

2008

Florida Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008



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, 2008



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008**

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INTRODUCTORY SECTION



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

ALEX SINK

February 26, 2009

The Honorable Charlie Crist, Governor
The Honorable Jeff Atwater, President of the Senate
The Honorable Larry Cretul, Speaker pro tempore of the House of Representatives
Citizens of the State of Florida

Dear Governor Crist, President Atwater, Speaker Cretul, 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, 2008 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, 2008. 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.

The Honorable Charlie Crist, Governor
The Honorable Jeff Atwater, President of the Senate
The Honorable Larry Cretul, Speaker pro tempore of the House of Representatives
Citizens of the State of Florida
February 26, 2009
Page Two

ECONOMIC CONDITION

Florida, like virtually every other state, has been affected by the national and global economic recessions. In a presentation dated February 16, 2009, the Florida Legislature's Office of Economic and Demographic Research (EDR) reported Florida's economic growth as decelerating. EDR indicates that the state's unemployment rate has already reached 8.1 percent, a level they were not anticipating until late summer 2009. They also indicate that employment conditions have deteriorated rapidly and exceed the national unemployment rate of 7.2 percent. Population growth hovered between 2.0 percent and 2.6 percent per year from the mid 1990's to 2006, and then began to slow down, only reaching 0.7 percent in 2008. Over the forecast horizon, it is projected that population growth will rebound slightly, averaging 1.1 percent between 2025 and 2030. EDR attributes the housing market correction and credit tightening as predominant reasons for Florida's economic decline. EDR projects that the economic decline in Florida will not abate until the second quarter of fiscal year 2009-10, followed by a slow and protracted recovery period.

Florida's leaders have already initiated reductions in state spending in light of declining state revenues. In a special session held in January 2009, the Florida Legislature reduced mid-year expenditures for fiscal year 2008-09 to resolve a \$2.3 billion deficit in the general revenue funds as certified by Governor Crist in his letter dated December 23, 2008. Special Session A of 2009 also authorized a transfer in the amount of \$400 million from the Budget Stabilization Fund to support the state's general revenue funds, leaving the remaining balance of the Budget Stabilization Fund at \$274 million after the transfer. Transfers in the amount of \$700 million from the Lawton Chiles Endowment Fund and \$292 million from various trust funds were also authorized. Additional spending reductions may be needed as revenue collections continue to fall below projections.


The state's financial stability is vulnerable to the potential financial impacts of natural disasters, especially major hurricane events. The expansion of the Florida Hurricane Catastrophe Fund and Citizen's Property Insurance Corporation subjects the state to much greater potential financial liability for hurricane-related costs. The ability of these quasi-governmental insurance enterprises to fulfill their financial responsibilities in the event of major hurricanes may be in doubt considering how the ongoing national credit crisis and overall economic environment may impact the borrowing capacity of these entities following a hurricane event.

Florida will receive as much as \$12.2 billion from the Federal American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009, by President Obama. Although the federal stimulus package will provide a short-term economic boost to Florida, state leaders must continue to identify ways to reduce expenditures, increase efficiency, and better define a path for long-term fiscal sustainability. Long-term sustainability efforts should continue to focus on diversification of the state's economy.

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.

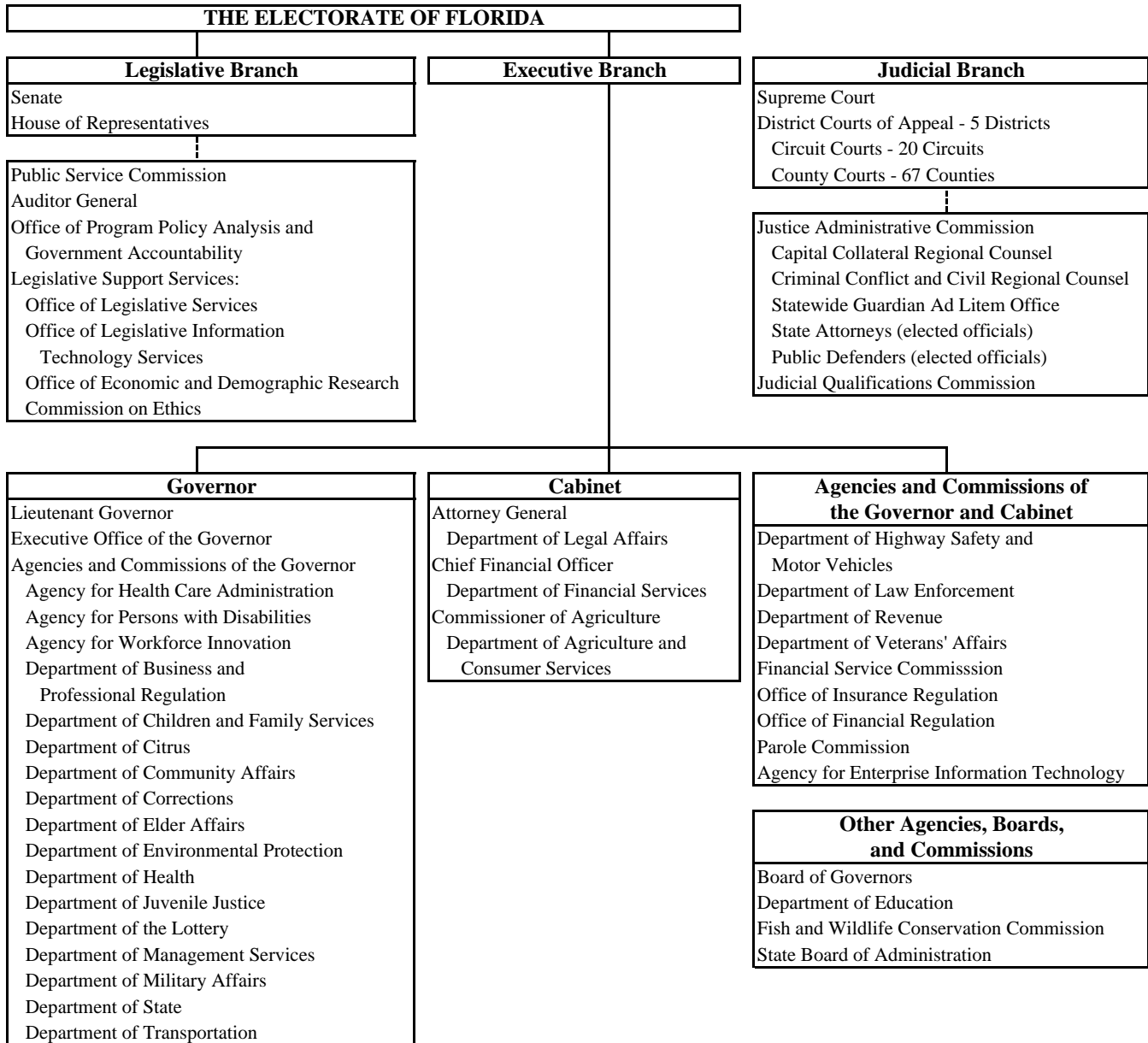
Sincerely,



Alex Sink

AS: th

ORGANIZATION AT JUNE 30, 2008



PRINCIPAL OFFICIALS AT JUNE 30, 2008

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

**FINANCIAL
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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, 2008, 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 34 percent and 12 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The Florida Turnpike System, which represents 93 percent of the assets and revenues of the Transportation major enterprise fund.
- ◆ The Hurricane Catastrophe Fund, which represents 99 percent and 98 percent, respectively, of the assets and revenues of the State Board of Administration major enterprise fund.
- ◆ The College Savings Plan, which represents 9 percent and 4 percent, respectively, of the assets and additions of the Private Purpose Trust Fund.
- ◆ The Florida Legislature, which represents one percent of the assets and revenues of the General Fund.
- ◆ The Florida Finance Housing Corporation, 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 69 percent and 50 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 previously 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, 2008, 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.

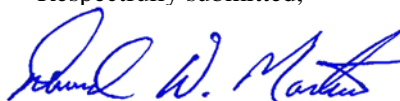
In accordance with *Government Auditing Standards*, we have also issued our report, dated February 26, 2009, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters. 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. That report will be included as part of our separately issued report entitled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

As discussed in Note 1 I. to the financial statements, the State has implemented Governmental Accounting Standards Board Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and No. 50, *Pension Disclosures*. As further discussed in Note 1 I., the State reclassified certain employee health and disability funds previously reported in pension and other employee benefit trust funds (fiduciary fund type) to internal service funds (proprietary fund type), and the Prepaid College Foundation, a component unit of the Prepaid College Board, was reclassified from an enterprise fund (proprietary fund type) to a private-purpose trust fund (fiduciary fund type).

The accompanying management discussion and analysis on pages 12 through 17 and the budgetary information, pension information, other postemployment benefit information, and information on infrastructure using the modified approach on pages 130 through 141 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 139 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 supplementary information - introductory section on pages 6 through 8, combining statements and individual fund statements and schedules on pages 145 through 229, and the statistical section on pages 233 through 261, 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 26, 2009

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, 2008 (fiscal year 2007-08). 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.

Table 1: Major Features of the Basic Financial Statements				
	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	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
Type of asset/liability information	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
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	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, 2008, and 2007, 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 \$50.2 billion for governmental activities and by \$8.9 billion for business-type activities, for a combined total of \$59.1 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 \$56.3 billion as of June 30, 2008, 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 \$14.2 billion as of June 30, 2008. 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 \$12 billion at June 30, 2008. 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 \$622 million at June 30, 2008. The improvement in the unrestricted net asset balance over that reported in prior years is explained in the Major Fund Analysis, State Board of Administration section that follows.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 26,559	\$ 30,405	\$ 27,225	\$ 22,748	\$ 53,784	\$ 53,153
Capital assets	55,689	53,254	6,930	6,376	62,619	59,630
Total assets	<u>82,248</u>	<u>83,659</u>	<u>34,155</u>	<u>29,124</u>	<u>116,403</u>	<u>112,783</u>
Other liabilities	10,436	11,081	9,802	7,230	20,238	18,311
Noncurrent liabilities	21,537	20,072	15,498	13,918	37,035	33,990
Total liabilities	<u>31,973</u>	<u>31,153</u>	<u>25,300</u>	<u>21,148</u>	<u>57,273</u>	<u>52,301</u>
Net assets:						
Invested in capital assets, net of related debt	51,938	49,604	4,361	4,165	56,299	53,769
Restricted	10,334	10,455	3,872	3,417	14,206	13,872
Unrestricted	(11,997)	(7,553)	622	394	(11,375)	(7,159)
Total net assets	<u>\$ 50,275</u>	<u>\$ 52,506</u>	<u>\$ 8,855</u>	<u>\$ 7,976</u>	<u>\$ 59,130</u>	<u>\$ 60,482</u>

Statement of Activities

Table 3 presents the state’s Condensed Statement of Activities for fiscal year 2007-08 and fiscal year 2006-07, 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 decreased during the fiscal year by \$1.4 billion. The net assets of governmental activities decreased by \$2.3 billion and the net assets of business-type activities increased by \$900 million. Revenue declines related to governmental activities are detailed in the Economic Factors section below. The \$1 billion increase in human services expense is due to increased need for program services. The majority of the 31% increase in total program expenses for business-type activities is related to an increase in reserve for unpaid hurricane losses as a result of ongoing loss development and actuarial analyses.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 5,806	\$ 6,385	\$ 9,298	\$ 8,968	\$ 15,104	\$ 15,353
Operating grants and contributions	17,501	17,105	29	39	17,530	17,144
Capital grants and contributions	2,145	2,164	4	2	2,149	2,166
Total program revenues	25,452	25,654	9,331	9,009	34,783	34,663
General revenues and payments						
Sales and use tax	19,716	20,684	.....	.....	19,716	20,684
Other taxes	12,015	13,532	.....	.....	12,015	13,532
Investment earnings (loss)	579	813	11	11	590	824
Emergency assessments	.....	.....	357	195	357	195
Total general revenues and payments	32,310	35,029	368	206	32,678	35,235
Total revenues	57,762	60,683	9,699	9,215	67,461	69,898
Program expenses						
General government	7,493	8,411	.....	.....	7,493	8,411
Education	20,460	19,739	.....	.....	20,460	19,739
Human services	21,715	20,634	.....	.....	21,715	20,634
Criminal justice and corrections	4,296	3,993	.....	.....	4,296	3,993
Natural resources and environment	2,750	2,768	.....	.....	2,750	2,768
Transportation	4,098	3,546	446	404	4,544	3,950
State courts	464	437	.....	.....	464	437
Lottery	.....	.....	2,987	3,029	2,987	3,029
State Board of Administration	.....	.....	1,045	242	1,045	242
Prepaid College Program	.....	.....	1,302	856	1,302	856
Nonmajor enterprise funds	.....	.....	1,654	1,146	1,654	1,146
Indirect interest on long-term debt	12	12	.....	.....	12	12
Total program expenses	61,288	59,540	7,434	5,677	68,722	65,217
Excess (deficiency) before gain (loss) and transfers	(3,526)	1,143	2,265	3,538	(1,261)	4,681
Gain (loss) on sale of capital assets	(108)	(251)	(6)	(10)	(114)	(261)
Transfers	1,378	1,357	(1,378)	(1,357)	.....	.....
Change in net assets	(2,256)	2,249	881	2,171	(1,375)	4,420
Beginning net assets	52,506	50,257	7,976	5,805	60,482	56,062
Prior period adjustments	25	.....	(2)	.....	23	.....
Ending net assets	\$ 50,275	\$ 52,506	\$ 8,855	\$ 7,976	\$ 59,130	\$ 60,482

Major Fund Analysis

Governmental Funds

The state's governmental funds reported a combined ending fund balance of \$16 billion at June 30, 2008, of which \$10 billion is reserved for specific purposes and the remaining \$6 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. Information is provided below regarding funds with more significant variances relative to the prior year.

General Fund – The state's primary operating fund is used to account for the financial resources and transactions not required to be accounted for in other funds. Fund balance declined by \$3.2 billion or 44 percent to approximately \$4 billion at June 30, 2008. The decrease is due to lower than anticipated revenues and affected the unreserved portion of fund balance. See the Economic Factors section below for more information regarding actions relating to maintenance of the fund balance for this fund.

Proprietary Funds

The state's proprietary funds, used to account for the business-type activities reported in the government-wide statements, reported \$8.9 billion of net assets at June 30, 2008, an increase of \$900 million from the prior year attributable mainly to the circumstances described below for the State Board of Administration.

State Board of Administration – This fund includes the Florida Hurricane Catastrophe Fund to provide reinsurance to Florida property insurance companies in the event of a hurricane disaster. This fund had an increase in fund balance at June 30, 2008 of approximately \$900 million. The increase can be attributed to the continued growth of reimbursement premiums and the statutory emergency assessment levy issued in 2007. The revenue growth and no hurricane events for the current year led to the improvement in the reported unrestricted net asset balance.

General Fund Budget Variances

Budgeted expenditures are based on revenues estimated by the Revenue Estimating Conference and other sources. Original expenditures are budgeted for less than total expected available resources. There was a \$2.4 billion decrease between the original and final estimated tax revenues associated with the overall economic decline experienced in the current year. 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, 2008, the state reported \$55.7 billion in net capital assets for governmental activities and \$6.9 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2006-07 to fiscal year 2007-08 by approximately five percent. The increase is consistent with prior year and 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 \$2.3 billion were capitalized as construction work in progress and \$4.1 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 \$7.1 billion. Construction commitments by other state agencies not relating to transportation increased over \$397 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

Total bonded debt outstanding increased by \$5.5 billion, or 23 percent, from the prior fiscal year to a total of \$29.4 billion at June 30, 2008. The majority of the outstanding debt serves to finance educational facilities (\$14 billion), liquidity for the Florida Hurricane Catastrophe Fund (\$7.6 billion) and transportation infrastructure (\$4.6 billion). New debt issues for 2008 totaled \$6.8 billion with the largest issuance of \$3.5 billion made to increase liquidity for the Florida Hurricane Catastrophe Fund and the remaining amounts used for infrastructure development. Annual debt service payments on net tax-supported debt

totaled \$1.9 billion for 2008, an increase of \$130 million relative to the prior year. Annual debt service payments are projected to increase by 26 percent from \$1.9 billion to \$2.4 billion over the next three years based on projected bond issuance.

The state maintained its strong credit ratings during the past year. However, the outlook for the state's credit rating was changed from stable to negative by all three major credit rating agencies at various times due to the severity of the slowdown of the state's economy and sharp decline in revenues: Moody's Investors Services, March 2008; Fitch Ratings, December 2008; and Standard & Poor's, January 2009. The benchmark debt ratio of debt service to revenues available to pay debt service now exceeds a 6 percent target limit established by the legislature. The increase of this ratio from 5.49 percent at June 30, 2007 to 6.38 percent at June 30, 2008 is due to lower than expected revenues and an increase in debt service requirements. The benchmark ratio is projected to exceed a 7 percent cap in 2009 based on current revenue projections and existing borrowing plans. The benchmark ratio is expected to further worsen in 2010, before improvement of the debt position is projected beginning in 2011. The expected ratios are dependent upon realization of revenue growth projections.

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 specified taxes. Revenue bonds are payable solely from specified revenues. The responsibility to issue most state bonds rests with the Division of Bond Finance of the State Board of Administration. However, certain quasi-governmental entities also incur debt and are reported as part of the primary government. See the *State of Florida 2008 Debt Affordability Report* for more detailed information about the state's debt position. The report can be found at www.sbafla.com/bond or by contacting the Division of Bond Finance, 1801 Hermitage Boulevard, 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 2007-08 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.

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 revenues for the fiscal year ended June 30, 2008, were 9.5 percent lower than the prior fiscal year. Sales tax revenues, the state's primary source of general revenue, contracted 5.6 percent. This is primarily due to downward trends in consumer confidence, losses in employment, constrained housing construction and the credit market freeze. Although Florida's housing market reflects national trends, it has proven more vulnerable to the real estate market downturn due to the decrease in demand for second homes and a drop in speculative investment activity from prior years. Collections of documentary stamp taxes, which largely result from sales of real estate, declined significantly (a decrease of 36 percent) compared to the prior fiscal year. The overall trend for other sources of general fund revenues (such as corporate income taxes) is negative in comparison to the previous fiscal year with the notable exception of communications tax, which experienced an increase of 4.2 percent.

Population growth, the historical driver of Florida's economy, has been stunted by net migration falling to nearly zero. State demographers do not expect net migration to increase again until fiscal year 2010-11. As of December 2008, the state's unemployment rate was 8.1 percent versus a national unemployment rate of 7.2 percent. Personal incomes are stagnant and the median price for existing single family homes has fallen 20 percent over the past year.

The most recent projections by state economists indicate that general revenue collections for the fiscal year ending June 30, 2009 will be lower by 8.9 percent or \$2.1 billion, the third year of declining receipts. These declines were not predicted when the state's spending levels for the current fiscal year were initially established and a special legislative session was held in

January 2009 to address revenue shortfalls. As passed, Senate Bill 2A permanently reduced spending of general revenues on an annualized basis by almost \$1.12 billion for the fiscal year ending June 30, 2009. Governor Crist signed the appropriations bill into law minus \$91 million of spending cuts that he vetoed. The unreserved fund balance for all governmental funds decreased by 34 percent or \$3.2 billion from the prior year to \$6.1 billion. Since June 30, 2008, over \$1 billion has been transferred from the budget stabilization fund to the general fund to partially remediate budget deficits. The remaining fund balance for the budget stabilization fund is \$274 million on the cash basis at the date of this report.

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**

2008 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS

JUNE 30, 2008

(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 168,932	\$ 226,582	\$ 395,514	\$ 5,171,969
Pooled investments with State Treasury	16,028,170	3,371,049	19,399,219	3,597,531
Other investments	3,246,914	19,185,836	22,432,750	13,729,655
Receivables, net	3,747,126	920,032	4,667,158	2,232,657
Internal balances	454,443	(454,443)	.....	.....
Due from component units/primary	10,293	931	11,224	1,502,808
Inventories	90,739	5,802	96,541	38,684
Restricted cash and cash equivalents	.....	98	98	388,278
Restricted pooled investments with State Treasury	4,467	232,312	236,779	326,369
Restricted investments	.....	2,383,749	2,383,749	2,335,979
Loans and notes receivable, net	2,798,504	1,309,980	4,108,484	3,707,006
Other assets	9,709	42,656	52,365	696,581
Capital assets, net	55,688,515	6,930,273	62,618,788	17,805,759
Total assets	<u>82,247,812</u>	<u>34,154,857</u>	<u>116,402,669</u>	<u>51,533,276</u>
LIABILITIES				
Accounts payable and accrued liabilities	3,282,719	1,437,282	4,720,001	2,900,953
Due to component units/primary	76,664	246	76,910	254,240
Deferred revenue	.....	.....	.....	2,350,114
Obligations under security lending agreements	3,640,642	4,387,689	8,028,331	.....
Obligations under reverse repurchase agreements	1,367,970	112,076	1,480,046	.....
Long-term liabilities				
Due within one year	2,068,246	3,864,087	5,932,333	699,036
Due in more than one year	21,536,977	15,498,187	37,035,164	14,538,325
Total liabilities	<u>31,973,218</u>	<u>25,299,567</u>	<u>57,272,785</u>	<u>20,742,668</u>
NET ASSETS				
Invested in capital assets, net of related debt	51,937,584	4,360,753	56,298,337	14,831,155
Restricted for:				
Environment, Recreation and Conservation	2,910,269	.....	2,910,269	.....
Public Education	1,438,845	.....	1,438,845	.....
Health and Family Services	760,644	.....	760,644	.....
Transportation	1,564,767	154,853	1,719,620	.....
Nonmajor governmental funds	1,852,966	.....	1,852,966	.....
Debt service	84,221	.....	84,221	56,115
Lottery	.....	158,532	158,532	.....
Prepaid College Program	.....	727,678	727,678	.....
Hurricane Catastrophe Fund	.....	856,986	856,986	.....
Unemployment Compensation	.....	1,974,312	1,974,312	.....
Other	.....	.....	.....	7,038,132
Funds held for permanent endowment				
Expendable	409,958	.....	409,958	.....
Nonexpendable	1,312,289	.....	1,312,289	2,959,582
Unrestricted (Note 8)	(11,996,949)	622,176	(11,374,773)	5,905,624
Total net assets	<u>\$ 50,274,594</u>	<u>\$ 8,855,290</u>	<u>\$ 59,129,884</u>	<u>\$ 30,790,608</u>

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

2008 STATE OF FLORIDA CAFR

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 7,492,475	\$ 3,167,668	\$ 777,584	\$ 111	\$ (3,547,112)
Education	20,459,549	291,975	2,541,256	165	(17,626,153)
Human services	21,715,055	1,020,441	12,884,021	.....	(7,810,593)
Criminal justice and corrections	4,296,298	340,143	129,213	1,826	(3,825,116)
Natural resources and environment	2,749,924	451,363	1,132,297	50,319	(1,115,945)
Transportation	4,098,203	514,737	34,827	2,091,910	(1,456,729)
State courts	464,190	19,479	1,571	615	(442,525)
Indirect interest on long-term debt	12,314	.....	.....	.....	(12,314)
Total governmental activities	61,288,008	5,805,806	17,500,769	2,144,946	(35,836,487)
Business-type activities:					
Transportation	446,489	738,450	712	3,589	296,262
Lottery	2,987,265	4,338,303	.....	.....	1,351,038
State Board of Administration	1,044,927	1,188,703	.....	.....	143,776
Prepaid College Program	1,302,094	1,619,334	.....	.....	317,240
Nonmajor enterprise funds	1,654,422	1,413,825	28,764	.....	(211,833)
Total business-type activities	7,435,197	9,298,615	29,476	3,589	1,896,483
Total primary government	\$ 68,723,205	\$ 15,104,421	\$ 17,530,245	\$ 2,148,535	\$ (33,940,004)
Component units					
Florida Housing Finance Corporation	\$ 436,230	\$ 358,702	\$	\$	(77,528)
University of Florida	4,262,423	2,381,294	990,075	175,472	(715,582)
Citizens Property Insurance Corporation	1,815,091	3,074,754	.....	.....	1,259,663
Nonmajor component units	9,341,853	2,268,350	2,678,643	1,741,288	(2,653,572)
Total component units	\$ 15,855,597	\$ 8,083,100	\$ 3,668,718	\$ 1,916,760	\$ (2,187,019)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (35,836,487)	\$ 1,896,483	\$ (33,940,004)	\$ (2,187,019)
General revenues:				
Taxes				
Sales and use tax	19,716,442	.....	19,716,442	.....
Fuel taxes	2,548,254	.....	2,548,254	.....
Corporate income tax	2,253,781	.....	2,253,781	.....
Documentary stamp tax	1,924,526	.....	1,924,526	.....
Intangible personal property tax	428,804	.....	428,804	.....
Communications service tax	1,546,853	.....	1,546,853	.....
Beverage and tobacco taxes	1,043,526	.....	1,043,526	.....
Insurance premium tax	940,534	.....	940,534	.....
Gross receipts utilities tax	670,442	.....	670,442	.....
Property taxes	.....	.....	.....	953,163
Other taxes	657,981	.....	657,981	.....
Investment earning (loss)	578,770	11,270	590,040	515,680
Gain (loss) on sale of capital assets	(107,535)	(6,425)	(113,960)	3,235
Payments from the State of Florida	.....	.....	.....	4,037,215
Emergency assessments	.....	356,697	356,697	68,008
Miscellaneous	.....	.....	.....	799,647
Transfers	1,377,500	(1,377,500)	.....	.....
Contributions to permanent funds	.....	.....	.....	133,447
Total general revenues, transfers and contributions	33,579,878	(1,015,958)	32,563,920	6,510,395
Changes in net assets	(2,256,609)	880,525	(1,376,084)	4,323,376
Net assets - beginning	52,505,965	7,976,490	60,482,455	26,467,232
Adjustments to increase (decrease) beginning net assets	25,238	(1,725)	23,513	.....
Net assets - ending	\$ 50,274,594	\$ 8,855,290	\$ 59,129,884	\$ 30,790,608

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.

PUBLIC EDUCATION

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

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 145.

2008 STATE OF FLORIDA CAFR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 14,546	\$ 3,864	\$	\$ 8,882	\$ 2,503
Pooled investments with State Treasury	5,648,098	2,568,145	2,381,031	1,153,972	2,135,594
Investments	240,276	.....	.....	51	.....
Receivables, net	1,321,118	148,822	24,142	1,374,207	214,898
Due from other funds	178,829	9,890	121,208	31,953	194,813
Due from component units/primary	8,501	1,733	.....	8	.....
Inventories	14,628	1,117	.....	64,486	5,807
Other	991	.....	.....	.....	755
Total current assets	<u>7,426,987</u>	<u>2,733,571</u>	<u>2,526,381</u>	<u>2,633,559</u>	<u>2,554,370</u>
<u>Noncurrent assets</u>					
Restricted pooled investments with State Treasury	.....	.....	.....	.....	.....
Long-term investments	.....	.....	.....	.....	.....
Advances to other funds	2,631	.....	.....	.....	222,848
Other loans and notes receivable, net	50,817	1,007,787	.....	16,007	709,788
Other	.....	.....	.....	.....	6,143
Total noncurrent assets	<u>53,448</u>	<u>1,007,787</u>	<u>.....</u>	<u>16,007</u>	<u>938,779</u>
Total assets	<u>\$ 7,480,435</u>	<u>\$ 3,741,358</u>	<u>\$ 2,526,381</u>	<u>\$ 2,649,566</u>	<u>\$ 3,493,149</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 683,674	\$ 51,216	\$ 29,229	\$ 1,084,870	\$ 476,382
Due to other funds	138,798	35,689	9,137	25,369	42,229
Due to component units/primary	7,274	62,002	.....	6,462	.....
Compensated absences	9,308	600	48	1,843	5,668
Claims payable	20,415	.....	10	.....	.....
Deposits	668	3,694	.....	112,060	110,948
Deferred revenues	216,329	27,938	.....	364,180	25,801
Obligations under security lending agreements	1,665,223	458,654	429,406	32,942	332,704
Obligations under reverse repurchase agreements	707,322	194,818	182,395	13,993	141,320
Total current liabilities	<u>3,449,011</u>	<u>834,611</u>	<u>650,225</u>	<u>1,641,719</u>	<u>1,135,052</u>
<u>Noncurrent liabilities</u>					
Advances from other funds	600	3,044	422,552	.....	.....
Deposits	.....	.....	.....	42,012	413,104
Deferred revenues	132	141	.....	11,947	384,407
Total noncurrent liabilities	<u>732</u>	<u>3,185</u>	<u>422,552</u>	<u>53,959</u>	<u>797,511</u>
Total liabilities	<u>3,449,743</u>	<u>837,796</u>	<u>1,072,777</u>	<u>1,695,678</u>	<u>1,932,563</u>
<u>Fund balances</u>					
Reserved for encumbrances	104,614	3,268	1,787	16,012	13,927
Reserved for inventories	14,628	1,117	.....	64,486	5,807
Reserved for advances	2,631	.....	.....	.....	222,848
Reserved for long-term receivables	50,686	1,007,647	.....	.....	323,991
Reserved for capital outlay	177,049	1,072,814	1,513,053	9,390	791,300
Reserved for debt service	.....	.....	.....	.....	.....
Reserved for permanent trust	.....	.....	.....	.....	.....
Reserved for Budget Stabilization Fund	1,353,690	.....	.....	.....	.....
Other reserved	2,806	76,516	.....	.....	6,143
Unreserved, reported in:					
General fund	2,324,588	.....	.....	.....	.....
Special revenue funds	.....	742,200	(61,236)	864,000	196,570
Capital projects funds	.....	.....	.....	.....	.....
Permanent fund	.....	.....	.....	.....	.....
Total fund balances	<u>4,030,692</u>	<u>2,903,562</u>	<u>1,453,604</u>	<u>953,888</u>	<u>1,560,586</u>
Total liabilities and fund balances	<u>\$ 7,480,435</u>	<u>\$ 3,741,358</u>	<u>\$ 2,526,381</u>	<u>\$ 2,649,566</u>	<u>\$ 3,493,149</u>

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

Nonmajor Governmental Funds	Totals 6/30/08
\$ 120,852	\$ 150,647
1,634,143	15,520,983
1,160,767	1,401,094
537,025	3,620,212
134,461	671,154
.....	10,242
4,547	90,585
1,740	3,486
<u>3,593,535</u>	<u>21,468,403</u>
4,467	4,467
1,804,907	1,804,907
.....	225,479
1,014,105	2,798,504
80	6,223
<u>2,823,559</u>	<u>4,839,580</u>
<u>\$ 6,417,094</u>	<u>\$ 26,307,983</u>
\$ 335,680	\$ 2,661,051
141,136	392,358
926	76,664
1,441	18,908
15,157	35,582
6,084	233,454
68,003	702,251
639,151	3,558,080
93,051	1,332,899
<u>1,300,629</u>	<u>9,011,247</u>
625	426,821
3,851	458,967
20,007	416,634
<u>24,483</u>	<u>1,302,422</u>
<u>1,325,112</u>	<u>10,313,669</u>
46,226	185,834
4,547	90,585
.....	225,479
1,010,031	2,392,355
181,887	3,745,493
84,221	84,221
1,722,247	1,722,247
.....	1,353,690
30,780	116,245
.....	2,324,588
1,582,064	3,323,598
17,733	17,733
412,246	412,246
<u>5,091,982</u>	<u>15,994,314</u>
<u>\$ 6,417,094</u>	<u>\$ 26,307,983</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2008
(in thousands)**

Total fund balances for governmental funds		\$ 15,994,314
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	15,714,115	
Nondepreciable infrastructure	31,659,937	
Buildings, equipment and other depreciable assets	5,604,156	
Accumulated depreciation	(2,963,702)	
Construction work in progress	<u>5,000,925</u>	55,015,431
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(796,138)	
Installment purchases/capital leases	(105,495)	
Claims payable	(2,281,403)	
Due to other governments	(1,472)	
Bonds payable	(18,746,825)	
Other	<u>(111,021)</u>	(22,042,354)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Assets.		(46,128)
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.		1,118,885
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>234,446</u>
Net assets of governmental activities		<u><u>\$ 50,274,594</u></u>

2008 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
REVENUES					
Taxes	\$ 27,175,236	\$ 302,621	\$ 1,116,298	\$ 438,055	\$ 2,240,612
Licenses and permits	131,453	45,927	.....	35,579	10,982
Fees and charges	723,174	157,971	45,287	1,069,899	580,353
Grants and donations	6,129	165,747	2,367,720	13,147,344	2,095,423
Investment earnings	478,953	127,194	107,050	14,567	66,459
Fines, forfeits, settlements and judgments	72,351	11,222	114,829	46,054	28,165
Other revenue	7,836	2,204	15,057	494	1,868
Total revenues	28,595,132	812,886	3,766,241	14,751,992	5,023,862
EXPENDITURES					
Current:					
General government	4,767,299	22,070	.....	184,001	198,599
Education	13,727,855	.....	5,932,205	.....	.....
Human services	6,240,908	.....	.....	15,073,925	.....
Criminal justice and corrections	3,596,409	.....	.....	.....	.....
Natural resources and environment	338,385	1,464,068	.....	28,608	.....
Transportation	10,007	.....	.....	.....	3,961,836
State courts	433,420	.....	.....	.....	.....
Capital outlay	86,818	203,819	6,135	18,278	2,066,513
Debt service:					
Principal retirement	6,719	.....	56	1,937	.....
Interest and fiscal charges	741	.....	1	1,275	.....
Total expenditures	29,208,561	1,689,957	5,938,397	15,308,024	6,226,948
Excess (deficiency) of revenues over expenditures	(613,429)	(877,071)	(2,172,156)	(556,032)	(1,203,086)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	2,815	399,536	1,930,882	.....	58,650
Proceeds of refunding bonds	.....	.....	.....	.....	.....
Operating transfers in	659,102	1,064,501	1,539,424	1,090,696	1,641,206
Operating transfers out	(3,256,438)	(546,006)	(1,171,851)	(524,928)	(616,523)
Proceeds of financing agreements	8,875	.....	.....	109	.....
Payments to refunded bond agent	.....	.....	.....	.....	.....
Total other financing sources (uses)	(2,585,646)	918,031	2,298,455	565,877	1,083,333
Net change in fund balances	(3,199,075)	40,960	126,299	9,845	(119,753)
Fund balances - beginning	7,229,767	2,862,602	1,327,305	944,043	1,680,339
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	.....	.....
Fund balances - beginning, as restated	7,229,767	2,862,602	1,327,305	944,043	1,680,339
Fund balances - ending	\$ 4,030,692	\$ 2,903,562	\$ 1,453,604	\$ 953,888	\$ 1,560,586

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

Nonmajor Governmental Funds	Totals 6/30/08
\$ 271,540	\$ 31,544,362
1,076,213	1,300,154
941,298	3,517,982
1,828,537	19,610,900
(21,892)	772,331
546,183	818,804
16,603	44,062
<u>4,658,482</u>	<u>57,608,595</u>
2,512,894	7,684,863
182,145	19,842,205
454,090	21,768,923
576,994	4,173,403
890,243	2,721,304
25	3,971,868
24,463	457,883
254,572	2,636,135
851,577	860,289
901,620	903,637
<u>6,648,623</u>	<u>65,020,510</u>
<u>(1,990,141)</u>	<u>(7,411,915)</u>
179,428	2,571,311
94,760	94,760
3,852,830	9,847,759
(2,341,084)	(8,456,830)
.....	8,984
(94,760)	(94,760)
<u>1,691,174</u>	<u>3,971,224</u>
(298,967)	(3,440,691)
5,388,553	19,432,609
2,396	2,396
<u>5,390,949</u>	<u>19,435,005</u>
<u>\$ 5,091,982</u>	<u>\$ 15,994,314</u>

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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, 2008
(in thousands)**

Net change in fund balance - total governmental funds		\$ (3,440,691)
<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>		
		(7,272)
<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	2,882,695	
Depreciation expense	<u>(294,258)</u>	
		2,588,437
<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>		
		(106,001)
<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>		
		401,802
<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>		
Decrease in compensated absences	42,977	
Increase in accrued interest	(4,590)	
Increase in claims payable	(38,156)	
Decrease in arbitrage liability	443	
Increase in other liabilities	<u>(40,412)</u>	
		(39,738)
<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	(2,571,311)	
Refunding bond proceeds	(94,760)	
Financing agreement proceeds	(8,984)	
Repayment of bonds	830,448	
Repayment of capital leases/installment purchase contracts	29,094	
Payment to refunded bond escrow agent	94,760	
Amortization of bond premium	81,761	
Amortization of deferred amount on refunding	(13,425)	
Accrued interest payable at refunding	<u>(729)</u>	
		<u>(1,653,146)</u>
Change in net assets of governmental activities		<u>\$ (2,256,609)</u>

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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

TRANSPORTATION

This fund accounts for operations of the Florida Turnpike Enterprise which includes the Florida Turnpike System.

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 187.

Internal Service Funds

Internal service funds are presented on page 195.

2008 STATE OF FLORIDA CAFR

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(in thousands)**

	Transportation	Lottery	State Board of Administration	Prepaid College Program
ASSETS				
Cash and cash equivalents	\$ 8,000	\$ 687	\$ 338	\$ 214,485
Pooled investments with State Treasury	749,710	218,114	.....	.....
Investments	.....	.....	6,577,339	2,765,554
Receivables, net	4,418	43,138	105,872	350,775
Due from other funds	1,546	.....	3,107	2
Due from component units/primary	.....	.....	.....	.....
Inventories	4,952	844	.....	.....
Other	112	3,525	9,786	.....
Total current assets	768,738	266,308	6,696,442	3,330,816
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	98	.....	.....	.....
Restricted pooled investments with State Treasury	157,964	74,348	.....	.....
Restricted investments	154,229	2,229,519	.....	.....
Long-term investments	.....	.....	2,902,755	6,940,188
Advances to other funds	500	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	1,309,980
<u>Capital assets</u>				
Land and other nondepreciable assets	867,531	.....	.....	.....
Nondepreciable infrastructure	5,166,374	.....	.....	.....
Buildings, equipment, and other depreciable assets	367,132	18,260	13,766	59
Accumulated depreciation	(175,645)	(16,981)	(11,084)	(53)
Construction work in progress	693,974	.....	.....	.....
Other	13,600	.....	15,588	.....
Total noncurrent assets	7,245,757	2,305,146	2,921,025	8,250,174
Total assets	8,014,495	2,571,454	9,617,467	11,580,990
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	41,027	18,315	970,771	336,260
Accrued prize liability	.....	270,777	.....	.....
Due to other funds	112,836	112,909	9	.....
Due to component units/primary	.....	.....	.....	.....
Compensated absences	.....	852	787	36
Installment purchases/capital leases	.....	.....	.....	.....
Bonds payable	.....	.....	2,999,430	.....
Bonds payable from restricted assets	85,620	.....	.....	.....
Deposits	3,062	.....	.....	.....
Obligations under security lending agreements	165,231	1,148,508	28,905	2,999,602
Obligations under reverse repurchase agreements	70,184	22,589	.....	.....
Certificates of participation payable	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	452,113
Total current liabilities	477,960	1,573,950	3,999,902	3,788,011
<u>Noncurrent liabilities</u>				
Advances from other funds	218,904	.....	.....	.....
Accrued prize liability	.....	834,545	.....	.....
Due to other governments	25	.....	.....	.....
Bonds payable	2,500,678	.....	4,679,503	.....
Certificates of participation payable	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....
Deposits	848	.....	.....	.....
Compensated absences	.....	2,897	2,739	155
Tuition and housing benefits payable	.....	.....	.....	7,065,139
Other	.....	252	.....	.....
Total noncurrent liabilities	2,720,455	837,694	4,682,242	7,065,294
Total liabilities	3,198,415	2,411,644	8,682,144	10,853,305
NET ASSETS				
Invested in capital assets, net of related debt	4,349,846	1,279	2,682	5
Restricted for unemployment compensation	.....	.....	.....	.....
Restricted for lottery	.....	158,531	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	856,986	.....
Restricted for Prepaid College Program	.....	.....	.....	727,678
Restricted - other	154,853	.....	.....	.....
Unrestricted	311,381	.....	75,655	2
Total net assets	\$ 4,816,080	\$ 159,810	\$ 935,323	\$ 727,685

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

2008 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/08	Internal Service Funds
\$ 3,072	\$ 226,582	\$ 18,285
2,403,224	3,371,048	507,187
.....	9,342,893	40,913
411,990	916,193	23,153
3,052	7,707	19,419
931	931	51
6	5,802	154
45	13,468	.....
<u>2,822,320</u>	<u>13,884,624</u>	<u>609,162</u>
.....	98	.....
.....	232,312	.....
.....	2,383,748	.....
.....	9,842,943	.....
.....	500	.....
.....	1,309,980	.....
.....	867,531	360
.....	5,166,374	.....
16,744	415,961	982,090
(9,804)	(213,567)	(323,651)
.....	693,974	14,285
.....	29,188	.....
<u>6,940</u>	<u>20,729,042</u>	<u>673,084</u>
<u>2,829,260</u>	<u>34,613,666</u>	<u>1,282,246</u>
70,909	1,437,282	84,629
.....	270,777	.....
14,154	239,908	26,776
246	246	.....
3,312	4,987	2,749
16	16	945
.....	2,999,430	17,330
.....	85,620	.....
48,082	51,144	138,137
45,443	4,387,689	82,562
19,302	112,075	35,070
.....	.....	13,645
.....	452,113	.....
<u>201,464</u>	<u>10,041,287</u>	<u>401,843</u>
.....	218,904	2,803
.....	834,545	.....
.....	25	369
.....	7,180,181	381,480
.....	.....	243,237
16	16	4,723
399,533	400,381	.....
10,547	16,338	11,460
.....	7,065,139	.....
1,310	1,562	1,885
<u>411,406</u>	<u>15,717,091</u>	<u>645,957</u>
<u>612,870</u>	<u>25,758,378</u>	<u>1,047,800</u>
6,941	4,360,753	129,524
1,974,312	1,974,312	.....
.....	158,531	.....
.....	856,986	.....
.....	727,678	.....
.....	154,853	.....
235,137	622,175	104,922
<u>\$ 2,216,390</u>	<u>\$ 8,855,288</u>	<u>\$ 234,446</u>

2008 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Transportation	Lottery	State Board of Administration	Prepaid College Program
OPERATING REVENUES				
Sales - nonstate	\$ 3,317	\$ 4,181,897	\$ 1,337,670	\$ 556,355
Fees	683,804	.....	89	4,049
Sales - state	.....	.....	25,283	.....
Rents and royalties - nonstate	10,363	287	3	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	2,106	316	28	.....
Other revenue	.....	.....	.....	.....
Total operating revenues	699,590	4,182,500	1,363,073	560,404
OPERATING EXPENSES				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	2,476,032	.....	.....
Commissions on lottery sales	.....	235,651	.....	.....
Contractual services	317,609	117,921	719,542	1,147,853
Insurance claims expense	.....	.....	.....	.....
Personal services	19,386	27,010	15,685	869
Depreciation	21,068	695	2,127	2
Materials and supplies	5,861	1,387	677	31
Repairs and maintenance	.....	1,317	997	1
Basic services	.....	5,005	2,402	122
Interest and fiscal charges	.....	.....	513	39
Bad debt	.....	674	.....	.....
Total operating expenses	363,924	2,865,692	741,943	1,148,917
Operating income (loss)	335,666	1,316,808	621,130	(588,513)
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	4,301	.....	.....	.....
Investment earnings	36,859	155,803	246,171	628,168
Interest and fiscal charges	(78,132)	(121,561)	(302,985)	(151,813)
Property disposition gain (loss)	(6,435)	(51)	.....	.....
Grant expense and client benefits	.....	.....	.....	.....
Emergency Assessment Funds Received	.....	.....	356,697	.....
Other	(4,433)	(12)	.....	.....
Total nonoperating revenues (expenses)	(47,840)	34,179	299,883	476,355
Income (loss) before transfers and contributions	287,826	1,350,987	921,013	(112,158)
Operating transfers in	14,110	.....	14,274	131
Operating transfers out	(17,136)	(1,283,954)	(10,007)	(1,364)
Capital contributions	2,000	.....	.....	.....
Change in net assets	286,800	67,033	925,280	(113,391)
Total net assets - beginning	4,529,280	92,777	10,043	842,801
Adjustments to increase (decrease) beginning net assets	.....	.....	.....	(1,725)
Total net assets - beginning, as restated	4,529,280	92,777	10,043	841,076
Total net assets - ending	\$ 4,816,080	\$ 159,810	\$ 935,323	\$ 727,685

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

2008 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/08	Internal Service Funds
\$ 55,392	\$ 6,134,631	\$ 37,563
1,167,653	1,855,595	.....
431	25,714	1,717,548
.....	10,653	298
75	75	107,192
16,038	18,488	441
14	14	19,209
<u>1,239,603</u>	<u>8,045,170</u>	<u>1,882,251</u>
1,441,692	1,441,692	.....
.....	2,476,032	.....
.....	235,651	.....
44,920	2,347,845	923,026
.....	.....	760,895
132,229	195,179	104,054
1,349	25,241	21,262
6,528	14,484	19,494
689	3,004	19,531
24,527	32,056	15,761
526	1,078	3
.....	674	.....
<u>1,652,460</u>	<u>6,772,936</u>	<u>1,864,026</u>
<u>(412,857)</u>	<u>1,272,234</u>	<u>18,225</u>
28,764	33,065	.....
181,128	1,248,129	19,651
(220)	(654,711)	(34,063)
61	(6,425)	(26,571)
(862)	(862)	.....
.....	356,697	.....
(829)	(5,274)	(21)
<u>208,042</u>	<u>970,619</u>	<u>(41,004)</u>
(204,815)	2,242,853	(22,779)
9,211	37,726	27,221
(89,713)	(1,402,174)	(17,340)
118	2,118	5,626
<u>(285,199)</u>	<u>880,523</u>	<u>(7,272)</u>
2,501,589	7,976,490	218,875
.....	(1,725)	22,843
<u>2,501,589</u>	<u>7,974,765</u>	<u>241,718</u>
<u>\$ 2,216,390</u>	<u>\$ 8,855,288</u>	<u>\$ 234,446</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)

	Transportation	Lottery	State Board of Administration
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 685,359	\$ 4,174,399	\$ 1,360,412
Cash paid to vendors	(338,675)	(357,266)	(24,164)
Cash paid to employees	(16,506)	(26,875)	(15,700)
Lottery prizes	.....	(2,504,154)	.....
Cash paid for insurance claims	.....	.....	(591,885)
Unemployment benefits	.....	.....	.....
Net cash provided (used) by operating activities	<u>330,178</u>	<u>1,286,104</u>	<u>728,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	11,555	(1,287,968)	3,776
Advances from or repayment from other funds	519	.....	.....
Advances, grants or loans (to) from or repayment from others	18,023	.....	.....
Cash received from sale of bonds	.....	.....	3,489,682
Payment of bonds or loans (principal and interest)	.....	.....	(309,180)
Cash received from noncapital grants or donations	.....	.....	.....
Emergency assessment funds received	.....	.....	365,702
Net cash provided (used) by noncapital financing activities	<u>30,097</u>	<u>(1,287,968)</u>	<u>3,549,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from sale of capital assets	17	.....	2
Cash received from the sale of bonds	614,712	.....	.....
Payment of bond principal	(226,093)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(115,115)	.....	.....
Purchase or construction of capital assets	(537,031)	(101)	(236)
Net cash provided (used) by capital and related financing activities	<u>(263,510)</u>	<u>(101)</u>	<u>(234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	33,693	13,521	120
Proceeds from the sale or maturity of investments	796,550	246,337	322,341,997
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(246,337)	.....
Investment earnings	29,658	12,723	334,376
Purchase of investments	(828,801)	(3,379)	(326,954,588)
Net cash provided (used) by investing activities	<u>31,100</u>	<u>22,865</u>	<u>(4,278,095)</u>
Net increase (decrease) in cash and cash equivalents	127,865	20,900	314
Cash and cash equivalents - beginning	787,907	272,249	24
Adjustments to increase beginning cash and cash equivalents	.....	.....	.....
Total cash and cash equivalents - beginning	<u>787,907</u>	<u>272,249</u>	<u>24</u>
Cash and cash equivalents - ending	<u>\$ 915,772</u>	<u>\$ 293,149</u>	<u>\$ 338</u>

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

2008 STATE OF FLORIDA CAFR

Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/08	Internal Service Funds
\$ 513,768	\$ 1,141,149	\$ 7,875,087	\$ 1,908,935
(293,065)	(78,950)	(1,092,120)	(980,638)
(840)	(130,332)	(190,253)	(98,533)
.....	.....	(2,504,154)	.....
.....	(102)	(591,987)	(761,731)
.....	(1,421,072)	(1,421,072)	(20)
219,863	(489,307)	2,075,501	68,013
(1,233)	(81,878)	(1,355,748)	8,726
.....	.....	519	(7)
.....	(862)	17,161	(1)
.....	.....	3,489,682	.....
.....	.....	(309,180)	.....
.....	21,075	21,075	.....
.....	.....	365,702	.....
(1,233)	(61,665)	2,229,211	8,718
.....	.....	19	(30)
.....	.....	614,712	26,045
.....	.....	(226,093)	(29,734)
.....	(9)	(9)	(302)
.....	.....	(115,115)	(44,060)
.....	(1,575)	(538,943)	(5,102)
.....	(1,584)	(265,429)	(53,183)
11,727	2,325	61,386	64,150
20,977,785	.....	344,362,669	.....
.....	.....	(246,337)	.....
119,067	131,478	627,302	18,823
(21,113,854)	.....	(348,900,622)	.....
(5,275)	133,803	(4,095,602)	82,973
213,355	(418,753)	(56,319)	106,521
2,060	2,825,049	3,887,289	232,007
(930)	.....	(930)	186,944
1,130	2,825,049	3,886,359	418,951
\$ 214,485	\$ 2,406,296	\$ 3,830,040	\$ 525,472

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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)	\$ 335,666	\$ 1,316,808	\$ 621,130
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	21,068	695	2,127
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	935	(7,102)	(500)
(Increase) decrease in due from other funds	(6,694)	.....	(1,580)
Increase (decrease) in allowance for uncollectibles	.....	(318)	.....
(Increase) decrease in inventories	(4,952)	123	.....
Increase (decrease) in accounts payable	(11,507)	1,776	107,483
Increase (decrease) in compensated absences	.....	(143)	2
Increase (decrease) in due to other funds	(4,338)	(558)	1
Increase (decrease) in other non-current liability	.....	252	.....
Increase (decrease) in deferred revenues	.....	.....	.....
Increase (decrease) in prize liability	.....	(25,429)	.....
Net cash provided (used) by operating activities	<u>\$ 330,178</u>	<u>\$ 1,286,104</u>	<u>\$ 728,663</u>
Noncash investing, capital, and financing activities			
Borrowing under capital lease or installment purchase	\$	\$	\$
Change in fair value of investments	.....	(64,268)	(64,896)

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

2008 STATE OF FLORIDA CAFR

Prepaid College Program	Nonmajor Enterprise Funds	Totals 6/30/08	Internal Service Funds
\$ (588,513)	\$ (412,857)	\$ 1,272,234	\$ 18,225
2	1,349	25,241	21,262
(134,159)	(118,130)	(258,956)	(4,414)
13	5,322	(2,939)	1,589
.....	5,844	5,526	.....
.....	(15)	(4,844)	56
942,490	27,836	1,068,078	(1,252)
30	(1,322)	(1,433)	(250)
.....	59	(4,836)	(963)
.....	1,310	1,562	1,885
.....	1,297	1,297	31,875
.....	(25,429)
<u>\$ 219,863</u>	<u>\$ (489,307)</u>	<u>\$ 2,075,501</u>	<u>\$ 68,013</u>

\$	\$	\$	\$ 6
107,311	(21,853)

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 203.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 209.

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 beginning on page 215.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 219.

2008 STATE OF FLORIDA CAFR

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2008

(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/08
ASSETS					
Cash and cash equivalents	\$ 25,151	\$ 484,962	\$ 255	\$ 52,119	\$ 562,487
Pooled investments with State Treasury	669,790	106,538	.....	5,484,010	6,260,338
Total cash and cash equivalents	694,941	591,500	255	5,536,129	6,822,825
<u>Investments</u>					
Certificates of deposit	2	287,148	61	525	287,736
U.S. government & federally guaranteed obligations	14,909	3,336,801	758	1,297,118	4,649,586
Federal agencies	24,776	12,133,224	2,753	66,943	12,227,696
Commercial paper	.....	4,146,373	253,759	71,241	4,471,373
Repurchase agreements	31	1,125,099	1,757,793	501,774	3,384,697
Bonds and notes	20,226	23,716,912	3,716,308	1,072,985	28,526,431
International bonds and notes	999	3,406,255	396	2,533	3,410,183
Real estate contracts	.....	8,884,301	.....	.....	8,884,301
Mutual fund investments	7,995	11,565,502	.....	.....	11,573,497
Money market and short-term investments	21,426	1,386,373	265,163	75,358	1,748,320
Domestic equity	91,837	42,850,732	.....	38,249	42,980,818
Limited partnerships	.....	4,236,079	.....	.....	4,236,079
Equity group trust	.....	3,067	.....	.....	3,067
International equity	741	19,504,331	.....	.....	19,505,072
Deferred compensation annuities	.....	51,887	.....	.....	51,887
Other investments	23	.....	.....	160	183
Total investments	182,965	136,634,084	5,996,991	3,126,886	145,940,926
<u>Receivables</u>					
Accounts receivable	23,324	7,457	.....	414,889	445,670
State contributions receivable	.....	56,842	.....	.....	56,842
Nonstate contributions receivable	.....	292,861	.....	7	292,868
Interest receivable	2,000	377,096	5,391	20,284	404,771
Dividends receivable	107	128,582	.....	44	128,733
Pending investment sales	151	4,336,045	53	844	4,337,093
Forward contracts	.....	642,138	.....	.....	642,138
Futures trade equity	.....	.....	1	4	5
Due from state funds	163	4,210	.....	68,418	72,791
Due from other governments	26,235	.....	.....	.....	26,235
Total receivables	51,980	5,845,231	5,445	504,490	6,407,146
Security lending collateral	28,634	15,558,805	717	4,845	15,593,001
Advances to other funds	422,552	.....	.....	.....	422,552
Loans receivable	883,067	.....	.....	.....	883,067
Capital assets	1,131	1,840	.....	.....	2,971
Accumulated depreciation	(382)	(1,029)	.....	.....	(1,411)
Other assets	224	.....	2	.....	226
Total assets	2,265,112	158,630,431	6,003,410	9,172,350	176,071,303
LIABILITIES					
Accounts payable	13,811	107,266	472	652,095	773,644
DROP	.....	2,451,605	.....	.....	2,451,605
Pending investment purchases	183	6,771,278	771	5,593	6,777,825
Short sell obligations	.....	1,248,558	.....	.....	1,248,558
Forward contracts payable	.....	643,471	.....	448,229	1,091,700
Broker rebate fees	53	23,331	2	13	23,399
Due to other funds	3,580	9,096	28	99,328	112,032
Due to other governments	7,441	.....	254	527,335	535,030
Due to component units	.....	.....	.....	4,738,883	4,738,883
Obligations under security lending agreements	145,303	15,956,427	718	850,745	16,953,193
Obligations under reverse repurchase agreements	48,439	2,064	.....	359,304	409,807
Claims payable	.....	4,598	.....	14,865	19,463
Deposits payable	14,202	11,577	.....	1,475,960	1,501,739
Compensated absences	363	1,090	.....	.....	1,453
Other liabilities	278	749	.....	.....	1,027
Total liabilities	233,653	27,231,110	2,245	9,172,350	36,639,358
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 2,031,459	\$ 131,399,321	\$ 6,001,165	\$	\$ 139,431,945

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

2008 STATE OF FLORIDA CAFR

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 06/30/08
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$	\$ 879,029	\$	\$ 879,029
Pension fund contributions - nonstate	.....	2,913,521	.....	2,913,521
Employer/employee contributions	.....	135,303	.....	135,303
Purchase of time by employees	.....	90,262	.....	90,262
Fees	6,351	657	6,222	13,230
Grants and contributions	241,928	.....	.....	241,928
Flexible benefit contributions	.....	237,918	.....	237,918
Fines, forfeits, settlements and judgments	285	16	.....	301
Unclaimed property remittances	313,097	.....	.....	313,097
Transfers in from state funds	1,908	1,188,416	496,743	1,687,067
Total contributions and other deposits	563,569	5,445,122	502,965	6,511,656
<u>Investment income</u>				
Interest income	31,673	2,518,431	686,099	3,236,203
Dividends	1,838	1,680,803	.....	1,682,641
Other investment income	294	117	.....	411
Net increase (decrease) in fair market value	(12,090)	(10,714,767)	(165,959)	(10,892,816)
Total investment income	21,715	(6,515,416)	520,140	(5,973,561)
Investment activity expense	(1,337)	(260,157)	(4,741)	(266,235)
Net income (loss) from investing activity	20,378	(6,775,573)	515,399	(6,239,796)
<u>Security lending activity</u>				
Security lending income	1,008	912,729	6,194	919,931
Security lending expense	(899)	(786,259)	(5,976)	(793,134)
Net income from security lending	109	126,470	218	126,797
Total net investment income	20,487	(6,649,103)	515,617	(6,112,999)
Other additions	7,063	13,699	.....	20,762
Total additions	591,119	(1,190,282)	1,018,582	419,419
DEDUCTIONS				
Benefit payments	.....	6,398,342	.....	6,398,342
Insurance claims expense	200	.....	.....	200
Supplemental insurance payments	.....	57,377	.....	57,377
Flexible reimbursement payments	.....	21,774	.....	21,774
Life insurance premium payments	.....	38,993	.....	38,993
Remittances to annuity companies	.....	208,107	.....	208,107
Interest expense	671	2	.....	673
Student loan default payments	213,938	.....	.....	213,938
Payments to unclaimed property claimants	67,190	.....	.....	67,190
Distribution to State School Fund	197,000	.....	.....	197,000
Administrative expense	7,695	40,128	.....	47,823
Property disposition gain (loss)	4	17	.....	21
Transfers out to state funds	3,408	1,223,278	496,743	1,723,429
Other deductions	34,045	501	.....	34,546
Total deductions	524,151	7,988,519	496,743	9,009,413
<u>Depositor activity</u>				
Deposits	102,520	.....	17,588,372	17,690,892
Withdrawals	(39,630)	.....	(38,046,462)	(38,086,092)
Excess (deficiency) of deposits over withdrawals	62,890	.....	(20,458,090)	(20,395,200)
Change in net assets	129,858	(9,178,801)	(19,936,251)	(28,985,194)
Net assets - beginning	1,899,876	140,600,965	25,937,416	168,438,257
Adjustments to increase (decrease) beginning net assets	1,725	(22,843)	.....	(21,118)
Net assets - beginning, as restated	1,901,601	140,578,122	25,937,416	168,417,139
Net assets - ending	\$ 2,031,459	\$ 131,399,321	\$ 6,001,165	\$ 139,431,945

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.

UNIVERSITY OF FLORIDA

University of Florida is a major, public, comprehensive, land-grant, research university with a main campus location in Gainesville, 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 225.

2008 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2008
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units
ASSETS				
Cash and cash equivalents	\$ 225,289	\$ 304,124	\$ 3,251,622	\$ 1,390,934
Pooled investments with State Treasury	520,537	677,525	1,227,918	1,171,551
Other investments	2,597,388	2,268,313	5,324,260	3,539,694
Receivables, net	134,877	486,371	440,207	1,171,202
Due from component units/primary	.....	276,195	.....	1,226,613
Inventories	.....	6,837	.....	31,847
Restricted cash and cash equivalents	.....	5,144	70,585	312,549
Restricted pooled investments with State Treasury	.....	75,858	.....	250,511
Restricted investments	.....	191	.....	2,335,788
Loans and notes receivable, net	2,906,829	40,000	686,243	73,934
Other assets	21,692	126,807	314,412	233,670
Capital assets, net	211	2,478,886	28,802	15,297,860
Total assets	<u>6,406,823</u>	<u>6,746,251</u>	<u>11,344,049</u>	<u>27,036,153</u>
LIABILITIES				
Accounts payable and accrued liabilities	81,839	409,126	937,339	1,472,649
Due to component units/primary	24,824	52,516	.....	176,900
Deferred revenue	59,736	106,057	1,631,878	552,443
Long-term liabilities				
Due within one year	73,192	86,269	122,762	416,813
Due in more than one year	4,173,966	1,364,972	5,591,976	3,407,411
Total liabilities	<u>4,413,557</u>	<u>2,018,940</u>	<u>8,283,955</u>	<u>6,026,216</u>
NET ASSETS				
Invested in capital assets, net of related deb	211	1,540,741	28,802	13,261,401
Restricted for:				
Nonexpendable permanent endowment	.....	977,718	.....	1,981,864
Debt Service	.....	3,245	.....	52,870
Other	1,896,472	1,299,197	.....	3,842,463
Unrestricted	96,583	906,410	3,031,292	1,871,339
Total net assets	<u>\$ 1,993,266</u>	<u>\$ 4,727,311</u>	<u>\$ 3,060,094</u>	<u>\$ 21,009,937</u>

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

Totals	
<u>6/30/08</u>	
\$	5,171,969
	3,597,531
	13,729,655
	2,232,657
	1,502,808
	38,684
	388,278
	326,369
	2,335,979
	3,707,006
	696,581
	<u>17,805,759</u>
	<u>51,533,276</u>
	2,900,953
	254,240
	2,350,114
	699,036
	<u>14,538,325</u>
	<u>20,742,668</u>
	14,831,155
	2,959,582
	56,115
	7,038,132
	<u>5,905,624</u>
\$	<u><u>30,790,608</u></u>

2008 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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	\$ 436,230	\$ 358,702	\$	\$	\$ (77,528)
University of Florida	4,262,423	2,381,294	990,075	175,472	.....
Citizens Property Insurance Corporation	1,815,091	3,074,754	.....	.....	.....
Nonmajor Component Units	9,341,853	2,268,350	2,678,643	1,741,288	.....
Total component units	\$ 15,855,597	\$ 8,083,100	\$ 3,668,718	\$ 1,916,760	(77,528)
<u>General revenues</u>					
Property taxes					.....
Investment earnings (loss)					.....
Gain (loss) on sale of capital assets					.....
Payments from the State of Florida					383,118
Emergency assessment					.....
Miscellaneous					44,344
Contributions to permanent funds					.....
Total general revenues and contributions					<u>427,462</u>
Change in net assets					349,934
Net assets - beginning					<u>1,643,332</u>
Net assets - ending					<u>\$ 1,993,266</u>

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

2008 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets			
University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/08
\$	\$	\$	\$ (77,528)
(715,582)	.....	.....	(715,582)
.....	1,259,663	.....	1,259,663
.....	.....	(2,653,572)	(2,653,572)
(715,582)	1,259,663	(2,653,572)	(2,187,019)
.....	.....	953,163	953,163
32,031	342,523	141,126	515,680
(4,467)	.....	7,702	3,235
662,574	.....	2,991,523	4,037,215
.....	68,008	.....	68,008
189,963	2,744	562,596	799,647
61,257	.....	72,190	133,447
941,358	413,275	4,728,300	6,510,395
225,776	1,672,938	2,074,728	4,323,376
4,501,535	1,387,156	18,935,209	26,467,232
\$ 4,727,311	\$ 3,060,094	\$ 21,009,937	\$ 30,790,608

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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, 2008. 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:

- University of Florida

Nonmajor:

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

Community Colleges

Nonmajor:

- Brevard Community College
- Broward Community College
- Central Florida Community College
- Chipola College
- Daytona State 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
- Northwest Florida State 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:

Nonmajor:

- Northwest Florida Water Management District
- St. Johns River Water Management District
- South Florida 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. 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 \$114 million and \$99 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.

Public Education – a special revenue fund, includes funds used to operate education-related programs.

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:

- ***Employee Health and Disability*** – includes funds that account for state employee's health and disability plans.
- ***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. The state records investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments*.

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security's fair value if it is not available from quoted market prices. Quoted market prices are used for corporate debt securities. U.S. government, municipal bonds, and mortgage backed and asset backed securities are priced using evaluated bid prices. Evaluated bid prices are determined by taking bid prices and adjusting them by an evaluated adjustment factor derived from the independent pricing service's multifactor model. If values are not available using the above methods, secondary methods such as non-evaluated mid price and bid price are used. If no source of values is available, cost or last available price from any source is used.

Investments managed by the State Board of Administration (SBA) are reported in various funds. Investments of the Debt Service Escrowed Fund, which meet the requirements of a legal or in-substance defeasance, are reported at cost. Investments of the Local Government Surplus Funds Trust Fund (LGIP) are reported based on amortized cost and disclosed in Note 2 at fair value. Other investments managed by the SBA, including those related to the state's defined benefit and defined contribution pension plans, are reported at fair value at the reporting date.

For SBA-managed investments, fair values are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA's custodian, BNY Mellon Bank. BNY Mellon Bank uses a variety of independent pricing vendors and designates certain vendors as the primary source based on asset type, class or issue. BNY Mellon Bank monitors prices supplied by primary sources and may use a supplemental price source or change the primary price source if any of the following occurs:

- The price of a security is not received from the primary price source.
- The primary price source no longer prices a particular asset type, class or issue.
- The SBA or its portfolio investment manager challenges a price and BNY Mellon Bank reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds BNY Mellon Bank's price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by the custodian.

When a portfolio includes securities or instruments for which BNY Mellon Bank does not receive a price from its vendor price sources, BNY Mellon Bank uses a "non-vendor price source." Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is no or limited information in the market place; and unique fixed income and equity instruments. In such cases where the securities or instruments are in the portfolio of an investment manager, BNY Mellon Bank will obtain the non-vendor price by either contacting the manager of the investment vehicle where the security is a private vehicle, e.g., the "General Partner" of a Limited Partnership, or by contacting the investment manager which directed the purchase of the security or other instrument to obtain direction as to a price. The SBA does not provide direction regarding the substitution of prices in such instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In such cases where the SBA directed the purchase of such securities or instruments, BNY Mellon Bank may obtain the non-vendor price by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price from the broker of record, as identified by the SBA. BNY Mellon Bank performs a limited reasonableness review of non-vendor prices by comparing the current month-end price to the prior month-end price.

Investments that do not have an established market are reported at their estimated fair value. Real estate investments are based on independent appraisals or more recent appraisals provided by real estate investment advisors, adjusted by subsequent cash

flows (i.e. contributions and withdrawals). Investments in mortgages are valued on the basis of expected future principal and interest payments and are discounted at prevailing interest rates for similar instruments. For the few mortgaged-backed securities that BNY Mellon Bank is unable to obtain a price source, SBA obtains broker prices for each of the underlying mortgage collateral holdings and calculates a total market value, then divides the total market value by the total current outstanding face of the investment security to get a price per unit. SBA's total units held, multiplied by the unit price, is used as the estimated fair value. If no current price source can be found for a security, the last known price from any source is used. Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted prices, the estimated fair values may differ from the values that would have been used had a ready market existed.

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, 2008, the government-wide statement of net assets report \$14.2 billion of restricted net assets, of which \$9.2 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 related financing, noncapital financing and investment activities are considered nonoperating for reporting purposes.

I. Accounting and Reporting Changes

Accounting Changes

The state implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the state, as an employer with other postemployment benefits (OPEB) other than pensions, to actuarially determine an annual required contribution (ARC) and an unfunded actuarial accrued liability (UAAL) and disclose an amount for annual OPEB cost on the accrual basis of accounting.

The state also implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria that governments must use to determine whether a transaction should be reported as a sale or collateralized borrowings based on amount of control retained or relinquished. The notes to the financial statements disclose additional information related to pledged revenue committed to secure certain debt of the state. A schedule showing pledged revenues is included in Note 8.

In addition, the state has implemented GASB Statement No. 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so, enhances information disclosed in the notes to the financial statements.

Reporting Changes

In prior years, the Investment Trust Fund was reported as a single fund on the fiduciary fund statements. This fund mainly accounted for the pooled assets of the LGIP. On December 6, 2007, the State Board of Administration, custodian of the LGIP, separated the LGIP and began accounting for two separate pools, Pool A and Pool B. Subsequently, Section 218.417, F.S., was passed to formally create the Fund B Surplus Funds Trust Fund. The creation of separate pools is reflected in the basic financial statements by the addition of a fiduciary combining statement for Investment Pool A, Investment Pool B, and Other Investment Trust Funds. Beginning net assets reported for Investment Pool A and Other Investment Trust Funds represent the June 30, 2007, ending net assets of the Investment Trust Fund.

Changes in Major/Non-Major Funds

Public Education, a special revenue fund, is reported as a major fund for the fiscal year ended June 30, 2008. The beginning fund balance for non-major governmental funds was reduced as a result of this change.

The following discretely presented component units, previously reported as major funds, are reported as non-major funds for the fiscal year ended June 30, 2008, because they do not meet the revised state thresholds for major funds:

- South Florida Water Management District
- Florida State University
- University of South Florida

Changes in Fund Classification

State Employees Health Insurance Trust Fund and State Employees Disability Trust Funds, reported in prior years as Pension and Other Employee Benefit Trust Funds, Employee, Health, Life and Disability Plans, on the fiduciary fund statements were reclassified to internal service funds. The funds are currently being reported in the Employee Health and Disability Fund in the internal service fund statements. This reclassification in the amount of \$22,842,712 accounts for the change in beginning net assets on these statements.

The Prepaid College Foundation, previously reported as part of the Prepaid College Program in the proprietary fund statements was reclassified to a fiduciary fund type. The fund is currently included in Private-purpose Trust Funds on the fiduciary statements. This reclassification in the amount of \$1,724,668 accounts for the change in beginning net assets on these statements.

J. Prior Period Adjustments

Due to overstatements of prior year revenues in the Consumer Protection and Safety Fund and the Agriculture Fund, adjustments were made to decrease beginning fund balance in the funds by \$18,536,000 and \$7,331,000, respectively. In addition, an adjustment in the amount of \$28,263,000 was made to increase the beginning fund balance of the Business and Community Development Fund for related overstatement of prior year expenditures. The net effect of the adjustments to these non-major special revenue funds on the Nonmajor Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances is \$2,396,000.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2008, the state's deposits in financial institutions totaled approximately \$2.1 billion for primary government and \$1.7 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 Section 280.04, F.S., and Chapter 69C-2, Florida Administrative Code. Collateral pledging levels include 25, 50, 125, and 200 percent of a QPD's average daily deposit balance, or, if needed, an amount as prescribed by the CFO. Section 280.13, F.S., outlines eligible types of collateral including direct obligations of the United States (U.S.) Government, federal agency obligations fully guaranteed by the U.S. Government, certain federal agency obligations, 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 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.

In accordance with section 280.08, F.S., if a QPD defaults, losses to public depositors are first satisfied with any applicable depository insurance, followed by demands of payment under any letters of credit or sale of the defaulting QPD's collateral. If necessary, any remaining losses are to be satisfied by assessments against the other participating QPDs according to a statutory based ratio.

At June 30, 2008, the following deposits were not secured pursuant to Chapter 280, F.S., and were exposed to custodial credit risk because they were uninsured and (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name (in thousands).

Custodial Credit Risk As of June 30, 2008

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 553,874	\$ 410,638
(2)	134,373	268,425
(3)	.....	56,896
Total deposits subject to custodial credit risk	\$ 688,247	\$ 735,959

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 April 29, 2008, 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, 2008, as illustrated in the following schedule (in thousands):

Foreign Currency Deposits Held As of June 30, 2008

Currency	Bank Statement Balance (in U.S. \$)		
	FRS Pension Trust Fund	LCEF	Total
Australian dollar	\$ 8,896	\$ 198	\$ 9,094
Brazilian real	817	57	874
British pound sterling	7,169	36	7,205
Canadian dollar	2,803	129	2,932
Euro currency unit	116,144	1,353	117,497
Hong Kong dollar	5,416	52	5,468
Indian rupee	4,372	.....	4,372
Japanese yen	31,288	513	31,801
Singapore dollar	664	1	665
Swiss franc	657	16	673
Taiwan new dollar	11,242	3	11,245
Other	2,079	604	2,683
Total deposits subject to foreign currency risk	\$ 191,547	\$ 2,962	\$ 194,509

B. Investments

At June 30, 2008, the state's investments in governmental and business-type activities and fiduciary funds totaled \$212.3 billion, consisting of pooled investments with the State Treasury in the amount of \$25.9 billion and other investments in the amount of \$186.4 billion. The State Treasury had holdings at June 30, 2008, 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 \$16.1 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, 2008 (including security lending collateral investments), as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury
As of June 30, 2008**

Investment type	Fair value
Commercial paper	\$ 629,609
U.S. guaranteed obligations	3,871,432
Federal agencies	8,822,256
Bonds and notes - domestic	5,171,984
Bonds and notes - international	57,117
Unemployment compensation funds pooled with U. S. Treasury	2,080,074
Mutual funds	691,144
Repurchase agreements	508,658
Certificates of deposit	2,000
Total investments excluding security lending collateral	21,834,274
Lending collateral investments:	
Repurchase agreements	464,713
Bonds and notes - domestic	3,831,603
Mutual funds	53,090
Federal agencies	99,801
Total lending collateral investments	4,449,207
Total investments	26,283,481
Cash on hand	300
Cash on deposit	1,235,960
Total State Treasury holdings	27,519,741
Adjustments:	
Outstanding warrants	(709,337)
Unsettled securities liability	(914,068)
Reconciled balance, June 30, 2008	\$ 25,896,336
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 16,028,170
Business-type activities	3,371,049
Fiduciary funds	6,260,338
Total pooled investments with State Treasury	\$ 25,659,557
Restricted pooled investments with State Treasury	
Governmental activities	\$ 4,467
Business-type activities	232,312
Total restricted pooled investments with State Treasury	236,779
Total pooled investments with State Treasury for primary government	\$ 25,896,336

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 78% of total other investments of the primary government at June 30, 2008. Investments in the Florida Prepaid College Trust Fund represented another 5.3% 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, 2008, as well as a reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments
As of June 30, 2008**

Investment type	Fair value			Total
	FRS Pension Trust Fund	Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 211,534	\$ 2,718,589	\$ 687	\$ 2,930,810
Commercial paper	4,136,380	2,714,597	.....	6,850,977
Money market funds	181	1,363,388	777,775	2,141,344
Repurchase agreements	1,114,117	3,569,988	.....	4,684,105
U.S. guaranteed obligations	3,336,801	7,257,155	10,895	10,604,851
Federal agencies	12,128,212	1,869,089	388	13,997,689
Domestic bonds & notes	23,693,537	8,498,927	5,287	32,197,751
Domestic bonds & notes mutual fund	148,538	1,167,526	.....	1,316,064
International bonds & notes	3,396,332	301,046	.....	3,697,378
Domestic stocks	43,186,876	2,113,008	15,581	45,315,465
Domestic equity group trust	3,067	.....	.....	3,067
Domestic equity commingled funds	.....	1,698,308	.....	1,698,308
International stocks	19,503,071	280,092	2,356	19,785,519
International equity commingled funds	6,453,199	893,592	.....	7,346,791
Limited partnerships	4,148,967	.....	.....	4,148,967
Limited partnerships - international	87,112	.....	.....	87,112
Swap contracts (debt related)	(105,933)	.....	.....	(105,933)
Swap contracts (equity index)	(341,784)	.....	.....	(341,784)
Real estate investments	8,884,301	.....	25	8,884,326
Mutual funds	.....	.....	1,218,716	1,218,716
Deferred compensation annuities	.....	.....	51,887	51,887
Total investments excluding lending collateral	129,984,508	34,445,305	2,083,597	166,513,410
Lending collateral investments:				
Certificates of deposit	1,938,286	70,639	.....	2,008,925
Commercial paper	1,894,306	.....	.....	1,894,306
Money market funds	243,786	94,048	.....	337,834
Short-term security lending collateral pool	.....	155,267	.....	155,267
Repurchase agreements	3,086,766	1,001,554	.....	4,088,320
U.S. guaranteed obligations	.....	225,742	.....	225,742
Federal agencies	.....	396,711	.....	396,711
Domestic bonds & notes	6,452,497	2,100,309	.....	8,552,806
International bonds & notes	1,943,164	253,065	.....	2,196,229
Total lending collateral investments	15,558,805	4,297,335	.....	19,856,140
Total investments for all types - fair value	\$ 145,543,313	\$ 38,742,640	\$ 2,083,597	\$ 186,369,550
Total investments for all types - carrying value	\$ 145,543,313	\$ 38,723,515	\$ 2,083,597	\$ 186,350,425
% of total other investments for primary government	78%	21%	1%	

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

	Governmental activities	Business-type activities	Fiduciary funds	Total
Other investments	\$ 3,246,914	\$ 19,185,836	\$	\$ 22,432,750
Restricted investments	.....	2,383,749	.....	2,383,749
Long-term investments	.....	.....	145,940,925	145,940,925
Security lending collateral	.....	.....	15,593,001	15,593,001
Total other investments for primary government	\$ 3,246,914	\$ 21,569,585	\$ 161,533,926	\$ 186,350,425

The SBA issued a separate report (financial statements and notes) pertaining to the LGIP within the state's Investment Trust Fund for the period ended June 30, 2008. This 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, 2008, 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, 2008, are excluded.

**Schedule of Other Investments
For Discretely Presented Component Units
As of June 30, 2008**

<u>Investment type</u>	<u>Fair value</u>
Certificates of deposit	\$ 53,929
Commercial paper	30,334
Repurchase agreements	30,724
Money market funds	3,134,097
U.S. guaranteed obligations	1,717,379
Federal agencies	1,119,787
Domestic bonds & notes	4,387,717
International bonds & notes	18,692
Domestic stocks	984,630
International stocks	273,115
Real estate investments	20,242
Mutual funds	2,009,862
Investment agreements	2,303,255
Total other investments for all types - fair value	<u>\$ 16,083,763</u>
Total other investments for all types - carrying value	<u>\$ 16,065,634</u>
Reconciliation of carrying value to the basic financial statements:	
Other Investments	\$ 13,729,655
Restricted investments	<u>2,335,979</u>
Total other investments for component units	<u>\$ 16,065,634</u>

At June 30, 2008, 63% of total other investments for discretely presented component units belonged to the following major component units: Florida Housing Finance Corporation, University of 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, 2008, 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, 2008						
Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes	Certificates of deposit	Total*	S&P rating**
\$	\$ 946,381	\$ 3,073,499	\$	\$	\$ 4,019,880	AAA
.....	.....	2,903,653	.....	.....	2,903,653	AA
.....	.....	1,819,390	40,246	2,000	1,861,636	A
.....	.....	1,013,875	16,871	.....	1,030,746	BBB
.....	.....	22,459	.....	.....	22,459	BB
629,609	1,331,155	128,859	.....	.....	2,089,623	A-1
.....	6,644,521	41,852	.....	.....	6,686,373	Not rated
<u>\$ 629,609</u>	<u>\$ 8,922,057</u>	<u>\$ 9,003,587</u>	<u>\$ 57,117</u>	<u>\$ 2,000</u>	<u>18,614,370</u>	
				U.S. guaranteed obligations	3,871,432	Not rated
				Mutual funds	744,234	Not rated
				Repurchase Agreements	973,371	Not rated
					<u>\$ 24,203,407</u>	

* The remaining \$1,692,929 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, 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.

The State Treasury's investment policies allow for unlimited investments in U.S. obligations and certain Federal Agency obligations. For other investments, the 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, 2008, more than five percent of the State Treasury's investment pool is invested in the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These investments are approximately 17 percent and 9 percent of the State Treasury's investments pool, respectively.

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, 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).

Core Plus portfolios – The strategic portion of the portfolio is invested in investment grade securities with a tactical weighting to the 'plus' sectors which include sectors such as high yield, emerging markets, foreign governments, and preferred stock. Non-dollar obligations issued by foreign governments, foreign agencies, or supranationals must be rated investment grade by at least one nationally recognized rating service.

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, 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.

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The FRS Pension Trust Fund held investments with the Federal National Mortgage Association representing 5.3% of the fund's fair market value at June 30, 2008. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2008 (in thousands).

**FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2008**

Certificates of deposit	Commercial paper	Money market & short-term bond funds	Federal agencies	Domestic bonds & notes*	International bonds & notes	Total**	S&P rating***	Moody's rating****
\$ 75,599	\$	\$ 76,044	\$ 2,266,979	\$ 12,019,123	\$ 1,887,688	\$ 16,325,433	AAA	
1,303,392	.....	.....	10,167	4,270,208	1,149,412	6,733,179	AA	
334,832	.....	.....	.....	5,493,642	862,704	6,691,178	A	
.....	.....	.....	.....	2,853,961	541,607	3,395,568	BBB	
.....	.....	.....	.....	1,414,374	218,464	1,632,838	BB	
.....	.....	.....	.....	1,474,328	104,776	1,579,104	B	
.....	.....	.....	.....	79,849	17,949	97,798	CCC	
.....	.....	.....	.....	243	.....	243	C	
.....	.....	.....	.....	310,099	.....	310,099	D	
.....	.....	111,421	109,466	486,126	407,696	1,114,709		Aaa
236,197	.....	.....	.....	376,870	39,391	652,458		Aa
.....	.....	.....	.....	70,282	57,029	127,311		A
.....	.....	.....	.....	21,728	.....	21,728		Baa
.....	.....	.....	.....	6,761	21,155	27,916		B
.....	.....	.....	.....	4,452	.....	4,452		Caa
.....	5,917,282	.....	.....	.....	.....	5,917,282	A-1****	
.....	63,404	.....	.....	.....	.....	63,404		P-1****
199,800	50,000	56,502	9,741,600	1,176,792	31,625	11,256,319	Not rated	Not rated
\$ 2,149,820	\$ 6,030,686	\$ 243,967	\$ 12,128,212	\$ 30,058,838	\$ 5,339,496	55,951,019		
				Repurchase agreements		4,200,883	Not rated	Not rated
				U.S. guaranteed obligations		3,336,801	Not rated	Not rated
				Investment agreements		235,734	Not rated	Not rated
				Domestic stocks		43,186,876	Not rated	Not rated
				Domestic equity group trust		3,067	Not rated	Not rated
				International stocks		19,503,071	Not rated	Not rated
				International equity commingled funds		6,453,199	Not rated	Not rated
				Limited partnerships		4,148,967	Not rated	Not rated
				Limited partnerships-international		87,112	Not rated	Not rated
				Swap contracts		(447,717)	Not rated	Not rated
				Real estate investments		8,884,301	Not rated	Not rated
				Total investments		\$ 145,543,313		

* The column for Domestic bonds & notes includes domestic commingled funds totaling \$69,074,297 with a S&P credit rating of "BB" and \$79,463,451 with a S&P credit rating of "B".

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

*** 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".

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

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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, 2008 (in thousands).

All SBA Managed Funds (except Defined Benefit Pension Trust Fund)
Credit Quality Ratings
As of June 30, 2008

Certificates of deposit	Commercial paper	Money market & Short-term bond funds	Federal agencies	Domestic bonds & notes	International bonds & notes	Total*	S&P rating**	Moody's rating**
\$ 154,983	\$	\$ 660,395	\$ 908,529	\$ 1,535,334	\$ 272,038	\$ 3,531,279	AAA	
1,835,120	.....	.....	1,017	3,015,340	253,050	5,104,527	AA	
639,226	.....	.....	.....	3,583,996	11,185	4,234,407	A	
.....	.....	.....	.....	302,845	17,838	320,683	BBB	
.....	.....	.....	.....	66,502	.....	66,502	BB	
.....	.....	.....	.....	99,750	.....	99,750	D	
4,997	.....	175,743	54,826	54,990	.....	290,556		Aaa
.....	.....	.....	.....	608,497	.....	608,497		Aa
.....	.....	.....	.....	637,720	.....	637,720		A
9,992	2,714,597	.....	.....	.....	.....	2,724,589	A-1***	
144,910	.....	621,298	1,301,428	669,262	.....	2,736,898	Not rated	Not rated
<u>\$ 2,789,228</u>	<u>\$ 2,714,597</u>	<u>\$ 1,457,436</u>	<u>\$ 2,265,800</u>	<u>\$ 10,574,236</u>	<u>\$ 554,111</u>	<u>20,355,408</u>		
				Repurchase agreements		4,571,542	Not rated	Not rated
				Security lending collateral pool		155,267	Not rated	Not rated
				U.S. guaranteed obligations		7,482,897	Not rated	Not rated
				Investment agreements		25,000	Not rated	Not rated
				Domestic bonds & notes mutual fund		1,167,526	Not rated	Not rated
				Domestic stocks		2,113,008	Not rated	Not rated
				Domestic equity commingled funds		1,698,308	Not rated	Not rated
				International stocks		280,092	Not rated	Not rated
				International equity commingled funds		893,592	Not rated	Not rated
				Total investments		<u>\$ 38,742,640</u>		

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

** 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."

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

The LGIP held investments with the National Rural Utilities Finance Corporation (8.8 percent), Morgan Stanley (8.3 percent), Merrill Lynch & Company (7.6 percent), Bear Stearns (7.5 percent), Florida Hurricane Catastrophe Finance Corporation (6.4 percent), and HSBC Finance Corporation (6.1 percent) in excess of 5 percent of the LGIP's fair value.

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, 2008**

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Money market funds	Total	S&P rating
Florida Housing Finance Corporation *	\$ 985	\$	\$ 145,379	\$	\$	\$ 146,364	A-, AAA-, BB+
FHFC (continued)	.....	31,982	113,499	.....	.....	145,481	AAA
FHFC (continued)	.....	193,655	.....	.....	.....	193,655	Not rated
University of Florida (UF)	.....	8,391	21,454	42,330	1,953	74,128	A, AA, AAA
UF (continued)	.....	41	5	42,418	238	42,702	Not rated
Citizens Property Insurance Corporation	.....	41,688	4,692,109	.....	.....	4,733,797	AA-, AAA
	<u>\$ 985</u>	<u>\$ 275,757</u>	<u>\$ 4,972,446</u>	<u>\$ 84,748</u>	<u>\$ 2,191</u>	<u>\$ 5,336,127</u>	

* Florida Housing Finance Corporation reported total investments with a fair value in the amount of \$841.3 million subject to concentration of credit risk. These investments were issued by Trinity Funding and FannieMae.

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

The State Treasury does not have an overall policy addressing custodial credit risk. However, as required by negotiated trust and custody contracts, many of the state's investments were held in the state's name by the Treasury's custodial financial institutions at June 30, 2008. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

State Treasury Custodial Credit Risk As of June 30, 2008	
	<u>Fair value</u>
Invested security lending collateral:	
Repurchase agreements	\$ 464,713
Domestic bonds & notes	3,831,603
Mutual funds	53,090
Federal agencies	99,801
Total	<u>\$ 4,449,207</u>

Other Investments

The SBA does not have an overall policy addressing custodial credit risk. However, as required by 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, 2008. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

Other Investments Custodial Credit Risk As of June 30, 2008		
	FRS Pension <u>Trust Fund</u>	<u>Other funds</u>
Repurchase agreements	\$ 939,117	\$ 870,000
Invested security lending collateral:		
Certificates of deposit	1,913,326	70,639
Commercial paper	1,844,306	.....
U.S. Government guaranteed obligations	.....	225,742
Federal agencies	.....	396,711
Domestic bonds & notes	4,706,011	2,023,245
International bonds & notes (\$ denom)	1,770,078	253,065
Total	<u>\$ 11,172,838</u>	<u>\$ 3,839,402</u>

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 a major component unit (in thousands).

Major Component Unit Custodial Credit Risk As of June 30, 2008	
<u>Component unit / Investment type</u>	<u>Fair value</u>
University of Florida	
Bonds and notes	\$ 22,023
Mutual funds	4,277
Domestic stocks	3,089
International stocks	738
Total	<u>\$ 30,127</u>

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. In addition, the security lending portfolios manage exposure to interest rate risk by limiting the weighted average maturity. The maximum weighted average maturity for security lending portfolios is 120 days.

Presented below is the interest rate risk table for the debt investments with the State Treasury (in thousands). Investment types related to debt portfolios are presented using effective weighted duration. Investment types related to security lending collateral portfolios are presented using weighted average maturity.

Debt Investments As of June 30, 2008

Investment type	Fair value	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Commercial paper	\$ 629,609	0.02	\$	NA
Repurchase agreements	508,658	0.00	464,713	1
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	2,190,524	5.15	.....	NA
U.S. Treasury strips	75,072	10.30	.....	NA
U.S. Treasury bills	1,107,699	0.18	.....	NA
GNMA mortgage-backed pass-through	164,653	4.67	.....	NA
GNMA TBA pass-through	171,655	4.47	.....	NA
GNMA collateralized mortgage obligations (CMO's)	80,494	5.11	.....	NA
GNMA CMO's - interest only	7,777	6.01	.....	NA
GNMA CMO's - principal only	775	8.59	.....	NA
SBA CMO's	20,832	5.62	.....	NA
SBA asset-backed	31,904	5.12	.....	NA
Other U.S. agency securities	2,933	0.82	.....	NA
Corporate bonds & notes	7,175	2.12	.....	NA
International bonds & notes	9,938	9.02	.....	NA
Federal agencies:				
Discount notes	1,331,156	0.05	.....	NA
Unsecured bonds & notes	1,355,560	2.71	99,801	1
Mortgage-backed pass-through	2,739,852	3.85	.....	NA
TBA mortgage-backed pass-through	809,342	4.50	.....	NA
Mortgage-backed CMO's	2,511,645	3.24	.....	NA
Mortgage-backed CMO's - principal only	25,929	18.42	.....	NA
Mortgage-backed CMO's - interest only	43,396	-8.20	.....	NA
FICA zero coupons	4,303	9.24	.....	NA
Resolution funding corporate strips	1,075	9.80	.....	NA
Domestic bonds & notes:				
Corporate	2,909,760	5.34	3,795,772	26
Non-government backed CMO's & CMBS*	1,654,226	3.45	.....	NA
Non-government backed CMO's & CMBS* - principal only	5,027	8.56	.....	NA
Non-government backed CMO's & CMBS* - interest only	27,078	3.02	.....	NA
Municipal/provincial	25,301	5.99	.....	NA
Corporate asset-backed	452,224	1.05	35,831	1
Collateralized debt obligations	98,367	0.86	.....	NA
International bonds & notes:				
Government & regional	57,117	2.73	.....	NA
Mutual funds	691,144	NA	53,090	1
Certificates of deposit	2,000	0.01	.....	NA
Total debt investments	<u>\$ 19,754,200</u> **		<u>\$ 4,449,207</u>	

* Commercial Mortgage-Backed Securities (CMBS)

** The remaining \$1,692,929 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, unsettled securities liability, and outstanding warrants as presented in the Schedule of Pooled Investments with State Treasury.

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 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.

Core Plus portfolios – Portfolio duration should remain within plus or minus 1.0 year of the Lehman Aggregate Index duration.

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, 2008

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ 11,734	0.31	\$ 2,138,086	38
Commercial paper	.....	NA	6,030,686	23
Money market funds	.....	NA	243,967	14
Repurchase agreements	.....	NA	4,200,883	1
U.S. guaranteed obligations:				
U.S. Treasury bills	75	0.14	.....	NA
U.S. Treasury bonds and notes	1,869,588	6.68	.....	NA
Index linked government bonds	712,647	10.32	.....	NA
U.S. government guaranteed	86,598	5.74	.....	NA
GNMA mortgage-backed	667,619	3.94	.....	NA
GNMA interest-only collateralized mortgage obligations (CMO's)	273	-16.98	.....	NA
Federal agencies:				
Discount notes	10,035	0.45	.....	NA
Unsecured bonds & notes	2,469,208	3.87	.....	NA
Mortgage-backed	9,487,700	4.06	.....	NA
Mortgage-backed CMO's	79,063	3.71	.....	NA
Interest-only CMO's	47,876	-13.98	.....	NA
Interest-only inverse floating CMO's	4,038	-5.76	.....	NA
Principal-only CMO's	30,293	10.98	.....	NA
Domestic bonds & notes:				
Corporate	18,605,653	2.61	4,090,344	28
Non-government asset-backed & mortgage-backed	1,088,274	3.15	1,430,420	25
Non-government backed CMO's	3,804,261	4.06	696,000	22
Non-government backed interest-only CMO's	13,986	3.69	.....	NA
Municipal/provincial	160,657	1.17	.....	NA
Real estate mortgage loans	20,707	6.65	.....	NA
Master notes	.....	NA	85,734	1
Funding agreements	.....	NA	150,000	29
Domestic bonds & notes mutual funds	148,538	2.10	.....	NA
International bonds & notes:				
Government & regional	498,269	5.60	.....	NA
Government agency	210,855	4.88	.....	NA
Corporate	2,537,395	4.48	942,696	35
Non-government asset-backed & mortgage-backed	149,812	3.64	152,706	23
Non-government backed CMO's	.....	NA	847,761	41
Futures contracts - U.S. Treasury bonds, notes and 3 month LIBOR *	.....	1.07	.....	NA
Futures contracts - Foreign debt *	.....	3.85	.....	NA
Swap contracts (debt related)*	(105,933)	3.30	.....	NA
Total debt investments	<u>\$ 42,609,221</u>		<u>\$ 21,009,283</u>	

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

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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, 2008 (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, 2008**

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	
U.S. guaranteed obligations:									
U.S. Treasury bills	\$ 119,798	\$ 119,798	\$	\$	\$	\$	\$	\$	\$
U.S. Treasury bonds, notes, & SLGS*	1,447,295	329,615	989,636	96,034	31,440	570	.....	.....	.....
U.S. Treasury strips	1,161,202	217,586	358,555	251,279	239,954	40,310	34,796	18,722	
Federal agencies:									
Unsecured bonds & notes	93,465	17,671	39,522	21,391	14,881	.....	.....	.....
Agency strips	83,146	16,990	31,269	24,754	10,133	.....	.....	.....
Inverse floating rate CMO's	399	.....	.....	.....	.....	399	.....	.....
Domestic bonds & notes:									
Municipal/provincial	252	.....	.....	.....	252	.....	.....	.....
Total debt investments	\$ 2,905,557	\$ 701,660	\$ 1,418,982	\$ 393,458	\$ 296,660	\$ 41,279	\$ 34,796	\$ 18,722	

* 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, 2008**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$	NA	\$ 2,789,228	55
Commercial paper	.....	NA	2,714,597	25
Money market funds	613,655	0.05	843,782	17
Security lending collateral pools	.....	NA	155,267	19
Repurchase agreements	.....	NA	4,571,542	1
U.S. guaranteed obligations:				
U.S. Treasury bills	.....	NA	139,678	48
U.S. Treasury bonds and notes	220,508	11.51	704,295	14
U.S. Treasury strips	3,181,546	11.33	.....	NA
Index linked government bonds	410,207	7.45	.....	NA
U.S. government guaranteed	38,228	9.06	.....	NA
GNMA mortgage-backed	57,151	4.92	.....	NA
GNMA collateralized mortgage obligations (CMO's)	2,990	4.21	.....	NA
Federal agencies:				
Discount notes	259,100	0.00	266,889	74
Unsecured bonds & notes	150,332	6.56	269,496	406
Agency strips	249,105	10.82	.....	NA
Mortgage-backed	794,642	4.82	.....	NA
Mortgage-backed CMO's	99,226	5.90	.....	NA
Domestic bonds & notes:				
Corporate	487,971	6.68	7,429,001	32
Non-government asset-backed & mortgage-backed	742,975	7.71	857,693	119
Non-government backed CMO's	551,792	5.15	41,318	23
Municipal/provincial	732	12.71	462,500	15
Funding agreements	.....	NA	25,000	16
Domestic bonds & notes mutual fund	1,161,152	5.12	6,374	525
International bonds & notes:				
Government & regional	5,844	4.54	.....	NA
Government agency	4,823	3.85	.....	NA
Corporate	63,633	7.90	260,152	46
Non-government asset-backed & mortgage-backed	.....	NA	34,773	38
Non-government backed CMO's	.....	NA	184,886	32
Futures contracts - U.S. Treasury bonds & notes *	.....	4.10	.....	NA
Total debt investments	<u>\$ 9,095,612</u>		<u>\$ 21,756,471</u>	

*The futures contracts' weighting on duration was calculated using notional values rather than fair values.

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, 2008**

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	\$ 3,745	\$	\$ 1,066	\$ 2,671	\$ 8
Federal agencies	8,431	8,368	4	19	40
Bonds and notes	21,459	1,071	13,434	634	6,320
Mutual funds	84,748	1,339	78,576	3,581	1,252
Total debt investments	<u>\$ 118,383</u>	<u>\$ 10,778</u>	<u>\$ 93,080</u>	<u>\$ 6,905</u>	<u>\$ 7,620</u>

**Major Component Units
Debt Investments
That Use Duration or Weighted Average Maturity Method
As of June 30, 2008**

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Weighted Average maturity (in years)
Florida Housing Finance Corporation				
Certificates of deposit	\$ 985	1.18	\$	NA
U.S. guaranteed obligations	103,325	1.09	.....	NA
Federal agencies	225,636	0.71	.....	NA
Bonds and notes	258,878	1.02	.....	NA
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	.....	NA	5,213	0.00
Federal agencies	.....	NA	41,688	4.15
Bonds and notes	.....	NA	4,686,896	1.85
Total debt investments	<u>\$ 588,824</u>		<u>\$ 4,733,797</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, 2008. 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, 2008, 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, 2008

Currency	FRS Pension Trust Fund				LCEF
	Swap Contracts *	Investment type		Total	Investment type
		Bonds	Equity		Equity
Australian dollar	\$ (1,599)	\$	\$ 705,943	\$ 704,344	\$ 16,575
Brazilian real	.....	1,008	327,003	328,011	4,791
British pound sterling	(1,219)	49,823	2,850,173	2,898,777	22,820
Canadian dollar	(1,782)	.....	985,214	983,432	20,542
Danish krone	.....	.....	111,211	111,211	1,692
Euro currency unit	(3,039)	30,836	5,064,772	5,092,569	94,889
Hong Kong dollar	.....	.....	907,174	907,174	13,178
Japanese yen	(2,239)	21,239	3,113,365	3,132,365	44,735
Mexican peso	.....	.....	189,209	189,209	7,624
Norwegian krone	.....	.....	203,058	203,058	1,333
Singapore dollar	.....	.....	264,442	264,442	3,572
South African rand	.....	.....	213,365	213,365	.....
South Korean won	.....	.....	421,975	421,975	10,623
Swedish krona	868	.....	276,092	276,960	2,159
Swiss franc	.....	.....	1,321,836	1,321,836	4,249
Taiwan new dollar	.....	.....	355,915	355,915	13,466
Thailand baht	.....	.....	116,998	116,998	.....
Turkish lira	.....	.....	110,954	110,954	3,954
Other	.....	.....	439,663	439,663	1,752
Foreign equity mutual funds and foreign private equity limited partnerships (various currencies)	.....	.....	6,540,311	6,540,311	.....
Foreign Bond Index Futures**	.....	.....	.....	.....	.....
Foreign Stock Index Futures***	.....	.....	.....	.....	.....
Total investments subject to foreign currency risk	\$ (9,010)	\$ 102,906	\$ 24,518,673	\$ 24,612,569	\$ 267,954

* The FRS Pension Trust Fund has a variety of interest rate swap contracts with notional values totaling 387,500,000 Australian dollars, 560,840,000 Canadian dollars, 966,380,000 Euro currency units, 40,010,000 British pound sterling, 12,760,000,000 Japanese yen, and 406,500,000 Swedish krona. In these swap contracts, the fund either receives or pays a fixed rate of interest, and pays or receives a variable rate of interest that represents the respective short-term index rate in each country (i.e. The BBA LIBOR AUD 3 month, Canada Bankers Acceptances 3 month, EURIBOR 3 month or 6 month, BBA LIBOR GBP 6 month, BBA LIBOR JPY 6 month, or the Stockholm Interbank Offered Rates 3 month).

** The FRS Pension Trust Fund held 203 long contracts on Euro-BUXL 30 year (German) bond futures (notional value 20,300,000 Euro currency units), 600 long contracts on Euro-Bund (German) bond futures (notional value 60,000,000 Euro currency units), 326 short contracts on Euro-BOBL (German) bond futures (notional value 32,600,000 Euro currency units), 20 short contracts on Euro-Schatz (German) bond futures (notional value 2,000,000 Euro currency units), 196 long contracts on 90 day Sterling LIBOR futures (notional value 98,000,000 British pound sterling), and 39 short contracts on UK Long Gilt futures (notional value 3,900,000 British pound sterling). These futures contracts have a market of \$0 since margins are settled between counterparties daily. Margin settlements are subject to currency risk.

***The FRS Pension Trust Fund also held 19 long contracts on S&P/TSE 60 stock futures (notional value 3,291,560 Canadian dollars), 59 long contracts on FTSE 100 Index stock futures (notional value 3,332,320 British pound sterling), 187 long contracts on DJ Euro STOXX 50 stock futures (notional value 6,320,600 Euro currency units), and 49 long contracts on TOPIX Index stock futures (notional value 646,065,000 Japanese yen). 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, 2008. 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 received \$4,506,303,084 in cash collateral for securities loaned to others. Since the State Treasury does not have the ability to pledge or sell the non-cash collateral securities, 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 \$4,443,175,753, while securities held with others under security lending agreements with non-cash collateral totaled \$86,164,677. 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, 2008, are as follows (fair value equals carrying value of investments on loan): U.S. guaranteed obligations of \$3,149,717,430, federal agencies of \$1,190,644,000, domestic bonds and notes of \$185,987,000, and international bonds of \$2,992,000.

Other Investments

Through the SBA, various funds, including the FRS Pension Trust Fund, the LGIP, the Florida Lottery Trust Fund, the Florida Hurricane Catastrophe Fund, and the Florida Prepaid College Trust Fund participate in security lending programs. The LGIP's participation in security lending programs ended in November 2007. Initial collateral requirements for securities on loan primarily must be 102 percent or greater. The SBA had received and invested \$20,540,803,312 in cash and \$568,172,616 in U.S. government securities as collateral for the lending programs as of June 30, 2008. At June 30, 2008, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest) except with one borrower totaling \$1,174. 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 40% to 95% 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.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2008 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements
As of June 30, 2008**

Investment type	Fair value		Total
	FRS Pension Trust Fund	Other funds Managed by SBA	
U.S. guaranteed obligations	\$ 1,759,156	\$ 4,033,726	\$ 5,792,882
Federal agencies	5,079,810	241,398	5,321,208
Domestic bonds & notes	586,654	56,309	642,963
International bonds & notes	85,491	.....	85,491
Domestic stocks	5,825,509	143,816	5,969,325
International stocks	2,025,777	37,502	2,063,279
Total investments on loan for all types - fair value *	\$ 15,362,397	\$ 4,512,751	\$ 19,875,148

* 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, 2008, 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, 2008, 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 provided as collateral by State Treasury under reverse repurchase agreements include Federal Agency obligations totaling \$2,156,311,402; while obligations held by State Treasury under reverse repurchase agreements totaled \$1,889,850,286. Reverse repurchase agreement asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government.

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	Public Education	Health and Family Services	Transportation
Accounts receivable	\$ 99,901	\$ 35,987	\$ 776	\$ 375,202	\$ 3,466
Taxes receivable	2,078,566	27,233	.....	.....	127,479
Interest & dividends receivable	11,866	5,316	5,780	356	8,028
Loans & notes receivable	14,173	63,472	2,693	.....	3,121
Due from Federal government	159	42,650	17,343	1,030,868	22,878
Other receivables	314	2,012	.....	2,947	50,306
Allowance for uncollectibles	(883,861)	(27,848)	(2,450)	(35,166)	(380)
Receivables, net	\$ 1,321,118	\$ 148,822	\$ 24,142	\$ 1,374,207	\$ 214,898
Loans & notes receivable from other governments	\$	\$ 893,723	\$	\$	\$ 719,122
Other loans & notes receivable	139	188	.....	182,386	514
Advances to other governments	\$ 8,730	18,647	.....	4,059	.....
Advances to component units	41,956	95,229	.....	.....	.....
Long-term interest receivable	.....	.....	.....	.....	1,389
Allowance for uncollectibles	(8)	.....	.....	(170,438)	(11,237)
Other loans & notes receivable, net	\$ 50,817	\$ 1,007,787	\$	\$ 16,007	\$ 709,788

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 304,201	\$ 819,533	\$ 19,559	\$ 103,761	\$ 942,853
Taxes receivable	3,648	2,236,926	.....	.....	2,236,926
Interest & dividends receivable	17,395	48,741	967	.....	49,708
Loans & notes receivable	95,218	178,677	.....	.....	178,677
Due from Federal government	125,638	1,239,536	.....	.....	1,239,536
Other receivables	67,127	122,706	2,627	.....	125,333
Allowance for uncollectibles	(76,202)	(1,025,907)	.....	.....	(1,025,907)
Receivables, net	\$ 537,025	\$ 3,620,212	\$ 23,153	\$ 103,761	\$ 3,747,126
Loans & notes receivable from other governments	\$ 728,275	\$ 2,341,120	\$	\$	\$ 2,341,120
Other loans & notes receivable	427,402	610,629	.....	.....	610,629
Advances to other governments	3,851	35,287	.....	.....	35,287
Advances to component units	.....	137,185	.....	.....	137,185
Long-term interest receivable	.....	1,389	.....	.....	1,389
Allowance for uncollectibles	(145,423)	(327,106)	.....	.....	(327,106)
Other loans & notes receivable, net	\$ 1,014,105	\$ 2,798,504	\$	\$	\$ 2,798,504

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise Funds
Accounts receivable	\$ 1,980	\$ 42,544	\$ 92,396	\$ 19,547	\$ 93,043
Taxes receivable	.....	.....	.....	.....	381,774
Interest & dividends receivable	2,381	3,066	13,476	24,566	135,120
Loans & notes receivable	.....	.....	.....	306,662	.....
Due from Federal government	.....	.....	.....	.....	.....
Other receivables	57	.....	.....	.....	3,465
Allowance for uncollectibles	.....	(2,472)	.....	.....	(201,412)
Receivables, net	\$ 4,418	\$ 43,138	\$ 105,872	\$ 350,775	\$ 411,990

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 249,510	\$ 3,839	\$ 253,349
Taxes receivable	381,774	.....	381,774
Interest & dividends receivable	178,609	.....	178,609
Loans & notes receivable	306,662	.....	306,662
Due from Federal government	.....	.....	.....
Other receivables	3,522	.....	3,522
Allowance for uncollectibles	(203,884)	.....	(203,884)
Receivables, net	\$ 916,193	\$ 3,839	\$ 920,032

COMPONENT UNITS

Accounts receivable	\$ 1,543,581
Interest & dividends receivable	87,849
Loans & notes receivable	95,942
Due from Federal government	9,845
Other receivables	823,987
Allowance for uncollectibles	(328,547)
Receivables, net	\$ 2,232,657
Other loans & notes receivable	\$ 3,890,812
Allowance for uncollectibles	(183,806)
Other loans & notes receivable, net	\$ 3,707,006

“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	Public Education	Health and Family Services	Transportation
Accounts payable	\$ 506,628	\$ 32,144	\$ 29,191	\$ 1,065,045	\$ 169,791
Construction contracts	5	.....	.....	.....	290,691
Claims payable	.....	.....	.....	.....	.....
Accrued salaries & wages	25,937	.....	38	8,517	4,458
Deposits payable	75	357	.....	.....	3,679
Due to Federal government	2	135	.....	5,693	.....
Due to other governmental units	141,729	18,580	.....	5,615	7,693
Other payables	9,298	.....	.....	.....	70
Accounts payable and accrued liabilities	\$ 683,674	\$ 51,216	\$ 29,229	\$ 1,084,870	\$ 476,382

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 292,853	\$ 2,095,652	\$ 30,750	\$ 537,039	\$ 2,663,441
Construction contracts	1,313	292,009	.....	.....	292,009
Claims payable	20	20	46,699	.....	46,719
Accrued salaries & wages	3,252	42,202	1,021	.....	43,223
Deposits payable	868	4,979	.....	.....	4,979
Due to Federal government	1,394	7,224	.....	.....	7,224
Due to other governmental units	23,531	197,148	17	.....	197,165
Other payables	12,449	21,817	6,142	.....	27,959
Accounts payable and accrued liabilities	\$ 335,680	\$ 2,661,051	\$ 84,629	\$ 537,039	\$ 3,282,719

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	State Board of Administration	Prepaid College Program	Nonmajor Enterprise Funds
Accounts payable	\$ 213	\$ 14,732	\$ 929,122	\$ 336,260	\$ 70,037
Construction contracts	40,240	.....	.....	.....	.....
Accrued salaries & wages	.....	58	.....	.....	848
Deposits payable	574	3,525	.....	.....	21
Other payables	.....	.....	41,649	.....	3
Accounts payable and accrued liabilities	\$ 41,027	\$ 18,315	\$ 970,771	\$ 336,260	\$ 70,909

(Continued below)

	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 1,350,364	\$	\$ 1,350,364
Construction contracts	40,240	.....	40,240
Accrued salaries & wages	906	.....	906
Deposits payable	4,120	.....	4,120
Other payables	41,652	.....	41,652
Accounts payable and accrued liabilities	\$ 1,437,282	\$	\$ 1,437,282

COMPONENT UNITS

Accounts payable	\$	923,634
Construction contracts		93,652
Claims payable		1,553,513
Accrued salaries & wages		148,979
Deposits payable		62,606
Due to Federal government		11,856
Due to other governmental units		1,769
Other payables		104,944
Accounts payable and accrued liabilities	\$	<u>2,900,953</u>

NOTE 4 – TAXES

Florida levies neither a personal income tax nor an ad valorem tax on real or tangible personal property. Taxes are, however, one of 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	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 19,529,661	\$	\$	\$	\$	\$	\$ 19,529,661
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,175,780	.....	2,175,780
Pollutant tax	.....	249,104	.....	.....	.....	.....	249,104
Aviation fuel tax	.....	.....	.....	.....	64,832	.....	64,832
Solid minerals severance tax	.....	44,523	.....	.....	.....	.....	44,523
Oil and gas production tax	14,015	.....	.....	.....	.....	.....	14,015
Total fuel taxes	14,015	293,627	.....	.....	2,240,612	.....	2,548,254
Corporate income tax	2,253,781	.....	.....	.....	.....	.....	2,253,781
Documentary stamp tax	1,924,526	.....	.....	.....	.....	.....	1,924,526
Intangible personal property tax	428,804	.....	.....	.....	.....	.....	428,804
Communications service tax	1,092,003	.....	454,850	.....	.....	.....	1,546,853
Estate tax	11,696	.....	.....	.....	.....	.....	11,696
Gross receipts utilities tax	.....	8,994	661,448	.....	.....	.....	670,442
Beverage and tobacco taxes:							
Alcoholic beverage tax	594,067	.....	.....	.....	.....	11,532	605,599
Cigarette tax	406,520	.....	.....	.....	.....	.....	406,520
Smokeless tobacco tax	31,407	.....	.....	.....	.....	.....	31,407
Total beverage and tobacco taxes	1,031,994	.....	.....	.....	.....	11,532	1,043,526
Other taxes:							
Insurance premium tax	880,784	.....	.....	.....	.....	59,750	940,534
Hospital public assistance tax	.....	.....	.....	438,055	.....	.....	438,055
Citrus excise tax	.....	.....	.....	.....	.....	53,158	53,158
Pari-mutuel wagering tax	4,376	.....	.....	.....	.....	147,100	151,476
Other	3,596	.....	.....	.....	.....	.....	3,596
Total other taxes	888,756	.....	.....	438,055	.....	260,008	1,586,819
Total	\$ 27,175,236	\$ 302,621	\$ 1,116,298	\$ 438,055	\$ 2,240,612	\$ 271,540	\$ 31,544,362

A reconciliation of balances in governmental fund statements to government-wide financial statements follows (in thousands):

	Sales and Use Tax
Governmental fund statements	\$ 19,529,661
Government-wide accruals	186,781
Government-wide statements	<u>\$ 19,716,442</u>

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.

Capital Asset Category	Financial Statement Capitalizing Threshold	Estimated Useful Life (in Years)
Land and other nondepreciable assets	Capitalize all	Not depreciable
Nondepreciable infrastructure	Capitalize all	Not depreciable
Construction work in progress	\$100,000 when work is completed	Not depreciable
Buildings, equipment, and other depreciable assets		
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, has displayed 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, 2008, is as follows (in thousands):

General government	\$	73,004
Education		7,382
Human services		32,706
Criminal justice and corrections		94,451
Natural resources & environment		56,993
Transportation		46,422
State courts		4,562
Total depreciation expense (governmental activities)	\$	315,520

Primary government capital asset activities for the fiscal year ended June 30, 2008, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance 7/1/2007	Increases	Decreases	Balance 6/30/2008
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 15,065,038	\$ 676,186	\$ 26,749	\$ 15,714,475
Infrastructure and infrastructure improvements - nondepreciable	28,092,455	3,567,481	.....	31,659,936
Construction work in progress	6,817,112	2,041,770	3,843,672	5,015,210
Total capital assets, not being depreciated	49,974,605	6,285,437	3,870,421	52,389,621
Capital assets, being depreciated:				
Buildings and building improvements	3,719,994	133,294	39,503	3,813,785
Infrastructure and infrastructure improvements	510,563	22,032	2,202	530,393
Leasehold improvements	268	.....	.....	268
Property under capital lease	214,485	103,553	43,568	274,470
Furniture and equipment	1,784,993	207,407	204,289	1,788,111
Works of art and historical treasures	1,458	.....	27	1,431
Library resources	31,707	706	2,824	29,589
Other	147,836	1,861	1,500	148,197
Total capital assets, being depreciated	6,411,304	468,853	293,913	6,586,244
Less accumulated depreciation for:				
Buildings and building improvements	1,629,665	106,562	.....	1,736,227
Infrastructure and infrastructure improvements	211,712	20,969	1,182	231,499
Leasehold improvements	89	18	.....	107
Property under capital lease	56,127	5,227	14,904	46,450
Furniture and equipment	1,179,514	170,362	143,115	1,206,761
Works of art and historical treasures	531	40	25	546
Library resources	10,759	979	126	11,612
Other	43,889	11,363	1,104	54,148
Total accumulated depreciation	3,132,286	315,520	160,456	3,287,350
Total capital assets, being depreciated, net	3,279,018	153,333	133,457	3,298,894
Governmental activities capital assets, net	\$ 53,253,623	\$ 6,438,770	\$ 4,003,878	\$ 55,688,515

BUSINESS-TYPE ACTIVITIES

	Balance 7/1/2007	Increases	Decreases	Balance 6/30/2008
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 842,471	\$ 25,313	\$ 253	\$ 867,531
Infrastructure and infrastructure improvements - nondepreciable	4,637,396	540,391	11,413	5,166,374
Construction work in progress	720,016	519,765	545,807	693,974
Total capital assets, not being depreciated	6,199,883	1,085,469	557,473	6,727,879
Capital assets, being depreciated:				
Buildings and building improvements	230,765	18,922	14	249,673
Infrastructure and infrastructure improvements	51	9	.....	60
Furniture and equipment	130,619	52,761	25,698	157,682
Library resources	2	.....	.....	2
Other	8,544	.....	.....	8,544
Total capital assets, being depreciated	369,981	71,692	25,712	415,961
Less accumulated depreciation for:				
Buildings and building improvements	91,918	8,405	4	100,319
Infrastructure and infrastructure improvements	37	2	.....	39
Furniture and equipment	96,960	31,900	22,238	106,622
Other	4,934	1,653	.....	6,587
Total accumulated depreciation	193,849	41,960	22,242	213,567
Total capital assets, being depreciated, net	176,132	29,732	3,470	202,394
Business-type activities capital assets, net	\$ 6,376,015	\$ 1,115,201	\$ 560,943	\$ 6,930,273

Component units' capital asset activities for the fiscal year ended June 30, 2008, are as follows (in thousands):

COMPONENT UNITS				
	Balance 7/1/2007	Increases	Decreases	Balance 6/30/2008
Capital assets, not being depreciated:				
Land and other non-depreciable assets	\$ 4,870,068	\$ 373,791	\$ 15,930	\$ 5,227,929
Construction work in progress	1,254,518	1,561,802	1,204,881	1,611,439
Total capital assets, not being depreciated	6,124,586	1,935,593	1,220,811	6,839,368
Capital assets, being depreciated:				
Buildings and building improvements	10,621,481	1,195,654	171,819	11,645,316
Infrastructure and infrastructure improvements	1,582,677	271,631	23,915	1,830,393
Leasehold improvements	199,713	13,098	309	212,502
Property under capital lease	115,778	12,241	5,100	122,919
Furniture and equipment	2,978,999	495,813	206,614	3,268,198
Works of art and historical treasures	1,734	211	39	1,906
Library resources	738,247	46,713	2,528	782,432
Other	179,907	20,991	8,289	192,609
Total capital assets, being depreciated	16,418,536	2,056,352	418,613	18,056,275
Less accumulated depreciation for:				
Buildings and building improvements	3,323,968	308,435	21,583	3,610,820
Infrastructure and infrastructure improvements	496,475	62,738	2,076	557,137
Leasehold improvements	51,822	8,859	219	60,462
Property under capital lease	39,225	13,396	5,678	46,943
Furniture and equipment	2,019,842	292,140	179,147	2,132,835
Works of art and historical treasures	497	231	32	696
Library resources	506,425	41,079	953	546,551
Other	112,910	24,754	3,224	134,440
Total accumulated depreciation	6,551,164	751,632	212,912	7,089,884
Total capital assets, being depreciated, net	9,867,372	1,304,720	205,701	10,966,391
Component units capital assets, net	\$ 15,991,958	\$ 3,240,313	\$ 1,426,512	\$ 17,805,759

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). Effective July 1, 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program, as established under Section 121.40, F.S., was consolidated under the Florida Retirement System defined benefit plan. Participation in the Institute of Food and Agricultural Sciences Supplemental Retirement Program does not constitute membership in the Florida Retirement System.

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, 2008, the FRS Trust Fund projected \$2,451,604,890 in accumulated benefits and interest for 31,253 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.

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. Pursuant to Section 121.031(3)(f), F.S., any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2008, was \$124,531,396,690. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

FRS Retirement Contribution Rates:

Membership Class	Uniform Normal Cost Rates Recommended by Actuarial Valuation as of 7/1/2006 for	
	Fiscal Year 2007-2008*	7/1/2007 Statutory Rates* (Ch. 121, F.S.)
Regular	9.55%	8.69%
Senior Management Service	12.95%	11.96%
Special Risk	21.92%	19.76%
Special Risk Administrative Support	11.86%	11.39%
Judges	20.42%	18.40%
Legislators/Attorneys/Cabinet	14.66%	13.32%
Elected Officers	17.03%	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 2007-08 used in the statutory rates are offset (reduced) using surplus actuarial assets.

FRS Participating Employers:

State Agencies	55
County Agencies	397
District School Boards	67
Community Colleges	28
Cities	175 *
Special Districts	223 *
Hospitals	4 *
Other	12
Total Participating Employers	961

* These totals include the 26 cities, 3 independent hospitals, and 13 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	189,533	1,656	25,185	1	405	216,780
Vested	409,148	6,187	49,754	74	1,868	467,031
DROP Participants	27,988	510	2,510	9	236	31,253
Current Retirees and Beneficiaries	249,120	1,711	22,599	166	1,899	275,495
Vested Terminated	78,937	855	5,115	18	344	85,269
Total Members	954,726	10,919	105,163	268	4,752	1,075,828

The above counts for “Current Retirees and Beneficiaries” do not reflect the FRS Investment Plan members who retired.

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>).

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 that elect 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, 2008, the state’s total covered payroll for its 141,154 active members and 7,738 DROP participants is \$5,830,610,950 with contributions totaling \$672,250,883, or 11.53 percent of payroll. Contributions for the fiscal years ending June 30, 2006, and June 30, 2007, were \$536,836,078 and \$671,246,176, respectively. 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 20.27 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, 2008, 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, 2008, the contribution rate was 1.11 percent of payroll pursuant to Section 112.363, F.S. The state contributed 100 percent 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.

The Other Required Supplementary Information section of this report includes actuarial and other information regarding this HIS Program. The HIS Program disclosures are also included in the FRS Annual Report prepared by the Division of Retirement. For a copy of that report or other information regarding this benefit, 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:

	2006	2007	2008
Recipients	220,757	232,406	244,390
Contributions	\$301,747,699	\$326,052,459	\$334,819,272
Benefits paid	\$275,602,670	\$290,655,776	\$305,682,298
Trust Fund net assets	\$192,466,911	\$238,353,353	\$275,139,201

3. Funded Status for Defined Benefit Pension Plans

The following table provides funding information for the most recent actuarial valuation dates (amounts expressed in thousands):

Pension Plan	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)
FRS	July 1, 2007	\$125,584,704	\$ 118,870,513	\$ (6,714,191)	105.65%	26,385,768 ⁽¹⁾	(25.45%)
HIS	July 1, 2006	\$ 192,808	\$ 4,667,058	\$ 4,474,250	4.13%	27,712,320 ⁽²⁾	16.15%

Additional information as of the latest actuarial valuation follows:

	FRS	HIS
Valuation date	July 1, 2007	July 1, 2006
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percentage of Pay, Open	Level Percentage of Pay, Open
Equivalent single amortization period	30 Years ⁽³⁾ , Open	30 Years ⁽³⁾ , Open
Asset valuation method	5-Year Smoothed Method	Market Value
Actuarial assumptions:		
Investment rate of return	7.75% ⁽⁴⁾	7.75% ⁽⁴⁾
Projected salary increases	6.25% ^(4,5)	6.25% ^(4,5)
Cost-of-living adjustments	3.00%	0.00%

- ⁽¹⁾ Includes Deferred Retirement Option Program (DROP) payroll.
- ⁽²⁾ Includes Deferred Retirement Option Program (DROP) and Public Employee Optional Retirement Program (PEORP) payroll.
- ⁽³⁾ Used for GASB Statement No. 27 reporting purposes.
- ⁽⁴⁾ Includes inflation at 3.00%.
- ⁽⁵⁾ Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class.

The FRS schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to actuarial accrued liability for benefits. The Retiree HIS schedule of funding progress presents information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits as of July 1, 2006.

4. 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 2007 through June 2008. 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 2007-08. 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		16,919	
Payroll	\$	1,373,063,708	
Contributions:			
Employee	\$	67,386,255	4.91% of payroll
Employer	\$	140,373,607	10.22% 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 2007 through June 2008. 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 2007-08. 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		49	
Payroll	\$	5,323,367	
Contributions:			
Employee	\$	4,955	0.09% of payroll
Employer	\$	709,761	13.33% of payroll

B. Other Postemployment Benefits (OPEB)

The state implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) for fiscal year 2007-08. GASB 45 is implemented prospectively so there is no financial statement liability at the transition date, July 1, 2007.

Plan Description

The state subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same group health plan offered to active employees. Although retirees pay 100% of the premium amount, the premium cost to the retiree is implicitly subsidized due to increasing health care costs with age and the commingling of the claims experience in a single risk pool with a single premium determination. 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 the claims experience of the retiree group to be combined with the claims experience of active employees for premium determination and the premium offered to retired

employees to be no more than the premium 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 Parts A and B. The State Employees' Group Health Insurance Program (Program) operates as a cost-sharing multiple-employer defined benefit health plan. The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., to be responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the Program.

There are eighteen participating employers including the primary government of the state, the eleven state universities, and other governmental entities. There was an average enrollment of 175,229 contracts including 34,569 retirees and 140,660 employees and COBRA participants for fiscal year 2007-08. 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 an expense when incurred.

Funding Policy

Benefit provisions are described by Section 110.123, F.S., and along with contributions, can be amended by the Florida Legislature. The state has not advance-funded OPEB costs or the net OPEB obligation. 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 funding the program each year on a pay-as-you-go basis. Monthly premiums, through May 2008, for active employees and retirees under the age of 65 for the standard plan were \$428 and \$968 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through May 2008, for the standard plan were \$227 for a single contract, \$454 for two Medicare eligible members, and \$655 when only one member is Medicare eligible.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2008 (dollars in thousands):

Annual required contribution (ARC)	\$ 154,388
Interest on the net OPEB obligation	.....
Adjustments to the ARC	.....
Annual OPEB Cost	<u>154,388</u>
Employer contribution	<u>(70,337)</u>
Increase/Decrease in net OPEB obligation	84,051
Net OPEB obligation - July 1, 2007	.....
Net OPEB obligation - June 30, 2008	<u>\$ 84,051</u>
Percent of annual OPEB cost contributed	45.56%

Funded Status

The funded status of the plan as of June 30, 2008, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2007
Actuarial accrued liability (AAL)	\$ 2,404,323
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,404,323</u>
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll	\$ 4,209,999
UAAL as a percentage of covered payroll	57.11%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, immediately following the notes to the financial statements, presents information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The entry age actuarial cost method was used for the July 1, 2007, actuarial valuation. This method is designed to fund a member's total plan benefit over the course of his or her career and to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll. Actuarial assumptions included a 3 percent inflation rate, a 4 percent return on invested assets, a 4 percent payroll growth rate; an initial healthcare cost trend rate of 9.6 percent, grading to 5.5 percent in half percent steps for non-Medicare benefits and 9.1 percent grading to 5.5 percent in half percent steps for Medicare benefits. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll, on an open basis, over a 30 year period beginning with July 1, 2007.

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, 2008, the Department had available approximately \$7.1 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, 2008, totaled \$397 million. Additional disclosures on construction in progress are included in the capital assets note (Note 5). Construction commitments for component units totaled \$2 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 \$506,466,270 for the fiscal year ended June 30, 2008. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2008, amounted to \$300,790,000 including Series 1996 bonds payable of \$173,145,000 and Series 1999 bonds payable of \$127,645,000.

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 \$173.6 million, \$21.7 million, and \$38.5 million, respectively, for the year ended June 30, 2008. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2008 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2009	\$ 139,285	\$ 19,328	\$ 48,884
2010	130,311	16,938	32,991
2011	116,657	14,853	28,103
2012	114,511	12,516	19,197
2013	166,875	6,510	13,250
2014-2018	174,325	29,640	43,917
2019-2023	40,392	12,660	36,844
2024-2028	1,640	11,216	31,231
2029-2033	1,656	11,216	26,137
2034-2038	1,679	11,216	15,038
2039-2043	.....	.....	2,156
2044-2048	.....	.....	2,161
2049-2053	.....	.....	1,945
2054-2058	.....	.....	1,046
2059-2063	.....	.....	869
2064-2068	.....	.....	646
Total	\$ 887,331	\$ 146,093	\$ 304,415

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

Bonds payable at June 30, 2008, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 2,068,395	\$ 1,854,655	3.250%-6.375%	2037
SBE Capital Outlay Bonds	949,095	753,705	3.000%-5.375%	2028
Lottery Education Bonds	3,496,955	2,573,260	3.000%-5.750%	2027
Public Education Bonds	13,172,987	10,330,150	3.000%-9.125%	2037
Conservation and Recreation Lands Bonds	32,670	10,685	5.250%-5.375%	2012
Save Our Coast Bonds	149,960	34,170	3.250%-5.250%	2012
Preservation 2000 Bonds	1,787,855	819,665	4.000%-6.000%	2013
Florida Forever Bonds	2,016,530	1,672,395	3.200%-5.375%	2028
Water Pollution Control Bonds	139,775	100,225	2.200%-5.550%	2023
State Infrastructure Bank Bonds	123,615	112,505	4.250%-5.000%	2027
Florida Facilities Pool Bonds	487,525	392,790	3.000%-5.750%	2037
Everglades Restoration Bonds	198,490	195,945	1.350%-5.000%	2027
	<u>24,623,852</u>	<u>18,850,150</u>		
Unamortized premiums (discounts) on bonds payable		459,186		
Less amount deferred on refunding		(163,701)		
Total Bonds Payable	<u>\$ 24,623,852</u>	<u>\$ 19,145,635</u>		
Business-type Activities:				
Toll Facilities Bonds	\$ 2,966,335	\$ 2,569,520	3.000%-5.250%	2037
Florida Hurricane Catastrophe Fund Bonds	7,650,025	7,650,025	2.491%-5.250%	2012
	<u>10,616,360</u>	<u>10,219,545</u>		
Unamortized premiums (discounts) on bonds payable		90,516		
Less amount deferred on refunding		(44,830)		
Total Bonds Payable	<u>\$ 10,616,360</u>	<u>\$ 10,265,231</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 and a portion of the phosphate severance 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. Pledged Revenues (in thousands):

Bond Type	Revenue ⁴	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio	Final Maturity	Remaining Debt Service	Revenue Ratio
				Principal	Interest				
Sunshine Skyway Bridge (Toll Facility)	17,025	6,768	10,257	2,465	195	3.86	2008/2009	2,668	60.25%
Florida Turnpike (Toll Facility)	650,743	184,218	466,525	72,665	118,657	2.44	2036/2037	4,098,500	9.50%
Save Our Coast ¹	158,607	.....	158,607	19,795	2,646	7.07	2011/2012	37,374	9.50%
Florida Forever/P2000/Everglades ¹	1,138,600	.....	1,138,600	246,045	135,064	2.99	2027/2028	3,594,468	62.63%
Conservation and Recreation Land ^{1,2}	81,995	.....	81,995	2,290	692	27.50	2011/2012	12,162	4.36%
Lottery Education ^{1,3}	1,283,414	.....	1,283,414	119,030	119,451	5.38	2026/2027	3,667,660	Not Available
Alligator Alley (Toll Facility)	21,962	5,547	16,415	1,345	2,105	4.76	2026/2027	65,532	74.74%
State Infrastructure Bank	43,550	.....	43,550	5,915	5,785	3.72	2026/2027	152,621	Not Available
Florida Hurricane Catastrophe	1,886,868	15,639	1,871,229	.....	311,397	6.01	2013/2014	9,189,590	99.17%

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 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. Revenues are reduced by amounts transferred to State Game Trust Fund pursuant to Section 201.15(5), Florida Statutes.

³ Source: Department of Lottery, Audited Financial Statements.

⁴ Refer to Note 8A.2. for information on the sources of pledged revenues.

4. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2008, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 919,105	\$ 929,078	\$ 1,848,183	\$ 3,085,050	\$ 342,582	\$ 3,427,632
2010	958,945	880,382	1,839,327	388,885	283,944	672,829
2011	988,540	831,646	1,820,186	360,720	266,624	627,344
2012	1,044,050	781,614	1,825,664	378,370	248,414	626,784
2013	1,084,645	727,848	1,812,493	3,897,270	147,108	4,044,378
2014-2018	4,416,520	2,924,796	7,341,316	575,085	450,389	1,025,474
2019-2023	4,451,275	1,831,617	6,282,892	587,310	302,307	889,617
2024-2028	2,826,270	875,211	3,701,481	478,275	172,471	650,746
2029-2033	1,548,675	361,380	1,910,055	314,660	81,864	396,524
2034-2038	612,125	64,404	676,529	153,920	14,986	168,906
Bonds payable and interest	18,850,150	10,207,976	29,058,126	10,219,545	2,310,689	12,530,234
Unamortized premiums (discounts)	459,186	.....	459,186	90,516	.....	90,516
Less amount deferred or refunded	(163,701)	.....	(163,701)	(44,830)	.....	(44,830)
Total bonds payable and interest	\$ 19,145,635	\$ 10,207,976	\$ 29,353,611	\$ 10,265,231	\$ 2,310,689	\$ 12,575,920

Year Ending June 30	Component Units		
	Principal	Interest	Total
2009	\$ 217,054	\$ 581,501	\$ 798,555
2010	255,473	567,744	823,217
2011	258,652	556,169	814,821
2012	292,076	543,012	835,088
2013	344,701	537,698	882,399
2014-2018	1,628,789	1,705,598	3,334,387
2019-2023	3,591,719	1,818,062	5,409,781
2024-2028	2,400,421	1,090,940	3,491,361
2029-2033	927,423	724,030	1,651,453
2034-2038	1,069,624	460,832	1,530,456
2039-2043	1,006,409	184,066	1,190,475
2044-2048	212,531	60,947	273,478
2049-2053	152,749	17,163	169,912
Bonds payable and interest	12,357,621	8,847,762	21,205,383
Unamortized premiums (discounts)	(104,668)	.....	(104,668)
Less amount deferred or refunded	(9,186)	.....	(9,186)
Total bonds payable and interest	\$ 12,243,767	\$ 8,847,762	\$ 21,091,529

5. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2008, 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

There were no advanced refundings during Fiscal Year 2008.

Current Refundings

Governmental Activities

State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series 2008A, in the amount of \$98,490,000 were used to refund \$94,760,000 of the State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series 2006A-6B (Multi-Modal), variable debt obligations outstanding.

Business-type Activities

State of Florida, Department of Transportation, Turnpike Revenue Refunding Bonds, Series 2008A in the amount of \$132,650,000 were used to refund \$147,130,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 1997A maturing in the years 2008 through 2021. The refunding resulted in debt savings of \$13,513,968, an economic gain of \$10,541,416, and a deferred loss on refunding of \$11,565,170.

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 6/30/2008
Governmental Activities:	
Road and Bridge Bonds	\$ 11,750
SBE Capital Outlay Bonds	46,820
Public Education Capital Outlay Bonds	505,270
Lottery Education Bonds	242,020
Pollution Control Bonds	2,275
Florida Facilities Pool Bonds	36,430
Total	<u>\$ 844,565</u>
Business-type Activities:	
Toll Facilities Bonds	<u>\$ 212,025</u>
Component Units:	
University Revenue Certificates	\$ 2,289
Higher Education Bonds	46,130
	<u>\$ 48,419</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):

<u>Governmental Activities</u>	<u>Interest</u>
Education:	
SBE Capital Outlay Bonds	\$ 30,641
Lottery Education Bonds	111,740
Public Education Bonds	465,160
Total Education	<u>607,541</u>
Natural Resources and Environment:	
Conservation and Recreation Lands Bonds	692
Everglades Restoration Bonds	6,708
Water Pollution Control Bonds	4,188
Save Our Coast Bonds	2,284
Florida Forever Bonds	67,799
Preservation 2000 Bonds	51,543
Total Natural Resources and Environment	<u>133,214</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	84,006
State Infrastructure Bank Bonds	4,694
Total Transportation	<u>88,700</u>
Total Direct Interest	<u>\$ 829,455</u>

9. Governmental Activities – Unrestricted Net Asset Deficit

Governmental activities reflect a negative unrestricted net asset balance of \$12 billion at June 30, 2008. 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, 2008, of \$13.7 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 \$2.9 billion.

10. Additional Disclosure

In June 2008 Moody’s and Standard and Poor’s joined Fitch, which had previously stripped MBIA, Ambac, and other bond insurers of their top credit rating. The only issue presented by the deterioration of the bond insurers is the funding of a debt service reserve fund for the Florida Turnpike (Toll Facility) Bonds. No other bond programs have this requirement. The Florida Turnpike has adequate cash available to meet its funding requirements for the debt service reserve fund.

B. Certificates of Participation

The state has issued certificates of participation (original amount of \$329,390,000) to finance privately operated detention facilities. The certificates of participation's interest rates range from 2.500% to 5.000% and the last maturity is during the fiscal year ending June 30, 2028. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2008 (in thousands):

Year Ending June 30	Principal	Interest	Total
2009	\$ 13,645	\$ 11,157	\$ 24,802
2010	14,205	10,529	24,734
2011	14,790	9,948	24,738
2012	15,390	9,301	24,691
2013	16,135	8,551	24,686
2014-2018	73,315	30,929	104,244
2019-2023	56,035	16,944	72,979
2024-2028	44,130	3,431	47,561
Total	247,645	100,790	348,435
Unamortized premiums (discounts)	9,394	.....	9,394
(Amount deferred upon refunding)	(157)	.....	(157)
Total certificates of participation payable	\$ 256,882	\$ 100,790	\$ 357,672

Component units (universities) have issued certificates of participation (original amount of \$1,242,447,633) primarily to finance academic and student facilities. The certificates of participation's interest rates range from 2.550% 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, 2008 (in thousands):

Year Ending June 30	Principal	Interest	Total
2009	\$ 17,086	\$ 59,260	\$ 76,346
2010	21,375	55,483	76,858
2011	24,304	54,630	78,934
2012	25,380	53,675	79,055
2013	26,372	52,615	78,987
2014-2018	151,795	244,575	396,370
2019-2023	179,711	206,468	386,179
2024-2028	223,326	159,094	382,420
2029-2033	280,104	100,838	380,942
2034-2038	281,369	30,197	311,566
Total	1,230,822	1,016,835	2,247,657
Unamortized premiums (discounts)	8,311	.....	8,311
(Amount deferred upon refunding)	(184)	.....	(184)
Total certificates of participation payable	\$ 1,238,949	\$ 1,016,835	\$ 2,255,784

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, 2008, 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, 2008 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2009	\$ 20,994	\$ 16	\$ 5,612
2010	11,005	16	4,262
2011	6,117	.....	2,268
2012	2,010	.....	1,233
2013	987	.....	101
2014-2018	3,885	.....	.....
2019-2023	3,722	.....	.....
2024-2028	1,543	.....	.....
2029-2033	70	.....	.....
Total	50,333	32	13,476
Less: Interest	(4,636)	.....	(665)
Present value of future minimum payments	\$ 45,697	\$ 32	\$ 12,811

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, 2008, 69 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 77 percent for buildings, 20 percent for furniture and equipment, and 3 percent for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2008 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2009	\$ 9,374	\$ 67,246
2010	9,259	11,447
2011	9,267	10,537
2012	9,108	8,992
2013	15,837	6,182
2014-2018	27,766	21,185
2019-2023	1,960	15,795
2024-2028	.....	8,486
2029-2033	.....	3,274
Total	82,571	153,145
Less: Interest	(17,105)	(28,453)
Present value of future minimum payments	\$ 65,465	\$ 124,692

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2008, are as follows (in thousands):

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008	Due Within One Year (Current)
Governmental Activities					
Bonds payable:					
Road and Bridge Bonds	\$ 1,753,680	\$ 155,000	\$ 54,025	\$ 1,854,655	\$ 61,735
SBE Capital Outlay Bonds	767,005	42,445	55,745	753,705	59,190
Lottery Education Bonds	2,042,290	650,000	119,030	2,573,260	134,835
Public Education Bonds	9,483,700	1,166,300	319,850	10,330,150	346,010
Conservation and Recreation Lands Bonds	12,975	.....	2,290	10,685	2,435
Save Our Coast Bonds	53,965	.....	19,795	34,170	13,950
Preservation 2000 Bonds	960,090	.....	140,425	819,665	147,560
Florida Forever Bonds	1,489,510	285,960	103,075	1,672,395	114,265
Water Pollution Control Bonds	108,725	.....	8,500	100,225	8,915
State Infrastructure Bank Bonds	57,145	61,275	5,915	112,505	5,390
Everglades Restoration Bonds	94,760	198,490	97,305	195,945	7,490
Florida Facilities Pool Bonds	407,690	.....	14,900	392,790	17,330
	<u>17,231,535</u>	<u>2,559,470</u>	<u>940,855</u>	<u>18,850,150</u>	<u>919,105</u>
Unamortized bond premiums (discounts)	430,734	106,557	78,105	459,186	.....
Amounts deferred on refunding	(177,125)	.....	(13,424)	(163,701)	.....
Total bonds payable	<u>17,485,144</u>	<u>2,666,027</u>	<u>1,005,536</u>	<u>19,145,635</u>	<u>919,105</u>
Certificates of participation payable	267,193	12,164	22,475	256,882	13,645
Deposits	439,540	637,956	246,938	830,558	371,592
Compensated absences	871,795	222,785	265,325	829,255	218,154
Claims payable	2,327,515	2,400,544	2,411,075	2,316,984	519,486
Installment purchases/capital leases	135,096	27,967	51,901	111,162	26,264
Due to other governments:					
Federal arbitrage liability	1,915	369	443	1,841	.....
Other liabilities	70,609	91,678	49,381	112,906	.....
Total Governmental Activities	<u>\$ 21,598,807</u>	<u>\$ 6,059,490</u>	<u>\$ 4,053,074</u>	<u>\$ 23,605,223</u>	<u>\$ 2,068,246</u>

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.

Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2008, are as follows (in thousands):

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008	Due Within One Year (Current)
Business-type Activities					
Bonds payable:					
Toll Facility Bonds	\$ 2,211,275	\$ 58,185	\$ 223,605	\$ 2,569,520	\$ 85,620
Florida Hurricane Catastrophe Fund Bonds	4,150,025	3,500,000	.....	7,650,025	2,999,430
Unamortized bond premiums (discounts)	78,475	35,574	23,533	90,516	.....
Amounts deferred on refunding	(46,107)	(11,565)	(12,842)	(44,830)	.....
Total bonds payable	6,393,668	4,105,859	234,296	10,265,231	3,085,050
Accrued prize liability	1,298,995	2,793,785	2,987,458	1,105,322	270,777
Deposits	456,211	13,934	18,620	451,525	51,144
Installment purchases/capital leases	.....	32	.....	32	16
Compensated absences	21,969	11,393	12,037	21,325	4,987
Tuition and housing benefits payable	6,576,053	2,078,292	1,137,093	7,517,252	452,113
Due to other governments:					
Federal arbitrage liability	20	5	.....	25	.....
Other liabilities	.....	1,562	.....	1,562	.....
Total Business-type Activities	\$ 14,746,916	\$ 9,004,862	\$ 4,389,504	\$ 19,362,274	\$ 3,864,087
Component Units					
Bonds payable	\$ 11,043,433	\$ 3,130,893	\$ 1,930,559	\$ 12,243,767	\$ 217,054
Deposits	90,040	104,281	114,944	79,377	77,561
Compensated absences	613,350	76,604	68,013	621,941	70,191
Installment purchases/capital leases	113,049	78,457	54,003	137,503	14,541
Claims payable	117,652	48,728	46,528	119,852	17,887
Certificates of participation payable	604,045	642,653	7,749	1,238,949	17,086
Due to other governments	967	15,988	13,291	3,664	.....
Other liabilities	835,117	187,316	230,125	792,308	284,716
Total Component Units	\$ 13,417,653	\$ 4,284,920	\$ 2,465,212	\$ 15,237,361	\$ 699,036

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2008, 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, 2008, 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	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	\$	\$ 4,266	\$	\$ 12,797	\$ 4,763
Environment, Recreation and Conservation	21,125	.....	.....	568	13,712
Public Education	14	.....	.....	312	.....
Health and Family Services	7,534	13	.....	.....	6,730
Transportation	6,259	2,483	.....	1	.....
Nonmajor	48,419	3,044	170	14,266	53,122
Internal Service Funds	2,135	83	.....	1,384	57
Business-type Activities					
Transportation	.....	.....	.....	.....	112,835
Lottery	.....	.....	112,879	.....	.....
State Board of Administration	.....	.....	.....	.....	.....
Nonmajor	5,769	.....	.....	336	.....
Fiduciary Funds					
Private-purpose Trust Funds	25	.....	3,332	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	5	.....
Investment Trust Funds	.....	.....	.....	.....	.....
Agency Funds	87,549	1	4,827	2,284	3,594
Total	\$ 178,829	\$ 9,890	\$ 121,208	\$ 31,953	\$ 194,813

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 75,985	\$ 4,989
Environment, Recreation and Conservation	197	43
Public Education	8,648	.....
Health and Family Services	2,123	6,822
Transportation	20,601	2,102
Nonmajor	19,214	2,685
Internal Service Funds	14	267
Business-type Activities		
Transportation	.....	.....
Lottery	12	2
State Board of Administration	.....	8
Nonmajor	7,445	579
Fiduciary Funds		
Private-purpose Trust Funds	217	.....
Pension and Other Employee Benefits Trust Funds	.....	1,922
Investment Trust Funds	.....	.....
Agency Funds	5	.....
Total	\$ 134,461	\$ 19,419

(Continued next page)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	State			
	Transportation	Board of Administration	Prepaid College Program	Nonmajor
Governmental Activities				
General Fund	\$	\$ 6	\$	\$ 2,197
Environment, Recreation and Conservation	.....	.....	.....	44
Public Education	.....	.....	.....	.....
Health and Family Services	.....	.....	.....	519
Transportation	781	.....	.....	39
Nonmajor	.....	29	.....	187
Internal Service Funds	.....	.....	.....	24
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	6	.....	10
State Board of Administration	.....	.....	.....	1
Nonmajor	.....	.....	.....	25
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	2	4
Pension and Other Employee Benefits Trust Funds	.....	2,970	.....	2
Investment Trust Funds	.....	28	.....	.....
Agency Funds	765	68	.....	.....
Total	\$ 1,546	\$ 3,107	\$ 2	\$ 3,052

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Pension and Other			
	Private-purpose Trust Funds	Employee Benefits Trust Funds	Agency Funds	Total
Governmental Activities				
General Fund	\$	\$ 13	\$ 33,782	\$ 138,798
Environment, Recreation and Conservation	.....	.....	.....	35,689
Public Education	163	.....	.....	9,137
Health and Family Services	.....	.....	1,628	25,369
Transportation	.....	.....	9,963	42,229
Nonmajor	.....	.....	.....	141,136
Internal Service Funds	.....	.....	22,812	26,776
Business-type Activities				
Transportation	.....	.....	1	112,836
Lottery	.....	.....	.....	112,909
State Board of Administration	.....	.....	.....	9
Nonmajor	.....	.....	.....	14,154
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	3,580
Pension and Other Employee Benefits Trust Funds	.....	4,197	.....	9,096
Investment Trust Funds	.....	.....	.....	28
Agency Funds	.....	.....	232	99,325
Total	\$ 163	\$ 4,210	\$ 68,418	\$ 771,071

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)		
	Governmental Activities	Business-type Activities	
	General Fund	Transportation	Transportation
Governmental Activities			
General Fund	\$	\$ 100	\$ 500
Environment, Recreation and Conservation	.....	3,044	.....
Public Education	.....	.....	.....
Nonmajor	625	.....	.....
Internal Service Funds	2,003	800	.....
Business-type Activities			
Transportation	.....	218,904	.....
Fiduciary Funds			
Agency Funds	3	.....	.....
Total	\$ 2,631	\$ 222,848	\$ 500

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	Total
	Private-purpose Trust Funds	
Governmental Activities		
General Fund	\$	\$ 600
Environment, Recreation and Conservation	.....	3,044
Public Education	422,552	422,552
Nonmajor	.....	625
Internal Service Funds	.....	2,803
Business-type Activities		
Transportation	218,904
Fiduciary Funds		
Agency Funds	3
Total	\$ 422,552	\$ 648,531

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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	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	\$	\$ 1,006,028	\$ 325	\$ 951,010	\$ 569,423
Environment, Recreation and Conservation	91,874	.....	.....	5,317	500
Public Education	7,488	.....	.....	236	.....
Health and Family Services	30,394	.....	100	.....	39,357
Transportation	62,794	24,458	.....	382	.....
Nonmajor	404,182	33,206	253,947	127,834	1,014,111
Internal Service Funds	7,456	809	.....	5	679
Business-type Activities					
Transportation	.....	.....	.....	.....	17,136
Lottery	328	.....	1,283,414	.....	.....
State Board of Administration	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Nonmajor	52,473	.....	.....	5,615	.....
Fiduciary Funds					
Private-purpose Trust Funds	30	.....	1,638	297	.....
Pension and Other Employee Benefits Trust Funds	2,083	.....	.....	.....	.....
Investment Trust Funds	.....	.....	.....	.....	.....
Total	\$ 659,102	\$ 1,064,501	\$ 1,539,424	\$ 1,090,696	\$ 1,641,206

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 725,299	\$
Environment, Recreation and Conservation	448,139	.....
Public Education	1,163,603	.....
Health and Family Services	453,615	.....
Transportation	514,980	.....
Nonmajor	495,769	7,695
Internal Service Funds	8,325	.....
Business-type Activities		
Transportation	.....	.....
Lottery	175	.....
State Board of Administration	10,000	.....
Prepaid College Program	.....	.....
Nonmajor	31,545	.....
Fiduciary Funds		
Private-purpose Trust Funds	1,305	.....
Pension and Other Employee Benefits Trust Funds	75	19,526
Investment Trust Funds	.....	.....
Total	\$ 3,852,830	\$ 27,221

(Continued next page)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Business-type Activities			
	State			
	Transportation	Board of Administration	Prepaid College Program	Nonmajor
Governmental Activities				
General Fund	\$ 400	\$	\$	\$ 2,853
Environment, Recreation and Conservation	176
Public Education	12
Health and Family Services	1,462
Transportation	13,710	.....	.....	199
Nonmajor	4,308
Internal Service Funds	66
Business-type Activities				
Transportation
Lottery	37
State Board of Administration	7
Prepaid College Program
Nonmajor	80
Fiduciary Funds				
Private-purpose Trust Funds	131	7
Pension and Other Employee Benefits Trust Funds	14,274	.....	4
Investment Trust Funds
Total	\$ 14,110	\$ 14,274	\$ 131	\$ 9,211

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Fiduciary Funds			
	Pension and Other			
	Private-purpose Trust Funds	Employee Benefits Trust Funds	Investment Trust Funds	Total
Governmental Activities				
General Fund	\$	\$ 1,100	\$	\$ 3,256,438
Environment, Recreation and Conservation	.....	.....	.....	546,006
Public Education	512	.....	.....	1,171,851
Health and Family Services	.....	.....	.....	524,928
Transportation	.....	.....	.....	616,523
Nonmajor	32	.....	.....	2,341,084
Internal Service Funds	.....	.....	.....	17,340
Business-type Activities				
Transportation	.....	.....	.....	17,136
Lottery	.....	.....	.....	1,283,954
State Board of Administration	.....	.....	.....	10,007
Prepaid College Program	1,364	.....	.....	1,364
Nonmajor	.....	.....	.....	89,713
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	3,408
Pension and Other Employee Benefits Trust Funds	.....	1,187,316	.....	1,223,278
Investment Trust Funds	.....	.....	496,743	496,743
Total	\$ 1,908	\$ 1,188,416	\$ 496,743	\$ 11,599,773

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, 2007, and June 30, 2008, 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, 2007	\$ 1,766	\$ 881	\$ (1,007)	\$ 1,640
June 30, 2008	\$ 1,640	\$ (1,016)	\$ (139)	\$ 485

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, 2008, was \$892.3 million. 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, 2007, and June 30, 2008, 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, 2007	\$ 1,120,009	\$ 55,590	\$ (98,269)	\$1,077,330
June 30, 2008	\$ 1,077,330	\$ (55,916)	\$(129,095)	\$ 892,319

The above current year claims and changes in estimate include an adjustment for the amount discounted for workers' compensation indemnity reserves. Actual current year claims and changes in reserves for casualty lines of coverage for the fiscal year ended June 30, 2008, decreased by \$84.1 million. The amount of claims paid for property 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, an internal service fund. These funds were

previously in Employee Health, Life, and Disability Plans reported as Pension and Other Employee Benefits Trust Funds. Assets and liabilities related to retiree participation in the State Group Health Insurance Program are reported 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, 2007, and June 30, 2008, 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, 2007	\$ 60,115	\$ 769,407	\$(763,758)	\$ 65,764
June 30, 2008	\$ 65,764	\$ 756,213	\$(760,414)	\$ 61,563

NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM

The Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition 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, 2008, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$	7,517,251,980
Net assets available	\$	8,292,540,217
Net assets as a percentage of future contract benefits and expenses obligation		110.3%

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.

The State of Florida was not hit by any hurricanes during the 2007 season. There were no hurricane losses incurred for the year ended June 30, 2008. In July 2008, the Florida Hurricane Catastrophe Fund Financing Corporation (Corporation) issued post-event Series 2008A Revenue Bonds in the amount of \$625 million. These bond proceeds and their investment earnings will enhance the Fund's ability to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds will come from the 1% emergency assessment on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation or medical malpractice premiums. The bonds mature without prior right of redemption on July 1 of the following years and bear interest at rates ranging from 4.125% to 5.000% as follows (in thousands):

2013	\$ 66,865	4.125%
2013	233,135	5.000
2014	106,610	4.250
2014	<u>218,390</u>	5.000
	<u>\$ 625,000</u>	

In addition, to augment the Fund's claims paying resources for the 2008 hurricane season, in August 2008, the Corporation executed a Revenue Bond Put Option Agreement. This agreement gives the Corporation the right to sell at par up to \$4 billion of 30-year fixed-rate bonds upon the occurrence of 2008 hurricane season losses in Florida.

At June 30, 2008, a loss of \$19.4 million is included as a component of investment income in the financial statements. The loss realized upon sale represents 2.31% of the total portfolio's June 30, 2008, fair value. As of October 3, 2008, various securities had been sold for a net loss of \$217.0 million.

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, 2008, 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 2007-2008 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. Based on the remediation performed to date pursuant to the consent decree, FDOT has determined that its share of the potential future cost of remediation is not expected to exceed \$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 estimated exposure of the claim is up to \$50 million. Plaintiff filed a Third Amended Complaint on February 5, 2007 and 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 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 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. The Agency is awaiting an opinion from the Court and a favorable outcome is anticipated for the Agency.

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

Case Nos. 1D06-3877, 1D06-3872, 1D06-3857, and 1D06-3890, 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 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 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 case is closed and the value of reimbursements was approximately \$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. The Plaintiffs contended 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 parties and the Department reached a mediated agreement on June 5, 2008, providing that all motor vehicle registrants who are class members (all natural persons who had a valid driver license, identification card or motor vehicle registration during the period June 1, 2000 – September 30, 2004) would receive a \$1 credit on the renewal of their motor vehicle registration during the period of July 1, 2009, through June 30, 2010. The total amount of the credit would be approximately \$10.4 million. There will also be equitable relief which includes changing the procedures of DHSMV regarding disclosure of personal information and a requirement that DHSMV maintain a website informing the public of their rights under DPPA. In addition, the Division of Risk Management would pay each of the four named Plaintiffs \$3,000, Plaintiff's attorney fees in the amount of \$2.85 million, and costs of publication totaling approximately \$20,000. This settlement was approved by the Governor and Cabinet sitting as the Agency head on August 12, 2008. The settlement is contingent on legislation to be enacted during the 2009 session. If legislation is not enacted, the Court action will proceed.

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. The parties have agreed to a settlement involving no payment by the Department or the defendants. This settlement is pending final approval by the court.

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

Case No. 3D02-611, Third District Court of Appeal. The state court case involved refunds for handicapped parking placard fees. The parties have entered into a settlement agreement which was approved by the Circuit Court on June 20, 2008. The pending review before the Florida Supreme Court has been dismissed. The Legislature has appropriated funds for settlement and the parties are currently implementing the terms of the approved settlement. The case is concluded, except for distribution of less than 50 refund checks and payment of \$1 million to various handicap support organizations.

F. 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. A motion to dismiss filed by the Department in Ogborn was granted. The Circuit Court Judge determined that the Plaintiffs were claiming an as-applied constitutional challenge, rather than a facial constitutional challenge and dismissed the case as untimely. The Plaintiffs then appealed to the 1st District Court of Appeal. On July 11, 2008, the 1st District Court of Appeal issued a decision reversing the Final Judgment. The Court held that the Plaintiffs are claiming a facial constitutional challenge and remanded the case to the Circuit Court for further proceedings. The Court has consolidated the two cases and granted a Motion to intervene by the Florida Cable TV Association. Discovery is expected to resume shortly.

G. 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 was issued against the Department where the Judge concluded 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. Appeals were filed in all three cases. On January 8, 2009, the Second District Court of Appeal held for the Department in the consolidated appeals of Pinellas VP, LLC v. Florida Department of Revenue, Case No. 2D07-6307, and TPA Investments, LLC v. Florida Department of Revenue, Case No. 2D07-6309, that there is liability for documentary stamp tax on a deed between legal entities that have 100% common ownership unless the deeds are directly between a parent and subsidiary as in the Crescent Miami Center case. The Department has not yet received the opinions in the remaining case. The potential loss to the state was originally thought to be in excess of \$25 million.

H. Florida Gas Transmission Company v. Florida Department of Transportation

Case No. CACE07001922, Seventeenth Judicial Circuit, 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 ongoing. Plaintiff seeks damages in excess of \$130,000,000. Trial is set for 2009.

I. AMEC Civil LLC v. Florida Department of Transportation

AMEC 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. The judgment was paid on January 14, 2008. AMEC has appealed the Court's order denying AMEC's taxable costs in the amount of \$326,802. FDOT is awaiting AMEC's initial brief. In addition, AMEC served a Summons and Complaint on February 7, 2008, claiming additional money damages arising from the same contract as above. AMEC seeks \$37 million in alleged damages. The Department filed a Motion to Strike and Motion to dismiss on res judicata grounds. The motions were heard by the Court on June 30, 2008. The FDOT is awaiting a decision on the motions and believes the suit is defensible.

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

Case No. 6:03-CV-718-ORL-31KRS, January 28, 2008, United States District Court, Middle District of Florida. This was a suit for inverse condemnation by flooding. Final judgment in favor of all defendants was entered on January 2008. Plaintiffs appealed the judgment to the U.S. Court of Appeals which affirmed the lower court on January 21, 2009.

K. Cox et al. v. Florida Department of Agriculture and Consumer Services

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. Plaintiffs were awarded approximately \$4.3 million in damages. Plaintiffs are also seeking interest, costs, and attorneys' fees. The Department has appealed the final judgment.

L. Mendez v. Florida Department of Agriculture and Consumer Services; Ayers v. Florida Department of Agriculture and Consumer Services; In RE: Citrus Canker Litigation; Dellaselva v. Florida Department of Agriculture and Consumer Services

Case No. 02-13717, 05-CA-4120#37, 03-8255 CA 13 and 03-1947, Fifteenth Judicial Circuit, Palm Beach County, Ninth Judicial Circuit, Orange County, Eleventh Judicial Circuit, Miami-Dade 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. No other trials are currently scheduled in these cases. Plaintiffs are expected to claim damages, costs, and attorneys' fees in excess of \$25 million.

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

Case No. 2002CAO11369, Fifteenth Judicial Circuit. A lawsuit was brought against the Department by the legal guardians of a minor child to finance the rehabilitative care of the child over the duration of her life and as relief for injuries and damages she sustained as a result of the Department's wrongful or negligent conduct. A jury awarded the Plaintiffs approximately \$35 million, of which the Department was assessed 75% or \$26.8 million. The 2008 legislative session passed a claims bill (Chapter 2008-258, General Laws of Florida), approved by the Governor on May 6, 2008. The Act provides for payment of \$1.2 million during FY 2008-2009 to be paid from General Revenue. The Act further provides that, beginning FY 2008-2009 and for the next 9 fiscal years, the Department shall include in its annual legislative budget request an appropriation for \$1.7 million for the relief of Marissa Amora in the Administrative Trust Fund or the General Revenue Fund, for a total award of \$18.2 million.

N. Angelfish Swim School, et al v. Browning

This lawsuit is pending in the 11th Judicial Circuit, Miami-Dade County and challenges the constitutionality of section 607.193(2)(b), Florida Statutes (imposing late charge for late corporate filing) and Section 607.0122(13), Florida Statutes (imposing fee for reinstatement of corporation after administrative dissolution). The lawsuit alleges these fees are excessive

finances in violation of the Florida Constitution. Total exposure based upon the certified class is approximately \$150 million. The Department expects this amount to be reduced on statute of limitations grounds. Summary judgment has been denied in part and deferred in part. The trial court certified the case as a class action. This ruling was appealed to the Third District Court of Appeal which affirmed the certification order in part and reversed it as to the “adequacy” requirement for proper certification. No. 3D08-1827, January 28, 2009. The case was then remanded back to the trial court for further proceedings. The Florida Department of State is committed to continued aggressive defense of the case.

NOTE 17 – DEFICIT FUND EQUITY**A. Governmental Funds**

The *Brain and Spinal Cord Injury Program (BSCIP)* has a net deficit fund balance of approximately \$2.8 million. The deficit is a result of a revenue shortfall due to a reduction in fines collected, as well as an increase in the cost to provide direct client services. A comprehensive budget reduction plan has been approved that will reduce purchased client expenditures to critical and essential services only, and reduce other administrative expenses.

The *State School Trust Fund* has a deficit fund balance of approximately \$322.1 million. The deficit is primarily the 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.

B. Proprietary Funds

The *Legal Services Trust Fund* has a net asset deficit of approximately \$2.9 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 \$1.1 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 Corrections plans to continue operating the program and liquidate the liability on a pay-as-you-go basis.

The *Beachline East Expressway Toll Trust Fund* (formerly known as the *Beeline East Expressway Toll Trust Fund*) has a net asset deficit of approximately \$39.5 million. The deficit is a result of committing Beachline 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 Beachline to repay. Future toll revenues continue to be used to pay additional SR 520 costs and the associated liability.

C. Fiduciary Funds

The *Employee Life and Other Benefits Trust Fund* has a deficit of \$647 thousand. The deficit is primarily due to allocation of unfunded actuarially-determined costs for Other Postemployment Benefits (OPEB).

NOTE 18 – SUBSEQUENT EVENTS**A. Bonds and Certificates of Participation**

The following bond and certificates of participation for governmental and business-type activities of the primary government were issued subsequent to June 30, 2008:

<u>Agency/Bond</u>	<u>Series</u>	<u>Amount</u>	<u>Matures</u>	<u>Interest Rate</u>
Governmental Activities:				
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds	2006E	\$200,000,000	6/1/2009-6/1/2038	4.000%-5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds	2007D	\$200,000,000	6/1/2009-6/1/2038	3.500%-5.000%
State Board of Education, Lottery Revenue Bonds	2008B	\$200,000,000	7/1/2009-7/1/2028	3.500%-5.000%
Department of Environmental Protection, Florida Forever Revenue Bonds	2008B	\$157,950,000	7/1/2009-7/1/2028	3.500%-5.250%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds	2008A	\$150,000,000	6/1/2009-6/1/2038	5.000%-5.500%
Department of Management Services, Florida Facilities Pool Revenue Bonds	2008A	\$36,585,000	9/1/2010-9/1/2038	3.500%-5.750%
Florida Water Pollution Control Financing Corporation, Revenue Bonds	2008A	\$250,000,000	1/15/2010-1/15/2029	2.000%-5.100%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds	2008B	\$200,000,000	6/1/2009-6/1/2038	2.750%-5.000%
Department of Management Services, Certificates of Participation	2009A	\$130,770,000	7/1/2009-7/1/2029	4.000%-5.250%
Business-type Activities:				
Florida Hurricane Catastrophe Fund Financing Corporation, Revenue Bonds	2008A	\$625,000,000	7/1/2013-7/1/2014	4.125%-5.000%

B. Fair Value of Investments

The financial markets experienced significant volatility subsequent to fiscal year-end due to the credit market crisis and concerns about global recession and other market factors. Investment security valuations broadly decreased from June 30, 2008 reported valuations. Decreases were most significant in equity securities held in the Florida Retirement System (FRS) Pension Trust Fund managed by the State Board of Administration (SBA). Subsequent to June 30, 2008 and through December 31, 2008, the SBA estimated a decrease of over 22% in the fair value of investments held in the FRS Pension Trust Fund primarily caused by the market decline, but also due to defaults on corporate securities. Management has made material changes to the SBA's investment policies and the compliance program that will impact a broad array of SBA investment funds. Refer to Note 2 for information on the state's investments.

C. General Fund Transfers

In January, 2009, the Florida Legislature convened a special session to provide appropriations and reductions in appropriations for the 2008-09 fiscal year. In accordance with Senate Bill 2-A, enacted during Special Session A of 2009, \$400 million in fund balance reserved for the Budget Stabilization Fund was transferred to fund balance unreserved in the General Fund on February 20, 2009. A previous transfer from the Budget Stabilization Fund in the amount of \$672,407,249 was made on September 11, 2008. Senate Bill 2-A also authorized a \$700 million transfer to the General Fund from the Lawton Chiles Endowment Fund, a permanent fund, on June 15, 2009.

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**OTHER REQUIRED
SUPPLEMENTARY
INFORMATION**

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	General Fund			Variance with Final Budget Over / (Under)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2007	\$ 5,001,096	\$ 5,001,096	\$ 5,001,096	\$
Reversions	680,468	680,468	680,468	.....
Fund Balances, July 1, 2007, restated	5,681,564	5,681,564	5,681,564	.....
REVENUES				
Fees and charges	838,309	813,909	656,048	(157,861)
Licenses	108,266	105,066	123,851	18,785
Taxes	29,787,087	27,346,987	27,177,920	(169,067)
Miscellaneous	3,607	3,607	3,967	360
Interest	377,866	455,566	428,026	(27,540)
Grants	8,132	8,132	3,701	(4,431)
Refunds	8,013	8,013	541,108	533,095
Transfers and distributions	4,006,051	2,911,751	2,248,404	(663,347)
Other	150,036	150,036	268,628	118,592
Total Revenues	35,287,367	31,803,067	31,451,653	(351,414)
Total Available Resources	40,968,931	37,484,631	37,133,217	(351,414)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	4,070,129	4,117,253	4,092,791	24,462
Other personal services	63,505	82,971	78,329	4,642
Expenses	483,975	509,558	494,949	14,609
Grants and aids	14,188,203	13,483,261	13,470,991	12,270
Operating capital outlay	18,684	17,047	15,088	1,959
Food products	86,748	89,726	89,703	23
Fixed capital outlay	171,645	171,645	171,645	.....
Lump sum	463,252	1,777	1,777	.....
Special categories	9,546,088	9,227,722	9,154,765	72,957
Financial assistance payments	249,422	242,510	240,131	2,379
Grants/aids to local governments	131,336	131,336	131,336	.....
Data processing services	45,612	45,664	45,341	323
Pensions and benefits	14,889	14,389	12,715	1,674
Claim bills and relief acts	.....	5,250	5,250	.....
Total Operating Expenditures	29,533,488	28,140,109	28,004,811	135,298
Nonoperating expenditures:				
Continuing Appropriations	.....	71,760	71,760	.....
Transfers	5,170,808	3,536,862	3,536,862	.....
Qualified expenditures	17,821	.....	.....	.....
Refunds	659,463	478,116	478,116	.....
Other	4,003,769	2,476,036	2,476,036	.....
Total Nonoperating Expenditures	9,851,861	6,562,774	6,562,774	.....
Total Expenditures	39,385,349	34,702,883	34,567,585	135,298
Fund Balances, June 30, 2008	\$ 1,583,582	\$ 2,781,748	\$ 2,565,632	\$ (216,116)

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

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 1,991,945	\$ 1,991,945	\$ 1,991,945	\$
Reversions	485	485	485	.....
Fund Balances, July 1, 2007, restated	<u>1,992,430</u>	<u>1,992,430</u>	<u>1,992,430</u>	<u>.....</u>
REVENUES				
Fees and charges	118,387	134,516	142,613	8,097
Licenses	34,053	45,222	46,163	941
Taxes	207,547	303,677	305,787	2,110
Miscellaneous	4,793	75	563	488
Interest	79,541	98,176	107,440	9,264
Grants	130,000	78,421	164,334	85,913
Refunds	936	325	2,323	1,998
Bond proceeds	500,000	399,529	399,536	7
Transfers and distributions	1,430,556	1,651,717	1,610,776	(40,941)
Other	80,046	15,260	81,340	66,080
Total Revenues	<u>2,585,859</u>	<u>2,726,918</u>	<u>2,860,875</u>	<u>133,957</u>
Total Available Resources	<u>4,578,289</u>	<u>4,719,348</u>	<u>4,853,305</u>	<u>133,957</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	202,802	213,161	209,880	3,281
Other personal services	30,655	30,172	26,526	3,646
Expenses	50,286	49,024	43,865	5,159
Grants and aids	3,173	3,173	3,070	103
Operating capital outlay	3,338	2,694	2,171	523
Fixed capital outlay	911,403	911,403	911,403	.....
Special categories	304,052	304,860	276,763	28,097
Grants/aids to local governments	852,838	852,838	852,838	.....
Data processing services	46	.....	.....	.....
Total Operating Expenditures	<u>2,358,593</u>	<u>2,367,325</u>	<u>2,326,516</u>	<u>40,809</u>
Nonoperating expenditures:				
Transfers	513,081	240,336	240,336	.....
Qualified expenditures	3,388	.....	.....	.....
Refunds	28,533	16,187	16,187	.....
Other	407,264	348,963	348,963	.....
Total Nonoperating Expenditures	<u>952,266</u>	<u>605,486</u>	<u>605,486</u>	<u>.....</u>
Total Expenditures	<u>3,310,859</u>	<u>2,972,811</u>	<u>2,932,002</u>	<u>40,809</u>
Fund Balances, June 30, 2008	<u>\$ 1,267,430</u>	<u>\$ 1,746,537</u>	<u>\$ 1,921,303</u>	<u>\$ 174,766</u>

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

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Public Education			Variance with Final Budget Over / (Under)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2007	\$ 1,583,080	\$ 1,583,080	\$ 1,583,080	\$
Reversions	1,787	1,787	1,787	.....
Fund Balances, July 1, 2007, restated	1,584,867	1,584,867	1,584,867	.....
REVENUES				
Fees and charges	1,001,797	45,020	43,271	(1,749)
Licenses	2,498	.....	.....	.....
Taxes	684,440	648,251	648,250	(1)
Miscellaneous	62,741	271	271	.....
Interest	146,266	111,142	106,275	(4,867)
Grants	2,445,799	2,331,859	2,317,459	(14,400)
Refunds	28,346	15,050	15,051	1
Bond proceeds	2,241,965	1,930,885	1,930,882	(3)
Transfers and distributions	2,440,385	2,272,960	2,278,754	5,794
Other	32,014	146,450	230,655	84,205
Total Revenues	9,086,251	7,501,888	7,570,868	68,980
Total Available Resources	10,671,118	9,086,755	9,155,735	68,980
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	38,664	40,508	39,487	1,021
Other personal services	1,847	1,642	657	985
Expenses	16,882	16,438	8,601	7,837
Grants and aids	4,157,319	4,091,540	2,992,004	1,099,536
Operating capital outlay	1,597	1,305	172	1,133
Fixed capital outlay	2,503,201	2,503,201	2,503,201	.....
Special categories	773,199	761,614	737,526	24,088
Financial assistance payments	47,774	48,764	47,156	1,608
Grants/aids to local governments	654,277	654,277	654,277	.....
Payments to U.S. Treasury	1,400	1,275	1,275	.....
Data processing services	5,728	5,511	4,949	562
Total Operating Expenditures	8,201,888	8,126,075	6,989,305	1,136,770
Nonoperating expenditures:				
Transfers	465,051	337,557	337,557	.....
Refunds	13,398	6,603	6,603	.....
Other	105,000	65,106	65,106	.....
Total Nonoperating Expenditures	583,449	409,266	409,266	.....
Total Expenditures	8,785,337	8,535,341	7,398,571	1,136,770
Fund Balances, June 30, 2008	\$ 1,885,781	\$ 551,414	\$ 1,757,164	\$ 1,205,750

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

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 532,886	\$ 532,886	\$ 532,886	\$
Reversions	1,075,069	1,075,069	1,075,069	.....
Fund Balances, July 1, 2007, restated	<u>1,607,955</u>	<u>1,607,955</u>	<u>1,607,955</u>	<u>.....</u>
REVENUES				
Fees and charges	1,105,948	800,031	790,537	(9,494)
Licenses	106,086	25,565	26,574	1,009
Taxes	327,249	421,982	375,738	(46,244)
Miscellaneous	.....	7	7	.....
Interest	8,090	10,681	12,844	2,163
Grants	11,776,096	12,925,131	12,320,641	(604,490)
Refunds	689,706	618,395	742,949	124,554
Transfers and distributions	1,544,652	980,014	1,003,782	23,768
Other	49,961	45,387	44,934	(453)
Total Revenues	<u>15,607,788</u>	<u>15,827,193</u>	<u>15,318,006</u>	<u>(509,187)</u>
Total Available Resources	<u>17,215,743</u>	<u>17,435,148</u>	<u>16,925,961</u>	<u>(509,187)</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,296,205	1,292,219	1,236,413	55,806
Other personal services	89,725	98,854	91,249	7,605
Expenses	280,418	279,889	254,940	24,949
Grants and aids	206,886	208,377	191,932	16,445
Operating capital outlay	16,730	18,496	15,263	3,233
Food products	1,478	1,490	1,432	58
Fixed capital outlay	24,047	24,047	24,047	.....
Lump sum	7,500	.....	.....	.....
Special categories	13,929,983	13,731,422	12,992,639	738,783
Financial assistance payments	41,200	48,141	44,963	3,178
Grants/aids to local governments	4,193	4,193	4,193	.....
Data processing services	38,621	44,791	42,718	2,073
Claim bills and relief acts	760	760	760	.....
Total Operating Expenditures	<u>15,937,746</u>	<u>15,752,679</u>	<u>14,900,549</u>	<u>852,130</u>
Nonoperating expenditures:				
Continuing appropriations	.....	5,079	5,079	.....
Transfers	868,869	785,303	785,303	.....
Qualified expenditures	37,871	.....	.....	.....
Refunds	13,229	5,546	5,546	.....
Other	11,278	16,414	16,414	.....
Special expenses	709	.....	.....	.....
Total Nonoperating Expenditures	<u>931,956</u>	<u>812,342</u>	<u>812,342</u>	<u>.....</u>
Total Expenditures	<u>16,869,702</u>	<u>16,565,021</u>	<u>15,712,891</u>	<u>852,130</u>
Fund Balances, June 30, 2008	\$ 346,041	\$ 870,127	\$ 1,213,070	\$ 342,943

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

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Transportation			Variance with Final Budget Over / (Under)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2007	\$ 257,634	\$ 257,634	\$ 257,634	\$
Reversions	3,922	3,922	3,922	.....
Fund Balances, July 1, 2007, restated	<u>261,556</u>	<u>261,556</u>	<u>261,556</u>	<u>.....</u>
REVENUES				
Fees and charges	138,441	151,540	138,442	(13,098)
Taxes	2,294,864	2,234,350	2,294,864	60,514
Miscellaneous	335,296	.....	.....	.....
Interest	3,486	2,686	3,985	1,299
Refunds	13,127	3	13,139	13,136
Bond proceeds	131,555	.....	.....	.....
Transfers and distributions	313,420	113,017	100,627	(12,390)
Other	51,106	51,262	46,464	(4,798)
Total Revenues	<u>3,281,295</u>	<u>2,552,858</u>	<u>2,597,521</u>	<u>44,663</u>
Total Available Resources	<u>3,542,851</u>	<u>2,814,414</u>	<u>2,859,077</u>	<u>44,663</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	10,172	4,041	3,318	723
Other personal services	835	51	42	9
Expenses	2,381	1,306	1,188	118
Operating capital outlay	806	15	10	5
Fixed capital outlay	5,116	5,116	5,116	.....
Special categories	115,070	113,714	111,568	2,146
Total Operating Expenditures	<u>134,380</u>	<u>124,243</u>	<u>121,242</u>	<u>3,001</u>
Nonoperating expenditures:				
Transfers	16,363	17,514	17,514	.....
Refunds	61,500	53,841	53,841	.....
Other	2,577,020	2,412,343	2,412,343	.....
Total Nonoperating Expenditures	<u>2,654,883</u>	<u>2,483,698</u>	<u>2,483,698</u>	<u>.....</u>
Total Expenditures	<u>2,789,263</u>	<u>2,607,941</u>	<u>2,604,940</u>	<u>3,001</u>
Fund Balances, June 30, 2008	<u>\$ 753,588</u>	<u>\$ 206,473</u>	<u>\$ 254,137</u>	<u>\$ 47,664</u>

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

2008 STATE OF FLORIDA CAFR

**BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 2,565,632	\$ 1,921,303	\$ 1,757,164	\$ 1,213,070	\$ 254,137
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	2,372,545	653,472	611,800	46,935	474,024
Fair value adjustments to investments within the State Treasury	(73,849)	(20,340)	(19,043)	(1,461)	(14,755)
Special investments within the State Treasury	24,425	.....	.....	12,862	.....
Non-State Treasury cash and investments	254,823	3,864	.....	8,934	2,503
Other GAAP basis fund balances not included in budgetary basis fund balances	(13,432)	(2,881)	3	(537,571)	1,376,235
Adjusted budgetary basis fund balances	5,130,144	2,555,418	2,349,924	742,769	2,092,144
Adjustments (basis differences):					
Net receivables (payables) not certified forward	(1,219,685)	343,759	(898,106)	130,621	(558,191)
Inventories, prepaid items and deferred charges	15,619	1,117	.....	64,486	12,706
Encumbrances	104,614	3,268	1,787	16,012	13,927
GAAP basis fund balances	<u>\$ 4,030,692</u>	<u>\$ 2,903,562</u>	<u>\$ 1,453,605</u>	<u>\$ 953,888</u>	<u>\$ 1,560,586</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 for transfers of general revenue appropriations not allowed within the departments' 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 ⁽¹⁾ (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%

⁽¹⁾ Includes Deferred Retirement Option Program (DROP) Payroll.

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	16.15%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2006	N/A ⁽¹⁾	N/A
2007	\$ 363,175	90%

⁽¹⁾ First valuation completed July 1, 2006, which determined ARC for FY 06-07.

OTHER POSTEMPLOYMENT BENEFITS 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, 2007	\$	\$ 3,081,834	\$ 3,081,834	0.00%	\$ 6,542,945	47.10%

SCHEDULE OF EMPLOYER CONTRIBUTIONS*

(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2008	\$ 200,973	43.70%

* This information relates to the cost-sharing plan as a whole, of which the State of Florida is one participating employer. The State of Florida's participation in both the actuarial accrued liability and the annual required contribution is approximately 78 percent.

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 expends certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,066 centerline miles of roads and 6,578 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>2008</u>	<u>2007</u>	<u>2006</u>
84%	84%	82%

Percentage of bridges meeting FDOT standards

<u>2008</u>	<u>2007</u>	<u>2006</u>
94%	94%	93%

Maintenance Rating

<u>2008</u>	<u>2007</u>	<u>2006</u>
86	83	83

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

Resurfacing Program

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Needed	\$718.0	\$898.1	\$670.3	\$604.1	\$562.2
Actual	584.5	851.1	786.7	575.3	504.2

Bridge Repair/Replacement Program

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Needed	\$250.3	\$273.4	\$102.7	\$346.6	\$320.0
Actual	250.3	121.7	88.4	348.5	312.9

Routine Maintenance Program

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Needed	\$492.6	\$463.7	\$442.5	\$427.0	\$405.2
Actual	507.1	479.2	456.2	435.6	416.5

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 Resurfacing Program, approximately \$140 million in resurfacing projects were postponed to future years.

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**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 149.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 179.

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 183.

2008 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/08
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 117,217	\$	\$ 449	\$ 3,186	\$ 120,852
Pooled investments with State Treasury	1,541,875	83,574	3	8,691	1,634,143
Investments	417,561	.....	25,201	718,005	1,160,767
Receivables, net	453,552	99	72	83,302	537,025
Due from other funds	58,411	76,050	.....	.....	134,461
Inventories	4,547	.....	.....	.....	4,547
Other	1,740	.....	.....	.....	1,740
Total current assets	2,594,903	159,723	25,725	813,184	3,593,535
<u>Noncurrent assets</u>					
Restricted pooled investments with State Treasury	.....	4,467	.....	.....	4,467
Long-term investments	7,122	.....	60,810	1,736,975	1,804,907
Other loans and notes receivable, net	1,014,105	.....	.....	.....	1,014,105
Other	.....	80	.....	.....	80
Total noncurrent assets	1,021,227	4,547	60,810	1,736,975	2,823,559
Total assets	\$ 3,616,130	\$ 164,270	\$ 86,535	\$ 2,550,159	\$ 6,417,094
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 232,101	\$ 1,369	\$ 2,313	\$ 99,897	\$ 335,680
Due to other funds	136,580	4,497	.....	59	141,136
Due to component units/primary	926	.....	.....	.....	926
Compensated absences	1,441	.....	.....	.....	1,441
Claims payable	15,157	.....	.....	.....	15,157
Deposits	6,084	.....	.....	.....	6,084
Deferred revenues	68,003	.....	.....	.....	68,003
Obligations under security lending agreements	317,604	13,018	1	308,528	639,151
Obligations under reverse repurchase agreements	86,850	5,530	.....	671	93,051
Total current liabilities	864,746	24,414	2,314	409,155	1,300,629
<u>Noncurrent liabilities</u>					
Advances from other funds	625	.....	.....	.....	625
Deposits	3,851	.....	.....	.....	3,851
Deferred revenues	20,007	.....	.....	.....	20,007
Total noncurrent liabilities	24,483	.....	.....	.....	24,483
Total liabilities	889,229	24,414	2,314	409,155	1,325,112
<u>Fund balances</u>					
Reserved for encumbrances	45,642	584	.....	.....	46,226
Reserved for inventories	4,547	.....	.....	.....	4,547
Reserved for long-term receivables	1,010,031	.....	.....	.....	1,010,031
Reserved for capital outlay	60,428	121,459	.....	.....	181,887
Reserved for debt service	.....	.....	84,221	.....	84,221
Reserved for permanent trust	.....	.....	.....	1,722,247	1,722,247
Other reserved	24,189	80	.....	6,511	30,780
Unreserved, reported in:					
Special revenue funds	1,582,064	.....	.....	.....	1,582,064
Capital projects funds	.....	17,733	.....	.....	17,733
Permanent fund	.....	.....	.....	412,246	412,246
Total fund balances	2,726,901	139,856	84,221	2,141,004	5,091,982
Total liabilities and fund balances	\$ 3,616,130	\$ 164,270	\$ 86,535	\$ 2,550,159	\$ 6,417,094

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/08
REVENUES					
Taxes	\$ 271,540	\$	\$	\$	\$ 271,540
Licenses and permits	1,075,566	.....	.....	647	1,076,213
Fees and charges	859,784	1,133	80,381	.....	941,298
Grants and donations	1,828,537	.....	.....	.....	1,828,537
Investment earnings	103,990	1,244	13,656	(140,782)	(21,892)
Fines, forfeits, settlements and judgments	544,921	.....	.....	1,262	546,183
Other revenue	16,603	.....	.....	.....	16,603
Total revenues	4,700,941	2,377	94,037	(138,873)	4,658,482
EXPENDITURES					
Current:					
General government	2,409,720	19,984	68,365	14,825	2,512,894
Education	180,088	1,965	.....	92	182,145
Human services	431,558	22,532	.....	.....	454,090
Criminal justice and corrections	542,450	34,544	.....	.....	576,994
Natural resources and environment	890,156	87	.....	.....	890,243
Transportation	.....	25	.....	.....	25
State courts	24,463	.....	.....	.....	24,463
Capital outlay	37,480	217,092	.....	.....	254,572
Debt service:					
Principal retirement	17,832	2,550	831,195	.....	851,577
Interest and fiscal charges	1,028	11,500	889,092	.....	901,620
Total expenditures	4,534,775	310,279	1,788,652	14,917	6,648,623
Excess (deficiency) of revenues over expenditures	166,166	(307,902)	(1,694,615)	(153,790)	(1,990,141)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	154,429	24,999	.....	179,428
Proceeds of refunding bonds	.....	.....	94,760	.....	94,760
Operating transfers in	1,673,480	454,042	1,725,308	.....	3,852,830
Operating transfers out	(1,967,691)	(282,769)	(44,361)	(46,263)	(2,341,084)
Payments to refunded bond agent	.....	.....	(94,760)	.....	(94,760)
Total other financing sources (uses)	(294,211)	325,702	1,705,946	(46,263)	1,691,174
Net change in fund balances	(128,045)	17,800	11,331	(200,053)	(298,967)
Fund balances - beginning	2,852,550	122,056	72,890	2,341,057	5,388,553
Adjustments to increase (decrease) beginning fund balances	2,396	.....	.....	.....	2,396
Fund balances - beginning, as restated	2,854,946	122,056	72,890	2,341,057	5,390,949
Fund balances - ending	\$ 2,726,901	\$ 139,856	\$ 84,221	\$ 2,141,004	\$ 5,091,982

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NONMAJOR SPECIAL REVENUE FUNDS

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

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.

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.

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**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 1,530	\$	\$ 20	\$ 296
Pooled investments with State Treasury	497,084	134,454	58,983	252,682
Investments	2,197	.....	150,120	.....
Receivables, net	94,990	1,112	135,514	39,133
Due from other funds	6,453	182	4,945	8,013
Inventories	.....	.....	.....	256
Other	.....	.....	.....	136
Total current assets	<u>602,254</u>	<u>135,748</u>	<u>349,582</u>	<u>300,516</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	100	.....
Other loans and notes receivable, net	30,199	.....	8,132	.....
Total noncurrent assets	<u>30,199</u>	<u>.....</u>	<u>8,232</u>	<u>.....</u>
Total assets	<u>\$ 632,453</u>	<u>\$ 135,748</u>	<u>\$ 357,814</u>	<u>\$ 300,516</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 46,945	\$ 10,088	\$ 24,241	\$ 22,660
Due to other funds	24,819	562	33,649	38,860
Due to component units/primary	.....	.....	.....	71
Compensated absences	207	148	21	307
Claims payable	15,157	.....	.....	.....
Deposits	384	110	5,537	.....
Deferred revenues	.....	.....	51,262	12,623
Obligations under security lending agreements	84,601	19,864	3,493	34,136
Obligations under reverse repurchase agreements	35,935	8,438	1,484	14,500
Total current liabilities	<u>208,048</u>	<u>39,210</u>	<u>119,687</u>	<u>123,157</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	3,851	.....
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>3,851</u>	<u>.....</u>
Total liabilities	<u>208,048</u>	<u>39,210</u>	<u>123,538</u>	<u>123,157</u>
<u>Fund balances</u>				
Reserved for encumbrances	4,247	1,203	7,773	181
Reserved for inventories	.....	.....	.....	256
Reserved for long-term receivables	29,976	.....	4,281	.....
Reserved for capital outlay	.....	8,002	36,810	.....
Other reserved	.....	.....	.....	24,163
Unreserved	390,182	87,333	185,412	152,759
Total fund balances	<u>424,405</u>	<u>96,538</u>	<u>234,276</u>	<u>177,359</u>
Total liabilities and fund balances	<u>\$ 632,453</u>	<u>\$ 135,748</u>	<u>\$ 357,814</u>	<u>\$ 300,516</u>

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Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ 85,228	\$ 50 105,850	\$ 16,019	\$ 39 50,126	\$ 210 91,164	\$ 33 26,908
..... 205	..... 16,889	..... 491	..... 15,041	..... 5,576	..... 28,610
..... 2,141	..... 5,067	..... 920	..... 478	..... 13,141	..........
..... .....	..... 1,367	..... .....	..... .....	..... 1,323	..... 1
87,574	129,223	17,430	65,684	111,414	55,552
.....
.....
.....
\$ 87,574	\$ 129,223	\$ 17,430	\$ 65,684	\$ 111,414	\$ 55,552
\$ 13,365	\$ 30,131	\$ 1,047	\$ 1,826	\$ 5,849	\$ 6,362
2,886	9,059	305	8,200	14,020	704
450	11	.....	.....	285	.....
.....	214	7	11	75	.....
.....
.....	5	.....	.....	.....	.....
.....	2,060	.....	1,942	.....	.....
10,150	3,800	.....	3,304	13,854	1,637
4,311	1,614	.....	1,403	5,885	695
31,162	46,894	1,359	16,686	39,968	9,398
.....	625	.....	.....	.....	.....
.....
.....	2,326	.....	5,556	.....	.....
.....	2,951	.....	5,556	.....	.....
31,162	49,845	1,359	22,242	39,968	9,398
.....	7,204	.....	15,896	8,639	.....
2,141	.....	.....	.....	1,323	1
.....
1,762	512	573	.....	6,498	6,271
.....
52,509	71,662	15,498	27,546	54,986	39,882
56,412	79,378	16,071	43,442	71,446	46,154
\$ 87,574	\$ 129,223	\$ 17,430	\$ 65,684	\$ 111,414	\$ 55,552

2008 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 15	\$ 1,473	\$ 687	\$ 1,973
Pooled investments with State Treasury	39,278	28,986	.....	33,848
Investments	.....	.....	.....	.....
Receivables, net	578	4,667	.....	2,592
Due from other funds	870	950	.....	.....
Inventories	.....	193	.....	628
Other	.....	.....	.....	51
Total current assets	40,741	36,269	687	39,092
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Total noncurrent assets	.....	.....	.....	.....
Total assets	\$ 40,741	\$ 36,269	\$ 687	\$ 39,092
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,320	\$ 1,475	\$ 146	\$ 6,687
Due to other funds	484	1,316	.....	828
Due to component units/primary	.....	.....	.....	109
Compensated absences	78	362	.....	.....
Claims payable	.....	.....	.....	.....
Deposits	48	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Obligations under security lending agreements	.....	1,627	.....	6,022
Obligations under reverse repurchase agreements	.....	691	.....	2,558
Total current liabilities	1,930	5,471	146	16,204
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	.....	.....
Total liabilities	1,930	5,471	146	16,204
<u>Fund balances</u>				
Reserved for encumbrances	144	296	.....	.....
Reserved for inventories	.....	193	.....	628
Reserved for long-term receivables	.....	.....	.....	.....
Reserved for capital outlay	.....	.....	.....	.....
Other reserved	.....	.....	.....	.....
Unreserved	38,667	30,309	541	22,260
Total fund balances	38,811	30,798	541	22,888
Total liabilities and fund balances	\$ 40,741	\$ 36,269	\$ 687	\$ 39,092

2008 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
\$ 284	\$ 94	\$	\$ 12,936	\$ 1,261	\$
.....	452	70,488	.....	50,325	.....
29,523	11,105	.....	.....	75	1
2,221	33	14,897	103	70,708	.....
17,281	111	.....	.....	.....	.....
.....
.....	.....	.....	51	.....	.....
49,309	11,795	85,385	13,090	122,369	1
.....
247,500	.....	.....	.....	728,274	.....
247,500	.....	.....	.....	728,274	.....
\$ 296,809	\$ 11,795	\$ 85,385	\$ 13,090	\$ 850,643	\$ 1
\$ 17,283	\$ 412	\$ 28,878	\$ 607	\$ 4	\$
3	.....	73	.....	812	.....
.....
.....	2	.....	.....	.....	.....
.....
.....
.....
.....	.....	12,814	.....	9,166	.....
.....	.....	5,443	.....	3,893	.....
17,286	414	47,208	607	13,875	.....
.....
.....
.....	.....	.....	12,125	.....	.....
.....	.....	.....	12,125	.....	.....
17,286	414	47,208	12,732	13,875	.....
.....	1	58	.....	.....	.....
.....
247,500	.....	.....	.....	728,274	.....
.....
.....
32,023	11,380	38,119	358	108,494	1
279,523	11,381	38,177	358	836,768	1
\$ 296,809	\$ 11,795	\$ 85,385	\$ 13,090	\$ 850,643	\$ 1

2008 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008
(in thousands)**

	Blended Component Units				
	Investment Fraud Restoration Corp	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$	\$ 16,696	\$ 448	\$ 77,188	\$ 1,984
Pooled investments with State Treasury
Investments	2,187	.....	222,353	.....
Receivables, net	125	19	2,526	17,522
Due from other funds
Inventories	5	.....	.....
Other	12	.....	13	110
Total current assets	19,020	472	302,080	19,616
<u>Noncurrent assets</u>					
Long-term investments	7,022	.....	.....	.....
Other loans and notes receivable, net
Total noncurrent assets	7,022	.....	.....	.....
Total assets	\$	\$ 26,042	\$ 472	\$ 302,080	\$ 19,616
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$	\$ 140	\$ 81	\$ 9,455	\$ 3,099
Due to other funds
Due to component units/primary
Compensated absences	9
Claims payable
Deposits
Deferred revenues	116
Obligations under security lending agreements	113,136	.....
Obligations under reverse repurchase agreements
Total current liabilities	140	81	122,591	3,224
<u>Noncurrent liabilities</u>					
Advances from other funds
Deposits
Deferred revenues
Total noncurrent liabilities
Total liabilities	140	81	122,591	3,224
<u>Fund balances</u>					
Reserved for encumbrances
Reserved for inventories	5	.....	.....
Reserved for long-term receivables
Reserved for capital outlay
Other reserved	26	.....	.....
Unreserved	25,902	360	179,489	16,392
Total fund balances	25,902	391	179,489	16,392
Total liabilities and fund balances	\$	\$ 26,042	\$ 472	\$ 302,080	\$ 19,616

Totals
6/30/08

\$	117,217
	1,541,875
	417,561
	453,552
	58,411
	4,547
	1,740
	<u>2,594,903</u>
	7,122
	<u>1,014,105</u>
	<u>1,021,227</u>
\$	<u><u>3,616,130</u></u>
\$	232,101
	136,580
	926
	1,441
	15,157
	6,084
	68,003
	317,604
	<u>86,850</u>
	<u>864,746</u>
	625
	3,851
	<u>20,007</u>
	<u>24,483</u>
	<u>889,229</u>
	45,642
	4,547
	1,010,031
	60,428
	24,189
	<u>1,582,064</u>
	<u>2,726,901</u>
\$	<u><u>3,616,130</u></u>

2008 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, 2008
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
REVENUES				
Taxes	\$	\$	\$	\$ 218,381
Licenses and permits	.....	.....	.....	1,003,999
Fees and charges	199,399	42,603	6,213	78,585
Grants and donations	672,532	11,257	715,115	33
Investment earnings	17,740	5,599	2,019	8,284
Fines, forfeits, settlements and judgments	27,049	.....	.....	15,578
Other revenue	6,282	1	3,664	872
Total revenues	<u>923,002</u>	<u>59,460</u>	<u>727,011</u>	<u>1,325,732</u>
EXPENDITURES				
Current:				
General government	1,305,660	151,943	44,347	319,066
Education	175,794	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	561,317	.....
State courts	.....	.....	.....	.....
Capital outlay	1,950	1,907	736	4,024
Debt service:				
Principal retirement	28	.....	.....	14,040
Interest and fiscal charges	1	.....	.....	837
Total expenditures	<u>1,483,433</u>	<u>153,850</u>	<u>606,400</u>	<u>337,967</u>
Excess (deficiency) of revenues over expenditures	<u>(560,431)</u>	<u>(94,390)</u>	<u>120,611</u>	<u>987,765</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	727,978	85,715	53,103	157,739
Operating transfers out	(139,541)	(15,764)	(214,509)	(1,174,344)
Total other financing sources (uses)	<u>588,437</u>	<u>69,951</u>	<u>(161,406)</u>	<u>(1,016,605)</u>
Net change in fund balances	28,006	(24,439)	(40,795)	(28,840)
Fund balances - beginning	396,399	120,977	246,808	206,199
Adjustments to increase (decrease) beginning fund balances	.....	.....	28,263	.....
Fund balances - beginning, as restated	<u>396,399</u>	<u>120,977</u>	<u>275,071</u>	<u>206,199</u>
Fund balances - ending	<u>\$ 424,405</u>	<u>\$ 96,538</u>	<u>\$ 234,276</u>	<u>\$ 177,359</u>

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Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$	\$	\$	\$	\$	\$
.....	52,225	.....	28	19,006	.....
.....	76,913	5,051	7,184	85,967	154,134
.....	69,330	23,477	97,340	116,539	14,505
4,385	996	508	811	2,387	(5)
413,704	55,687	2	18,946	4,878	2,616
.....	1,278	.....	147	2,581	432
418,089	256,429	29,038	124,456	231,358	171,682
87	34,571	.....	3,313	.....	.....
.....
387,590	.....	.....	.....	.....	.....
.....	195,186	19,402	24,754	.....	244,083
.....	.....	.....	54,724	274,115	.....
.....
350	6,239	5,528	531	10,762	2,721
.....	3,764	.....	.....	.....	.....
.....	183	.....	.....	7	.....
388,027	239,943	24,930	83,322	284,884	246,804
30,062	16,486	4,108	41,134	(53,526)	(75,122)
45,983	48,951	13,783	157,544	69,258	57,488
(106,207)	(69,477)	(26,321)	(188,722)	(9,254)	(5,041)
(60,224)	(20,526)	(12,538)	(31,178)	60,004	52,447
(30,162)	(4,040)	(8,430)	9,956	6,478	(22,675)
86,574	83,418	24,501	52,022	72,299	68,829
.....	.....	.....	(18,536)	(7,331)	.....
86,574	83,418	24,501	33,486	64,968	68,829
\$ 56,412	\$ 79,378	\$ 16,071	\$ 43,442	\$ 71,446	\$ 46,154

2008 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, 2008
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
REVENUES				
Taxes	\$	\$	\$	\$ 53,159
Licenses and permits	308	.....	.....	.....
Fees and charges	29,940	37,570	1,362	36
Grants and donations	9,916	62,365	.....	6,158
Investment earnings	26	266	.....	450
Fines, forfeits, settlements and judgments	6,460	1	.....	.....
Other revenue	490	505	.....	144
Total revenues	<u>47,140</u>	<u>100,707</u>	<u>1,362</u>	<u>59,947</u>
EXPENDITURES				
Current:				
General government	.....	66,298	975	49,438
Education	.....	.....	.....	.....
Human services	.....	43,968	.....	.....
Criminal justice and corrections	58,303	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....
State courts	24,463	.....	.....	.....
Capital outlay	1,878	762	.....	47
Debt service:				
Principal retirement	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....
Total expenditures	<u>84,644</u>	<u>111,028</u>	<u>975</u>	<u>49,485</u>
Excess (deficiency) of revenues over expenditures	<u>(37,504)</u>	<u>(10,321)</u>	<u>387</u>	<u>10,462</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	31,725	18,787	.....	7
Operating transfers out	(1,867)	(603)	.....	(1,895)
Total other financing sources (uses)	<u>29,858</u>	<u>18,184</u>	<u>.....</u>	<u>(1,888)</u>
Net change in fund balances	<u>(7,646)</u>	<u>7,863</u>	<u>387</u>	<u>8,574</u>
Fund balances - beginning	46,457	22,935	154	14,314
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	.....
Fund balances - beginning, as restated	<u>46,457</u>	<u>22,935</u>	<u>154</u>	<u>14,314</u>
Fund balances - ending	<u>\$ 38,811</u>	<u>\$ 30,798</u>	<u>\$ 541</u>	<u>\$ 22,888</u>

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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
\$	\$	\$	\$	\$	\$
.....
.....	.....	128,110	.....	.....	.....
.....	1,873	.....	8,417	.....	.....
15,965	362	4,411	.....	19,555	.....
.....
.....
15,965	2,235	132,521	8,417	19,555	.....
203,591	.....	158,551	8,103	3	.....
.....	4,294	.....	.....	.....	.....
.....
.....
.....
.....	45	.....	.....	.....	.....
.....
.....
203,591	4,339	158,551	8,103	3	.....
(187,626)	(2,104)	(26,030)	314	19,552	.....
203,323	2,081	.....	.....	15	.....
(264)	(3)	(59)	.....	(13,820)	.....
203,059	2,078	(59)	.....	(13,805)	.....
15,433	(26)	(26,089)	314	5,747	.....
264,090	11,407	64,266	44	831,021	1
.....
264,090	11,407	64,266	44	831,021	1
\$ 279,523	\$ 11,381	\$ 38,177	\$ 358	\$ 836,768	\$ 1

2008 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, 2008
(in thousands)**

	Blended Component Units				
	Investment Fraud Restoration Corp	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida
REVENUES					
Taxes	\$	\$	\$	\$	\$
Licenses and permits	.....	.....	.....	.....	.....
Fees and charges	.....	6,250	467	.....	.....
Grants and donations	.....	.....	215	25	19,440
Investment earnings	1	1,269	6	18,955	.....
Fines, forfeits, settlements and judgments	.....	.....	.....	.....	.....
Other revenue	.....	207	.....	.....	.....
Total revenues	1	7,726	688	18,980	19,440
EXPENDITURES					
Current:					
General government	28	4,435	.....	47,100	12,211
Education	.....	.....	.....	.....	.....
Human services	.....	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	722	.....	.....
Natural resources and environment	.....	.....	.....	.....	.....
State courts	.....	.....	.....	.....	.....
Capital outlay	.....	.....	.....	.....	.....
Debt service:					
Principal retirement	.....	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....	.....
Total expenditures	28	4,435	722	47,100	12,211
Excess (deficiency) of revenues over expenditures	(27)	3,291	(34)	(28,120)	7,229
OTHER FINANCING SOURCES (USES)					
Operating transfers in	.....	.....	.....	.....	.....
Operating transfers out	.....	.....	.....	.....	.....
Total other financing sources (uses)	.....	.....	.....	.....	.....
Net change in fund balances	(27)	3,291	(34)	(28,120)	7,229
Fund balances - beginning	27	22,611	425	207,609	9,163
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	.....	.....
Fund balances - beginning, as restated	27	22,611	425	207,609	9,163
Fund balances - ending	\$	\$ 25,902	\$ 391	\$ 179,489	\$ 16,392

Totals
6/30/08

\$	271,540
	1,075,566
	859,784
	1,828,537
	103,990
	544,921
	<u>16,603</u>
	<u>4,700,941</u>
	2,409,720
	180,088
	431,558
	542,450
	890,156
	24,463
	37,480
	17,832
	<u>1,028</u>
	<u>4,534,775</u>
	<u>166,166</u>
	1,673,480
	<u>(1,967,691)</u>
	<u>(294,211)</u>
	(128,045)
	2,852,550
	<u>2,396</u>
	<u>2,854,946</u>
\$	<u><u>2,726,901</u></u>

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2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Employment Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 294,483	\$ 294,483	\$
Reversions	59,454	59,454	.....
Fund Balances, July 1, 2007, restated	353,937	353,937	.....
REVENUES			
Fees and charges	293,023	224,338	(68,685)
Licenses	1,055	1,048	(7)
Miscellaneous	110	110	.....
Interest	813	17,613	16,800
Grants	745,394	657,699	(87,695)
Refunds	5,968	19,348	13,380
Transfers and distributions	752,769	731,402	(21,367)
Other	14,896	15,546	650
Total Revenues	1,814,028	1,667,104	(146,924)
Total Available Resources	2,167,965	2,021,041	(146,924)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	140,402	126,954	13,448
Other personal services	13,979	7,382	6,597
Expenses	39,643	28,111	11,532
Grants and aids	5,522	3,888	1,634
Operating capital outlay	2,133	1,381	752
Food products	150	93	57
Fixed capital outlay	11	11	.....
Special categories	1,310,009	1,264,908	45,101
Data processing services	8,822	8,000	822
Total Operating Expenditures	1,520,671	1,440,728	79,943
Nonoperating expenditures:			
Transfers	159,104	159,104	.....
Refunds	2,249	2,249	.....
Other	179,630	179,630	.....
Total Nonoperating Expenditures	340,983	340,983	.....
Total Expenditures	1,861,654	1,781,711	79,943
Fund Balances, June 30, 2008	\$ 306,311	\$ 239,330	\$ (66,981)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Government Administration		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 120,477	\$ 120,477	\$
Reversions	1,099	1,099	.....
Fund Balances, July 1, 2007, restated	121,576	121,576	.....
REVENUES			
Fees and charges	101,289	73,112	(28,177)
Interest	4,950	4,923	(27)
Grants	10,838	10,785	(53)
Refunds	6	175	169
Transfers and distributions	31,357	63,251	31,894
Other	.....	1	1
Total Revenues	148,440	152,247	3,807
Total Available Resources	270,016	273,823	3,807
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	35,223	34,297	926
Other personal services	3,736	3,136	600
Expenses	8,633	7,947	686
Grants and aids	2,557	2,547	10
Operating capital outlay	420	253	167
Fixed capital outlay	1,392	1,392	.....
Special categories	125,158	110,411	14,747
Grants/aids to local governments	350	350	.....
Data processing services	1,929	1,697	232
Total Operating Expenditures	179,398	162,030	17,368
Nonoperating expenditures:			
Transfers	15,850	15,850	.....
Refunds	163	163	.....
Other	612	612	.....
Total Nonoperating Expenditures	16,625	16,625	.....
Total Expenditures	196,023	178,655	17,368
Fund Balances, June 30, 2008	\$ 73,993	\$ 95,168	\$ 21,175

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 49,651	\$ 49,651	\$
Reversions	290,762	290,762	.....
Fund Balances, July 1, 2007, restated	340,413	340,413	.....
REVENUES			
Fees and charges	8,950	5,407	(3,543)
Interest	3,004	2,091	(913)
Grants	1,271,244	891,383	(379,861)
Refunds	929	3,241	2,312
Transfers and distributions	83,843	63,287	(20,556)
Other	3,981	4,436	455
Total Revenues	1,371,951	969,845	(402,106)
Total Available Resources	1,712,364	1,310,258	(402,106)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	9,300	8,327	973
Other personal services	5,320	4,693	627
Expenses	3,274	2,255	1,019
Grants and aids	2,490	2,083	407
Operating capital outlay	519	422	97
Special categories	1,092,847	985,915	106,932
Grants/aids to local governments	149,303	149,303	.....
Total Operating Expenditures	1,263,053	1,152,998	110,055
Nonoperating expenditures:			
Transfers	109,356	109,356	.....
Refunds	1,455	1,455	.....
Other	654	654	.....
Total Nonoperating Expenditures	111,465	111,465	.....
Total Expenditures	1,374,518	1,264,463	110,055
Fund Balances, June 30, 2008	\$ 337,846	\$ 45,795	\$ (292,051)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 188,946	\$ 188,946	\$
Reversions	1,517	1,517	.....
Fund Balances, July 1, 2007, restated	190,463	190,463	.....
REVENUES			
Fees and charges	73,335	77,657	4,322
Licenses	1,081,459	1,036,653	(44,806)
Taxes	214,714	218,720	4,006
Miscellaneous	271	290	19
Interest	5,819	8,172	2,353
Grants	.....	33	33
Refunds	79	395	316
Transfers and distributions	191,716	179,632	(12,084)
Other	12,126	15,653	3,527
Total Revenues	1,579,519	1,537,205	(42,314)
Total Available Resources	1,769,982	1,727,668	(42,314)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	114,564	109,008	5,556
Other personal services	9,356	8,145	1,211
Expenses	23,020	21,012	2,008
Operating capital outlay	2,058	1,859	199
Special categories	59,437	48,140	11,297
Total Operating Expenditures	208,435	188,164	20,271
Nonoperating expenditures:			
Continuing Appropriations	97,318	97,318	.....
Transfers	1,160,853	1,160,853	.....
Refunds	12,147	12,147	.....
Other	72,520	72,520	.....
Total Nonoperating Expenditures	1,342,838	1,342,838	.....
Total Expenditures	1,551,273	1,531,002	20,271
Fund Balances, June 30, 2008	\$ 218,709	\$ 196,666	\$ (22,043)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 77,858	\$ 77,858	\$
Reversions	6,461	6,461	.....
Fund Balances, July 1, 2007, restated	84,319	84,319	.....
REVENUES			
Interest	4,011	3,961	(50)
Refunds	2	116	114
Transfers and distributions	540,719	490,981	(49,738)
Other	413,704	444,423	30,719
Total Revenues	958,436	939,481	(18,955)
Total Available Resources	1,042,755	1,023,800	(18,955)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	177	163	14
Expenses	1	.....	1
Grants and aids	17,050	17,050	.....
Fixed capital outlay	629	629	.....
Special categories	462,386	454,422	7,964
Grants/aids to local governments	2,490	2,490	.....
Total Operating Expenditures	482,733	474,754	7,979
Nonoperating expenditures:			
Transfers	493,883	493,883	.....
Other	640	640	.....
Total Nonoperating Expenditures	494,523	494,523	.....
Total Expenditures	977,256	969,277	7,979
Fund Balances, June 30, 2008	\$ 65,499	\$ 54,523	\$ (10,976)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Public Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 88,625	\$ 88,625	\$
Reversions	1,683	1,683	.....
Fund Balances, July 1, 2007, restated	90,308	90,308	.....
REVENUES			
Fees and charges	76,070	72,140	(3,930)
Licenses	53,960	49,753	(4,207)
Miscellaneous	29	31	2
Interest	706	944	238
Grants	83,891	58,678	(25,213)
Refunds	111	1,199	1,088
Transfers and distributions	45,033	59,326	14,293
Other	60,760	60,473	(287)
Total Revenues	320,560	302,544	(18,016)
Total Available Resources	410,868	392,852	(18,016)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	52,513	47,503	5,010
Other personal services	4,838	3,244	1,594
Expenses	27,673	23,059	4,614
Grants and aids	28,535	15,237	13,298
Operating capital outlay	8,223	5,067	3,156
Fixed capital outlay	66	66	.....
Special categories	196,143	139,013	57,130
Data processing services	135	14	121
Total Operating Expenditures	318,126	233,203	84,923
Nonoperating expenditures:			
Transfers	48,316	48,316	.....
Refunds	6,724	6,724	.....
Other	35,114	35,114	.....
Total Nonoperating Expenditures	90,154	90,154	.....
Total Expenditures	408,280	323,357	84,923
Fund Balances, June 30, 2008	\$ 2,588	\$ 69,495	\$ 66,907

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Corrections		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 23,509	\$ 23,509	\$
Reversions	238	238	.....
Fund Balances, July 1, 2007, restated	23,747	23,747	.....
REVENUES			
Fees and charges	5,370	5,375	5
Grants	22,624	23,481	857
Refunds	.....	6	6
Transfers and distributions	29,169	29,296	127
Other	91	586	495
Total Revenues	57,254	58,744	1,490
Total Available Resources	81,001	82,491	1,490
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	11,316	5,984	5,332
Other personal services	1,022	674	348
Expenses	8,212	5,341	2,871
Operating capital outlay	2,207	730	1,477
Food products	615	326	289
Fixed capital outlay	4,736	4,736	.....
Special categories	34,201	32,054	2,147
Total Operating Expenditures	62,309	49,845	12,464
Nonoperating expenditures:			
Transfers	14,749	14,749	.....
Refunds	85	85	.....
Other	2,959	2,959	.....
Special expenses	48	48	.....
Total Nonoperating Expenditures	17,841	17,841	.....
Total Expenditures	80,150	67,686	12,464
Fund Balances, June 30, 2008	\$ 851	\$ 14,805	\$ 13,954

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 20,890	\$ 20,890	\$
Reversions	77,392	77,392	.....
Fund Balances, July 1, 2007, restated	98,282	98,282	.....
REVENUES			
Fees and charges	5,525	5,829	304
Licenses	.....	28	28
Interest	106	784	678
Grants	376,698	152,022	(224,676)
Refunds	3,349	3,710	361
Transfers and distributions	158,368	160,639	2,271
Other	10,617	19,552	8,935
Total Revenues	554,663	342,564	(212,099)
Total Available Resources	652,945	440,846	(212,099)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	23,153	21,241	1,912
Other personal services	599	184	415
Expenses	3,129	2,590	539
Operating capital outlay	431	191	240
Special categories	258,874	110,168	148,706
Grants/aids to local governments	84	84	.....
Data processing services	42	.....	42
Total Operating Expenditures	286,312	134,458	151,854
Nonoperating expenditures:			
Transfers	257,934	257,934	.....
Refunds	56	56	.....
Other	3,463	3,463	.....
Total Nonoperating Expenditures	261,453	261,453	.....
Total Expenditures	547,765	395,911	151,854
Fund Balances, June 30, 2008	\$ 105,180	\$ 44,935	\$ (60,245)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Agriculture		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 23,162	\$ 23,162	\$
Reversions	7,721	7,721	.....
Fund Balances, July 1, 2007, restated	30,883	30,883	.....
REVENUES			
Fees and charges	69,280	69,668	388
Licenses	18,657	18,760	103
Taxes	350	368	18
Miscellaneous	5,100	5,011	(89)
Interest	2,789	2,793	4
Grants	48,451	49,209	758
Refunds	2,048	2,103	55
Transfers and distributions	137,704	135,205	(2,499)
Other	4,837	4,866	29
Total Revenues	289,216	287,983	(1,233)
Total Available Resources	320,099	318,866	(1,233)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	83,310	77,044	6,266
Other personal services	6,439	4,618	1,821
Expenses	33,979	28,242	5,737
Grants and aids	5,197	4,924	273
Operating capital outlay	3,910	2,824	1,086
Fixed capital outlay	16,993	16,993	.....
Special categories	77,797	70,039	7,758
Total Operating Expenditures	227,625	204,684	22,941
Nonoperating expenditures:			
Payments to U.S. Treasury	8,302	8,302	.....
Transfers	37,643	37,643	.....
Refunds	1,530	1,530	.....
Other	8,809	8,809	.....
Total Nonoperating Expenditures	56,284	56,284	.....
Total Expenditures	283,909	260,968	22,941
Fund Balances, June 30, 2008	\$ 36,190	\$ 57,898	\$ 21,708

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 13,712	\$ 13,712	\$
Reversions	1,972	1,972	.....
Fund Balances, July 1, 2007, restated	15,684	15,684	.....
REVENUES			
Fees and charges	101,245	103,527	2,282
Interest	.....	338	338
Grants	12,092	9,017	(3,075)
Refunds	.....	426	426
Transfers and distributions	59,554	60,542	988
Other	2,616	2,629	13
Total Revenues	175,507	176,479	972
Total Available Resources	191,191	192,163	972
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	93,405	90,782	2,623
Other personal services	3,748	3,135	613
Expenses	10,939	9,335	1,604
Grants and aids	802	420	382
Operating capital outlay	307	252	55
Food products	196	190	6
Fixed capital outlay	1,598	1,598	.....
Special categories	74,970	67,911	7,059
Total Operating Expenditures	185,965	173,623	12,342
Nonoperating expenditures:			
Refunds	255	255	.....
Other	824	824	.....
Total Nonoperating Expenditures	1,079	1,079	.....
Total Expenditures	187,044	174,702	12,342
Fund Balances, June 30, 2008	\$ 4,147	\$ 17,461	\$ 13,314

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Judicial Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 44,732	\$ 44,732	\$
Reversions	1,522	1,522	.....
Fund Balances, July 1, 2007, restated	46,254	46,254	.....
REVENUES			
Fees and charges	26,963	28,395	1,432
Licenses	300	308	8
Interest	.....	18	18
Grants	10,431	9,941	(490)
Refunds	799	791	(8)
Transfers and distributions	34,713	36,315	1,602
Other	6,509	6,471	(38)
Total Revenues	79,715	82,239	2,524
Total Available Resources	125,969	128,493	2,524
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	83,863	65,553	18,310
Other personal services	5,716	3,065	2,651
Expenses	3,661	1,732	1,929
Operating capital outlay	84	58	26
Special categories	23,328	13,110	10,218
Data processing services	596	434	162
Total Operating Expenditures	117,248	83,952	33,296
Nonoperating expenditures:			
Transfers	3,194	3,194	.....
Refunds	1,959	1,959	.....
Other	1,625	1,625	.....
Total Nonoperating Expenditures	6,778	6,778	.....
Total Expenditures	124,026	90,730	33,296
Fund Balances, June 30, 2008	\$ 1,943	\$ 37,763	\$ 35,820

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 17,868	\$ 17,868	\$
Reversions	2,146	2,146	.....
Fund Balances, July 1, 2007, restated	20,014	20,014	.....
REVENUES			
Fees and charges	17,104	16,576	(528)
Miscellaneous	2	43	41
Interest	208	273	65
Grants	62,130	61,945	(185)
Refunds	19,493	17,376	(2,117)
Transfers and distributions	46,551	42,265	(4,286)
Other	54	74	20
Total Revenues	145,542	138,552	(6,990)
Total Available Resources	165,556	158,566	(6,990)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	28,450	27,846	604
Other personal services	1,042	800	242
Expenses	16,621	16,530	91
Operating capital outlay	594	537	57
Food products	3,613	3,603	10
Fixed capital outlay	17,975	17,975	.....
Special categories	37,249	37,149	100
Total Operating Expenditures	105,544	104,440	1,104
Nonoperating expenditures:			
Transfers	28,798	28,798	.....
Refunds	123	123	.....
Other	135	135	.....
Total Nonoperating Expenditures	29,056	29,056	.....
Total Expenditures	134,600	133,496	1,104
Fund Balances, June 30, 2008	\$ 30,956	\$ 25,070	\$ (5,886)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 9,286	\$ 9,286	\$
Reversions	1,947	1,947	.....
Fund Balances, July 1, 2007, restated	11,233	11,233	.....
REVENUES			
Fees and charges	.....	7	7
Taxes	53,074	53,158	84
Miscellaneous	43	34	(9)
Interest	400	509	109
Grants	6,809	6,448	(361)
Refunds	124	147	23
Other	.....	30	30
Total Revenues	60,450	60,333	(117)
Total Available Resources	71,683	71,566	(117)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	6,509	4,466	2,043
Other personal services	173	74	99
Expenses	3,695	716	2,979
Operating capital outlay	396	47	349
Special categories	56,602	45,947	10,655
Data processing services	8	2	6
Total Operating Expenditures	67,383	51,252	16,131
Nonoperating expenditures:			
Refunds	9	9	.....
Other	1,559	1,559	.....
Total Nonoperating Expenditures	1,568	1,568	.....
Total Expenditures	68,951	52,820	16,131
Fund Balances, June 30, 2008	\$ 2,732	\$ 18,746	\$ 16,014

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 462	\$ 462	\$
Fund Balances, July 1, 2007, restated	462	462	.....
REVENUES			
Grants	1,421	1,448	27
Transfers and distributions	1,905	1,768	(137)
Total Revenues	3,326	3,216	(110)
Total Available Resources	3,788	3,678	(110)
EXPENDITURES			
Operating expenditures:			
Special categories	2,846	2,846	.....
Total Operating Expenditures	2,846	2,846	.....
Nonoperating expenditures:			
Continuing appropriations	147	147	.....
Transfers	195	195	.....
Other	38	38	.....
Total Nonoperating Expenditures	380	380	.....
Total Expenditures	3,226	3,226	.....
Fund Balances, June 30, 2008	\$ 562	\$ 452	\$ (110)

2008 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2007	\$ 64,854	\$ 64,854	\$
Reversions	127	127	.....
Fund Balances, July 1, 2007, restated	64,981	64,981	.....
REVENUES			
Interest	4,190	4,135	(55)
Refunds	.....	33	33
Other	113,400	113,374	(26)
Total Revenues	117,590	117,542	(48)
Total Available Resources	182,571	182,523	(48)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	219	132	87
Expenses	688	383	305
Grants and aids	166,550	157,862	8,688
Special categories	344	287	57
Data processing services	9	6	3
Total Operating Expenditures	167,810	158,670	9,140
Nonoperating expenditures:			
Transfers	57	57	.....
Total Nonoperating Expenditures	57	57	.....
Total Expenditures	167,867	158,727	9,140
Fund Balances, June 30, 2008	\$ 14,704	\$ 23,796	\$ 9,092

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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.

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.

2008 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2008
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Other	School for the Deaf and the Blind	Totals 6/30/08
ASSETS					
<u>Current assets</u>					
Pooled investments with State Treasury	\$ 1,070	\$ 67,371	\$ 9,761	\$ 5,372	\$ 83,574
Receivables, net	.....	97	2	.....	99
Due from other funds	67,526	.....	.....	8,524	76,050
Total current assets	<u>68,596</u>	<u>67,468</u>	<u>9,763</u>	<u>13,896</u>	<u>159,723</u>
<u>Noncurrent assets</u>					
Restricted pooled investments with State Treasury	.....	4,467	.....	.....	4,467
Other	.....	80	.....	.....	80
Total noncurrent assets	.....	<u>4,547</u>	.....	.....	<u>4,547</u>
Total assets	<u>\$ 68,596</u>	<u>\$ 72,015</u>	<u>\$ 9,763</u>	<u>\$ 13,896</u>	<u>\$ 164,270</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 52	\$ 1,061	\$	\$ 256	\$ 1,369
Due to other funds	17	4,480	.....	.....	4,497
Obligations under security lending agreements	.....	12,891	127	.....	13,018
Obligations under reverse repurchase agreements	.....	5,476	54	.....	5,530
Total current liabilities	<u>69</u>	<u>23,908</u>	<u>181</u>	<u>256</u>	<u>24,414</u>
Total liabilities	<u>69</u>	<u>23,908</u>	<u>181</u>	<u>256</u>	<u>24,414</u>
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	584	.....	584
Reserved for capital outlay	58,817	48,621	382	13,639	121,459
Other reserved	.....	80	.....	.....	80
Unreserved	9,710	(594)	8,616	1	17,733
Total fund balances	<u>68,527</u>	<u>48,107</u>	<u>9,582</u>	<u>13,640</u>	<u>139,856</u>
Total liabilities and fund balances	<u>\$ 68,596</u>	<u>\$ 72,015</u>	<u>\$ 9,763</u>	<u>\$ 13,896</u>	<u>\$ 164,270</u>

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Other	School for the Deaf and the Blind	Totals 6/30/08
REVENUES					
Fees and charges	\$	\$	\$ 1,133	\$	\$ 1,133
Investment earnings	.....	1,055	189	.....	1,244
Total revenues	.....	1,055	1,322	.....	2,377
EXPENDITURES					
Current:					
General government	17,174	.....	2,810	.....	19,984
Education	.....	.....	.....	1,965	1,965
Human services	22,119	.....	413	.....	22,532
Criminal justice and corrections	34,544	.....	.....	.....	34,544
Natural resources and environment	87	.....	.....	.....	87
Transportation	.....	25	.....	.....	25
Capital outlay	109,114	99,208	.....	8,770	217,092
Debt service:					
Principal retirement	2,550	.....	.....	.....	2,550
Interest and fiscal charges	11,500	.....	.....	.....	11,500
Total expenditures	197,088	99,233	3,223	10,735	310,279
Excess (deficiency) of revenues over expenditures	(197,088)	(98,178)	(1,901)	(10,735)	(307,902)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	154,429	.....	.....	154,429
Operating transfers in	224,448	210,000	50	19,544	454,042
Operating transfers out	(5,799)	(276,964)	(6)	.....	(282,769)
Total other financing sources (uses)	218,649	87,465	44	19,544	325,702
Net change in fund balances	21,561	(10,713)	(1,857)	8,809	17,800
Fund balances - beginning	46,966	58,820	11,439	4,831	122,056
Fund balances - ending	\$ 68,527	\$ 48,107	\$ 9,582	\$ 13,640	\$ 139,856

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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, 2008
(in thousands)**

	Private Grants	Lawton Chiles Endowment Fund	Totals 6/30/08
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	\$ 153	\$ 3,033	\$ 3,186
Pooled investments with State Treasury	8,691	.....	8,691
Investments	2,206	715,799	718,005
Receivables, net	35	83,267	83,302
Total current assets	<u>11,085</u>	<u>802,099</u>	<u>813,184</u>
<u>Noncurrent assets</u>			
Long-term investments	.....	1,736,975	1,736,975
Total noncurrent assets	.....	1,736,975	1,736,975
Total assets	<u>\$ 11,085</u>	<u>\$ 2,539,074</u>	<u>\$ 2,550,159</u>
LIABILITIES AND FUND BALANCES			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	\$	\$ 99,897	\$ 99,897
Due to other funds	33	26	59
Obligations under security lending agreements	1,581	306,947	308,528
Obligations under reverse repurchase agreements	671	.....	671
Total liabilities	<u>2,285</u>	<u>406,870</u>	<u>409,155</u>
<u>Fund balances</u>			
Reserved for permanent trust	.....	1,722,247	1,722,247
Other reserved	6,511	.....	6,511
Unreserved	2,289	409,957	412,246
Total fund balances	<u>8,800</u>	<u>2,132,204</u>	<u>2,141,004</u>
Total liabilities and fund balances	<u>\$ 11,085</u>	<u>\$ 2,539,074</u>	<u>\$ 2,550,159</u>

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Private Grants	Lawton Chiles Endowment Fund	Totals 6/30/08
REVENUES			
Licenses and permits	\$ 647	\$	\$ 647
Investment earnings	(286)	(140,496)	(140,782)
Fines, forfeits, settlements and judgments	.....	1,262	1,262
Total revenues	361	(139,234)	(138,873)
EXPENDITURES			
Current:			
General government	.....	14,825	14,825
Education	92	.....	92
Total expenditures	92	14,825	14,917
Excess (deficiency) of revenues over expenditures	269	(154,059)	(153,790)
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(294)	(45,969)	(46,263)
Total other financing sources (uses)	(294)	(45,969)	(46,263)
Net change in fund balances	(25)	(200,028)	(200,053)
Fund balances - beginning	8,825	2,332,232	2,341,057
Fund balances - ending	\$ 8,800	\$ 2,132,204	\$ 2,141,004

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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, F.S.

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008
(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corp	Totals 6/30/08
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 987	\$ 1,780	\$ 305	\$ 3,072
Pooled investments with State Treasury	2,070,093	333,131	.....	2,403,224
Receivables, net	398,733	13,257	.....	411,990
Due from other funds	1,870	1,182	.....	3,052
Due from component units/primary	918	13	.....	931
Inventories	.....	6	.....	6
Other	.....	.....	45	45
Total current assets	2,472,601	349,369	350	2,822,320
<u>Noncurrent assets</u>				
Capital assets				
Buildings, equipment, and other depreciable assets	.....	16,175	569	16,744
Accumulated depreciation	.....	(9,333)	(471)	(9,804)
Total noncurrent assets	.....	6,842	98	6,940
Total assets	2,472,601	356,211	448	2,829,260
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	63,590	7,193	126	70,909
Due to other funds	6,180	7,974	.....	14,154
Due to component units/primary	.....	10	236	246
Compensated absences	.....	3,312	.....	3,312
Installment purchases/capital leases	.....	16	.....	16
Deposits	28,985	19,097	.....	48,082
Obligations under security lending agreements	.....	45,443	.....	45,443
Obligations under reverse repurchase agreements	.....	19,302	.....	19,302
Total current liabilities	98,755	102,347	362	201,464
<u>Noncurrent liabilities</u>				
Deposits	399,533	.....	.....	399,533
Installment purchases/capital leases	.....	16	.....	16
Compensated absences	.....	10,547	.....	10,547
Other noncurrent liabilities	.....	1,310	.....	1,310
Total noncurrent liabilities	399,533	11,873	.....	411,406
Total liabilities	498,288	114,220	362	612,870
NET ASSETS				
Invested in capital assets, net of related debt	.....	6,842	99	6,941
Restricted for unemployment compensation	1,974,312	.....	.....	1,974,312
Unrestricted	1	235,149	(13)	235,137
Total net assets	\$ 1,974,313	\$ 241,991	\$ 86	\$ 2,216,390

2008 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, 2008
(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corp	Totals 6/30/08
OPERATING REVENUES				
Sales - nonstate	\$	\$ 55,392	\$	\$ 55,392
Fees	947,274	218,379	2,000	1,167,653
Sales - state	.....	431	.....	431
Rents - state	.....	75	.....	75
Fines, forfeits, settlements and judgments	.....	16,038	.....	16,038
Other revenue	.....	14	.....	14
Total operating revenues	947,274	290,329	2,000	1,239,603
OPERATING EXPENSES				
Benefit payments	1,441,692	.....	.....	1,441,692
Contractual services	.....	44,919	1	44,920
Personal services	.....	130,779	1,450	132,229
Depreciation	.....	1,330	19	1,349
Materials and supplies	.....	6,528	.....	6,528
Repairs and maintenance	.....	689	.....	689
Basic services	.....	24,057	470	24,527
Interest and fiscal charges	.....	526	.....	526
Total operating expenses	1,441,692	208,828	1,940	1,652,460
Operating income (loss)	(494,418)	81,501	60	(412,857)
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	28,735	29	.....	28,764
Investment earnings	171,134	9,994	.....	181,128
Interest and fiscal charges	.....	(220)	.....	(220)
Property disposition gain (loss)	.....	61	.....	61
Grant expense and client benefits	.....	(862)	.....	(862)
Other	.....	(829)	.....	(829)
Total nonoperating revenues (expenses)	199,869	8,173	.....	208,042
Income (loss) before transfers and contributions	(294,549)	89,674	60	(204,815)
Operating transfers in	4,482	4,729	.....	9,211
Operating transfers out	(22,109)	(67,604)	.....	(89,713)
Capital contributions	.....	118	.....	118
Change in net assets	(312,176)	26,917	60	(285,199)
Total net assets - beginning	2,286,489	215,074	26	2,501,589
Total net assets - ending	\$ 1,974,313	\$ 241,991	\$ 86	\$ 2,216,390

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Unemployment Compensation	Other	FL Engineers Management Corporation
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 845,831	\$ 293,126	\$ 2,192
Cash paid to vendors	.....	(78,199)	(751)
Cash paid to employees	.....	(129,136)	(1,196)
Cash paid for insurance claims	.....	(102)	.....
Unemployment benefits	(1,420,800)	(272)	.....
Net cash provided (used) by operating activities:	(574,969)	85,417	245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(15,938)	(65,940)	.....
Advances, grants or loans (to) from or repayment from other:	.....	(862)	.....
Cash received from noncapital grants or donations:	20,988	87	.....
Net cash provided (used) by noncapital financing activities:	5,050	(66,715)	.....
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of principal on installment purchase/capital lease	.....	(9)	.....
Purchase or construction of capital assets	.....	(1,504)	(71)
Net cash provided (used) by capital and related financing activities:	.....	(1,513)	(71)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	.....	2,325	.....
Investment earnings	121,707	9,771	.....
Net cash provided (used) by investing activities:	121,707	12,096	.....
Net increase (decrease) in cash and cash equivalents:	(448,212)	29,285	174
Cash and cash equivalents - beginning	2,519,292	305,626	131
Cash and cash equivalents - ending	\$ 2,071,080	\$ 334,911	\$ 305

Totals
6/30/08

\$	1,141,149
	(78,950)
	(130,332)
	(102)
	<u>(1,421,072)</u>
	<u>(489,307)</u>
	 (81,878)
	(862)
	<u>21,075</u>
	<u>(61,665)</u>
	 (9)
	<u>(1,575)</u>
	<u>(1,584)</u>
	 2,325
	<u>131,478</u>
	<u>133,803</u>
	(418,753)
	<u>2,825,049</u>
\$	<u><u>2,406,296</u></u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

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

	<u>Unemployment Compensation</u>	<u>Other</u>	<u>FL Engineers Management Corporation</u>
Operating income (loss)	\$ (494,418)	\$ 81,501	\$ 60
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	.....	1,330	19
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(114,871)	(3,259)	.....
(Increase) decrease in due from other funds	.....	5,322	.....
Increase (decrease) in allowance for uncollectibles	5,856	(12)	.....
(Increase) decrease in inventories	.....	.....	(15)
Increase (decrease) in accounts payable	28,464	(621)	(7)
Increase (decrease) in compensated absences	.....	(1,322)	.....
Increase (decrease) in due to other funds	.....	(129)	188
Increase (decrease) in other non-current liability	.....	1,310	.....
Increase (decrease) in deferred revenue	.....	1,297	.....
Net cash provided (used) by operating activities	<u>\$ (574,969)</u>	<u>\$ 85,417</u>	<u>\$ 245</u>

Totals
<u>6/30/08</u>
\$ (412,857)
1,349
(118,130)
5,322
5,844
(15)
27,836
(1,322)
59
1,310
<u>1,297</u>
<u>\$ (489,307)</u>

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INTERNAL SERVICE FUNDS

EMPLOYEE HEALTH AND DISABILITY

These funds are administered by the Department of Management Services and are used primarily to account for health and disability plans for employees of the state.

DATA CENTERS

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

COMMUNICATIONS AND FACILITIES

These funds are administered by the Department of Management Services primarily to 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 are administered by various agencies primarily to account for services provided to other state agencies such as legal services, records management, and community services (inmate work squads).

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/08
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 3,101	\$	\$ 15,184	\$	\$ 18,285
Pooled investments with State Treasury	278,530	15,314	209,134	4,209	507,187
Investments	.....	.....	40,913	.....	40,913
Receivables, net	13,298	732	8,116	1,007	23,153
Due from other funds	1,895	5,575	9,050	2,899	19,419
Due from component units/primary	.....	.....	35	16	51
Inventories	.....	.....	148	6	154
Total current assets	296,824	21,621	282,580	8,137	609,162
<u>Noncurrent assets</u>					
Capital assets					
Land and other nondepreciable assets	.....	.....	360	.....	360
Buildings, equipment, and other depreciable assets	186	40,217	923,407	18,280	982,090
Accumulated depreciation	(168)	(30,640)	(282,202)	(10,641)	(323,651)
Construction work in progress	.....	.....	14,285	.....	14,285
Total noncurrent assets	18	9,577	655,850	7,639	673,084
Total assets	296,842	31,198	938,430	15,776	1,282,246
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	48,669	6,517	28,243	1,200	84,629
Due to other funds	22,824	112	1,642	2,198	26,776
Compensated absences	.....	826	727	1,196	2,749
Installment purchases/capital leases	.....	505	440	.....	945
Bonds payable	.....	.....	17,330	.....	17,330
Deposits	132,870	.....	4,975	292	138,137
Obligations under security lending agreements	44,537	786	37,100	139	82,562
Obligations under reverse repurchase agreements	18,918	334	15,759	59	35,070
Certificates of participation payable	.....	.....	13,645	.....	13,645
Total current liabilities	267,818	9,080	119,861	5,084	401,843
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	1,478	525	800	2,803
Due to other governments	.....	.....	369	.....	369
Bonds payable	.....	.....	381,480	.....	381,480
Certificates of participation payable	.....	.....	243,237	.....	243,237
Installment purchases/capital leases	.....	846	3,877	.....	4,723
Compensated absences	218	2,328	2,427	6,487	11,460
Other noncurrent liabilities	842	221	263	559	1,885
Total noncurrent liabilities	1,060	4,873	632,178	7,846	645,957
Total liabilities	268,878	13,953	752,039	12,930	1,047,800
NET ASSETS					
Invested in capital assets, net of related debt	.....	9,235	112,650	7,639	129,524
Unrestricted	27,964	8,010	73,741	(4,793)	104,922
Total net assets	\$ 27,964	\$ 17,245	\$ 186,391	\$ 2,846	\$ 234,446

2008 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, 2008
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/08
OPERATING REVENUES					
Sales - nonstate	\$	\$ 201	\$ 36,899	\$ 463	\$ 37,563
Sales - state	1,441,316	98,919	114,636	62,677	1,717,548
Rents and royalties - nonstate	.....	.....	298	.....	298
Rents - state	.....	.....	107,192	.....	107,192
Fines, forfeits, settlements and judgments	.....	.....	.....	441	441
Other revenue	19,209	.....	.....	.....	19,209
Total operating revenues	<u>1,460,525</u>	<u>99,120</u>	<u>259,025</u>	<u>63,581</u>	<u>1,882,251</u>
OPERATING EXPENSES					
Contractual services	720,470	39,960	155,702	6,894	923,026
Insurance claims expense	760,895	.....	.....	.....	760,895
Personal services	2,421	25,766	28,213	47,654	104,054
Depreciation	4	4,904	15,269	1,085	21,262
Materials and supplies	144	16,049	638	2,663	19,494
Repairs and maintenance	.....	2,775	15,683	1,073	19,531
Basic services	178	6,842	5,186	3,555	15,761
Interest and fiscal charges	.....	2	.....	1	3
Total operating expenses	<u>1,484,112</u>	<u>96,298</u>	<u>220,691</u>	<u>62,925</u>	<u>1,864,026</u>
Operating income (loss)	<u>(23,587)</u>	<u>2,822</u>	<u>38,334</u>	<u>656</u>	<u>18,225</u>
NONOPERATING REVENUES/(EXPENSES)					
Investment earnings	9,916	132	9,382	221	19,651
Interest and fiscal charges	(209)	(47)	(33,803)	(4)	(34,063)
Property disposition gain (loss)	.....	72	(26,454)	(189)	(26,571)
Other	.....	(21)	.....	.....	(21)
Total nonoperating revenues (expenses)	<u>9,707</u>	<u>136</u>	<u>(50,875)</u>	<u>28</u>	<u>(41,004)</u>
Income (loss) before transfers and contributions	<u>(13,880)</u>	<u>2,958</u>	<u>(12,541)</u>	<u>684</u>	<u>(22,779)</u>
Operating transfers in	19,526	.....	6,195	1,500	27,221
Operating transfers out	(526)	(781)	(12,822)	(3,211)	(17,340)
Capital contributions	1	199	29	5,397	5,626
Change in net assets	<u>5,121</u>	<u>2,376</u>	<u>(19,139)</u>	<u>4,370</u>	<u>(7,272)</u>
Total net assets - beginning	.....	14,869	205,530	(1,524)	218,875
Adjustments to increase (decrease) beginning net assets	<u>22,843</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>22,843</u>
Total net assets - beginning, as restated	<u>22,843</u>	<u>14,869</u>	<u>205,530</u>	<u>(1,524)</u>	<u>241,718</u>
Total net assets - ending	<u>\$ 27,964</u>	<u>\$ 17,245</u>	<u>\$ 186,391</u>	<u>\$ 2,846</u>	<u>\$ 234,446</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,489,402	\$ 99,230	\$ 256,264
Cash paid to vendors	(721,639)	(64,415)	(179,883)
Cash paid to employees	(1,652)	(26,574)	(22,175)
Cash paid for insurance claims	(761,731)	.....	.....
Unemployment benefits	.....	.....	.....
Net cash provided (used) by operating activities	4,380	8,241	54,206
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	19,003	(781)	(8,184)
Advances from or repayment from other funds	.....	.....	.....
Advances, grants or loans (to) from or repayment from others	.....	.....	.....
Net cash provided (used) by noncapital financing activities	19,003	(781)	(8,184)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from sale of capital assets	.....	.....	.....
Cash received from the sale of bonds	.....	.....	26,045
Payment of bond principal	.....	(604)	(29,130)
Payment of principal on installment purchase/capital lease	.....	(15)	(287)
Payment of interest on bonds/installment purchase/capital lease	.....	(43)	(44,017)
Purchase or construction of capital assets	.....	(3,156)	(839)
Net cash provided (used) by capital and related financing activities	.....	(3,818)	(48,228)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	63,450	173	1,273
Investment earnings	7,854	123	10,624
Net cash provided (used) by investing activities	71,304	296	11,897
Net increase (decrease) in cash and cash equivalents	94,687	3,938	9,691
Cash and cash equivalents - beginning	.....	11,376	214,627
Adjustments to increase beginning cash and cash equivalents	186,944	.....	.....
Total cash and cash equivalents - beginning	186,944	11,376	214,627
Cash and cash equivalents - ending	\$ 281,631	\$ 15,314	\$ 224,318

Other	Totals 6/30/08
\$ 64,039	\$ 1,908,935
(14,701)	(980,638)
(48,132)	(98,533)
.....	(761,731)
(20)	(20)
<u>1,186</u>	<u>68,013</u>
(1,312)	8,726
(7)	(7)
(1)	(1)
<u>(1,320)</u>	<u>8,718</u>
(30)	(30)
.....	26,045
.....	(29,734)
.....	(302)
.....	(44,060)
(1,107)	(5,102)
<u>(1,137)</u>	<u>(53,183)</u>
(746)	64,150
222	18,823
<u>(524)</u>	<u>82,973</u>
(1,795)	106,521
6,004	232,007
.....	186,944
6,004	418,951
<u>\$ 4,209</u>	<u>\$ 525,472</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

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

	Employee Health and Disability	Data Centers	Communications and Facilities
Operating income (loss)	\$ (23,587)	\$ 2,822	\$ 38,334
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	4	4,904	15,269
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,972)	(112)	(1,920)
(Increase) decrease in due from other funds	2,472	226	260
(Increase) decrease in inventories	.....	.....	(28)
Increase (decrease) in accounts payable	328	398	521
Increase (decrease) in compensated absences	(33)	(326)	(21)
Increase (decrease) in due to other funds	(2,046)	108	(126)
Increase (decrease) in other non-current liability	842	221	263
Increase (decrease) in deferred revenues	30,372	.....	1,654
Net cash provided (used) by operating activities	<u># \$ 4,380</u>	<u>\$ 8,241</u>	<u>\$ 54,206</u>

Noncash investing, capital, and financing activities

Borrowing under capital lease or installment purchase	\$	\$ 6	\$
---	----------	------	----------

<u>Other</u>	<u>Totals 6/30/08</u>
\$ 656	\$ 18,225
1,085	21,262
1,590	(4,414)
(1,369)	1,589
84	56
(2,499)	(1,252)
130	(250)
1,101	(963)
559	1,885
(151)	31,875
<u>\$ 1,186</u>	<u>\$ 68,013</u>

\$ \$ 6

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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.

2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2008

(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ASSETS				
Cash and cash equivalents	\$ 18,271	\$ 754	\$	\$
Pooled investments with State Treasury	642,047	6,889	20,185	669
Total cash and cash equivalents	660,318	7,643	20,185	669
<u>Investments</u>				
Certificates of deposit	.....	.....	.....	.....
U.S. government & federally guaranteed obligations	.....	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Repurchase agreements	.....	.....	.....	.....
Bonds and notes	1,502	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	.....	7,995	.....	.....
Money market and short-term investments	4,708	.....	.....	.....
Domestic equity	.....	4,504	.....	.....
International equity	.....	.....	.....	.....
Other investments	23	.....	.....	.....
Total investments	6,233	12,499	.....	.....
<u>Receivables</u>				
Accounts receivable	21,842	.....	1,482	.....
Interest receivable	1,404	7	59	.....
Dividends receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	.....	.....	163	.....
Due from other governments	.....	.....	26,235	.....
Total receivables	23,246	7	27,939	.....
Security lending collateral	.....	.....	.....	.....
Advances to other funds	.....	422,552	.....	.....
Loans receivable	883,067	.....	.....	.....
Capital assets	7	762	25	331
Accumulated depreciation	.....	(351)	(25)	.....
Other assets	224	.....	.....	.....
Total assets	1,573,095	443,112	48,124	1,000
LIABILITIES				
Accounts payable	540	12,763	2	.....
Pending investment purchases	.....	.....	.....	.....
Broker rebate fees	.....	.....	.....	.....
Due to other funds	218	28	3,332	.....
Due to other governments	.....	.....	7,441	.....
Obligations under security lending agreements	110,014	611	3,412	.....
Obligations under reverse repurchase agreements	46,730	260	1,449	.....
Deposits payable	.....	.....	.....	.....
Compensated absences	.....	359	.....	.....
Other liabilities	.....	278	.....	.....
Total liabilities	157,502	14,299	15,636	.....
NET ASSETS				
Held in trust for individuals, organizations, and other governments	\$ 1,415,593	\$ 428,813	\$ 32,488	\$ 1,000

College Savings Plan	Totals 6/30/08
\$ 6,126	\$ 25,151
.....	669,790
<u>6,126</u>	<u>694,941</u>
2	2
14,909	14,909
24,776	24,776
31	31
18,724	20,226
999	999
.....	7,995
16,718	21,426
87,333	91,837
741	741
.....	23
<u>164,233</u>	<u>182,965</u>
.....	23,324
530	2,000
107	107
151	151
.....	163
.....	26,235
<u>788</u>	<u>51,980</u>
28,634	28,634
.....	422,552
.....	883,067
6	1,131
(6)	(382)
.....	224
<u>199,781</u>	<u>2,265,112</u>
506	13,811
183	183
53	53
2	3,580
.....	7,441
31,266	145,303
.....	48,439
14,202	14,202
4	363
.....	278
<u>46,216</u>	<u>233,653</u>
<u>\$ 153,565</u>	<u>\$ 2,031,459</u>

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ADDITIONS				
<u>Contributions and other deposits</u>				
Fees	\$	\$	\$ 4,839	\$
Grants and contributions	.....	.....	210,110	.....
Fines, forfeits, settlements and judgments	.....	283	2	.....
Unclaimed property remittances	.....	313,097	.....	.....
Transfers in from state funds	32	.....	512	.....
Total contributions and other deposits	32	313,380	215,463	.....
<u>Investment income</u>				
Interest income	26,835	138	1,576	.....
Dividends	.....	.....	.....	.....
Other investment income	294	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	27,129	138	1,576	.....
Investment activity expense	(619)	(416)	.....	.....
Net income (loss) from investing activity	26,510	(278)	1,576	.....
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	.....
Security lending expense	.....	.....	.....	.....
Net income from security lending	.....	.....	.....	.....
Total net investment income (loss)	26,510	(278)	1,576	.....
Other additions	3	81	6,959	.....
Total additions	26,545	313,183	223,998	.....
DEDUCTIONS				
Insurance claims expense	200	.....	.....	.....
Interest expense	636	5	30	.....
Student loan default payments	.....	.....	213,938	.....
Payments to unclaimed property claimants	.....	67,190	.....	.....
Distribution to State School Fund	.....	197,000	.....	.....
Administrative expense	.....	3,750	.....	.....
Property disposition gain (loss)	.....	4	.....	.....
Transfers out to state funds	.....	1,639	1,638	.....
Other deductions	16,846	530	8,953	.....
Total deductions	17,682	270,118	224,559	.....
<u>Depositor activity</u>				
Deposits	102,484	.....	.....	36
Withdrawals	(39,630)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	62,854	.....	.....	36
Change in net assets	71,717	43,065	(561)	36
Net assets - beginning	1,343,876	385,748	33,049	964
Adjustments to increase (decrease) beginning net assets	.....	.....	.....	.....
Net assets - beginning, as restated	1,343,876	385,748	33,049	964
Net assets - ending	\$ 1,415,593	\$ 428,813	\$ 32,488	\$ 1,000

College Savings Plan	Totals 6/30/08
\$ 1,512	\$ 6,351
31,818	241,928
.....	285
.....	313,097
1,364	1,908
<u>34,694</u>	<u>563,569</u>
3,124	31,673
1,838	1,838
.....	294
(12,090)	(12,090)
<u>(7,128)</u>	<u>21,715</u>
(302)	(1,337)
<u>(7,430)</u>	<u>20,378</u>
1,008	1,008
(899)	(899)
<u>109</u>	<u>109</u>
(7,321)	20,487
20	7,063
<u>27,393</u>	<u>591,119</u>
.....	200
.....	671
.....	213,938
.....	67,190
.....	197,000
3,945	7,695
.....	4
131	3,408
7,716	34,045
<u>11,792</u>	<u>524,151</u>
.....	102,520
<u>.....</u>	<u>(39,630)</u>
.....	62,890
15,601	129,858
136,239	1,899,876
1,725	1,725
<u>137,964</u>	<u>1,901,601</u>
<u>\$ 153,565</u>	<u>\$ 2,031,459</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.

LIFE AND OTHER BENEFITS

This category includes those internal reporting funds primarily administered by the Department of Management Services to account for state employee's life and other 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.

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2008
(in thousands)**

	Florida Retirement System			
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan
ASSETS				
Cash and cash equivalents	\$ 346,559	\$ 2,500	\$	\$ 134,373
Pooled investments with State Treasury	68,013	4,779	3,615	6,794
Total cash and cash equivalents	414,572	7,279	3,615	141,167
<u>Investments</u>				
Certificates of deposit	211,534	.....	.....	.....
U.S. government & federally guaranteed obligations	3,336,801	.....	.....	.....
Federal agencies	12,128,212	.....	.....	.....
Commercial paper	4,136,380	.....	.....	.....
Repurchase agreements	1,114,117	.....	.....	.....
Bonds and notes	23,587,604	.....	.....	.....
International bonds and notes	3,396,332	.....	.....	.....
Real estate contracts	8,884,301	.....	.....	.....
Mutual fund investments	6,601,737	3,753,052	.....	1,210,710
Money market and short-term investments	181	613,655	.....	772,537
Domestic equity	42,845,092	.....	.....	5,640
Limited partnerships	4,236,079	.....	.....	.....
Equity group trust	3,067	.....	.....	.....
International equity	19,503,071	.....	.....	1,260
Deferred compensation annuities	.....	.....	.....	51,887
Total investments	129,984,508	4,366,707	.....	2,042,034
<u>Receivables</u>				
Accounts receivable	497	326	6,591	43
State contributions receivable	43,823	7,942	1	.....
Nonstate contributions receivable	235,821	30,325	.....	.....
Interest receivable	376,498	9	8	5
Dividends receivable	126,156	2,426	.....	.....
Pending investment sales	4,336,045	.....	.....	.....
Forward contracts	642,138	.....	.....	.....
Due from state funds	3,925	13	.....	.....
Total receivables	5,764,903	41,041	6,600	48
Security lending collateral	15,558,805	.....	.....	.....
Capital assets	1,840	.....	.....	.....
Accumulated depreciation	(1,029)	.....	.....	.....
Total assets	151,723,599	4,415,027	10,215	2,183,249
LIABILITIES				
Accounts payable	99,669	999	6,493	.....
DROP	2,451,605	.....	.....	.....
Pending investment purchases	6,771,278	.....	.....	.....
Short sell obligations	1,248,558	.....	.....	.....
Forward contracts payable	643,471	.....	.....	.....
Broker rebate fees	23,331	.....	.....	.....
Due to other funds	1,581	5,614	.....	.....
Obligations under security lending agreements	15,951,605	.....	657	692
Obligations under reverse repurchase agreements	16	.....	279	294
Claims payable	.....	.....	.....	.....
Deposits payable	.....	.....	.....	.....
Compensated absences	980	.....	30	.....
Other liabilities	108	.....	1	.....
Total liabilities	27,192,202	6,613	7,460	986
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 124,531,397	\$ 4,408,414	\$ 2,755	\$ 2,182,263

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Life and Other Benefits	Retiree Health Insurance Subsidy	Totals 6/30/08
\$ 23,154	\$ 1,530 183	\$ 484,962 106,538
<hr/> 23,154	<hr/> 1,713	<hr/> 591,500
.....	75,614	287,148
.....	.....	3,336,801
.....	5,012	12,133,224
.....	9,993	4,146,373
.....	10,982	1,125,099
.....	129,308	23,716,912
.....	9,923	3,406,255
.....	.....	8,884,301
.....	3	11,565,502
.....	.....	1,386,373
.....	.....	42,850,732
.....	.....	4,236,079
.....	.....	3,067
.....	.....	19,504,331
.....	.....	51,887
<hr/>	<hr/> 240,835	<hr/> 136,634,084
.....	.....	7,457
.....	5,076	56,842
.....	26,715	292,861
35	541	377,096
.....	.....	128,582
.....	.....	4,336,045
.....	.....	642,138
.....	272	4,210
<hr/> 35	<hr/> 32,604	<hr/> 5,845,231
.....	.....	15,558,805
.....	.....	1,840
.....	.....	(1,029)
<hr/> 23,189	<hr/> 275,152	<hr/> 158,630,431
101	4	107,266
.....	.....	2,451,605
.....	.....	6,771,278
.....	.....	1,248,558
.....	.....	643,471
.....	.....	23,331
1,892	9	9,096
3,473	.....	15,956,427
1,475	.....	2,064
4,598	.....	4,598
11,577	.....	11,577
80	.....	1,090
640	.....	749
<hr/> 23,836	<hr/> 13	<hr/> 27,231,110
<hr/> \$ (647)	<hr/> \$ 275,139	<hr/> \$ 131,399,321

2008 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, 2008
(in thousands)**

	Florida Retirement System			
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ 560,756	\$ 111,495	\$ 139,922	\$
Pension fund contributions - nonstate	2,297,282	347,115	1,161	.....
Employer/employee contributions	87	.....	.....	.....
Purchase of time by employees	22,871	.....	67,391	.....
Fees	.....	.....	.....	657
Flexible benefit contributions	.....	.....	.....	237,918
Fines, forfeits, settlements and judgments	.....	16	.....	.....
Transfers in from state funds	20,629	1,166,687	.....	.....
Total contributions and other deposits	2,901,625	1,625,313	208,474	238,575
<u>Investment income</u>				
Interest income	2,507,034	147	166	84
Dividends	1,631,072	49,731	.....	.....
Other investment income	.....	117	.....	.....
Net increase (decrease) in fair market value	(10,344,417)	(255,592)	.....	(112,873)
Total investment income (loss)	(6,206,311)	(205,597)	166	(112,789)
Investment activity expense	(258,761)	(1,335)	(4)	.....
Net income (loss) from investing activity	(6,465,072)	(206,932)	162	(112,789)
<u>Security lending activity</u>				
Security lending income	912,729	.....	.....	.....
Security lending expense	(786,259)	.....	.....	.....
Net income from security lending	126,470	.....	.....	.....
Total net investment income (loss)	(6,338,602)	(206,932)	162	(112,789)
Other additions	13,692	.....	.....	7
Total additions	(3,423,285)	1,418,381	208,636	125,793
DEDUCTIONS				
Benefit payments	5,226,493	687,355	.....	178,812
Supplemental insurance payments	.....	.....	.....	.....
Flexible reimbursement payments	.....	.....	.....	.....
Life insurance premium payments	.....	.....	.....	.....
Remittances to annuity companies	.....	.....	208,107	.....
Interest expense	.....	.....	.....	2
Administrative expense	32,104	6,602	146	38
Property disposition gain (loss)	17	.....	.....	.....
Transfers out to state funds	1,167,956	34,903	1	798
Other deductions	496	.....	5	.....
Total deductions	6,427,066	728,860	208,259	179,650
Change in net assets	(9,850,351)	689,521	377	(53,857)
Net assets - beginning	134,381,748	3,718,893	2,378	2,236,120
Adjustments to increase (decrease) beginning net assets	.....	.....	.....	.....
Net assets - beginning, as restated	134,381,748	3,718,893	2,378	2,236,120
Net assets - ending	\$ 124,531,397	\$ 4,408,414	\$ 2,755	\$ 2,182,263

2008 STATE OF FLORIDA CAFR

Life and Other Benefits	Retiree Health Insurance Subsidy	Totals 6/30/08
\$	\$ 66,856	\$ 879,029
.....	267,963	2,913,521
135,216	.....	135,303
.....	.....	90,262
.....	.....	657
.....	.....	237,918
.....	.....	16
1,100	.....	1,188,416
<u>136,316</u>	<u>334,819</u>	<u>5,445,122</u>
1,353	9,647	2,518,431
.....	.....	1,680,803
.....	.....	117
.....	(1,885)	(10,714,767)
<u>1,353</u>	<u>7,762</u>	<u>(6,515,416)</u>
(34)	(23)	(260,157)
<u>1,319</u>	<u>7,739</u>	<u>(6,775,573)</u>
.....	.....	912,729
.....	.....	(786,259)
.....	.....	126,470
<u>1,319</u>	<u>7,739</u>	<u>(6,649,103)</u>
.....	.....	13,699
<u>137,635</u>	<u>342,558</u>	<u>(1,190,282)</u>
.....	305,682	6,398,342
57,377	.....	57,377
21,774	.....	21,774
38,993	.....	38,993
.....	.....	208,107
.....	.....	2
1,148	90	40,128
.....	.....	17
19,620	.....	1,223,278
.....	.....	501
<u>138,912</u>	<u>305,772</u>	<u>7,988,519</u>
(1,277)	36,786	(9,178,801)
23,473	238,353	140,600,965
<u>(22,843)</u>	<u>.....</u>	<u>(22,843)</u>
630	238,353	140,578,122
<u>\$ (647)</u>	<u>\$ 275,139</u>	<u>\$ 131,399,321</u>

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INVESTMENT TRUST FUNDS

INVESTMENT POOL A

This fund, administered by the State Board of Administration, is used to account for the external portion of the Local Government Surplus Funds Trust Fund (an investment pool) reported by the state.

INVESTMENT POOL B

As authorized in Section 218.417, F.S., this fund, administered by the State Board of Administration, is used to account for the external portion of the Fund B Surplus Funds Trust Fund (an investment pool) reported by the state.

OTHER INVESTMENT TRUST FUNDS

This fund, administered by the State Board of Administration, is used to account for the external portion of the Commingled Asset Management Program Fixed Income Investment Pool.

2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2008
(in thousands)

	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Total Investment Trust Funds
ASSETS				
Cash and cash equivalents	\$ 255	\$	\$	\$ 255
Total cash and cash equivalents	255	.....	.....	255
<u>Investments</u>				
Certificates of deposit	.....	.....	61	61
U.S. government & federally guaranteed obligations	.....	.....	758	758
Federal agencies	.....	.....	2,753	2,753
Commercial paper	253,759	.....	.....	253,759
Repurchase agreements	1,756,792	.....	1,001	1,757,793
Bonds and notes	3,261,341	452,892	2,075	3,716,308
International bonds and notes	.....	.....	396	396
Money market and short-term investments	238,715	26,448	.....	265,163
Total investments	5,510,607	479,340	7,044	5,996,991
<u>Receivables</u>				
Interest receivable	5,267	70	54	5,391
Pending investment sales	.....	.....	53	53
Futures trade equity	.....	.....	1	1
Total receivables	5,267	70	108	5,445
Security lending collateral	.....	.....	717	717
Other assets	2	.....	.....	2
Total assets	5,516,131	479,410	7,869	6,003,410
LIABILITIES				
Accounts payable	451	21	.....	472
Pending investment purchases	.....	.....	771	771
Broker rebate fees	.....	.....	2	2
Due to other funds	28	.....	.....	28
Due to other governments	254	.....	.....	254
Obligations under security lending agreements	.....	.....	718	718
Total liabilities	733	21	1,491	2,245
NET ASSETS				
Held in trust for pool participants	\$ 5,515,398	\$ 479,389	\$ 6,378	\$ 6,001,165

2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2008
(in thousands)

	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Total Investment Trust Funds
ADDITIONS				
<u>Contributions and other deposits</u>				
Fees	\$ 6,222	\$	\$	\$ 6,222
Transfers in from state funds	.....	496,743	.....	496,743
Total contributions and other deposits	6,222	496,743	.....	502,965
<u>Investment income</u>				
Interest income	680,643	152	5,304	686,099
Net increase (decrease) in fair market value	(149,806)	(17,501)	1,348	(165,959)
Total investment income (loss)	530,837	(17,349)	6,652	520,140
Investment activity expense	(4,717)	(5)	(19)	(4,741)
Net income (loss) from investing activity	526,120	(17,354)	6,633	515,399
<u>Security lending activity</u>				
Security lending income	6,153	.....	41	6,194
Security lending expense	(5,938)	.....	(38)	(5,976)
Net income from security lending	215	.....	3	218
Total net investment income (loss)	526,335	(17,354)	6,636	515,617
Total additions	532,557	479,389	6,636	1,018,582
DEDUCTIONS				
Transfers out to state funds	496,743	.....	.....	496,743
Total deductions	496,743	.....	.....	496,743
<u>Depositor activity</u>				
Deposits	17,266,086	.....	322,286	17,588,372
Withdrawals	(37,260,836)	.....	(785,626)	(38,046,462)
Excess (deficiency) of deposits over withdrawals	(19,994,750)	.....	(463,340)	(20,458,090)
Change in net assets	(19,958,936)	479,389	(456,704)	(19,936,251)
Net assets - beginning	25,474,334	463,082	25,937,416
Net assets, ending	\$ 5,515,398	\$ 479,389	\$ 6,378	\$ 6,001,165

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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 investments of Component Units and escrowed bond funds.

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2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2008

(in thousands)

	Treasury Investment Administration	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/08
ASSETS						
Cash and cash equivalents	\$	\$ 3,005	\$ 48,896	\$ 52	\$ 166	\$ 52,119
Pooled investments with State Treasury	4,584,781	671,597	227,632	.....	.....	5,484,010
Total cash and cash equivalents	4,584,781	674,602	276,528	52	166	5,536,129
<u>Investments</u>						
Certificates of deposit	.....	.....	.....	.....	525	525
U.S. government & federally guaranteed obligations	.....	.....	.....	.....	1,297,118	1,297,118
Federal agencies	.....	.....	.....	.....	66,943	66,943
Commercial paper	.....	.....	.....	.....	71,241	71,241
Repurchase agreements	.....	.....	.....	.....	501,774	501,774
Bonds and notes	.....	.....	.....	.....	1,072,985	1,072,985
International bonds and notes	.....	.....	.....	.....	2,533	2,533
Money market and short-term investments	.....	.....	.....	.....	75,358	75,358
Domestic equity	.....	.....	.....	.....	38,249	38,249
Other investments	.....	.....	160	.....	.....	160
Total investments	.....	.....	160	.....	3,126,726	3,126,886
<u>Receivables</u>						
Accounts receivable	.....	398,996	15,893	.....	.....	414,889
Nonstate contributions receivable	.....	.....	7	.....	.....	7
Interest receivable	1,143	.....	897	.....	18,244	20,284
Dividends receivable	.....	.....	.....	.....	44	44
Pending investment sales	.....	.....	.....	.....	844	844
Futures trade equity	.....	.....	.....	.....	4	4
Due from state funds	.....	44,410	23,777	.....	231	68,418
Total receivables	1,143	443,406	40,574	.....	19,367	504,490
Security lending collateral	.....	.....	.....	.....	4,845	4,845
Total assets	\$ 4,585,924	\$ 1,118,008	\$ 317,262	\$ 52	\$ 3,151,104	\$ 9,172,350
LIABILITIES						
Accounts payable	\$ 526,443	\$ 87,473	\$ 38,085	\$ 52	\$ 42	\$ 652,095
Pending investment purchases	.....	.....	.....	.....	5,593	5,593
Forward contracts payable	.....	448,227	2	.....	.....	448,229
Broker rebate fees	.....	.....	.....	.....	13	13
Due to other funds	289	97,987	984	.....	68	99,328
Due to other governments	.....	484,321	35,334	.....	7,680	527,335
Due to component units	2,900,085	.....	54,412	.....	1,784,386	4,738,883
Obligations under security lending agreements	813,545	.....	32,351	.....	4,849	850,745
Obligations under reverse repurchase agreements	345,562	.....	13,742	.....	.....	359,304
Claims payable	.....	.....	14,865	.....	.....	14,865
Deposits payable	.....	.....	127,487	.....	1,348,473	1,475,960
Total liabilities	\$ 4,585,924	\$ 1,118,008	\$ 317,262	\$ 52	\$ 3,151,104	\$ 9,172,350

2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(in thousands)

	Balance 6/30/07	Additions	Deductions	Balance 6/30/08
<u>Treasury Investment Administration</u>				
ASSETS				
Pooled investments with State Treasury	\$ 4,129,782	\$ 497,991	\$ 42,992	\$ 4,584,781
Interest receivable	1,143	.....	.....	1,143
Total assets	\$ 4,130,925	\$ 497,991	\$ 42,992	\$ 4,585,924
LIABILITIES				
Accounts payable	\$ 203,236	\$ 323,207	\$	\$ 526,443
Due to other funds	289	.....	.....	289
Due to component units	2,840,536	59,549	.....	2,900,085
Obligations under security lending agreements	683,598	149,178	19,231	813,545
Obligations under reverse repurchase agreements	403,266	.....	57,704	345,562
Total liabilities	\$ 4,130,925	\$ 531,934	\$ 76,935	\$ 4,585,924
<u>Tax Distribution and Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 5,020	\$ 3,005	\$ 5,020	\$ 3,005
Pooled investments with State Treasury	678,471	9,504,672	9,511,546	671,597
Accounts receivable	363,421	398,996	363,421	398,996
Due from state funds	48,138	71,491	75,219	44,410
Total assets	\$ 1,095,050	\$ 9,978,164	\$ 9,955,206	\$ 1,118,008
LIABILITIES				
Accounts payable	\$ 435,023	\$ 87,473	\$ 435,023	\$ 87,473
Forward contracts payable	39,412	448,227	39,412	448,227
Due to other funds	108,776	125,377	136,166	97,987
Due to other governments	510,707	484,321	510,707	484,321
Due to component units	1,131	.....	1,131	.....
Deposits payable	1	.....	1	.....
Total liabilities	\$ 1,095,050	\$ 1,145,398	\$ 1,122,440	\$ 1,118,008
<u>Other</u>				
ASSETS				
Cash and cash equivalents	\$ 33,034	\$ 235,184	\$ 219,322	\$ 48,896
Pooled investments with State Treasury	257,139	266,025	295,532	227,632
Investments	160	.....	.....	160
Accounts receivable	13,585	13,450	11,142	15,893
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	841	2,996	2,940	897
Due from state funds	25,687	150	2,060	23,777
Total assets	\$ 330,453	\$ 517,805	\$ 530,996	\$ 317,262
LIABILITIES				
Accounts payable	\$ 46,252	\$ 291,266	\$ 299,432	\$ 38,086
Forward contracts payable	3	.....	1	2
Due to other funds	751	895	663	983
Due to other governments	16,519	35,976	17,161	35,334
Due to component units	89,337	54,412	89,337	54,412
Obligations under security lending agreements	40,930	2,279	10,858	32,351
Obligations under reverse repurchase agreements	24,147	5	10,410	13,742
Claims Payable	19,149	.....	4,284	14,865
Deposits payable	93,365	37,162	3,040	127,487
Total liabilities	\$ 330,453	\$ 421,995	\$ 435,186	\$ 317,262
<u>School for the Deaf and the Blind</u>				
ASSETS				
Cash and cash equivalents	\$ 62	\$ 97	\$ 107	\$ 52
Total assets	\$ 62	\$ 97	\$ 107	\$ 52
LIABILITIES				
Accounts payable	\$ 62	\$	\$ 10	\$ 52
Total liabilities	\$ 62	\$	\$ 10	\$ 52

2008 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(in thousands)

	Balance 6/30/07	Additions	Deductions	Balance 6/30/08
<u>State Board of Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 513	\$ 89,926,195	\$ 89,926,542	\$ 166
Investments	7,884,816	81,936,835	86,694,926	3,126,725
Interest receivable	46,906	18,286	46,948	18,244
Dividends receivable	42	2	.....	44
Pending investment sales	432	844	432	844
Futures trade equity	16	4	16	4
Due from state funds	236	232	236	232
Security lending collateral	25,230	.....	20,385	4,845
Total assets	<u>\$ 7,958,191</u>	<u>\$ 171,882,398</u>	<u>\$ 176,689,485</u>	<u>\$ 3,151,104</u>
LIABILITIES				
Accounts payable	\$ 309	\$ 42	\$ 309	\$ 42
Pending investment purchases	5,150	5,593	5,150	5,593
Broker rebate fees	96	13	96	13
Due to other funds	71	68	71	68
Due to other governments	5,846	42,730	40,896	7,680
Due to component units	5,552,992	4,662,780	8,431,386	1,784,386
Obligations under security lending agreements	25,223	4,849	25,223	4,849
Deposits payable	2,368,504	358,525	1,378,556	1,348,473
Total liabilities	<u>\$ 7,958,191</u>	<u>\$ 5,074,600</u>	<u>\$ 9,881,687</u>	<u>\$ 3,151,104</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 38,629	\$ 90,164,481	\$ 90,150,991	\$ 52,119
Pooled investments with State Treasury	5,065,392	10,268,688	9,850,070	5,484,010
Investments	7,884,976	81,936,835	86,694,926	3,126,885
Accounts receivable	377,006	412,446	374,563	414,889
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	48,890	21,282	49,888	20,284
Dividends receivable	42	2	.....	44
Pending investment sales	432	844	432	844
Futures trade equity	16	4	16	4
Due from state funds	74,061	71,873	77,515	68,419
Security lending collateral	25,230	.....	20,385	4,845
Total assets	<u>\$ 13,514,681</u>	<u>\$ 182,876,455</u>	<u>\$ 187,218,786</u>	<u>\$ 9,172,350</u>
LIABILITIES				
Accounts payable	\$ 684,882	\$ 701,988	\$ 734,774	\$ 652,096
Pending investment purchases	5,150	5,593	5,150	5,593
Forward contracts payable	39,415	448,227	39,413	448,229
Broker rebate fees	96	13	96	13
Due to other funds	109,887	126,340	136,900	99,327
Due to other governments	533,072	563,027	568,764	527,335
Due to component units	8,483,996	4,776,741	8,521,854	4,738,883
Obligations under security lending agreements	749,751	156,306	55,312	850,745
Obligations under reverse repurchase agreements	427,413	5	68,114	359,304
Claims Payable	19,149	.....	4,284	14,865
Deposits payable	2,461,870	395,687	1,381,597	1,475,960
Total liabilities	<u>\$ 13,514,681</u>	<u>\$ 7,173,927</u>	<u>\$ 11,516,258</u>	<u>\$ 9,172,350</u>

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NONMAJOR COMPONENT UNITS

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 10 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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2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2008
(in thousands)**

	Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/08
ASSETS					
Current assets					
Cash and cash equivalents	\$ 455,581	\$ 472,876	\$ 369,179	\$ 93,298	\$ 1,390,934
Pooled investments with State Treasury	.....	1,026,478	102,895	42,178	1,171,551
Other investments	1,172,234	758,698	873,802	734,960	3,539,694
Receivables, net	57,628	395,454	578,404	139,716	1,171,202
Due from component units/primary	81,365	978,651	163,964	2,633	1,226,613
Inventories	4,131	7,775	10,235	9,706	31,847
Restricted cash and cash equivalents	.....	148,372	146,487	17,690	312,549
Restricted pooled investments with State Treasury	.....	121,809	128,702	.....	250,511
Restricted investments	167,212	1,799,873	368,703	.....	2,335,788
Other loans and notes receivable, net	.....	56,035	16,562	1,337	73,934
Other assets	8,202	182,383	40,123	2,962	233,670
Capital assets, net	5,560,745	6,140,704	2,983,392	613,019	15,297,860
Total assets	<u>7,507,098</u>	<u>12,089,108</u>	<u>5,782,448</u>	<u>1,657,499</u>	<u>27,036,153</u>
LIABILITIES					
Accounts payable and accrued liabilities	230,350	416,219	151,202	674,878	1,472,649
Due to component units/primary	618	164,605	8,603	3,074	176,900
Deferred revenues	79,779	413,055	36,640	22,969	552,443
Long-term liabilities					
Due within one year	74,268	123,068	119,573	99,904	416,813
Due in more than one year	726,104	2,335,507	335,874	9,926	3,407,411
Total liabilities	<u>1,111,119</u>	<u>3,452,454</u>	<u>651,892</u>	<u>810,751</u>	<u>6,026,216</u>
NET ASSETS					
Invested in capital assets, net of debt	5,275,518	4,549,585	2,844,956	591,342	13,261,401
Restricted for:					
Nonexpendable permanent endowment	7,539	1,446,620	524,537	3,168	1,981,864
Debt service	33,109	19,761	.....	.....	52,870
Other	601,935	1,741,460	1,416,396	82,672	3,842,463
Unrestricted	477,878	879,228	344,667	169,566	1,871,339
Total net assets	<u>\$ 6,395,979</u>	<u>\$ 8,636,654</u>	<u>\$ 5,130,556</u>	<u>\$ 846,748</u>	<u>\$ 21,009,937</u>

2008 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(in thousands)**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 956,783	\$ 24,811	\$ 214,678	\$ 427,013
Other State Universities	5,005,074	1,423,967	1,344,840	684,003
Community Colleges	2,690,736	659,714	718,146	602,296
Other Nonmajor Component Units	689,260	159,858	400,979	27,976
Total component units	\$ 9,341,853	\$ 2,268,350	\$ 2,678,643	\$ 1,741,288

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

Net assets - ending

2008 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets

Water Management Districts	Other State Universities	Community Colleges	Other Nonmajor Component Units	Totals 6/30/08
\$ (290,281)	\$	\$	\$	\$ (290,281)
.....	(1,552,264)	.....	.....	(1,552,264)
.....	.....	(710,580)	.....	(710,580)
.....	.....	.....	(100,447)	(100,447)
(290,281)	(1,552,264)	(710,580)	(100,447)	(2,653,572)
953,163	\$ .....	.....	.....	953,163
39,130	68,144	51,927	(18,075)	141,126
24,425	(7,411)	.....	(9,312)	7,702
.....	1,827,453	1,164,070	.....	2,991,523
74,235	391,108	35,684	61,569	562,596
.....	58,230	13,960	.....	72,190
1,090,953	2,337,524	1,265,641	34,182	4,728,300
800,672	785,260	555,061	(66,265)	2,074,728
5,595,307	7,851,394	4,575,495	913,013	18,935,209
\$ 6,395,979	\$ 8,636,654	\$ 5,130,556	\$ 846,748	\$ 21,009,937

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**STATISTICAL
SECTION**

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STATISTICAL SECTION

Table of Contents

This section of the State of Florida's CAFR provides additional detailed information for use in assessing the financial condition of the government.

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Revenue Capacity – These schedules present information on the state's most significant revenue sources and can assist with evaluating the government's ability to produce its own-source revenues.	
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Debt Capacity – These schedules may assist with an understanding of the state's outstanding debt and its ability to issue new debt.	
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**Net Assets by Component
For the Last Seven Fiscal Years
(in thousands)**

(Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
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
Public Education ^{(1), (2)}	246,260	1,098,987	1,019,230	1,037,249
Health and Family Services	537,474	701,820	642,614	682,991
Transportation	897,742	975,640	804,510	1,017,620
Tax Collection and Administration ⁽¹⁾	187,855	200,005	208,388	220,221
Employment Services ⁽¹⁾	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%
Business-type Activities				
Invested in capital assets, net of related debt	\$ 3,061,253	\$ 3,145,435	\$ 2,890,246	\$ 3,331,056
Restricted				
Transportation	.....	.....	.....	.....
Lottery	232,248	350,440	201,371	204,037
Prepaid College Program ⁽³⁾
Hurricane Catastrophe Fund	4,362,126	4,942,992	5,476,178	2,387,054
Unemployment compensation	1,556,012	1,382,235	1,372,721	1,698,824
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%
Total Primary Government				
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
Public Education ^{(1), (2)}	246,260	1,098,987	1,019,230	1,037,249
Health and Family Services	537,474	701,820	642,614	682,991
Transportation ⁽³⁾	897,742	975,640	804,510	1,017,620
Tax Collection and Administration ⁽¹⁾	187,855	200,005	208,388	220,221
Employment Services ⁽¹⁾	214,204	288,006	350,380	405,403
Nonmajor governmental funds ⁽¹⁾	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 ⁽⁴⁾
Hurricane Catastrophe Fund ⁽⁵⁾	4,362,126	4,942,992	5,476,178	2,387,054
Unemployment Compensation	1,556,012	1,382,235	1,372,721	1,698,824
Other ⁽³⁾	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	\$ 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. See Schedule A-2 for changes on net assets from year to year.

- (1) Tax Collection and Administration, Public Education, and Employment Services were reclassified as nonmajor as of July 1, 2005.
(2) Public Education was reclassified as major as of July 1, 2007. Refer to Note II to the financial statements for additional information.
(3) Restricted Net Assets that were currently classified as "Other" are now being reported as "Transportation."
(4) Florida Prepaid College Program was reclassified as major business-type fund as of July 1, 2005.
(5) Please refer to the MD&A for additional information on fiscal year 2008.

Fiscal Year		
2006	2007	2008
\$ 46,546,117	\$ 49,603,845	\$ 51,937,584
2,974,802	2,861,436	2,910,269
.....	.....	1,438,845
800,337	843,301	760,644
1,624,834	1,680,338	1,564,767
.....
.....
2,056,047	2,664,650	1,852,966
75,671	72,890	84,221
.....	44,830	409,958
2,023,738	2,287,402	1,312,289
(5,844,743)	(7,552,727)	(11,996,949)
<u>\$ 50,256,803</u>	<u>\$ 52,505,965</u>	<u>\$ 50,274,594</u>
10.87%	4.48%	-4.25%
\$ 3,829,792	\$ 4,164,740	\$ 4,360,753
.....	.....	154,853
98,472	90,869	158,532
583,816	842,793	727,678
.....	.....	856,986
2,185,249	2,286,489	1,974,312
211,257	198,010	.....
(1,103,433)	393,589	622,176
<u>\$ 5,805,153</u>	<u>\$ 7,976,490</u>	<u>\$ 8,855,290</u>
-30.28%	37.40%	11.02%
\$ 50,375,909	\$ 53,768,585	\$ 56,298,337
2,974,802	2,861,436	2,910,269
.....	.....	1,438,845
800,337	843,301	760,644
1,624,834	1,680,338	1,719,620
.....
.....
2,056,047	2,664,650	1,852,966
75,671	72,890	84,221
98,472	90,869	158,532
583,816	842,793	727,678
.....	.....	856,986
2,185,249	2,286,489	1,974,312
211,257	198,010	.....
.....	44,830	409,958
2,023,738	2,287,402	1,312,289
(6,948,176)	(7,159,138)	(11,374,773)
<u>\$ 56,061,956</u>	<u>\$ 60,482,455</u>	<u>\$ 59,129,884</u>
4.49%	7.89%	-2.24%

Changes in Net Assets
For the Last Seven Fiscal Years
(in thousands)
 (Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
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
Program Revenues				
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
Net (Expense) Revenue ⁽¹⁾				
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	2008
\$ 7,410,799	\$ 8,410,918	\$ 7,492,475
18,210,639	19,739,622	20,459,549
19,765,378	20,634,220	21,715,055
3,811,677	3,992,990	4,296,298
4,284,896	2,767,852	2,749,924
3,308,209	3,545,752	4,098,203
414,044	436,825	464,190
7,062	11,731	12,314
57,212,704	59,539,910	61,288,008
329,966	403,982	446,489
2,874,533	3,029,103	2,987,265
.....
4,758,156	241,568	1,044,927
459,404	855,997	1,302,094
994,182	1,146,532	1,654,422
9,416,241	5,677,182	7,435,197
\$ 66,628,945	\$ 65,217,092	\$ 68,723,205
\$ 3,485,512	\$ 3,765,988	\$ 3,167,668
211,352	250,023	291,975
954,495	1,302,926	1,020,441
267,248	307,550	340,143
346,037	368,511	451,363
651,776	371,726	514,737
17,187	18,512	19,479
18,057,457	17,105,209	17,500,769
1,374,611	2,163,715	2,144,946
25,365,675	25,654,160	25,451,521
698,409	766,190	738,450
3,993,788	4,286,152	4,338,303
.....
891,506	1,476,660	1,188,703
502,579	1,114,978	1,619,334
1,552,136	1,324,114	1,413,825
45,214	39,258	29,476
307	2,287	3,589
7,683,939	9,009,639	9,331,680
\$ 33,049,614	\$ 34,663,799	\$ 34,783,201
\$ (31,847,029)	\$ (33,885,750)	\$ (35,836,487)
(1,732,302)	3,332,457	1,896,483
\$ (33,579,331)	\$ (30,553,293)	\$ (33,940,004)

Continues

Changes in Net Assets
For the Last Seven Fiscal Years
(in thousands)
 (Accrual Basis of Accounting)

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
Change in Net Assets				
Governmental activities	\$ 1,832,386	\$ 2,110,824	\$ 2,786,013	\$ 4,103,594
Business-type activities ⁽²⁾	337,093	676,180	601,036	(2,404,282)
Total primary government ⁽³⁾	\$ 2,169,479	\$ 2,787,004	\$ 3,387,049	\$ 1,699,312

⁽¹⁾ 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.

⁽²⁾ In 2005 and 2006, the business-type activities expenses increased primarily as a result of an increase in hurricane reinsurance claims.

⁽³⁾ See Schedule A-1 for ending net asset balances for reported years.

Fiscal Year		
2006	2007	2008
\$ 20,729,364	\$ 20,684,191	\$ 19,716,442
2,591,946	2,575,303	2,548,254
2,363,056	2,450,357	2,253,781
4,051,479	3,022,536	1,924,526
1,104,008	757,163	428,804
1,433,092	1,484,954	1,546,853
1,102,408	1,112,580	1,043,526
879,079	995,340	940,534
585,520	615,280	670,442
477,156	518,536	657,981
174,039	812,617	578,770
(75,501)	(250,925)	(107,535)
.....
1,321,420	1,356,980	1,377,500
36,737,066	36,134,912	33,579,878
15,877	10,640	11,270
(10,341)	(10,006)	(6,425)
.....	195,226	356,697
(808)	.....	.....
(1,321,420)	(1,356,980)	(1,377,500)
(1,316,692)	(1,161,120)	(1,015,958)
\$ 35,420,374	\$ 34,973,792	\$ 32,563,920
\$ 4,890,035	\$ 2,249,162	\$ (2,256,609)
(3,048,994)	2,171,337	880,525
\$ 1,841,041	\$ 4,420,499	\$ (1,376,084)

Fund Balances
Governmental Funds
Last Seven Fiscal Years
(in thousands)
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
General Fund:				
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
Total general fund ⁽²⁾	3,336,290	3,629,508	5,054,239	6,851,119
Percent change from prior year	N/A	8.79%	39.25%	35.55%
Other Governmental Funds:				
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
Total other governmental funds	7,290,113	8,967,761	9,224,037	10,058,826
Total Governmental Funds ⁽¹⁾	\$ 10,626,403	\$ 12,597,269	\$ 14,278,276	\$ 16,909,945
Percent change from prior year	N/A	18.55%	13.34%	18.43%

⁽¹⁾ See Schedule A-4 for changes in fund balances from year to year.

⁽²⁾ The decrease in fund balance from fiscal year 2007 to 2008 for the General Fund is attributable to a decrease in revenues. Refer to the Economic Factors and Fund Analysis sections of the MD&A for additional information.

Fiscal Year		
2006	2007	2008
\$ 51,988	\$ 106,922	\$ 104,614
19,040	25,272	14,628
2,712	2,628	2,631
65,974	61,373	50,686
243,947	207,807	177,049
1,092,081	1,248,490	1,353,690
.....
2,031	2,597	2,806
6,572,190	5,574,678	2,324,588
8,049,963	7,229,767	4,030,692
17.50%	-10.19%	-44.25%
1,214,792	135,249	81,220
57,319	64,374	75,957
187,722	211,340	222,848
1,586,949	2,047,689	2,341,669
2,294,027	3,503,486	3,568,444
75,671	72,890	84,221
2,023,738	2,332,232	1,722,247
.....
158,088	155,275	113,439
4,093,227	3,631,599	3,323,598
28,779	45,703	17,733
2,649	3,005	412,246
11,722,961	12,202,842	11,963,622
\$ 19,772,924	\$ 19,432,609	\$ 15,994,314
16.93%	-1.72%	-17.69%

Changes in Fund Balances
Governmental Funds
Last Seven Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
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
Total revenues	43,399,612	46,496,932	50,704,414	57,034,257
Expenditures				
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
Total expenditures	45,733,660	48,333,087	51,856,274	57,113,243
Excess (deficiency) of revenues over expenditures	(2,334,048)	(1,836,155)	(1,151,860)	(78,986)
Other Financing Sources (Uses)				
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)
Total other financing sources (uses)	2,578,324	3,003,788	2,769,621	2,640,748
Net change in fund balances	\$ 244,276	\$ 1,167,633	\$ 1,617,761	\$ 2,561,762
Debt Service as a Percentage of Noncapital Expenditures	3.1%	3.0%	3.0%	3.0%

Fiscal Year		
2006	2007	2008
\$ 35,317,243	\$ 34,216,240	\$ 31,544,362
1,318,920	1,349,929	1,300,154
3,141,434	3,366,361	3,517,982
19,567,321	19,204,113	19,610,900
455,205	1,418,723	772,331
804,869	830,178	818,804
17,881	73,878	44,062
<u>60,622,873</u>	<u>60,459,422</u>	<u>57,608,595</u>
7,428,922	8,351,906	7,684,863
17,643,897	19,168,847	19,842,205
19,755,015	20,586,256	21,768,923
3,673,967	3,912,691	4,173,403
4,030,076	2,733,006	2,721,304
3,188,602	3,456,266	3,971,868
412,793	435,531	457,883
2,639,161	3,005,688	2,636,135
.....	768	.....
736,331	810,726	860,289
835,993	842,558	903,637
<u>60,344,757</u>	<u>63,304,243</u>	<u>65,020,510</u>
278,116	(2,844,821)	(7,411,915)
1,152,268	1,110,197	2,571,311
426,107	401,977	94,760
10,901,916	9,982,178	9,847,759
(9,559,920)	(8,606,547)	(8,456,830)
23,751	18,678	8,984
(426,107)	(401,977)	(94,760)
<u>2,518,015</u>	<u>2,504,506</u>	<u>3,971,224</u>
<u>\$ 2,796,131</u>	<u>\$ (340,315)</u>	<u>\$ (3,440,691)</u>
2.7%	2.7%	2.8%

**Revenue Base/Rate
Taxable Sales by Industry
Last Ten Calendar Years
(in thousands)**

	Calendar Year				
	1998	1999	2000	2001	2002
Agriculture	\$ 734,896	\$ 679,383	\$ 723,723	\$ 628,505	\$ 1,523,823
Mining	467,248	462,446	453,275	467,097	475,976
Construction	3,602,982	4,029,836	4,250,093	4,143,642	4,339,103
Manufacturing	7,803,800	8,187,878	9,392,811	8,437,418	9,973,528
Transportation	14,315,728	14,874,760	16,781,408	14,730,089	7,297,988
Communications	.....	.....	.....	750,000	12,080,297
Wholesale	9,527,504	10,666,116	10,682,707	10,608,768	8,946,443
Retail trade ⁽¹⁾	126,713,518	140,181,237	147,909,435	152,163,684	155,667,230
Finance and insurance ⁽¹⁾	14,658,873	15,922,843	17,625,485	18,198,371	19,188,005
Services	32,132,414	37,204,697	38,750,858	37,507,089	37,431,731
Government	234,823	232,525	323,263	221,225	195,930
Other	2,213,153	2,170,824	2,170,054	2,036,553	1,202,541
Total	\$ 212,404,939	\$ 234,612,545	\$ 249,063,112	\$ 249,892,441	\$ 258,322,595
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.

⁽¹⁾ 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				
2003	2004	2005	2006	2007
\$ 2,113,243	\$ 2,227,668	\$ 2,242,702	\$ 2,076,127	\$ 1,652,121
487,506	570,630	751,037	849,709	663,193
3,896,742	4,186,503	4,881,040	5,220,010	3,990,215
13,314,291	14,619,140	17,726,833	18,880,215	16,277,337
7,585,459	8,735,773	9,548,276	10,823,084	10,852,559
12,202,644	13,163,094	14,253,972	15,042,938	15,677,020
12,559,558	17,282,512	22,480,523	25,890,934	21,307,898
171,423,008	178,084,155	198,092,426	192,829,255	182,161,612
20,805,219	21,102,170	23,697,839	18,872,894	20,875,323
36,410,849	39,880,491	44,364,971	45,374,785	46,330,585
264,591	147,522	102,172	211,732	274,053
622,774	787,651	946,250	1,025,625	1,708,341
<u>\$ 281,685,884</u>	<u>\$ 300,787,309</u>	<u>\$ 339,088,041</u>	<u>\$ 337,097,308</u>	<u>\$ 321,770,258</u>
6.0%	6.0%	6.0%	6.0%	6.0%

Principal Sales Tax Payers By Industry
Calendar Years 2007 and 1998
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2007			Calendar Year 1998		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	8,549	\$ 115,278	0.50%	3,198	\$ 18,926	0.14%
Mining	894	44,287	0.19%	1,012	29,282	0.21%
Construction	7,723	281,579	1.22%	13,270	228,969	1.65%
Manufacturing	30,282	1,105,355	4.81%	25,223	496,305	3.58%
Transportation, communications, electric, gas, and sanitation	10,295	1,851,361	8.05%	8,701	1,001,435	7.21%
Wholesale	44,380	1,430,201	6.22%	40,089	606,932	4.37%
Retail trade	252,097	12,664,556	55.09%	304,968	8,138,064	58.63%
Finance and insurance	148,460	1,889,558	8.22%	124,597	941,135	6.78%
Services	102,125	3,234,761	14.07%	117,179	2,072,143	14.93%
Government	235	259,015	1.13%	266	173,941	1.25%
Other	4,252	114,445	0.50%	5,565	174,297	1.26%
Total	609,292	\$ 22,990,397	100.00%	644,068	\$ 13,881,429	100.00%

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 Seven 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 ⁽¹⁾	Debt Per Capita ⁽²⁾
	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%	\$ 991.90	
2003	10,586	5,286	132	96	16,100	1,716	17,816	73.70%	\$ 1,036.88	
2004	11,170	5,301	182	91	16,744	2,159	18,903	72.41%	\$ 1,072.94	
2005	12,035	5,245	174	85	17,539	2,071	19,610	66.37%	\$ 1,087.84	
2006	11,476	5,379	144	279	17,278	3,358	20,636	62.56%	\$ 1,118.63	
2007	12,004	5,227	135	267	17,633	6,361	23,994	74.28%	\$ 1,281.87	
2008	12,939	5,912	111	256	19,218	10,220	29,438	98.97%	\$ 1,563.33	

Notes: Details regarding the state's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

⁽¹⁾ 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.

⁽²⁾ Population data used in calculation of this ratio can be found in Schedule D-1.

Ratios of Net General Bonded Debt Outstanding
Last Seven 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 ⁽¹⁾	Per Capita ⁽²⁾
	Full Faith and Credit	Installment Purchases and Capital Leases	Certificates of Participation	Total					
2002	\$ 9,921	\$ 125	\$ 101	\$10,147	\$ 321	\$ 9,826	42.17%	\$ 585.93	
2003	10,586	132	96	10,814	343	10,471	43.32%	\$ 609.41	
2004	11,170	182	91	11,443	362	11,081	42.45%	\$ 628.96	
2005	12,035	174	85	12,294	384	11,910	40.31%	\$ 660.69	
2006	11,476	144	279	11,899	409	11,490	34.84%	\$ 622.85	
2007	12,004	135	267	12,406	434	11,972	37.06%	\$ 639.60	
2008	12,939	111	256	13,306	448	12,858	43.23%	682.84	

Notes: Details regarding the State's outstanding debt can be found in Notes 8 and 9 to the Financial Statements.

⁽¹⁾ 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.

⁽²⁾ 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)

SCHEDULE C-3

Legal debt margin calculated for fiscal year 2008

Tax-supported revenues ⁽¹⁾	\$29,743
Debt limit ⁽²⁾	1,785
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>1,898</u>
Legal debt margin	<u>\$ (113)</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit ⁽²⁾	\$ 1,263	\$ 1,339	\$ 1,373	\$ 1,398	\$ 1,450	\$ 1,566	\$ 1,773	\$ 1,979	\$ 1,938	\$ 1,785
Total debt applicable to limit	<u>1,072</u>	<u>1,166</u>	<u>1,303</u>	<u>1,357</u>	<u>1,460</u>	<u>1,552</u>	<u>1,596</u>	<u>1,681</u>	<u>1,772</u>	<u>1,898</u>
Legal debt margin	<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>	<u>\$ (113)</u>
Total net debt applicable to the limit as a percentage of debt limit.	84.88%	87.08%	94.90%	97.07%	100.69%	99.11%	90.02%	84.94%	91.43%	106.33%

⁽¹⁾ 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, 2008, the total outstanding balance of tax-supported debt was approximately \$20,328,700,000.

⁽²⁾ 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.

⁽³⁾ Although in Fiscal Year 2008, tax-supported debt service exceeds 6% of tax-supported revenues, the ratio of tax-supported debt service remained below 7% of tax-supported revenues

Source: Florida State Board of Administration, Division of Bond Finance

2008 STATE OF FLORIDA CAFR

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

SCHEDULE C-4

Year Ended 6/30	Revenue ⁽⁴⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
<i>Sunshine Skyway Bridge</i>						
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
2007	17,758	7,027	10,731	2,365	290	4.04
2008	17,025	6,768	10,257	2,465	195	3.86
<i>Florida Turnpike</i>						
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
2007	681,615	175,386	506,229	65,610	102,844	3.01
2008	650,743	184,218	466,525	72,665	118,657	2.44
<i>Save Our Coast ⁽¹⁾</i>						
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
2007	246,100	.....	246,100	21,720	3,655	9.70
2008	158,607	.....	158,607	19,795	2,646	7.07
<i>Florida Forever/Preservation 2000/Everglades ^(1, 3)</i>						
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
2007	1,776,500	.....	1,776,500	230,120	137,480	4.83
2008	1,138,600	.....	1,138,600	246,045	135,064	2.99

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Year Ended 6/30	Revenue ⁽⁴⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
Conservation and Recreation Land ^(1,2)						
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
2007	136,705	.....	136,705	2,170	803	45.98
2008	81,995	.....	81,995	2,290	692	27.50
Lottery Education ⁽¹⁾						
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
2007	1,263,272	.....	1,263,272	103,920	105,579	6.03
2008	1,283,414	.....	1,283,414	119,030	119,451	5.38
Alligator Alley						
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
2007	23,538	6,673	16,865	1,335	1,854	5.29
2008	21,962	5,547	16,415	1,345	2,105	4.76
State Infrastructure Bank ⁽³⁾						
2007	39,602	.....	39,602	5,195	3,000	4.83
2008	43,550	.....	43,550	5,915	5,785	3.72
Florida Hurricane Catastrophe Fund Finance Corporation ⁽³⁾						
2007	1,580,008	15,108	1,564,900	.....	113,300	13.81
2008	1,886,868	15,639	1,871,229	.....	311,397	6.01

Notes: Prior year data has been restated to match the corresponding Official Statement, when necessary

- (1) Operating Expenses are not listed for the Lottery Program and the Environmental Programs, e.g. Save Our Coast, Florida Forever/Preservation 2000/Everglades 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) Everglades Restoration Bonds, State Infrastructure Bank Bonds, and Florida Hurricane Catastrophe Fund Finance Corporation Bonds were issued in 2006 with debt service information beginning in fiscal year 2007.
- (4) 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	Percent Change from Prior Year	U.S.	Percent Change from Prior Year	Florida	U.S.
1999	15,680,103	2.40%	279,040,168	1.15%	\$ 423,834	\$ 7,796,137
2000	16,072,926	2.51%	282,194,308	1.13%	457,539	8,422,074
2001	16,414,604	2.13%	285,112,030	1.03%	478,637	8,716,992
2002	16,769,878	2.16%	287,888,021	0.97%	495,489	8,872,871
2003	17,182,275	2.46%	290,447,644	0.89%	514,378	9,150,320
2004	17,617,951	2.54%	293,191,511	0.94%	565,681	9,711,363
2005	18,026,473	2.32%	295,895,897	0.92%	614,408	10,252,849
2006	18,447,584	2.34%	298,754,819	0.97%	668,513	10,977,312
2007	18,717,990	1.47%	301,621,157	0.96%	699,314	11,631,571
2008	18,830,275	0.60%	304,465,584	0.94%	725,195	12,157,117

⁽¹⁾ Unemployment rates are annualized (average of monthly rates).

⁽²⁾ School enrollment is by state fiscal year and other data is by calendar year.

Note: Data from 1999-2007 was derived from the US Department of Commerce, Bureau of Economic Analysis, and the US Department of Labor Bureau of Labor Statistics. Data for 2008 was derived from the July 2008 Florida Economic Estimating Conference, Florida Demographic Estimating Conference, and National Economic Estimating Conference.

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	3,477,852	18.01	3,914,048	17.41
15 - 24	1,942,430	12.15	2,484,479	12.87	2,630,713	11.70
25 - 44	4,569,515	28.59	4,815,048	24.94	5,409,085	24.06
45 - 64	3,628,573	22.70	5,160,743	26.73	5,799,250	25.80
65 and Over	2,807,650	17.57	3,369,944	17.45	4,724,790	21.02
Total	15,982,824	100.00	19,308,066	100.00	22,477,886	100.00

Source: Forecast from February 2008 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 ⁽¹⁾		Median Age	Public School Enrollment ⁽²⁾
Florida	U.S.	Florida	U.S.	Florida	Florida
\$ 27,030	\$ 27,939	4.0%	4.2%	38.4	2,331,958
28,466	29,845	3.8%	4.0%	38.7	2,376,128
29,159	30,574	4.7%	4.7%	38.9	2,434,403
29,546	30,821	5.7%	5.8%	39.4	2,500,161
29,937	31,504	5.3%	6.0%	39.4	2,539,932
32,108	33,123	4.7%	5.5%	39.6	2,596,524
34,084	34,650	3.9%	5.1%	39.7	2,634,223
36,239	36,744	3.4%	4.6%	39.9	2,668,337
37,361	38,564	4.0%	4.6%	39.9	2,662,701
38,512	39,929	5.3%	5.3%	40.1	2,652,684

Industry Sector Employment
For Calendar Years 2007 and 2001
(in thousands)

SCHEDULE D-2

Industry	2007		2001 ⁽¹⁾	
	Employment	Percentage of Total Employment ⁽²⁾	Employment	Percentage of Total Employment ⁽²⁾
Retail trade	1,009	12.13%	933	12.50%
Administrative and waste services	797	9.58%	678	9.08%
Health care and social assistance	874	10.50%	750	10.05%
Local government	782	9.40%	690	9.24%
Accommodation and food services	748	8.99%	648	8.68%
Construction	598	7.19%	470	6.30%
Professional and technical services	454	5.46%	367	4.92%
Manufacturing	389	4.67%	443	5.93%
Finance and insurance	369	4.43%	322	4.31%
Wholesale trade	357	4.29%	316	4.23%
Total	6,377	76.64%	5,617	75.24%

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.

- ⁽¹⁾ 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 2007 and 2001. Both periods utilize the North American Industry Classification System, which provides comparability.
- ⁽²⁾ "Employment" is being calculated based on average total employment by industry for each calendar year. Ratios of "Total" employment are based on the following:

	2007	2001
Total non-agricultural employment (in thousands)	8,041	7,160
Total agricultural employment (in thousands)	280	305
Total employment	8,321	7,465

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						
	1999	2000	2001	2002	2003	2004	2005 ⁽³⁾
Financial administration	13,092	13,392	13,585	13,175	15,385	15,453	15,498
Streets and highways	9,783	9,744	9,022	8,467	7,606	7,356	7,173
Public welfare	23,594	24,153	23,922	22,463	21,647	19,369	17,194
Police protection	4,350	4,207	4,225	4,226	4,328	5,270	5,314
Natural resources	7,806	8,322	8,391	8,418	8,489	7,711	7,691
Health	13,081	14,255	14,473	14,566	15,014	15,197	15,583
Housing ⁽¹⁾	29	27
Community development	392	372	335	337	295	291	277
Criminal justice and corrections	38,904	38,452	38,168	36,430	37,471	37,710	38,870
Utility and transportation	372	382	370	370	369	346	317
Employee security ⁽²⁾	1,398	1,539	1,445	1,307	1,345
Education	889	1,817	2,165	2,205	2,386	2,367	2,386
State courts	2,675	2,767	2,921	1,792	1,953	2,735	3,869
Other	2,135	2,173	2,117	2,042	1,980	2,024	2,007
Total	117,073	120,036	121,092	116,030	118,368	117,165	117,551

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.

- ⁽¹⁾ New function added in fiscal year 2004 for reporting purposes.
- ⁽²⁾ Agency formed and FTE determination required in fiscal year 2001.
- ⁽³⁾ 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		
2006 ⁽³⁾	2007	2008
15,416	15,551	15,409
7,074	7,030	7,156
12,673	12,458	12,507
5,342	5,355	5,248
7,698	7,791	7,761
15,959	16,434	16,388
28	29	28
292	303	284
39,555	40,756	40,558
315	296	323
1,315	1,272	1,243
2,461	2,481	2,499
4,137	4,457	4,401
2,154	2,140	2,059
<u>114,419</u>	<u>116,353</u>	<u>115,864</u>

**Operating Indicators by Function
Last Ten Fiscal Years**

SCHEDULE E-2

	Fiscal Year				
	1999	2000	2001	2002	2003
<u>General government</u>					
Department of Revenue					
Total administered taxes (<i>in millions</i>)	22,681	23,863	25,066	26,369	27,811
Department of Management Services ⁽¹⁾					
Number of retired members covered	171,152	181,026	188,770	198,303	208,680
<u>Education</u>					
Universities					
University enrollments	223,922	232,794	240,753	251,984	262,354
Degrees awarded	46,742	47,825	48,956	52,306	54,863
<u>Human services</u>					
Department of Health ⁽²⁾					
Number of live births	196,963	204,030	205,800	205,580	212,243
Number of deaths	162,122	162,839	167,181	167,702	168,459
Department of Children and Families					
Food stamp recipients	947,104	902,084	881,808	983,511	1,042,418
Food stamp households	430,860	419,744	422,251	466,894	505,452
<u>Criminal justice and corrections</u>					
Department of Corrections					
Inmate admissions	23,762	25,743	25,731	26,049	28,882
Community supervision admissions	98,871	96,887	96,223	97,284	99,123
Facility population	68,599	71,233	72,007	73,553	77,316
<u>Natural resources and environment</u>					
Department of Environmental Protection					
State park visitations	14,686,150	16,760,822	18,075,329	17,722,275	18,240,624
Department of Fish and Wildlife Conservation					
Fishing and hunting licenses holders	1,381,845	1,357,447	1,284,197	1,272,549	1,221,884
<u>Transportation</u>					
Department of Transportation					
Vehicles registered	13,451,793	13,869,980	15,506,616	15,798,757	17,249,305
Titles issued	4,685,258	5,152,272	5,122,220	5,244,493	5,127,520
Traffic crashes ⁽²⁾	243,409	246,541	256,169	250,470	243,294
Daily vehicle miles traveled (<i>in thousands</i>)	245,757	254,114	258,528	267,229	273,744
<u>State courts</u>					
State Courts System					
Number of cases filed/added:					
Circuit criminal defendants	192,816	184,229	182,581	179,757	182,893
County criminal	508,037	502,476	513,101	499,339	489,437
County civil	337,239	359,628	407,142	444,703	459,959
Traffic	477,603	447,561	446,039	454,696	487,413
Family court	331,542	344,507	362,185	371,961	369,652
Circuit civil	160,901	162,446	171,775	186,218	184,858
Probate	91,034	94,054	95,020	96,712	101,736

Note: Items denoted as unavailable have not been calculated for reporting as of the date of this CAFR.

⁽¹⁾ 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)

⁽²⁾ 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

Fiscal Year				
2004	2005	2006	2007	2008
30,756	34,742	38,736	37,477	34,152
224,813	236,974	250,496	263,198	Unavailable
271,337	277,583	287,375	294,016	301,135
58,554	59,771	61,215	64,778	68,423
218,045	226,219	237,166	239,120	Unavailable
168,364	170,300	169,365	167,708	Unavailable
1,238,517	1,286,530	1,248,359	1,266,308	1,523,273
602,323	629,685	623,270	650,277	783,282
31,896	32,204	35,098	37,864	41,054
100,557	99,616	103,387	107,203	107,861
81,974	84,901	88,576	92,844	98,192
19,106,966	17,296,273	18,174,879	19,516,852	20,737,052
1,471,395	1,538,965	1,588,227	1,605,617	Unavailable
17,948,464	18,762,439	21,773,396	22,126,592	22,125,361
6,477,928	6,829,690	7,181,742	6,668,861	5,920,326
252,902	268,605	256,200	256,206	Unavailable
280,754	292,398	300,010	303,603	305,253
193,870	199,009	219,157	230,417	235,451
489,422	485,864	509,525	523,274	515,552
473,660	425,012	479,514	541,823	615,290
523,072	510,513	571,858	604,054	618,506
378,429	365,990	365,468	356,485	350,477
178,970	162,116	164,245	226,288	418,579
108,183	109,505	111,583	105,486	102,532

Capital Assets by Function
Last Ten Fiscal Years

SCHEDULE E-3

	Fiscal Year				
	1999	2000	2001	2002	2003
<u>General government</u>					
Department of Management Services:					
Buildings	77	82	211	90	90
<u>Education</u>					
Universities and colleges: ⁽¹⁾					
Assignnable square feet (in thousands)	31,899	33,750	35,847	37,186	39,666
<u>Human services</u>					
Department of Health					
Buildings ⁽³⁾	35	38	39	42	42
Vehicles	126	112	122	129	136
Department of Children and Families					
Buildings	548	548	551	491	507
<u>Criminal justice and corrections</u>					
Department of Corrections					
Correctional institutions	60	57	57	56	56
Work camps, forestry camps	35	37	36	36	36
Work release centers	30	29	26	24	24
Other facilities	5	5	6	5	7
<u>Natural resources and environment</u>					
Division of Recreation and Parks					
Number of state parks	151	151	153	155	156
Acres of state parks	523,910	513,425	555,814	570,576	593,459
Department of Environmental Protection					
Acres of land owned ⁽²⁾	3,152,857	3,341,600	3,559,115	3,836,193	4,035,686
Fish and Wildlife Commission					
Vehicles	838	836	1,371	1,494	1,637
<u>Transportation</u>					
Department of Transportation					
Highway lane miles	39,416	39,730	40,042	40,451	40,696
Vehicles	6,116	6,116	5,942	5,868	5,679
Buildings	1,563	1,575	1,607	1,662	1,624
<u>State courts</u>					
State Courts System					
Machinery and equipment	Unavailable	Unavailable	Unavailable	Unavailable	4,646

Note: Items noted as Unavailable have not been determined as of the publication date.

- ⁽¹⁾ Universities and colleges are presented in the CAFR as discretely presented component units of the state.
- ⁽²⁾ 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.
- ⁽³⁾ 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				
2004	2005	2006	2007	2008
90	90	85	85	85
40,114	40,495	41,779	45,460	49,990
45	48	49	49	53
179	212	209	235	319
514	515	227	211	211
58	59	59	60	60
35	37	40	41	42
23	26	30	30	32
7	6	6	6	5
157	158	159	159	161
603,953	730,573	723,852	724,629	698,648
4,143,860	4,257,103	4,316,161	4,429,484	4,500,719
1,591	1,562	1,514	1,519	1,549
40,970	41,295	41,613	42,022	42,181
4,872	5,709	5,841	5,445	5,313
1,619	1,584	1,578	1,622	1,691
4,496	4,800	7,825	8,608	9,335

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ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services