>Noncurrent assets</u>				
Capital assets				
Buildings, equipment, and other depreciable assets	.....	14,337	499	14,836
Accumulated depreciation	.....	(8,879)	(451)	(9,330)
Total noncurrent assets	.....	5,458	48	5,506
Total assets	2,762,017	326,617	208	3,088,842
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	35,126	9,165	134	44,425
Due to other funds	4,138	7,757	.....	11,895
Due to component units/primary	.....	8	48	56
Compensated absences	.....	4,074	.....	4,074
Deposits	13,500	17,800	.....	31,300
Obligations under security lending agreements	.....	39,260	.....	39,260
Obligations under reverse repurchase agreements	.....	23,160	.....	23,160
Total current liabilities	52,764	101,224	182	154,170
<u>Noncurrent liabilities</u>				
Deposits	422,764	.....	.....	422,764
Compensated absences	.....	10,319	.....	10,319
Total noncurrent liabilities	422,764	10,319	.....	433,083
Total liabilities	475,528	111,543	182	587,253
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	.....	5,458	47	5,505
Restricted for unemployment compensation	2,286,489	.....	.....	2,286,489
Unrestricted	.....	209,616	(21)	209,595
Total net assets	\$ 2,286,489	\$ 215,074	\$ 26	\$ 2,501,589

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corporation	Totals 6/30/07
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ .....	\$ 70,034	\$ .....	\$ 70,034
Fees	913,290	196,276	2,162	1,111,728
Sales - state	.....	534	.....	534
Rents - state	.....	60	.....	60
Fines, forfeits, settlements and judgments	.....	16,798	.....	16,798
Total operating revenues	913,290	283,702	2,162	1,199,154
<b>OPERATING EXPENSES</b>				
Benefit payments	950,857	.....	.....	950,857
Contractual services	.....	26,916	416	27,332
Personal services	.....	127,774	1,377	129,151
Depreciation	.....	1,349	13	1,362
Materials and supplies	.....	8,885	68	8,953
Repairs and maintenance	.....	334	.....	334
Basic services	.....	24,902	295	25,197
Interest and fiscal charges	.....	357	.....	357
Total operating expenses	950,857	190,517	2,169	1,143,543
Operating income (loss)	(37,567)	93,185	(7)	55,611
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	24,225	715	.....	24,940
Investment earnings	121,644	9,448	.....	131,092
Interest and fiscal charges	.....	(201)	.....	(201)
Property disposition gain (loss)	.....	(731)	.....	(731)
Grant expense and client benefits	.....	(839)	.....	(839)
Other	.....	(1,858)	.....	(1,858)
Total nonoperating revenues (expenses)	145,869	6,534	.....	152,403
Income (loss) before transfers and contributions	108,302	99,719	(7)	208,014
Operating transfers in	5,789	5,217	.....	11,006
Operating transfers out	(12,851)	(65,153)	.....	(78,004)
Capital contributions	.....	2	.....	2
Change in net assets	101,240	39,785	(7)	141,018
Total net assets - beginning	2,185,249	175,289	33	2,360,571
Total net assets - ending	\$ 2,286,489	\$ 215,074	\$ 26	\$ 2,501,589

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corporation	Totals 6/30/07
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 999,582	\$ 283,314	\$ 2,195	\$ 1,285,091
Cash paid to vendors	.....	(65,599)	(1,140)	(66,739)
Cash paid to employees	.....	(122,394)	(1,222)	(123,616)
Cash paid for grants made	.....	(842)	.....	(842)
Cash paid for insurance claims	.....	(100)	.....	(100)
Unemployment benefits	(947,724)	.....	.....	(947,724)
Net cash provided (used) by operating activities	51,858	94,379	(167)	146,070
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(3,973)	(68,668)	.....	(72,641)
Advances, grants or loans (to) from or repayment from others	.....	663	.....	663
Cash received from noncapital grants or donations	24,590	31	.....	24,621
Net cash provided (used) by noncapital financing activities	20,617	(67,974)	.....	(47,357)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received from sale of capital assets	.....	1,190	.....	1,190
Purchase or construction of capital assets	.....	(818)	(18)	(836)
Net cash provided (used) by capital and related financing activities	.....	372	(18)	354
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	.....	14,012	.....	14,012
Investment earnings	123,821	6,572	.....	130,393
Net cash provided (used) by investing activities	123,821	20,584	.....	144,405
Net increase (decrease) in cash and cash equivalents	196,296	47,361	(185)	243,472
Cash and cash equivalents - beginning	2,322,996	258,265	316	2,581,577
Cash and cash equivalents - ending	\$ 2,519,292	\$ 305,626	\$ 131	\$ 2,825,049

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities**

	Unemployment Compensation	Other	FL Engineers Management Corporation	Totals 6/30/07
Operating income (loss)	\$ (37,567)	\$ 93,185	\$ (7)	\$ 55,611
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	.....	1,349	13	1,362
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	85,069	(2,352)	.....	82,717
(Increase) decrease in due from other funds	.....	(1,204)	.....	(1,204)
Increase (decrease) in allowance for uncollectibles	(1,265)	(628)	.....	(1,893)
Increase (decrease) in accounts payable	5,623	568	20	6,211
Increase (decrease) in compensated absences	.....	1,009	.....	1,009
Increase (decrease) in due to other funds	.....	1,415	(193)	1,222
Increase (decrease) in deferred revenue	(2)	1,037	.....	1,035
Net cash provided (used) by operating activities	<u>\$ 51,858</u>	<u>\$ 94,379</u>	<u>\$ (167)</u>	<u>\$ 146,070</u>

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**INTERNAL SERVICE FUNDS**

**DATA CENTERS**

These funds account for services provided by data processing centers operated by various agencies.

**COMMUNICATIONS AND FACILITIES**

These funds administered by the Department of Management Services primarily account for services provided to other State agencies such as those related to the construction, operation, and maintenance of public facilities, and management and operation of the Suncom (state communication) Network.

**OTHER**

These funds administered by various agencies primarily account for services provided to other State agencies such as legal services, records management, and community services (inmate work squads).

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2007**  
**(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/07
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ .....	\$ 12,096	\$ .....	\$ 12,096
Pooled investments with State Treasury	11,376	202,531	6,004	219,911
Investments	.....	42,517	.....	42,517
Receivables, net	619	5,831	1,768	8,218
Due from other funds	5,801	9,430	2,266	17,497
Due from component units/primary	.....	.....	108	108
Inventories	.....	120	10	130
Total current assets	<u>17,796</u>	<u>272,525</u>	<u>10,156</u>	<u>300,477</u>
<u>Noncurrent assets</u>				
Capital assets				
Land and other nondepreciable assets	.....	331	.....	331
Buildings, equipment, and other depreciable assets	41,586	820,134	7,112	868,832
Accumulated depreciation	(30,273)	(266,368)	(4,696)	(301,337)
Construction work in progress	.....	152,802	.....	152,802
Total noncurrent assets	<u>11,313</u>	<u>706,899</u>	<u>2,416</u>	<u>720,628</u>
Total assets	<u>29,109</u>	<u>979,424</u>	<u>12,572</u>	<u>1,021,105</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	6,112	27,707	3,363	37,182
Due to other funds	10	1,536	992	2,538
Compensated absences	905	746	1,689	3,340
Installment purchases/capital leases	791	434	.....	1,225
Bonds payable	.....	14,900	.....	14,900
Deposits	.....	3,322	443	3,765
Obligations under security lending agreements	596	32,445	594	33,635
Obligations under reverse repurchase agreements	351	19,140	350	19,841
Certificates of participation payable	.....	13,960	.....	13,960
Total current liabilities	<u>8,765</u>	<u>114,190</u>	<u>7,431</u>	<u>130,386</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	1,478	525	800	2,803
Bonds payable	.....	399,076	.....	399,076
Certificates of participation payable	.....	253,234	.....	253,234
Installment purchases/capital leases	1,422	4,440	.....	5,862
Compensated absences	2,575	2,429	5,865	10,869
Total noncurrent liabilities	<u>5,475</u>	<u>659,704</u>	<u>6,665</u>	<u>671,844</u>
Total liabilities	<u>14,240</u>	<u>773,894</u>	<u>14,096</u>	<u>802,230</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	10,368	144,349	2,415	157,132
Unrestricted	4,501	61,181	(3,939)	61,743
Total net assets	<u>\$ 14,869</u>	<u>\$ 205,530</u>	<u>\$ (1,524)</u>	<u>\$ 218,875</u>



2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
(in thousands)

	Data Centers	Communications and Facilities	Other	Totals 6/30/07
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 558	\$ 39,710	\$ 628	\$ 40,896
Sales - state	69,012	107,324	60,543	236,879
Rents and royalties - nonstate	.....	272	.....	272
Rents - state	.....	102,370	.....	102,370
Fines, forfeits, settlements and judgments	.....	.....	1	1
Total operating revenues	<u>69,570</u>	<u>249,676</u>	<u>61,172</u>	<u>380,418</u>
<b>OPERATING EXPENSES</b>				
Contractual services	37,327	150,116	6,636	194,079
Personal services	27,351	23,937	47,245	98,533
Depreciation	4,655	17,465	543	22,663
Materials and supplies	13,965	1,459	2,348	17,772
Repairs and maintenance	2,389	11,479	508	14,376
Basic services	5,576	4,317	3,505	13,398
Interest and fiscal charges	1	.....	.....	1
Total operating expenses	<u>91,264</u>	<u>208,773</u>	<u>60,785</u>	<u>360,822</u>
Operating income (loss)	<u>(21,694)</u>	<u>40,903</u>	<u>387</u>	<u>19,596</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Investment earnings	75	4,774	243	5,092
Interest and fiscal charges	(14)	(18,828)	(5)	(18,847)
Property disposition gain (loss)	(300)	(299)	(296)	(895)
Other	.....	5,314	.....	5,314
Total nonoperating revenues (expenses)	<u>(239)</u>	<u>(9,039)</u>	<u>(58)</u>	<u>(9,336)</u>
Income (loss) before transfers and contributions	<u>(21,933)</u>	<u>31,864</u>	<u>329</u>	<u>10,260</u>
Operating transfers in	708	3,681	8	4,397
Operating transfers out	(753)	(13,753)	(2,021)	(16,527)
Capital contributions	67	12	493	572
Change in net assets	<u>(21,911)</u>	<u>21,804</u>	<u>(1,191)</u>	<u>(1,298)</u>
Total net assets - beginning	<u>36,780</u>	<u>183,726</u>	<u>(333)</u>	<u>220,173</u>
Total net assets - ending	<u>\$ 14,869</u>	<u>\$ 205,530</u>	<u>\$ (1,524)</u>	<u>\$ 218,875</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Data Centers	Communications and Facilities	Other	Totals 6/30/07
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 83,903	\$ 253,940	\$ 62,232	\$ 400,075
Cash paid to vendors	(60,663)	(165,474)	(13,017)	(239,154)
Cash paid to employees	(25,170)	(20,069)	(47,835)	(93,074)
Net cash provided (used) by operating activities	(1,930)	68,397	1,380	67,847
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	1,496	(10,416)	(2,432)	(11,352)
Net cash provided (used) by noncapital financing activities	1,496	(10,416)	(2,432)	(11,352)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received from the sale of bonds	.....	93,113	.....	93,113
Payment of bond principal	.....	(29,140)	.....	(29,140)
Payment of interest on bonds/installment purchase/capital lease	(12)	(26,435)	(14)	(26,461)
Purchase or construction of capital assets	(3,190)	(79,845)	(181)	(83,216)
Net cash provided (used) by capital and related financing activities	(3,202)	(42,307)	(195)	(45,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	191	7,359	(20)	7,530
Investment earnings	72	752	240	1,064
Net cash provided (used) by investing activities	263	8,111	220	8,594
Net increase (decrease) in cash and cash equivalents	(3,373)	23,785	(1,027)	19,385
Cash and cash equivalents - beginning	14,749	190,842	7,031	212,622
Cash and cash equivalents - ending	\$ 11,376	\$ 214,627	\$ 6,004	\$ 232,007

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities**

	Data Centers	Communications and Facilities	Other	Totals 6/30/07
Operating income (loss)	\$ (21,694)	\$ 40,903	\$ 387	\$ 19,596
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	4,655	17,465	543	22,663
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	4,591	2,244	(751)	6,084
(Increase) decrease in due from other funds	11,802	(6,495)	1,370	6,677
(Increase) decrease in inventories	.....	(27)	(79)	(106)
Increase (decrease) in accounts payable	(1,370)	2,469	860	1,959
Increase (decrease) in compensated absences	204	(85)	(215)	(96)
Increase (decrease) in due to other funds	(118)	(77)	(648)	(843)
Increase (decrease) in loan program principal	.....	11,273	.....	11,273
Increase (decrease) in deferred revenues	.....	727	(87)	640
Net cash provided (used) by operating activities	<u>\$ (1,930)</u>	<u>\$ 68,397</u>	<u>\$ 1,380</u>	<u>\$ 67,847</u>

**Noncash investing, capital, and financing activities**

Borrowing under capital lease or installment purchase	\$ 1,468	\$ 431	\$ .....	\$ 1,899
Contribution of capital assets	51	.....	.....	51

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**PRIVATE-PURPOSE TRUST FUNDS**

**TRUST ESCROW ADMINISTRATION**

These funds administered by the Department of Financial Services are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**UNCLAIMED PROPERTY**

This fund includes the internal reporting funds administered by the Department of Financial Services that are used to account for unclaimed property pursuant to Chapter 717, Florida Statutes.

**STUDENT LOAN GUARANTY RESERVE**

This fund administered by the Department of Education is used to account for federally guaranteed loans to Florida citizens to pay for higher education.

**OTHER**

This category includes other internal reporting funds administered by various agencies that are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**COLLEGE SAVINGS PLAN**

This fund, administered by the State Board of Administration, is used to account for contributions from participants of the College Savings Plan as authorized by Chapter 1009.981, Florida Statutes. Participant contributions are collected and invested in accordance with the Plan provisions and participant direction.

2007 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2007

(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,575	\$ 223	\$ .....	\$ .....
Pooled investments with State Treasury	596,652	7,986	45,410	633
Total cash and cash equivalents	640,227	8,209	45,410	633
<u>Investments</u>				
Certificates of deposit	.....	.....	.....	.....
U.S. government & federally guaranteed obligations	35	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Commercial paper	.....	.....	.....	.....
Bonds and notes	2,268	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	.....	6,776	.....	.....
Money market and short-term investments	10,058	.....	.....	.....
Domestic equity	.....	11,190	.....	.....
Total investments	12,361	17,966	.....	.....
<u>Receivables</u>				
Accounts receivable	62,393	.....	1,836	.....
Interest receivable	2,494	7	104	.....
Dividends receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	43	.....	.....	.....
Due from other governments	.....	.....	13,652	.....
Total receivables	64,930	7	15,592	.....
Security lending collateral	.....	.....	.....	.....
Advances to other funds	.....	378,533	.....	.....
Loans receivable	789,762	.....	.....	.....
Capital assets	.....	512	29	331
Accumulated depreciation	.....	(282)	(29)	.....
Other assets	5,890	.....	.....	.....
Total assets	1,513,170	404,945	61,002	964
<b>LIABILITIES</b>				
Accounts payable	12,131	18,011	3,274	.....
Pending investment purchases	.....	.....	.....	.....
Broker rebate fees	.....	.....	.....	.....
Due to other funds	126	2	3,459	.....
Due to other governments	.....	.....	10,078	.....
Obligations under security lending agreements	98,771	542	7,008	.....
Obligations under reverse repurchase agreements	58,266	320	4,134	.....
Compensated absences	.....	322	.....	.....
Total liabilities	169,294	19,197	27,953	.....
<b>NET ASSETS</b>				
Held in trust for individuals, organizations, and other governments	\$ 1,343,876	\$ 385,748	\$ 33,049	\$ 964

College Savings Plan	Totals 6/30/07
\$ 122	\$ 43,920
.....	650,681
<u>122</u>	<u>694,601</u>
14	14
12,247	12,282
22,092	22,092
266	266
10,513	12,781
1,136	1,136
.....	6,776
7,142	17,200
86,130	97,320
<u>139,540</u>	<u>169,867</u>
.....	64,229
519	3,124
80	80
242	242
.....	43
.....	13,652
<u>841</u>	<u>81,370</u>
26,796	26,796
.....	378,533
.....	789,762
6	878
(5)	(316)
.....	5,890
<u>167,300</u>	<u>2,147,381</u>
474	33,890
3,666	3,666
108	108
13	3,600
.....	10,078
26,796	133,117
.....	62,720
4	326
<u>31,061</u>	<u>247,505</u>
<u>\$ 136,239</u>	<u>\$ 1,899,876</u>

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Fees	\$ .....	\$ .....	\$ 3,946	\$ .....
Grants and contributions	.....	.....	153,394	15
Fines, forfeits, settlements and judgments	.....	173	23	.....
Unclaimed property remittances	.....	308,518	.....	.....
Transfers in from state funds	.....	.....	.....	.....
Total contributions and other deposits	.....	308,691	157,363	15
<u>Investment income</u>				
Interest income	52,370	145	1,832	.....
Dividends	.....	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	52,370	145	1,832	.....
Investment activity expense	.....	(218)	.....	.....
Net income (loss) from investing activity	52,370	(73)	1,832	.....
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	.....
Security lending expense	.....	.....	.....	.....
Net income from security lending	.....	.....	.....	.....
Total net investment income (loss)	52,370	(73)	1,832	.....
Other additions	12	55	8,861	.....
Total additions	52,382	308,673	168,056	15
<b>DEDUCTIONS</b>				
Insurance claims expense	387,322	142	.....	.....
Interest expense	1,600	3	40	.....
Student loan default payments	.....	.....	152,157	.....
Payments to unclaimed property claimants	.....	148,137	.....	.....
Distribution to State School Fund	.....	134,000	.....	.....
Administrative expense	13,078	3,564	.....	.....
Property disposition gain (loss)	.....	12	.....	.....
Transfers out to state funds	.....	1,738	2,833	.....
Other deductions	32,264	435	15,152	55
Total deductions	434,264	288,031	170,182	55
<u>Depositor activity</u>				
Deposits	804,001	.....	.....	6
Withdrawals	(29,314)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	774,687	.....	.....	6
Change in net assets	392,805	20,642	(2,126)	(34)
Net assets - beginning	606,365	365,106	35,175	998
Adjustments to increase (decrease) beginning net assets	344,706	.....	.....	.....
Net assets - beginning, as restated	951,071	365,106	35,175	998
Net assets - ending	\$ 1,343,876	\$ 385,748	\$ 33,049	\$ 964



College Savings Plan	Totals 6/30/07
\$ 1,040	\$ 4,986
31,614	185,023
.....	196
.....	308,518
1,500	1,500
<u>34,154</u>	<u>500,223</u>
2,090	56,437
1,319	1,319
<u>11,593</u>	<u>11,593</u>
15,002	69,349
(236)	(454)
<u>14,766</u>	<u>68,895</u>
905	905
(874)	(874)
<u>31</u>	<u>31</u>
14,797	68,926
88	9,016
<u>49,039</u>	<u>578,165</u>
.....	387,464
.....	1,643
.....	152,157
.....	148,137
.....	134,000
3,490	20,132
.....	12
18	4,589
4,822	52,728
<u>8,330</u>	<u>900,862</u>
.....	804,007
.....	(29,314)
<u>.....</u>	<u>774,693</u>
40,709	451,996
95,530	1,103,174
.....	344,706
<u>95,530</u>	<u>1,447,880</u>
<u>\$ 136,239</u>	<u>\$ 1,899,876</u>

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**PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

**DEFINED BENEFIT PENSION PLAN**

This category includes those internal reporting funds primarily administered by the Department of Management Services, Division of Retirement, to account for operations of the Florida Retirement System's defined benefit pension plan.

**DEFINED CONTRIBUTION PENSION PLAN**

This category includes those internal reporting funds administered by the Department of Management Services, Division of Retirement, and State Board of Administration to account for operations of the Florida Retirement System's defined contribution pension plan.

**OTHER DEFINED CONTRIBUTION PLANS**

This category includes those internal reporting funds administered by the Department of Management Services, Division of Retirement, to account for operations of the State's other defined contribution plans.

**DEFERRED COMPENSATION PLAN**

This category includes those internal reporting funds administered by the Department of Financial Services to account for operations of government employee's deferred compensation plan.

**EMPLOYEE HEALTH, LIFE, AND DISABILITY PLANS**

This category includes those internal reporting funds primarily administered by the Department of Management Services to account for State employee's health, life, and disability plans.

**RETIREE HEALTH INSURANCE SUBSIDY**

This category includes internal reporting funds administered by the Department of Management Services, Division of Retirement, to hold and invest the contributions paid by employers on behalf of their employees who are members of a State-administered retirement plan, and to pay benefits to which such employees or their beneficiaries may become entitled.

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
JUNE 30, 2007  
(in thousands)**

	Florida Retirement System			
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan
<b>ASSETS</b>				
Cash and cash equivalents	\$ 607,560	\$ 1,777	\$ .....	\$ 202,912
Pooled investments with State Treasury	55,404	6,063	3,448	3,754
Total cash and cash equivalents	662,964	7,840	3,448	206,666
<u>Investments</u>				
Certificates of deposit	510,736	.....	.....	.....
U.S. government & federally guaranteed obligations	2,929,252	.....	.....	.....
Federal agencies	10,718,663	.....	.....	.....
Commercial paper	14,359,880	.....	.....	.....
Repurchase agreements	33,169	.....	.....	.....
Bonds and notes	10,851,694	.....	.....	598,903
International bonds and notes	1,799,024	.....	.....	.....
Real estate contracts	7,474,764	.....	.....	.....
Mutual fund investments	12,972,904	3,299,276	.....	1,350,408
Money market and short-term investments	6,351	385,434	.....	3,212
Domestic equity	58,367,745	.....	.....	9,126
Limited partnerships	3,999,522	.....	.....	.....
Equity group trust	8,103	.....	.....	.....
International equity	14,883,904	.....	.....	450
Deferred compensation annuities	.....	.....	.....	68,242
Other investments	4,570	.....	.....	.....
Total investments	138,920,281	3,684,710	.....	2,030,341
<u>Receivables</u>				
Accounts receivable	41,511	331	6,562	55
State contributions receivable	46,902	7,037	1	.....
Nonstate contributions receivable	201,329	23,475	.....	.....
Interest receivable	308,462	9	8	4
Dividends receivable	98,355	2,635	.....	.....
Pending investment sales	2,535,241	.....	.....	.....
Forward contracts	655,577	.....	.....	.....
Due from state funds	4,735	13	.....	.....
Total receivables	3,892,112	33,500	6,571	59
Security lending collateral	19,886,958	.....	.....	.....
Capital assets	1,637	.....	.....	.....
Accumulated depreciation	(979)	.....	.....	.....
Total assets	163,362,973	3,726,050	10,019	2,237,066
<b>LIABILITIES</b>				
Accounts payable	173,265	969	6,707	.....
DROP	2,373,475	.....	.....	.....
Pending investment purchases	4,608,852	.....	.....	.....
Short sell obligations	962,733	.....	.....	.....
Forward contracts payable	659,870	.....	.....	.....
Broker rebate fees	73,267	.....	.....	.....
Due to other funds	29	6,188	.....	.....
Obligations under security lending agreements	20,128,588	.....	570	595
Obligations under reverse repurchase agreements	69	.....	336	351
Claims payable	.....	.....	.....	.....
Deposits payable	.....	.....	.....	.....
Compensated absences	1,077	.....	28	.....
Total liabilities	28,981,225	7,157	7,641	946
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	\$ 134,381,748	\$ 3,718,893	\$ 2,378	\$ 2,236,120

2007 STATE OF FLORIDA CAFR

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Employee Health, Life and Disability Plans	Retiree Health Insurance Subsidy	Totals 6/30/07
\$ 3,624	\$ .....	\$ 815,873
271,011	7	339,687
<u>274,635</u>	<u>7</u>	<u>1,155,560</u>
.....	8,015	518,751
.....	.....	2,929,252
.....	20,417	10,739,080
.....	59,176	14,419,056
.....	.....	33,169
.....	119,712	11,570,309
.....	862	1,799,886
.....	.....	7,474,764
.....	.....	17,622,588
.....	.....	394,997
.....	.....	58,376,871
.....	.....	3,999,522
.....	.....	8,103
.....	.....	14,884,354
.....	.....	68,242
.....	.....	4,570
.....	<u>208,182</u>	<u>144,843,514</u>
8,842	.....	57,301
.....	5,076	59,016
.....	23,743	248,547
536	828	309,847
.....	.....	100,990
.....	.....	2,535,241
.....	.....	655,577
3	528	5,279
<u>9,381</u>	<u>30,175</u>	<u>3,971,798</u>
.....	.....	19,886,958
183	.....	1,820
(172)	.....	(1,151)
<u>284,027</u>	<u>238,364</u>	<u>169,858,499</u>
1,814	11	182,766
.....	.....	2,373,475
.....	.....	4,608,852
.....	.....	962,733
.....	.....	659,870
.....	.....	73,267
24,873	.....	31,090
44,140	.....	20,173,893
26,041	.....	26,797
51,878	.....	51,878
111,445	.....	111,445
363	.....	1,468
<u>260,554</u>	<u>11</u>	<u>29,257,534</u>
\$ 23,473	\$ 238,353	\$ 140,600,965

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

	Florida Retirement System			
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ 589,886	\$ 81,360	\$ 134,770	\$ .....
Pension fund contributions - nonstate	2,141,323	277,895	185	.....
Employer/employee contributions	71	.....	.....	.....
Purchase of time by employees	24,745	980	65,629	.....
Fees	.....	.....	.....	666
Flexible benefit contributions	.....	.....	.....	204,209
Transfers in from state funds	20,929	1,120,075	2,055	.....
Total contributions and other deposits	2,776,954	1,480,310	202,639	204,875
<u>Investment income</u>				
Interest income	1,888,156	76	154	92
Dividends	1,666,327	48,234	.....	.....
Other investment income	.....	29	.....	.....
Net increase (decrease) in fair market value	17,912,502	378,791	.....	236,121
Total investment income	21,466,985	427,130	154	236,213
Investment activity expense	(211,013)	(1,078)	(3)	.....
Net income (loss) from investing activity	21,255,972	426,052	151	236,213
<u>Security lending activity</u>				
Security lending income	1,106,904	.....	.....	.....
Security lending expense	(1,044,576)	.....	.....	.....
Net income from security lending	62,328	.....	.....	.....
Total net investment income (loss)	21,318,300	426,052	151	236,213
Other additions	10,851	.....	.....	437
Total additions	24,106,105	1,906,362	202,790	441,525
<b>DEDUCTIONS</b>				
Benefit payments	4,947,436	493,713	.....	173,252
Insurance claims expense	.....	.....	.....	.....
HMO payments	.....	.....	.....	.....
Supplemental insurance payments	.....	.....	.....	.....
Flexible reimbursement payments	.....	.....	.....	.....
Life insurance premium payments	.....	.....	.....	.....
Remittances to annuity companies	.....	.....	200,265	.....
Interest expense	.....	.....	.....	2
Administrative expense	31,612	4,764	137	62
Property disposition gain (loss)	(49)	.....	.....	.....
Transfers out to state funds	1,121,243	37,711	1	528
Other deductions	552	.....	9	.....
Total deductions	6,100,794	536,188	200,412	173,844
Change in net assets	18,005,311	1,370,174	2,378	267,681
Net assets - beginning	116,376,437	2,348,719	.....	2,000,466
Adjustments to increase (decrease) beginning net assets	.....	.....	.....	(32,027)
Net assets - beginning, as restated	116,376,437	2,348,719	.....	1,968,439
Net assets - ending	\$ 134,381,748	\$ 3,718,893	\$ 2,378	\$ 2,236,120

2007 STATE OF FLORIDA CAFR

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Employee Health, Life and Disability Plans	Retiree Health Insurance Subsidy	Totals 6/30/07
\$ .....	\$ 67,896	\$ 873,912
.....	258,156	2,677,559
1,483,749	.....	1,483,820
.....	.....	91,354
.....	.....	666
.....	.....	204,209
301	.....	1,143,360
<hr/>	<hr/>	<hr/>
1,484,050	326,052	6,474,880
<hr/>	<hr/>	<hr/>
9,908	10,605	1,908,991
.....	.....	1,714,561
.....	.....	29
.....	(18)	18,527,396
<hr/>	<hr/>	<hr/>
9,908	10,587	22,150,977
(224)	.....	(212,318)
<hr/>	<hr/>	<hr/>
9,684	10,587	21,938,659
<hr/>	<hr/>	<hr/>
.....	.....	1,106,904
.....	.....	(1,044,576)
<hr/>	<hr/>	<hr/>
.....	.....	62,328
<hr/>	<hr/>	<hr/>
9,684	10,587	22,000,987
11,617	.....	22,905
<hr/>	<hr/>	<hr/>
1,505,351	336,639	28,498,772
<hr/>	<hr/>	<hr/>
.....	290,656	5,905,057
764,349	.....	764,349
607,311	.....	607,311
58,432	.....	58,432
22,157	.....	22,157
48,248	.....	48,248
.....	.....	200,265
.....	.....	2
2,933	100	39,608
.....	.....	(49)
584	.....	1,160,067
91	.....	652
<hr/>	<hr/>	<hr/>
1,504,105	290,756	8,806,099
<hr/>	<hr/>	<hr/>
1,246	45,883	19,692,673
22,227	192,470	120,940,319
<hr/>	<hr/>	<hr/>
.....	.....	(32,027)
<hr/>	<hr/>	<hr/>
22,227	192,470	120,908,292
<hr/>	<hr/>	<hr/>
\$ 23,473	\$ 238,353	\$ 140,600,965

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## **AGENCY FUNDS**

### **TREASURY INVESTMENT ADMINISTRATION**

This agency fund accounts for cash and investments of the State's component units being held at the State Treasury. Because of differences in fiscal year end between the State and some component units, amounts reported in this fund are different from those reported in those component units' separately issued financial statements.

### **TAX DISTRIBUTION AND ADMINISTRATION**

These agency funds administered by the Department of Revenue are primarily used to account for taxes collected by the Department that are held for other municipalities, local governments, or outside entities.

### **OTHER**

These agency funds administered by various agencies are used to account for resources held in trust for entities outside of the State government and for the asset and liability balance related to retiree health care.

### **SCHOOL FOR THE DEAF AND THE BLIND**

These agency funds administered by the School for the Deaf and the Blind are used to account for resources held for students.

### **STATE BOARD OF ADMINISTRATION**

These agency funds administered by the State Board of Administration are primarily used to account for investment of monies held in trust for various municipalities, local governments, or outside entities.

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2007 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2007

(in thousands)

	Treasury Investment Administration	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/07
<b>ASSETS</b>						
Cash and cash equivalents	\$ .....	\$ 5,020	\$ 33,034	\$ 62	\$ 513	\$ 38,629
Pooled investments with State Treasury	4,129,782	678,471	257,139	.....	.....	5,065,392
Total cash and cash equivalents	4,129,782	683,491	290,173	62	513	5,104,021
<u>Investments</u>						
Certificates of deposit	.....	.....	.....	.....	514,589	514,589
U.S. government & federally guaranteed obligations	.....	.....	.....	.....	2,280,525	2,280,525
Federal agencies	.....	.....	.....	.....	95,171	95,171
Commercial paper	.....	.....	.....	.....	3,766,904	3,766,904
Repurchase agreements	.....	.....	.....	.....	6,697	6,697
Bonds and notes	.....	.....	.....	.....	1,079,569	1,079,569
International bonds and notes	.....	.....	.....	.....	97,712	97,712
Domestic equity	.....	.....	.....	.....	43,257	43,257
International equity	.....	.....	.....	.....	392	392
Other investments	.....	.....	160	.....	.....	160
Total investments	.....	.....	160	.....	7,884,816	7,884,976
<u>Receivables</u>						
Accounts receivable	.....	363,421	13,585	.....	.....	377,006
Nonstate contributions receivable	.....	.....	7	.....	.....	7
Interest receivable	1,143	.....	841	.....	46,906	48,890
Dividends receivable	.....	.....	.....	.....	42	42
Pending investment sales	.....	.....	.....	.....	432	432
Futures trade equity	.....	.....	.....	.....	16	16
Due from state funds	.....	48,138	25,687	.....	236	74,061
Total receivables	1,143	411,559	40,120	.....	47,632	500,454
Security lending collateral	.....	.....	.....	.....	25,230	25,230
Total assets	\$ 4,130,925	\$ 1,095,050	\$ 330,453	\$ 62	\$ 7,958,191	\$13,514,681
<b>LIABILITIES</b>						
Accounts payable	\$ 203,236	\$ 435,023	\$ 46,252	\$ 62	\$ 309	\$ 684,882
Pending investment purchases	.....	.....	.....	.....	5,150	5,150
Forward contracts payable	.....	39,412	3	.....	.....	39,415
Broker rebate fees	.....	.....	.....	.....	96	96
Due to other funds	289	108,776	751	.....	71	109,887
Due to other governments	.....	510,707	16,519	.....	5,846	533,072
Due to component units	2,840,536	1,131	89,337	.....	5,552,992	8,483,996
Obligations under security lending agreements	683,598	.....	40,930	.....	25,223	749,751
Obligations under reverse repurchase agreements	403,266	.....	24,147	.....	.....	427,413
Claims payable	.....	.....	19,149	.....	.....	19,149
Deposits payable	.....	1	93,365	.....	2,368,504	2,461,870
Total liabilities	\$ 4,130,925	\$ 1,095,050	\$ 330,453	\$ 62	\$ 7,958,191	\$13,514,681

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**(in thousands)**

	Balance 6/30/06	Additions	Deductions	Balance 6/30/07
<u>Treasury Investment Administration</u>				
<b>ASSETS</b>				
Pooled investments with State Treasury	\$ 3,830,176	\$ 733,310	\$ 433,704	\$ 4,129,782
Interest receivable	1,246	11,340	11,443	1,143
Total assets	<u>\$ 3,831,422</u>	<u>\$ 744,650</u>	<u>\$ 445,147</u>	<u>\$ 4,130,925</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 45,340	\$ 157,934	\$ 38	\$ 203,236
Due to other funds	200	794	705	289
Due to component units	2,792,420	473,322	425,206	2,840,536
Obligations under security lending agreements	678,612	4,986	.....	683,598
Obligations under reverse repurchase agreements	314,850	88,416	.....	403,266
Total liabilities	<u>\$ 3,831,422</u>	<u>\$ 725,452</u>	<u>\$ 425,949</u>	<u>\$ 4,130,925</u>
<u>Tax Distribution and Administration</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,246	\$ 5,021	\$ 3,247	\$ 5,020
Pooled investments with State Treasury	672,424	7,906,316	7,900,269	678,471
Accounts receivable	382,088	363,422	382,089	363,421
Due from state funds	63,283	75,219	90,364	48,138
Total assets	<u>\$ 1,121,041</u>	<u>\$ 8,349,978</u>	<u>\$ 8,375,969</u>	<u>\$ 1,095,050</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 368,719	\$ 66,310	\$ 6	\$ 435,023
Forward contracts payable	13,494	25,918	.....	39,412
Due to other funds	72,650	240,856	204,730	108,776
Due to other governments	636,913	.....	126,206	510,707
Due to component units	1,110	1,131	1,110	1,131
Deposits payable	28,155	.....	28,154	1
Total liabilities	<u>\$ 1,121,041</u>	<u>\$ 334,215</u>	<u>\$ 360,206</u>	<u>\$ 1,095,050</u>
<u>Other</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,340	\$ 148,944	\$ 135,250	\$ 33,034
Pooled investments with State Treasury	307,866	1,796,760	1,847,487	257,139
Investments	160	160	160	160
Accounts receivable	8,328	5,257	.....	13,585
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	4,086	.....	3,245	841
Due from state funds	413	25,276	2	25,687
Total assets	<u>\$ 340,200</u>	<u>\$ 1,976,397</u>	<u>\$ 1,986,144</u>	<u>\$ 330,453</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,913	\$ 34,348	\$ 9	\$ 46,252
Pending investment purchases	603	.....	603	.....
Forward contracts payable	.....	3	.....	3
Broker rebate fees	7,680	.....	7,680	.....
Due to other funds	3,735	898	3,882	751
Due to other governments	32,115	.....	15,596	16,519
Due to component units	129,262	22,394	62,319	89,337
Obligations under security lending agreements	51,247	9,589	19,906	40,930
Obligations under reverse repurchase agreements	23,775	7,730	7,358	24,147
Claims Payable	.....	19,149	.....	19,149
Deposits payable	79,870	13,495	.....	93,365
Total liabilities	<u>\$ 340,200</u>	<u>\$ 107,606</u>	<u>\$ 117,353</u>	<u>\$ 330,453</u>
<u>School for the Deaf and the Blind</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ .....	\$ 62	\$ .....	\$ 62
Total assets	<u>\$ .....</u>	<u>\$ 62</u>	<u>\$ .....</u>	<u>\$ 62</u>
<b>LIABILITIES</b>				
Accounts payable	\$ .....	\$ 62	\$ .....	\$ 62
Total liabilities	<u>\$ .....</u>	<u>\$ 62</u>	<u>\$ .....</u>	<u>\$ 62</u>

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

(in thousands)

<u>State Board of Administration</u>	Balance 6/30/06	Additions	Deductions	Balance 6/30/07
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,573	\$ 40,538,477	\$ 40,549,537	\$ 513
Investments	4,043,402	3,841,414	.....	7,884,816
Accounts receivable	251	.....	251	.....
Interest receivable	28,013	18,893	.....	46,906
Dividends receivable	37	5	.....	42
Pending investment sales	907	.....	475	432
Futures trade equity	12	4	.....	16
Due from state funds	1	236	1	236
Security lending collateral	232,747	.....	207,517	25,230
Total assets	<u>\$ 4,316,943</u>	<u>\$ 44,399,029</u>	<u>\$ 40,757,781</u>	<u>\$ 7,958,191</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 246	\$ 63	\$ .....	\$ 309
Pending investment purchases	5,310	.....	160	5,150
Broker rebate fees	569	.....	473	96
Due to other funds	7,944	71	7,944	71
Due to other governments	2,693	3,153	.....	5,846
Due to component units	1,725,847	8,946,761	5,119,616	5,552,992
Obligations under security lending agreements	232,958	25,224	232,959	25,223
Deposits payable	2,341,376	27,128	.....	2,368,504
Total liabilities	<u>\$ 4,316,943</u>	<u>\$ 9,002,400</u>	<u>\$ 5,361,152</u>	<u>\$ 7,958,191</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,159	\$ 40,692,504	\$ 40,688,034	\$ 38,629
Pooled investments with State Treasury	4,810,466	10,436,386	10,181,460	5,065,392
Investments	4,043,562	3,841,574	160	7,884,976
Accounts receivable	390,667	368,679	382,340	377,006
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	33,345	30,233	14,688	48,890
Dividends receivable	37	5	.....	42
Pending investment sales	907	.....	475	432
Futures trade equity	12	4	.....	16
Due from state funds	63,697	100,731	90,367	74,061
Security lending collateral	232,747	.....	207,517	25,230
Total assets	<u>\$ 9,609,606</u>	<u>\$ 55,470,116</u>	<u>\$ 51,565,041</u>	<u>\$ 13,514,681</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 426,218	\$ 258,717	\$ 53	\$ 684,882
Pending investment purchases	5,913	.....	763	5,150
Forward contracts payable	13,494	25,921	.....	39,415
Broker rebate fees	8,249	.....	8,153	96
Due to other funds	84,529	242,619	217,261	109,887
Due to other governments	671,721	3,153	141,802	533,072
Due to component units	4,648,639	9,443,608	5,608,251	8,483,996
Obligations under security lending agreements	962,817	39,799	252,865	749,751
Obligations under reverse repurchase agreements	338,625	96,146	7,358	427,413
Claims Payable	.....	19,149	.....	19,149
Deposits payable	2,449,401	40,623	28,154	2,461,870
Total liabilities	<u>\$ 9,609,606</u>	<u>\$ 10,169,735</u>	<u>\$ 6,264,660</u>	<u>\$ 13,514,681</u>

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## **NONMAJOR COMPONENT UNITS**

### **OTHER WATER MANAGEMENT DISTRICTS**

These districts were created in accordance with Section 373.069, Florida Statutes, to provide for the management and conservation of water and related land resources. Refer to Note 1 for additional information.

### **OTHER STATE UNIVERSITIES**

This category includes 8 state universities. Refer to Note 1 for additional information.

### **COMMUNITY COLLEGES**

This category includes 28 community colleges. Refer to Note 1 for additional information.

### **OTHER NONMAJOR COMPONENT UNITS**

Other nonmajor component units include various foundations and not-for-profit organizations. Refer to Note 1 for additional information.

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**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR COMPONENT UNITS  
JUNE 30, 2007  
(in thousands)**

	Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/07
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,452	\$ 85,848	\$ 370,944	\$ 29,425	\$ 489,669
Pooled investments with State Treasury	.....	231,924	82,990	32,730	347,644
Other investments	579,229	649,309	937,804	791,988	2,958,330
Receivables, net	12,732	193,015	471,613	166,361	843,721
Due from component units/primary	37,110	586,500	79,633	15,424	718,667
Inventories	359	4,457	9,609	9,470	23,895
Restricted cash and cash equivalents	.....	84,915	159,110	16,900	260,925
Restricted pooled investments with State Treasury	.....	62,326	105,884	.....	168,210
Restricted investments	132,703	828,315	220,273	.....	1,181,291
Other loans and notes receivable, net	.....	50,387	13,489	1,245	65,121
Other assets	912	58,026	36,728	2,440	98,106
Capital assets, net	1,787,792	3,102,119	2,742,791	639,866	8,272,568
Total assets	2,554,289	5,937,141	5,230,868	1,705,849	15,428,147
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	84,288	194,548	158,767	585,117	1,022,720
Due to component units/primary	517	35,637	8,695	7,088	51,937
Deferred revenue	61,578	223,750	59,757	24,362	369,447
Long-term liabilities					
Due within one year	7,111	84,762	95,919	147,201	334,993
Due within more than one year	79,379	1,369,255	332,235	29,068	1,809,937
Total liabilities	232,873	1,907,952	655,373	792,836	3,589,034
<b>NET ASSETS</b>					
Investments in capital assets, net of debt	1,735,317	2,189,191	2,619,630	619,873	7,164,011
Restricted for:					
Debt service	6,062	1,216	99	.....	7,377
Other	145,167	556,617	12,985	73,714	788,483
Funds held for permanent endowment					
Expendable	.....	346,774	1,153,223	.....	1,499,997
Nonexpendable	.....	454,345	503,250	2,349	959,944
Unrestricted	434,870	481,046	286,308	217,077	1,419,301
Total net assets	\$ 2,321,416	\$ 4,029,189	\$ 4,575,495	\$ 913,013	\$ 11,839,113

2007 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(in thousands)**

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Other Water Management Districts	\$ 327,064	\$ 15,518	\$ 90,285	\$ 85,343
Other State Universities	2,471,158	659,983	589,422	303,853
Community Colleges	2,493,775	608,326	644,956	429,361
Other Nonmajor Component Units	618,567	157,339	313,193	70,118
Total component units	\$ 5,910,564	\$ 1,441,166	\$ 1,637,856	\$ 888,675

General revenues

Property taxes

Investment earnings

Gain (loss) on sale of capital assets

Payments from the State of Florida

Miscellaneous

Contributions to permanent funds

Total general revenues and contributions

Change in net assets

Net assets - beginning

Adjustments to increase (decrease) beginning net assets

Net assets - ending

2007 STATE OF FLORIDA CAFR

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Net (Expense) Revenue and Changes in Net Assets

Other Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/2007
\$ (135,918)	\$ .....	\$ .....	\$ .....	\$ (135,918)
.....	(917,900)	.....	.....	(917,900)
.....	.....	(811,132)	.....	(811,132)
.....	.....	.....	(77,917)	(77,917)
(135,918)	(917,900)	(811,132)	(77,917)	(1,942,867)
314,150	.....	.....	.....	314,150
26,134	128,366	121,364	95,485	371,349
5,414	(9,172)	(204)	(71)	(4,033)
.....	1,050,439	1,203,396	.....	2,253,835
3,605	270,548	34,907	62,778	371,838
.....	14,914	19,037	.....	33,951
349,303	1,455,095	1,378,500	158,192	3,341,090
213,385	537,195	567,368	80,275	1,398,223
2,108,031	3,491,994	4,008,127	830,739	10,438,891
.....	.....	.....	1,999	1,999
\$ 2,321,416	\$ 4,029,189	\$ 4,575,495	\$ 913,013	\$ 11,839,113

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**STATISTICAL  
SECTION**

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# STATISTICAL SECTION

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**Net Assets by Component**  
**For the Last Six Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

SCHEDULE A-1

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 38,329,290	\$ 40,382,471	\$ 41,779,939	\$ 43,469,131
Restricted				
Environment, Recreation and Conservation	2,426,345	2,234,858	2,058,225	2,251,215
Health and Family Services	537,474	701,820	642,614	682,991
Transportation	897,742	975,640	804,510	1,017,620
Public Education <sup>(1)</sup>	246,260	1,098,987	1,019,230	1,037,249
Tax Collection and Administration <sup>(1)</sup>	187,855	200,005	208,388	220,221
Employment Services <sup>(1)</sup>	214,204	288,006	350,380	405,403
Nonmajor governmental funds	864,616	655,501	321,728	339,061
Debt Service	445,994	79,921	75,732	82,955
Funds held for permanent endowment				
Expendable	.....	.....	.....	.....
Nonexpendable	1,295,901	1,528,134	1,739,038	1,873,866
Unrestricted	(10,289,643)	(10,107,344)	(7,990,134)	(6,051,178)
Total governmental activities net assets	\$ 35,156,038	\$ 38,037,999	\$ 41,009,650	\$ 45,328,534
Percent change from prior year	N/A	8.20%	7.81%	10.53%
<b>Business-type Activities</b>				
Invested in capital assets, net of related debt	\$ 3,061,253	\$ 3,145,435	\$ 2,890,246	\$ 3,331,056
Restricted				
Lottery	232,248	350,440	201,371	204,037
Prepaid College Program <sup>(2)</sup>	.....	.....	.....	.....
Unemployment compensation	1,556,012	1,382,235	1,372,721	1,698,824
Hurricane Catastrophe Fund	4,362,126	4,942,992	5,476,178	2,387,054
Other	.....	121,088	252,193	395,216
Unrestricted	177,772	228,259	591,731	310,405
Total business-type activities net assets	\$ 9,389,411	\$ 10,170,449	\$ 10,784,440	\$ 8,326,592
Percent change from prior year	N/A	8.32%	6.04%	-22.79%
<b>Total Primary Government</b>				
Invested in capital assets, net of related debt	\$ 41,390,543	\$ 43,527,906	\$ 44,670,185	\$ 46,800,187
Restricted				
Environment, Recreation and Conservation	2,426,345	2,234,858	2,058,225	2,251,215
Health and Family Services	537,474	701,820	642,614	682,991
Transportation	897,742	975,640	804,510	1,017,620
Public Education <sup>(1)</sup>	246,260	1,098,987	1,019,230	1,037,249
Tax Collection and Administration <sup>(1)</sup>	187,855	200,005	208,388	220,221
Employment Services <sup>(1)</sup>	214,204	288,006	350,380	405,403
Nonmajor governmental funds <sup>(1)</sup>	770,274	653,567	321,728	339,061
Debt Service	445,994	79,921	75,732	82,955
Lottery	232,248	350,440	201,371	204,037
Prepaid College Program <sup>(2)</sup>	.....	.....	.....	.....
Unemployment Compensation	1,556,012	1,382,235	1,372,721	1,698,824
Hurricane Catastrophe Fund	4,362,126	4,942,992	5,476,178	2,387,054
Other	94,342	123,022	252,193	395,216
Funds held for permanent endowment				
Expendable	.....	.....	.....	.....
Nonexpendable	1,295,901	1,528,134	1,739,038	1,873,866
Unrestricted	(10,111,871)	(9,879,085)	(7,398,403)	(5,740,773)
Total primary government net assets <sup>(3)</sup>	\$ 44,545,449	\$ 48,208,448	\$ 51,794,090	\$ 53,655,126
Percent change from prior year	N/A	8.22%	7.44%	3.59%

Notes: Reporting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted.

<sup>(1)</sup> Public Education, Tax Collection and Administration, and Employment Services were reclassified as nonmajor as of July 1, 2005.

<sup>(2)</sup> Florida Prepaid College Program was reclassified as major business-type fund as of July 1, 2005.

<sup>(3)</sup> See Schedule A-2 for changes in net assets from year to year.



Fiscal Year	
2006	2007
\$ 46,546,117	\$ 49,603,845
2,974,802	2,861,436
800,337	843,301
1,624,834	1,680,338
.....	.....
.....	.....
.....	.....
2,056,047	2,664,650
75,671	72,890
.....	44,830
2,023,738	2,287,402
(5,844,743)	(7,552,727)
<u>\$ 50,256,803</u>	<u>\$ 52,505,965</u>
10.87%	4.48%
\$ 3,829,792	\$ 4,164,740
98,472	90,869
583,816	842,793
2,185,249	2,286,489
.....	.....
211,257	198,010
(1,103,433)	393,589
<u>\$ 5,805,153</u>	<u>\$ 7,976,490</u>
-30.28%	37.40%
\$ 50,375,909	\$ 53,768,585
2,974,802	2,861,436
800,337	843,301
1,624,834	1,680,338
.....	.....
.....	.....
.....	.....
2,056,047	2,664,650
75,671	72,890
98,472	90,869
583,816	842,793
2,185,249	2,286,489
.....	.....
211,257	198,010
.....	44,830
2,023,738	2,287,402
(6,948,176)	(7,159,138)
<u>\$ 56,061,956</u>	<u>\$ 60,482,455</u>
4.49%	7.89%

**Changes in Net Assets**  
**For the Last Six Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,499,588	\$ 6,273,119	\$ 6,637,809	\$ 6,902,109
Education	14,488,469	15,120,426	16,413,985	17,439,674
Human services	14,973,427	16,638,643	18,119,304	19,865,453
Criminal justice and corrections	3,065,808	3,103,379	3,285,460	3,466,376
Natural resources and environment	1,737,772	1,945,496	2,038,909	3,298,381
Transportation	2,070,684	2,397,921	2,632,638	3,147,739
State courts	279,821	278,589	273,091	367,941
Indirect interest on long-term debt	.....	1,832	17,526	20,028
Total governmental activities expenses	43,115,569	45,759,405	49,418,722	54,507,701
Business-type activities:				
Transportation	261,540	286,254	316,629	321,595
Lottery	1,595,011	2,000,291	2,170,062	2,528,646
Unemployment Compensation	1,485,594	1,485,479	1,330,824	981,954
State Board of Administration	40,876	32,924	35,844	3,811,900
Prepaid College Program	.....	.....	.....	.....
Nonmajor enterprise funds	158,478	156,979	159,046	176,683
Total business-type activities expenses	3,541,499	3,961,927	4,012,405	7,820,778
Total primary government expenses	\$ 46,657,068	\$ 49,721,332	\$ 53,431,127	\$ 62,328,479
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	\$ 2,608,450	\$ 2,515,133	\$ 2,913,634	\$ 3,469,736
Education	160,123	292,036	266,020	209,149
Human services	566,067	692,270	822,255	885,836
Criminal justice and corrections	227,347	176,606	210,415	192,988
Natural resources and environment	301,137	330,364	275,774	288,837
Transportation	544,175	263,274	246,640	174,836
State courts	13,790	8,775	10,226	13,517
Operating grants and contributions	12,159,433	13,538,407	15,874,370	17,492,835
Capital grants and contributions	1,326,135	1,699,464	1,522,849	1,998,133
Total governmental activities program revenues	17,906,657	19,516,329	22,142,183	24,725,867
Business-type activities:				
Charges for services				
Transportation	476,999	539,808	578,631	665,097
Lottery	2,568,469	3,154,034	3,073,191	3,635,052
Unemployment Compensation	739,855	823,410	1,059,811	1,253,872
State Board of Administration	633,436	632,563	580,514	787,759
Prepaid College Program	.....	.....	.....	.....
Nonmajor enterprise funds	321,304	330,922	276,832	264,304
Operating grants and contributions	184,354	394,770	258,398	49,151
Capital grants and contributions	256	911	9,259	432
Total business-type activities program revenues	4,924,673	5,876,418	5,836,636	6,655,667
Total primary government program revenues	\$ 22,831,330	\$ 25,392,747	\$ 27,978,819	\$ 31,381,534
<b>Net (Expense) Revenue <sup>(1)</sup></b>				
Governmental activities	\$ (25,208,912)	\$ (26,243,076)	\$ (27,276,539)	\$ (29,781,834)
Business-type activities	1,383,174	1,914,491	1,824,231	(1,165,111)
Total primary government net (expense)	\$ (23,825,738)	\$ (24,328,585)	\$ (25,452,308)	\$ (30,946,945)

Fiscal Year	
2006	2007
\$ 7,410,799	\$ 8,410,918
18,210,639	19,739,622
19,765,378	20,634,220
3,811,677	3,992,990
4,284,896	2,767,852
3,308,209	3,545,752
414,044	436,825
7,062	11,731
<u>57,212,704</u>	<u>59,539,910</u>
329,966	403,982
2,874,533	3,029,103
.....	.....
4,758,156	241,568
459,404	855,997
994,182	1,146,532
<u>9,416,241</u>	<u>5,677,182</u>
<u>\$ 66,628,945</u>	<u>\$ 65,217,092</u>
\$ 3,485,512	\$ 3,765,988
211,352	250,023
954,495	1,302,926
267,248	307,550
346,037	368,511
651,776	371,726
17,187	18,512
18,057,457	17,105,209
1,374,611	2,163,715
<u>25,365,675</u>	<u>25,654,160</u>
698,409	766,190
3,993,788	4,286,152
.....	.....
891,506	1,476,660
502,579	1,114,978
1,552,136	1,324,114
45,214	39,258
307	2,287
<u>7,683,939</u>	<u>9,009,639</u>
<u>\$ 33,049,614</u>	<u>\$ 34,663,799</u>
\$ (31,847,029)	\$ (33,885,750)
(1,732,302)	3,332,457
<u>\$ (33,579,331)</u>	<u>\$ (30,553,293)</u>

Continues

**Changes in Net Assets**  
**For the Last Six Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

SCHEDULE A-2

(Continued)

**General Revenues and Other Changes in**  
**Net Assets**

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Taxes				
Sales and use tax	\$ 15,601,244	\$ 15,561,382	\$ 17,128,515	\$ 19,056,249
Fuel taxes	2,100,946	2,199,375	2,316,572	2,414,012
Corporate income tax	1,210,346	1,228,130	1,441,338	1,785,213
Documentary stamp tax	1,590,981	2,005,168	2,613,194	3,376,210
Intangible personal property tax	737,776	820,212	860,046	998,904
Communication service tax	779,167	1,230,132	1,250,208	1,343,835
Beverage and tobacco taxes	990,271	1,001,636	1,041,042	1,088,542
Insurance premium tax	504,422	624,369	711,145	764,559
Gross receipts utilities tax	526,586	424,146	462,172	496,725
Other taxes	1,396,833	1,281,391	1,088,378	1,010,806
Investment earnings (loss)	418,916	720,280	(66,838)	300,620
Gain (loss) on sale of capital assets	.....	.....	.....	.....
Miscellaneous	113,620	.....	11	.....
Transfers	1,070,190	1,257,679	1,216,769	1,249,753
Total governmental activities	27,041,298	28,353,900	30,062,552	33,885,428
Business-type activities:				
Investment earnings	20,078	19,197	13,181	28,872
Gain (loss) on sale of capital assets	950	.....	(17,063)	(17,018)
Emergency assessments	.....	.....	.....	.....
Miscellaneous	3,081	171	(2,544)	(1,272)
Transfers	(1,070,190)	(1,257,679)	(1,216,769)	(1,249,753)
Total business-type activities	(1,046,081)	(1,238,311)	(1,223,195)	(1,239,171)
Total primary government	\$ 25,995,217	\$ 27,115,589	\$ 28,839,357	\$ 32,646,257
<b>Change in Net Assets</b>				
Governmental activities	\$ 1,832,386	\$ 2,110,824	\$ 2,786,013	\$ 4,103,594
Business-type activities <sup>(2)</sup>	337,093	676,180	601,036	(2,404,282)
Total primary government <sup>(3)</sup>	\$ 2,169,479	\$ 2,787,004	\$ 3,387,049	\$ 1,699,312

<sup>(1)</sup> Net (expense) is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants and its reliance upon funding from general revenues.

<sup>(2)</sup> In 2005 and 2006, the business-type activities expenses increased primarily as a result of an increase in hurricane reinsurance claims.

<sup>(3)</sup> See Schedule A-1 for ending net asset balances for reported years.

Fiscal Year	
2006	2007
\$ 20,729,364	\$ 20,684,191
2,591,946	2,575,303
2,363,056	2,450,357
4,051,479	3,022,536
1,104,008	757,163
1,433,092	1,484,954
1,102,408	1,112,580
879,079	995,340
585,520	615,280
477,156	518,536
174,039	812,617
(75,501)	(250,925)
.....	.....
1,321,420	1,356,980
36,737,066	36,134,912
15,877	10,640
(10,341)	(10,006)
.....	195,226
(808)	.....
(1,321,420)	(1,356,980)
(1,316,692)	(1,161,120)
\$ 35,420,374	\$ 34,973,792
\$ 4,890,035	\$ 2,249,162
(3,048,994)	2,171,337
\$ 1,841,041	\$ 4,420,499

**Fund Balances**  
**Governmental Funds**  
**Last Six Fiscal Years**  
**(in thousands)**  
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund:</b>				
Reserved for:				
Encumbrances	\$ 44,038	\$ 75,511	\$ 43,172	\$ 78,253
Inventories	17,922	20,159	26,024	16,091
Advances	681	2,722	16,748	12,719
Long-term receivables	.....	18,389	37,895	78,494
Capital outlay	.....	170,645	62,855	93,857
Budget Stabilization Fund	940,890	958,890	966,390	995,805
Working Capital Fund	304,652	416,146	1,473,221	316,562
Other	26,588	2,546	1,437	2,067
Unreserved	2,001,519	1,964,500	2,426,497	5,257,271
<b>Total general fund <sup>(2)</sup></b>	<b>3,336,290</b>	<b>3,629,508</b>	<b>5,054,239</b>	<b>6,851,119</b>
Percent change from prior year	N/A	8.79%	39.25%	35.55%
<b>Other Governmental Funds:</b>				
Reserved for:				
Encumbrances	171,350	66,499	54,250	719,895
Inventories	40,394	42,556	52,426	52,309
Advances	241,504	154,178	153,602	173,247
Long-term receivables	1,578,536	1,730,875	1,680,902	1,461,031
Capital outlay	888,134	2,507,156	2,178,477	1,839,728
Debt service	445,994	79,921	75,732	82,955
Permanent trust	1,292,801	1,521,518	1,739,038	1,873,866
Working Capital Fund	.....	.....	.....	107,171
Other	101,271	104,639	91,242	.....
Unreserved, reported in:				
Special revenue funds	2,479,412	2,750,357	3,173,987	3,705,392
Capital projects funds	50,713	6,963	21,741	41,250
Permanent funds	4	3,099	2,640	1,982
<b>Total other governmental funds</b>	<b>7,290,113</b>	<b>8,967,761</b>	<b>9,224,037</b>	<b>10,058,826</b>
<b>Total Governmental Funds <sup>(1)</sup></b>	<b>\$ 10,626,403</b>	<b>\$ 12,597,269</b>	<b>\$ 14,278,276</b>	<b>\$ 16,909,945</b>
Percent change from prior year	N/A	18.55%	13.34%	18.43%

<sup>(1)</sup> See Schedule A-4 for changes in fund balances from year to year.

<sup>(2)</sup> The decrease in fund balance from fiscal year 2006 to 2007 for the General Fund is attributable to a 3.8% decrease in revenues combined with a 4.4% increase in expenditures. Refer to the Economic Factors and Fund Analysis sections of the MD&A for additional information.

Fiscal Year	
2006	2007
\$ 51,988	\$ 106,922
19,040	25,272
2,712	2,628
65,974	61,373
243,947	207,807
1,092,081	1,248,490
.....	.....
2,031	2,597
6,572,190	5,574,678
<u>8,049,963</u>	<u>7,229,767</u>
17.50%	-10.19%
1,214,792	135,249
57,319	64,374
187,722	211,340
1,586,949	2,047,689
2,294,027	3,503,486
75,671	72,890
2,023,738	2,332,232
.....	.....
158,088	155,275
4,093,227	3,631,599
28,779	45,703
2,649	3,005
<u>11,722,961</u>	<u>12,202,842</u>
<u>\$ 19,772,924</u>	<u>\$ 19,432,609</u>
16.93%	-1.72%

**Changes in Fund Balances**  
**Governmental Funds**  
**Last Six Fiscal Years**  
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 25,430,688	\$ 26,383,810	\$ 28,912,610	\$ 32,334,920
Licenses and permits	1,119,032	1,150,823	1,165,928	1,263,525
Fees and charges	1,916,809	1,938,438	2,351,133	2,488,530
Grants and donations	13,456,767	15,246,839	17,254,145	19,270,292
Investment earnings	495,127	1,052,603	210,791	729,118
Fines, forfeits, settlements and judgments	978,728	721,984	594,967	630,682
Other revenue	2,461	2,435	214,840	317,190
<b>Total revenues</b>	<b>43,399,612</b>	<b>46,496,932</b>	<b>50,704,414</b>	<b>57,034,257</b>
<b>Expenditures</b>				
Current:				
General government	5,726,035	5,967,332	6,610,855	6,891,380
Education	14,462,838	14,556,332	15,828,609	16,844,368
Human services	14,957,079	16,616,067	18,083,861	19,810,089
Criminal justice and corrections	2,946,024	2,977,748	3,172,357	3,384,667
Natural resources and environment	1,574,462	1,764,731	1,747,445	3,030,371
Transportation	1,167,957	2,280,017	2,520,378	3,021,534
State courts	277,232	274,951	269,972	360,374
Capital outlay	3,327,986	2,515,501	2,109,937	2,148,634
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....
Debt service:				
Principal retirement	557,533	612,272	674,697	795,954
Interest and fiscal charges	736,514	768,136	838,163	825,872
<b>Total expenditures</b>	<b>45,733,660</b>	<b>48,333,087</b>	<b>51,856,274</b>	<b>57,113,243</b>
Excess (deficiency) of revenues over expenditures	(2,334,048)	(1,836,155)	(1,151,860)	(78,986)
<b>Other Financing Sources (Uses)</b>				
Proceeds of bond issues	1,414,747	1,635,797	1,333,158	1,231,340
Proceeds of refunding bonds	971,060	1,865,860	166,383	2,470,805
Operating transfers in	11,552,102	13,668,486	12,931,311	13,472,264
Operating transfers out	(10,390,438)	(12,319,538)	(11,552,231)	(12,107,675)
Proceeds of financing agreements	1,913	19,043	57,383	44,819
Payments to refunded bond agent	(971,060)	(1,865,860)	(166,383)	(2,470,805)
<b>Total other financing sources (uses)</b>	<b>2,578,324</b>	<b>3,003,788</b>	<b>2,769,621</b>	<b>2,640,748</b>
Net change in fund balances	\$ 244,276	\$ 1,167,633	\$ 1,617,761	\$ 2,561,762
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.1%	3.0%	3.0%	3.0%



Fiscal Year	
2006	2007
\$ 35,317,243	\$ 34,216,240
1,318,920	1,349,929
3,141,434	3,366,361
19,567,321	19,204,113
455,205	1,418,723
804,869	830,178
17,881	73,878
<u>60,622,873</u>	<u>60,459,422</u>
7,428,922	8,351,906
17,643,897	19,168,847
19,755,015	20,586,256
3,673,967	3,912,691
4,030,076	2,733,006
3,188,602	3,456,266
412,793	435,531
2,639,161	3,005,688
.....	768
736,331	810,726
835,993	842,558
<u>60,344,757</u>	<u>63,304,243</u>
278,116	(2,844,821)
1,152,268	1,110,197
426,107	401,977
10,901,916	9,982,178
(9,559,920)	(8,606,547)
23,751	18,678
(426,107)	(401,977)
<u>2,518,015</u>	<u>2,504,506</u>
<u>\$ 2,796,131</u>	<u>\$ (340,315)</u>
2.7%	2.7%

**Revenue Base/Rate  
Taxable Sales by Industry  
Last Ten Calendar Years  
(in thousands)**

	Calendar Year				
	1997	1998	1999	2000	2001
Agriculture	\$ 764,474	\$ 734,896	\$ 679,383	\$ 723,723	\$ 628,505
Mining	454,497	467,248	462,446	453,275	467,097
Construction	3,454,089	3,602,982	4,029,836	4,250,093	4,143,642
Manufacturing	7,549,719	7,803,800	8,187,878	9,392,811	8,437,418
Transportation	13,680,819	14,315,728	14,874,760	16,781,408	14,730,089
Communications	.....	.....	.....	.....	750,000
Wholesale	8,866,679	9,527,504	10,666,116	10,682,707	10,608,768
Retail trade <sup>(1)</sup>	117,588,944	126,713,518	140,181,237	147,909,435	152,163,684
Finance and insurance <sup>(1)</sup>	13,505,727	14,658,873	15,922,843	17,625,485	18,198,371
Services	37,582,655	32,132,414	37,204,697	38,750,858	37,507,089
Government	317,431	234,823	232,525	323,263	221,225
Other	2,257,719	2,213,153	2,170,824	2,170,054	2,036,553
<b>Total</b>	<b>\$ 206,022,753</b>	<b>\$ 212,404,939</b>	<b>\$ 234,612,545</b>	<b>\$ 249,063,112</b>	<b>\$ 249,892,441</b>
State direct sales tax rate	6.0%	6.0%	6.0%	6.0%	6.0%

Notes: The sales tax rate on non-residential electricity is 7.0%. The sales tax rate on communication services (non-residential phone and all cable) has been 6.8% since October 1, 2001. The sales tax rate on amusement machines is 4.0%. As of July 1, 2005, the sales tax requirement for farm equipment changed from a 2.5% tax rate to become exempt from sales tax.

Taxable sales information is available for reporting on a calendar-year basis only.

<sup>(1)</sup> The economic impact of the housing market decline can be seen in the decrease in tax revenues from calendar-year 2005-2006. Refer to the Economic Factors section of the MD&A for additional information.

Source: Florida Department of Revenue

Calendar Year				
2002	2003	2004	2005	2006
\$ 1,523,823	\$ 2,113,243	\$ 2,227,668	\$ 2,242,702	\$ 2,076,127
475,976	487,506	570,630	751,037	849,709
4,339,103	3,896,742	4,186,503	4,881,040	5,220,010
9,973,528	13,314,291	14,619,140	17,726,833	18,880,215
7,297,988	7,585,459	8,735,773	9,548,276	10,823,084
12,080,297	12,202,644	13,163,094	14,253,972	15,042,938
8,946,443	12,559,558	17,282,512	22,480,523	25,890,934
155,667,230	171,423,008	178,084,155	198,092,426	192,829,255
19,188,005	20,805,219	21,102,170	23,697,839	18,872,894
37,431,731	36,410,849	39,880,491	44,364,971	45,374,785
195,930	264,591	147,522	102,172	211,732
1,202,541	622,774	787,651	946,250	1,025,625
<u>\$ 258,322,595</u>	<u>\$ 281,685,884</u>	<u>\$ 300,787,309</u>	<u>\$ 339,088,041</u>	<u>\$ 337,097,308</u>
6.0%	6.0%	6.0%	6.0%	6.0%

**Principal Sales Tax Payers By Industry**  
**Calendar Years 2006 and 1997**  
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2006			Calendar Year 1997		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	11,063	\$ 144,856	0.61%	4,428	\$ 46,181	0.36%
Mining	990	57,188	0.24%	1,051	29,088	0.23%
Construction	9,437	362,797	1.53%	13,725	217,676	1.70%
Manufacturing	34,506	1,288,410	5.43%	25,269	474,123	3.70%
Transportation, communications, electric, gas, and sanitation	11,049	1,701,226	7.17%	8,825	951,745	7.42%
Wholesale	52,616	1,724,491	7.26%	40,300	557,642	4.35%
Retail trade	294,955	13,345,494	56.22%	296,541	7,457,600	58.14%
Finance and insurance	155,916	1,708,112	7.20%	121,660	864,230	6.74%
Services	115,294	3,161,118	13.32%	115,383	1,912,070	14.91%
Government	207	175,736	0.74%	283	173,166	1.35%
Other	3,669	68,970	0.29%	4,508	142,443	1.11%
<b>Total</b>	<b>689,702</b>	<b>\$ 23,738,398</b>	<b>100.00%</b>	<b>631,973</b>	<b>\$ 12,825,964</b>	<b>100.00%</b>

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available for reporting.

The categories presented are intended to provide alternative information regarding the sources of the state's revenue. In addition, some of the categories from the revenue base/rate schedule have been combined in preparing this schedule.

Taxable sales information is available for reporting on a calendar-year basis only.

Source: Florida Department of Revenue

**Ratios of Outstanding Debt by Type**  
**Last Six Fiscal Years**  
**(dollars in millions, except per capita)**

SCHEDULE C-1

Fiscal Year	Governmental Activities					Pledged Revenue	Business-type Activities	Total Primary Government	Debt as a Percentage of Tax-supported Revenues <sup>(1)</sup>	Debt Per Capita <sup>(2)</sup>
	Full Faith and Credit	Pledged Revenue	Installment Purchases and Capital Leases	Certificates of Participation	Total Governmental					
2002	\$ 9,921	\$ 4,688	\$ 125	\$ 101	\$ 14,835	\$ 1,799	\$ 16,634	71.39%	\$ 991.95	
2003	10,586	5,286	132	96	16,100	1,716	17,816	73.70%	1,036.77	
2004	11,170	5,301	182	91	16,744	2,159	18,903	72.41%	1,072.80	
2005	12,035	5,245	174	85	17,539	2,071	19,610	66.37%	1,087.87	
2006	11,476	5,379	144	279	17,278	3,358	20,636	62.56%	1,119.05	
2007	12,004	5,227	135	267	17,633	6,361	23,994	74.28%	1,278.86	

Notes: Details regarding the state's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

<sup>(1)</sup> Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

<sup>(2)</sup> Population data used in calculation of this ratio can be found in Schedule D-1.

**Ratios of Net General Bonded Debt Outstanding**  
**Last Six Fiscal Years**  
(dollars in millions, except per capita)

SCHEDULE C-2

Fiscal Year	General Bonded Debt Outstanding				Restricted Resources	Net General Bonded Debt Outstanding	Debt as a Percentage of Tax-supported Revenue <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	Full Faith and Credit	Installment Purchases an Capital Leases	Certificates of Participation	Total				
2002	\$ 9,921	\$ 125	\$ 101	\$10,147	\$ 321	\$ 9,826	42.17%	\$ 585.96
2003	10,586	132	96	10,814	343	10,471	43.32%	609.34
2004	11,170	182	91	11,443	362	11,081	42.45%	628.88
2005	12,035	174	85	12,294	384	11,910	40.31%	660.71
2006	11,476	144	279	11,899	409	11,490	34.84%	623.08
2007	12,004	135	267	12,406	434	11,972	37.06%	638.10

Notes: Details regarding the State's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

<sup>(1)</sup> Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

<sup>(2)</sup> Population data used in calculation of this ratio can be found in Schedule D-1.

**Legal Debt Margin  
Last Ten Fiscal Years  
(dollars in millions)**

Legal debt margin calculated for fiscal year 2007

Tax-supported revenues <sup>(1)</sup>	\$32,302
Debt limit <sup>(2)</sup>	1,938
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>1,772</u>
Legal debt margin	<u>\$ 166</u>

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit <sup>(2)</sup>	\$ 1,209	\$ 1,263	\$ 1,339	\$ 1,373	\$ 1,398	\$ 1,450	\$ 1,566	\$ 1,773	\$ 1,979	\$ 1,938
Total debt applicable to limit	928	1,072	1,166	1,303	1,357	1,460	1,552	1,596	1,681	1,772
Legal debt margin	<u>\$ 281</u>	<u>\$ 191</u>	<u>\$ 173</u>	<u>\$ 70</u>	<u>\$ 41</u>	<u>\$ (10)</u>	<u>\$ 14</u>	<u>\$ 177</u>	<u>\$ 298</u>	<u>\$ 166</u>
Total net debt applicable to the limit as a percentage of debt limit.	76.76%	84.88%	87.08%	94.90%	97.07%	100.69%	99.11%	90.02%	84.94%	91.43%

<sup>(1)</sup> For purposes of this Schedule C-3, tax-supported revenues are comprised of the general revenues of the state, including primarily sales and use tax receipts, and the specific state tax revenues pledged for payment of debt service. Tax-supported debt is debt secured by the full faith and credit of the state or payable from general revenue or specified state tax sources. As of June 30, 2007, the total outstanding balance of tax-supported debt was approximately \$18,339,600,000.

<sup>(2)</sup> The state debt fiscal responsibility policy, Section 215.98, Florida Statutes, establishes the ratio of tax-supported debt service to tax-supported revenues as the benchmark debt ratio for purposes of setting the state's legal debt margin. Under the present policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the legislature determines the additional debt is in the best interest of the state. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the legislature determines it is necessary to address a critical state emergency. The 6% ratio has been used to determine the debt limit in this schedule.

Source: Florida State Board of Administration, Division of Bond Finance

2007 STATE OF FLORIDA CAFR

**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

SCHEDULE C-4

Year Ended 6/30	Revenue <sup>(5)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
<b><i>Sunshine Skyway Bridge</i></b>						
1997	\$ 12,559	\$ 2,701	\$ 9,858	\$ 1,405	\$ 1,723	3.15
1998	13,354	2,980	10,374	1,490	1,638	3.32
1999	14,040	4,163	9,877	1,580	1,546	3.16
2000	14,926	3,491	11,435	1,675	1,450	3.66
2001	15,380	3,140	12,240	1,780	1,348	3.91
2002	15,933	4,482	11,451	1,595	627	5.15
2003	16,251	3,869	12,382	2,015	624	4.69
2004	17,230	5,123	12,107	2,100	544	4.58
2005	17,053	5,033	12,020	2,180	462	4.55
2006	17,798	4,721	13,077	2,270	380	4.93
<b><i>Florida Turnpike</i></b>						
1997	\$ 251,989	\$ 70,472	\$ 181,517	\$ 14,830	\$ 63,226	2.33
1998	273,912	73,048	200,864	15,620	60,739	2.63
1999	291,987	87,203	204,784	17,675	84,869	2.00
2000	320,623	99,850	220,773	28,735	87,859	1.89
2001	384,214	115,778	268,436	38,415	92,602	2.05
2002	421,897	121,021	300,876	49,955	92,655	2.11
2003	462,001	130,984	331,017	52,330	86,137	2.39
2004	534,755	153,485	381,270	58,615	106,783	2.31
2005	598,762	157,570	441,192	70,910	103,940	2.52
2006	647,959	155,357	492,602	60,135	98,536	3.10
<b><i>Save Our Coast <sup>(1)</sup></i></b>						
1997	\$ 68,500	\$ .....	\$ 68,500	\$ 12,260	\$ 12,939	2.72
1998	84,800	.....	84,800	12,925	12,298	3.36
1999	96,200	.....	96,200	14,945	10,192	3.83
2000	99,300	.....	99,300	15,440	9,776	3.94
2001	106,500	.....	106,500	16,235	9,036	4.21
2002	127,600	.....	127,600	17,095	8,255	5.03
2003	162,400	.....	162,400	19,025	6,623	6.33
2004	213,600	.....	213,600	18,735	6,099	8.60
2005	273,000	.....	273,000	19,595	5,370	10.94
2006	329,300	.....	329,300	20,490	4,680	13.08
<b><i>Florida Forever/Preservation 2000 <sup>(1)</sup></i></b>						
1997	\$ 491,700	\$ .....	\$ 491,700	\$ 62,990	\$ 96,615	3.08
1998	608,900	.....	608,900	84,085	103,719	3.24
1999	690,300	.....	690,300	98,410	116,409	3.21
2000	712,600	.....	712,600	119,560	127,484	2.88
2001	764,900	.....	764,900	142,275	133,102	2.78
2002	915,900	.....	915,900	159,185	129,697	3.17
2003	1,165,800	.....	1,165,800	169,255	135,310	3.83
2004	1,533,100	.....	1,533,100	186,045	148,929	4.58
2005	1,960,100	.....	1,960,100	194,640	140,275	5.85
2006	2,363,800	.....	2,363,800	213,378	135,020	6.78



**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(dollars in thousands)**

SCHEDULE C-4

Year Ended 6/30	Revenue <sup>(5)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
<b>Conservation and Recreation Land</b> <sup>(1,2)</sup>						
1997	\$ 55,376	\$ .....	\$ 55,376	\$ 1,320	\$ 1,575	19.13
1998	65,239	.....	65,239	1,355	1,516	22.72
1999	73,292	.....	73,292	1,415	1,455	25.54
2000	75,076	.....	75,076	1,485	1,391	26.10
2001	80,292	.....	80,292	1,570	1,324	27.74
2002	64,448	.....	64,448	1,655	1,252	22.17
2003	80,235	.....	80,235	1,740	1,174	27.53
2004	102,098	.....	102,098	1,825	1,092	35.00
2005	127,975	.....	127,975	1,940	1,003	43.48
2006	152,502	.....	152,502	2,060	906	51.42
<b>Lottery Education</b> <sup>(1,3)</sup>						
1997	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....
1998	.....	.....	.....	.....	.....	.....
1999	807,227	.....	807,227	18,925	20,842	20.30
2000	908,353	.....	908,353	25,885	30,484	16.11
2001	907,157	.....	907,157	40,275	59,466	9.10
2002	926,488	.....	926,488	52,840	74,691	7.26
2003	1,035,178	.....	1,035,178	63,140	92,920	6.63
2004	1,051,658	.....	1,051,658	77,975	100,797	5.88
2005	1,103,633	.....	1,103,633	84,255	102,638	5.91
2006	1,224,651	.....	1,224,651	95,430	106,922	6.05
<b>Alligator Alley</b> <sup>(4)</sup>						
1997	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....
1998	10,042	3,016	7,026	770	3,023	1.85
1999	10,319	3,361	6,958	815	2,852	1.90
2000	11,364	3,486	7,878	860	2,808	2.15
2001	12,060	5,068	6,992	905	2,760	1.91
2002	12,468	4,663	7,805	955	2,711	2.13
2003	13,023	5,147	7,876	1,010	2,658	2.15
2004	14,118	5,297	8,821	1,070	2,597	2.41
2005	14,437	5,114	9,323	1,135	2,533	2.54
2006	18,968	6,016	12,952	1,205	2,462	3.53

Notes: Prior year data has been restated to match the corresponding Official Statement, when necessary.

Due to the timing of disclosure requirements for the Florida State Board of Administration, Division of Bond Finance, coverage information is available through June 30, 2006.

- (1) Operating Expenses are not listed for the Lottery Program and the Environmental Programs, e.g. Save Our Coast, Florida Forever/Preservation 2000 and Conservation and Recreation Land Programs. For these programs, either no operating expenses reduce revenues available for debt service, or, in the case of the Lottery, include expenses unrelated to the operation of the program, such as payment of lottery prizes. Instead, for these programs, the revenue shown is the amount available to pay debt service.
- (2) Phosphate Severance Tax and Documentary Stamp Tax Revenue are combined in calculating revenue source. Beginning in 2002, revenues are reduced by amounts transferred to State Game Trust Fund pursuant to Section 201.15(5), Florida Statutes.
- (3) Lottery Education Bonds issued in 1998 with debt service information beginning in fiscal year 1999.
- (4) Alligator Alley Bonds issued in 1998 with debt service information beginning in fiscal year 1998.
- (5) Refer to Note 8 A.2. for information on the sources of pledged revenues.

Source: Florida State Board of Administration, Division of Bond Finance

**Demographic and Economic Statistics  
For the Last Ten Calendar Years**

SCHEDULE D-1

Year	Population				Personal Income (in millions)	
	Florida <sup>(1)</sup>	Percent Change from Prior Year	U.S.	Percent Change from Prior Year	Florida	U.S.
1998	15,312,639	2.00%	275,854,104	1.18%	\$ 402,454	\$ 7,415,709
1999	15,680,103	2.40%	279,040,168	1.15%	423,834	7,796,137
2000	16,072,926	2.51%	282,216,952	1.14%	457,539	8,422,074
2001	16,414,441	2.12%	285,226,284	1.07%	478,637	8,716,992
2002	16,769,060	2.16%	288,125,973	1.02%	495,489	8,872,871
2003	17,184,076	2.47%	290,796,023	0.93%	514,378	9,150,320
2004	17,620,216	2.54%	293,638,158	0.98%	564,997	9,712,164
2005	18,026,110	2.30%	296,507,061	0.98%	604,131	10,282,825
2006	18,440,700	2.30%	299,398,484	0.98%	647,222	10,959,611
2007	18,762,014	1.74%	302,227,799	0.94%	686,252	11,649,466

<sup>(1)</sup> State population data reflects revisions to be consistent with U.S. data for July 1 and to more accurately generate per capita data.

<sup>(2)</sup> School enrollment is by state fiscal year and other data is by calendar year.

Sources: Florida Legislature, Florida Department of Education

**State of Florida  
Population by Age**

Age Group	2000 Census	Percent	2010 Projection	Percent	2020 Projection	Percent
0 - 14	3,034,656	18.99	3,604,218	18.04	4,105,347	17.43
15 - 24	1,942,430	12.15	2,570,711	12.87	2,752,373	11.69
25 - 44	4,569,515	28.59	4,984,163	24.95	5,639,394	23.94
45 - 64	3,628,573	22.70	5,333,836	26.70	6,089,558	25.86
65 and Over	2,807,650	17.57	3,481,271	17.43	4,965,464	21.08
Total	15,982,824	100.00	19,974,199	100.00	23,552,136	100.00

Source: Forecast from February 2007 Demographic Estimating Conference. Year 2000 Census data incorporates adjustments for age misreporting prepared by the University of Florida, Bureau of Economic and Business Research.

Per Capita Personal Income		Unemployment Rate		Median Age	Public School Enrollment <sup>(2)</sup>
Florida	U.S.	Florida	U.S.	Florida	Florida
\$ 26,282	\$ 26,883	4.5%	4.5%	38.2	2,294,160
27,030	27,939	4.0%	4.2%	38.5	2,331,958
28,466	29,843	3.8%	4.0%	38.7	2,376,128
29,160	30,562	4.7%	4.7%	39.1	2,434,403
29,548	30,795	5.7%	5.8%	39.5	2,500,161
29,933	31,466	5.3%	6.0%	39.5	2,539,932
32,065	33,075	4.7%	5.5%	39.7	2,598,231
33,514	34,680	3.8%	5.1%	39.7	2,638,127
35,097	36,605	3.3%	4.6%	39.9	2,673,563
36,577	38,545	3.5%	4.6%	40.1	2,663,637

**Industry Sector Employment**  
**For Calendar Years 2006 and 2001**  
**(in thousands)**

SCHEDULE D-2

Industry	2006		2001 <sup>(1)</sup>	
	Employment	Percentage of Total Employment <sup>(2)</sup>	Employment	Percentage of Total Employment <sup>(2)</sup>
Retail trade	1,005	12.12%	934	12.51%
Administrative and waste services	819	9.88%	705	9.44%
Health care and social assistance	845	10.19%	746	9.99%
Local government	760	9.17%	690	9.24%
Accommodation and food services	731	8.82%	643	8.61%
Construction	637	7.68%	452	6.05%
Professional and technical services	449	5.42%	371	4.97%
Manufacturing	403	4.86%	441	5.91%
Finance and insurance	368	4.44%	322	4.31%
Wholesale trade	347	4.19%	313	4.19%
<b>Total</b>	<b>6,364</b>	<b>76.78%</b>	<b>5,617</b>	<b>75.24%</b>

Note: Privacy requirements prevent the state from obtaining and reporting specific information about the largest employers in the state's jurisdiction. Reporting by industry reveals the degree of concentration in the state's total employment base.

<sup>(1)</sup> In 2001, the industrial coding structure changed from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS). As a result, comparability of data prior to 2001 is not reasonable. This schedule presents calendar years 2006 and 2001. Both periods utilize the North American Industry Classification System, which provides comparability.

<sup>(2)</sup> "Employment" is being calculated based on average total employment by industry for each calendar year. Ratios of "Total" employment are based on the following:

	2006	2001
Total non-agricultural employment (in thousands)	8,007	7,160
Total agricultural employment (in thousands)	282	305
<b>Total employment</b>	<b>8,289</b>	<b>7,465</b>

Sources: Florida Agency for Workforce Innovation, University of Florida

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**Full-time Equivalent (FTE) State Employees by Function  
Last Ten Fiscal Years**

SCHEDULE E-1

Function	Fiscal Year						
	1998	1999	2000	2001	2002	2003	2004
Financial administration	12,896	13,092	13,392	13,585	13,175	15,385	15,453
Streets and highways	9,718	9,783	9,744	9,022	8,467	7,606	7,356
Public welfare	24,061	23,594	24,153	23,922	22,463	21,647	19,369
Police protection	4,287	4,350	4,207	4,225	4,226	4,328	5,270
Natural resources	7,562	7,806	8,322	8,391	8,418	8,489	7,711
Health	12,817	13,081	14,255	14,473	14,566	15,014	15,197
Housing <sup>(1)</sup>	.....	.....	.....	.....	.....	.....	29
Community development	407	392	372	335	337	295	291
Criminal justice and corrections	38,249	38,904	38,452	38,168	36,430	37,471	37,710
Utility and transportation	368	372	382	370	370	369	346
Employee security <sup>(2)</sup>	.....	.....	.....	1,398	1,539	1,445	1,307
Education	842	889	1,817	2,165	2,205	2,386	2,367
State courts	2,644	2,675	2,767	2,921	1,792	1,953	2,735
Other	2,182	2,135	2,173	2,117	2,042	1,980	2,024
<b>Total</b>	<b>116,033</b>	<b>117,073</b>	<b>120,036</b>	<b>121,092</b>	<b>116,030</b>	<b>118,368</b>	<b>117,165</b>

Note: FTE's are calculated based on a 40 hour work week. A numerical designator is based on 100% for a full-time employee (i.e. 1.00 point or FTE). All others are pro-rated accordingly.

- <sup>(1)</sup> New function added in fiscal year 2004 for reporting purposes.
- <sup>(2)</sup> Agency formed and FTE determination required in fiscal year 2001.
- <sup>(3)</sup> The FTE counts for fiscal years 2005 and 2006 have been restated.

Sources: Florida Legislature, Florida State Courts System, Florida State Board of Administration, Florida Justice Administration Commission, Florida Department of Management Services

Fiscal Year		
2005 <sup>(3)</sup>	2006 <sup>(3)</sup>	2007
15,498	15,416	15,551
7,173	7,074	7,030
17,194	12,673	12,458
5,314	5,342	5,355
7,691	7,698	7,791
15,583	15,959	16,434
27	28	29
277	292	303
38,870	39,555	40,756
317	315	296
1,345	1,315	1,272
2,386	2,461	2,481
3,869	4,137	4,457
2,007	2,154	2,140
<u>117,551</u>	<u>114,419</u>	<u>116,353</u>

**Operating Indicators by Function  
Last Ten Fiscal Years**

SCHEDULE E-2

	Fiscal Year				
	1998	1999	2000	2001	2002
<b><u>General government</u></b>					
<b>Department of Revenue</b>					
Total administered taxes ( <i>in millions</i> )	21,314	22,681	23,863	25,066	26,369
<b>Department of Management Services <sup>(1)</sup></b>					
Number of retired members covered	164,029	171,152	181,026	188,770	198,303
<b><u>Education</u></b>					
<b>Universities</b>					
University enrollments	218,290	223,922	232,794	240,753	251,984
Degrees awarded	46,154	46,742	47,825	48,956	52,306
<b><u>Human services</u></b>					
<b>Department of Health <sup>(2)</sup></b>					
Number of live births	195,564	196,963	204,030	205,800	205,580
Number of deaths	157,160	162,122	162,839	167,181	167,702
<b>Department of Children and Families</b>					
Food stamp recipients	990,325	947,104	902,084	881,808	983,511
Food stamp households	436,330	430,860	419,744	422,251	466,894
<b><u>Criminal justice and corrections</u></b>					
<b>Department of Corrections</b>					
Inmate admissions	22,654	23,762	25,743	25,731	26,049
Community supervision admissions	95,973	98,871	96,887	96,223	97,284
Facility population	66,280	68,599	71,233	72,007	73,553
<b><u>Natural resources and environment</u></b>					
<b>Department of Environmental Protection</b>					
State park visitations	14,138,243	14,686,150	16,760,822	18,075,329	17,722,275
<b>Department of Fish and Wildlife Conservation</b>					
Fishing and hunting licenses holders	1,225,780	1,381,845	1,357,447	1,284,197	1,272,549
<b><u>Transportation</u></b>					
<b>Department of Transportation</b>					
Vehicles registered	12,810,046	13,451,793	13,869,980	15,506,616	15,798,757
Titles issued	4,676,782	4,685,258	5,152,272	5,122,220	5,244,493
Traffic crashes <sup>(2)</sup>	245,440	243,409	246,541	256,169	250,470
Daily vehicle miles traveled ( <i>in thousands</i> )	239,518	245,757	254,114	258,528	267,229
<b><u>State courts</u></b>					
<b>State Courts System</b>					
Number of cases filed/added:					
Circuit criminal defendants	187,790	192,816	184,229	182,581	179,757
County criminal	501,985	508,037	502,476	513,101	499,339
County civil	340,507	337,239	359,628	407,142	444,703
Traffic	483,057	477,603	447,561	446,039	454,696
Family court	336,036	331,542	344,507	362,185	371,961
Circuit civil	155,446	160,901	162,446	171,775	186,218
Probate	91,241	91,034	94,054	95,020	96,712

Note: Items denoted as unavailable have not been calculated for reporting as of the date of this CAFR.

<sup>(1)</sup> The Florida Retirement System includes retirees from six major employers.  
(The State of Florida, State University System, Counties, School Boards, Community Colleges,  
and Cities & Special Districts)

<sup>(2)</sup> Information for this agency and/or item is only reported by calendar year. Information  
reported in each column represents calendar year ended December 31.

Sources: Florida Department of Revenue, Florida Retirement System, Florida Board of Governors,  
Florida Department of Health, Florida Department of Children and Families, Florida Department of Corrections,  
Florida Department of Environmental Protection, U.S. Fish & Wildlife Service, Florida Department of Transportation,  
Florida State Courts



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SCHEDULE E-2

Fiscal Year				
2003	2004	2005	2006	2007
27,811	30,756	34,742	38,736	37,477
208,680	224,813	236,974	250,496	Unavailable
262,354	271,337	277,583	287,375	294,016
54,863	58,554	59,771	61,215	64,778
212,243	218,045	226,219	237,166	Unavailable
168,459	168,364	170,300	169,365	Unavailable
1,042,418	1,238,517	1,286,530	1,248,359	1,266,308
505,452	602,323	629,685	623,270	650,277
28,882	31,896	32,204	35,098	37,864
99,123	100,557	99,616	103,387	107,203
77,316	81,974	84,901	88,576	92,844
18,240,624	19,106,966	17,296,273	18,174,879	19,516,852
1,221,884	1,471,395	1,538,965	1,588,227	Unavailable
17,249,305	17,948,464	18,762,439	21,773,396	22,126,592
5,127,520	6,477,928	6,829,690	7,181,742	6,668,861
243,294	252,902	268,605	256,200	Unavailable
273,744	280,754	292,398	300,010	303,603
182,893	193,870	199,009	219,157	230,417
489,437	489,422	485,864	509,525	523,274
459,959	473,660	425,012	479,514	541,823
487,413	523,072	510,513	571,858	604,054
369,652	378,429	365,990	365,468	356,485
184,858	178,970	162,116	164,245	226,288
101,736	108,183	109,505	111,583	105,486

**Capital Assets by Function  
Last Ten Fiscal Years**

SCHEDULE E-3

	Fiscal Year				
	1998	1999	2000	2001	2002
<b><u>General government</u></b>					
<b>Department of Management Services:</b>					
Buildings	74	77	82	211	90
<b><u>Education</u></b>					
<b>Universities and colleges: <sup>(1)</sup></b>					
Assignable square feet (in thousands)	30,284	31,899	33,750	35,847	37,186
<b><u>Human services</u></b>					
<b>Department of Health</b>					
Buildings <sup>(4)</sup>	35	35	38	39	42
Vehicles <sup>(3)</sup>	Unavailable	126	112	122	129
<b>Department of Children and Families</b>					
Buildings	547	548	548	551	491
<b><u>Criminal justice and corrections</u></b>					
<b>Department of Corrections</b>					
Correctional institutions	60	60	57	57	56
Work camps, forestry camps	37	35	37	36	36
Work release centers	29	30	29	26	24
Other facilities	5	5	5	6	5
<b><u>Natural resources and environment</u></b>					
<b>Division of Recreation and Parks</b>					
Number of state parks	151	151	151	153	155
Acres of state parks	511,550	523,910	513,425	555,814	570,576
<b>Department of Environmental Protection</b>					
Acres of land owned <sup>(2)</sup>	3,002,319	3,152,857	3,341,600	3,559,115	3,836,193
<b>Fish and Wildlife Commission</b>					
Vehicles	Unavailable	838	836	1,371	1,494
<b><u>Transportation</u></b>					
<b>Department of Transportation</b>					
Highway lane miles	39,066	39,416	39,730	40,042	40,451
Vehicles	Unavailable	6,116	6,116	5,942	5,868
Buildings	1,492	1,563	1,575	1,607	1,662
<b><u>State courts</u></b>					
<b>State Courts System</b>					
Machinery and equipment	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

Note: Items noted as Unavailable have not been determined as of the publication date

<sup>(1)</sup> Universities and colleges are presented in the CAFR as discretely presented component units of the state.

<sup>(2)</sup> Acreage information includes a cumulative total of acres acquired through programs such as Preservation 2000, Florida Forever, Environmentally Endangered Lands, Conservation and Recreation Lands, Land Acquisition Trust Fund, Save Our Coast Trust Fund, Farm Bill and by donations and exchanges. The Water Management Districts have acquired and hold title to lands through other programs that are not included in this schedule.

<sup>(3)</sup> The vehicle count for this agency has been restated from prior years.

<sup>(4)</sup> The building count for this agency has been revised to reflect only those structures that allow occupancy.

Sources: Florida Department of Management Services, Florida Department of Education, Florida Department of Health, Florida Department of Corrections, Florida Division of Recreation and Parks, Florida Department of Transportation, Florida Department of Financial Services, Division of Risk Management, Florida State Courts System, Florida Fish & Wildlife Conservation

Fiscal Year				
2003	2004	2005	2006	2007
90	90	90	85	85
39,666	40,114	40,495	41,779	45,460
42	45	48	49	49
136	179	212	209	235
507	514	515	227	211
56	58	59	59	60
36	35	37	40	41
24	23	26	30	30
7	7	6	6	6
156	157	158	159	159
593,459	603,953	730,573	723,852	724,629
4,035,686	4,143,860	4,257,103	4,316,161	4,429,484
1,637	1,591	1,562	1,514	1,519
40,696	40,970	41,295	41,613	42,022
5,679	4,872	5,709	5,841	5,445
1,624	1,619	1,584	1,578	1,622
4,646	4,496	4,800	7,825	8,608

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

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Florida Department of Financial Services