

2010

Florida Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES



ACKNOWLEDGEMENTS

The Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010 was prepared by:

DIVISION OF ACCOUNTING AND AUDITING

Christina B. Smith, Director
Rick R. Sweet, Interim Assistant Director

BUREAU OF ACCOUNTING

Molly C. Merry, CPA, Chief
Timothy W. Hsieh, CPA, Program Manager

STATEWIDE FINANCIAL REPORTING SECTION

Paul D. Reynolds, CPA
Angela S. Vermette, CPA
Claire K. Cotton-Watkins, CPA (TX)
Eric H. Reeves, CPA
Jeffrey S. Zwolenski, CFE
Jose A. Alfaro, Jr.
Tammy A. Eastman

SPECIAL APPRECIATION

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

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, 2010



Rick Scott
GOVERNOR

Jeff Atwater
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, 2010**

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Letter of Transmittal.....	6
Organizational Chart and Principal Officials	8

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	10
---	-----------

MANAGEMENT’S DISCUSSION AND ANALYSIS	12
---	-----------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Assets.....	20
Statement of Activities	21

Governmental Fund Financial Statements

Fund Descriptions.....	23
Balance Sheet	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Proprietary Fund Financial Statements

Fund Descriptions.....	33
Statement of Net Assets	34
Statement of Revenues, Expenses, and Changes in Fund Net Assets	36
Statement of Cash Flows	38

Fiduciary Fund Financial Statements

Fund Descriptions.....	43
Statement of Fiduciary Net Assets.....	44
Statement of Changes in Fiduciary Net Assets	45

Component Unit Financial Statements

Component Unit Descriptions	47
Statement of Net Assets.....	48
Statement of Activities	50

Notes to the Financial Statements

Table of Contents	53
Note 1 - Summary of Significant Accounting Policies	54
Note 2 - Deposits and Investments	66
Note 3 - Receivables and Payables.....	97
Note 4 - Taxes	101
Note 5 - Capital Assets	102
Note 6 - Pensions and Other Postemployment Benefits	105
Note 7 - Commitments and Operating Leases	113
Note 8 - Bonds Payable and Certificates of Participation.....	114
Note 9 - Installment Purchases and Capital Leases	124
Note 10 - Changes in Long-term Liabilities	125

Note 11 - Interfund Balances and Transfers	127
Note 12 - Risk Management	132
Note 13 - Florida Prepaid College Program	134
Note 14 – Insurance Enterprises	135
Note 15 - Contingencies	139
Note 16 - Litigation	140
Note 17 - Deficit Fund Equity	144
Note 18 - Subsequent Events.....	146

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules - General and Major Special Revenue Funds	150
Budget to GAAP Reconciliation	155
Budgetary Reporting	156
Schedule of Funding Progress - Florida Retirement System Pension	158
Schedules of Funding Progress - Retiree Health Insurance Subsidy Program Pension and Other Postemployment Benefits.....	159
Information About Infrastructure Assets Reported Using the Modified Approach.....	160

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES - NONMAJOR FUNDS

Governmental Funds

Fund Descriptions.....	165
Combining Balance Sheet	166
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	167

Special Revenue Funds

Fund Descriptions.....	169
Combining Balance Sheet	170
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	176
Budgetary Comparison Schedules	181

Capital Projects Funds

Fund Descriptions.....	197
Combining Balance Sheet	198
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	199

Proprietary Funds

Enterprise Funds

Fund Descriptions.....	201
Combining Statement of Net Assets	202
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	203
Combining Statement of Cash Flows.....	204

Internal Service Funds

Fund Descriptions.....	207
Combining Statement of Net Assets	208
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	209
Combining Statement of Cash Flows.....	210

Fiduciary Funds

Private-purpose Trust Funds

Fund Descriptions.....	215
Combining Statement of Fiduciary Net Assets	216
Combining Statement of Changes in Fiduciary Net Assets	218

Pension and Other Employee Benefits Trust Funds

Fund Descriptions.....221
 Combining Statement of Fiduciary Net Assets222
 Combining Statement of Changes in Fiduciary Net Assets224

Investment Trust Funds

Fund Descriptions.....227
 Combining Statement of Fiduciary Net Assets228
 Combining Statement of Changes in Fiduciary Net Assets229

Agency Funds

Fund Descriptions.....231
 Combining Statement of Fiduciary Net Assets233
 Combining Statement of Changes in Assets and Liabilities234

Component Units

Component Unit Descriptions237
 Combining Statement of Net Assets239
 Combining Statement of Activities.....240

STATISTICAL SECTION

Table of Contents.....245
 Schedule A-1 Net Assets by Component246
 Schedule A-2 Changes in Net Assets248
 Schedule A-3 Fund Balances - Governmental Funds.....252
 Schedule A-4 Changes in Fund Balances - Governmental Funds254
 Schedule B-1 Revenue Base/Rate.....256
 Schedule B-2 Principal Sales Tax Payers by Industry258
 Schedule C-1 Ratios of Outstanding Debt by Type259
 Schedule C-2 Ratios of Net General Bonded Debt Outstanding.....260
 Schedule C-3 Legal Debt Margin261
 Schedule C-4 Pledged-Revenue Coverage.....262
 Schedule D-1 Demographic and Economic Statistics264
 Schedule D-2 Industry Sector Employment266
 Schedule E-1 Full-Time Equivalent State Employees by Function.....268
 Schedule E-2 Operating Indicators by Function270
 Schedule E-3 Capital Assets by Function272

INTRODUCTORY SECTION



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 28, 2011

Citizens of the State of Florida
The Honorable Rick Scott, Governor
The Honorable Mike Haridopolos, President of the Senate
The Honorable Dean Cannon, Speaker of the House of Representatives

To the Citizens of Florida, Governor Scott, President Haridopolos, and Speaker Cannon:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010, 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, 2010. 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 lawmaking power for the state. The Executive Branch, consisting of the Governor, Cabinet, and their agencies, administers the laws made by the Legislature. The Governor shares executive power and responsibility with the Cabinet, which is composed of the Attorney General, Chief Financial Officer, and Commissioner of Agriculture. 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 range of services to its citizens including education, health and family services, transportation, law and corrections, natural resources and environmental protection.

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 positions.

Florida's budget is prepared using the processes set forth in Chapter 216, F.S. The major phases of the budget process are detailed in the Other Required Supplementary Information Section of this report. Florida law strictly prohibits overspending and requires budgetary control to be maintained at the individual appropriation account level.

ECONOMIC CONDITION

Florida was deeply affected by the national and global economic recessions, but is slowly turning the corner. In recent presentations, the Florida Legislature's Office of Economic and Demographic Research (EDR) has reported that Florida is consistently showing year-over-year growth on several key measures of economic performance. In particular, EDR notes that Florida has exhibited positive quarterly growth in personal income since the fourth quarter of the 2009 calendar year and has recently shown indications of strengthening population growth. The state also reached its sixth consecutive month of positive over-the-year job growth in December 2010, after losing jobs for three years. However, across-the-board recovery has yet to occur. Typical economic recoveries are led by increases in lending and housing construction. Since the housing and credit markets are still sluggish, recovery will have to come from other sectors. EDR expects that it will take years to fully regain the losses experienced in America's worst recession since the Great Depression.

In this regard, improvement in several vital areas will lag well behind Florida's early phases of economic recovery. The state's unemployment rate is currently at a secondary peak, hitting 12 percent in both November 2010 and December 2010. Prior to then, Florida's highest unemployment rate occurred in March 2010 at 12.3 percent before dropping back to 11.4 percent in June 2010. While still troublesome, EDR believes the number of unemployed is presently buoyed by out-of-work people gradually returning to active job searches – a sure sign that confidence is returning. EDR feels the long-lasting housing market correction, historic levels of foreclosure activity, and still sluggish credit conditions will remain the predominant drags on Florida's economy in the near-term. All of these factors will continue to make the recovery slow and protracted.

Many proactive steps have been taken by the Florida Legislature to reduce state spending in light of constrained state revenues. Even with these measures, the constitutionally required Long-Range Financial Outlook shows that the expected budget gap in fiscal year 2011-12 could approach \$3.6 billion when projections are updated with the most recent estimates.

The Long-Range Financial Outlook also identified the potential obligations of the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation as a significant risk to the forecast. Refer to Note 14 to the financial statements for additional information related to the state's insurance enterprises.

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.

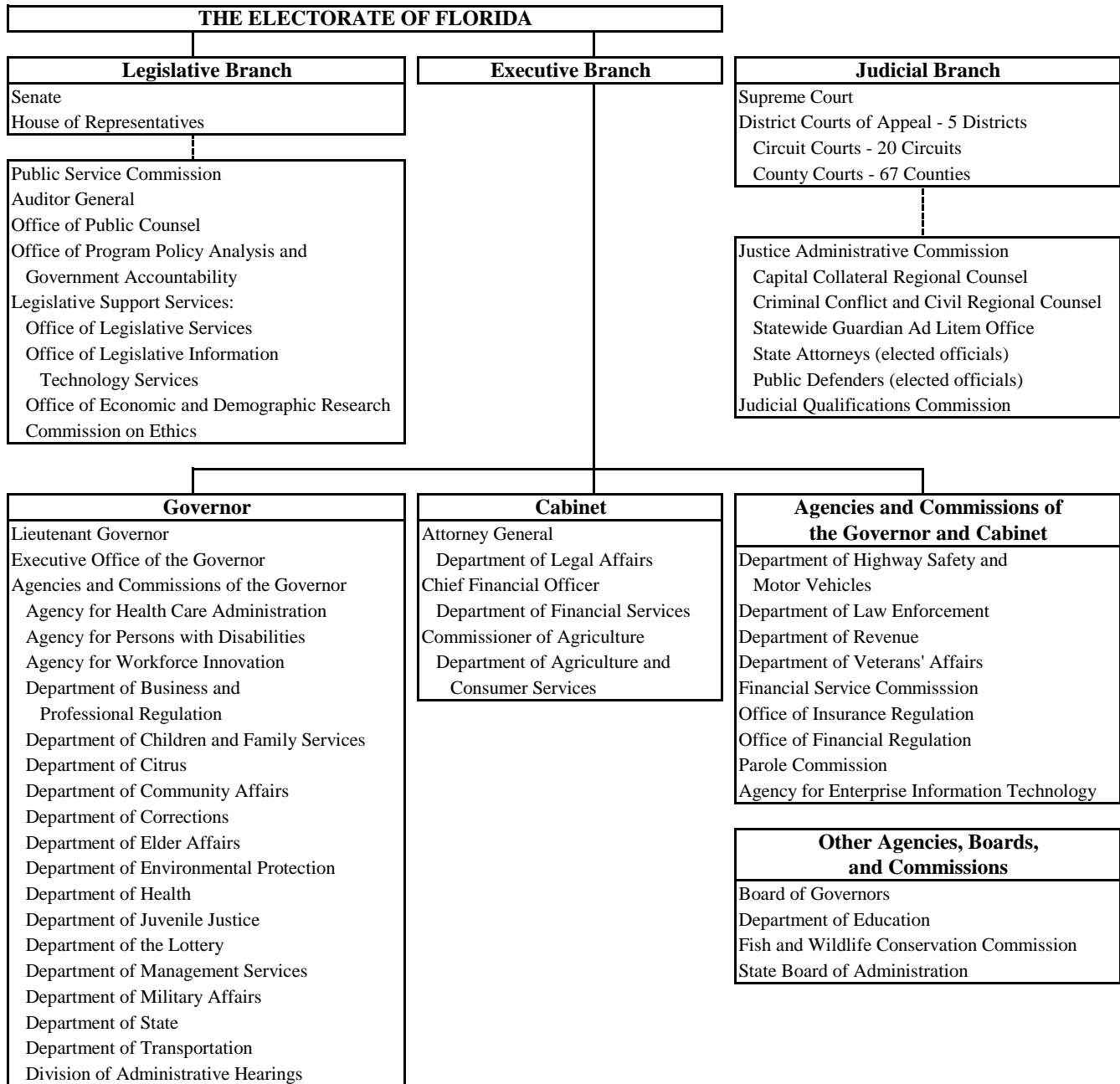
Sincerely,



Jeff Atwater
Chief Financial Officer

JA:jsz

ORGANIZATION AT JUNE 30, 2010



PRINCIPAL OFFICIALS AT JUNE 30, 2010

Legislative Branch

Senate
Jeff Atwater, President
House of Representatives
Larry Cretul, Speaker

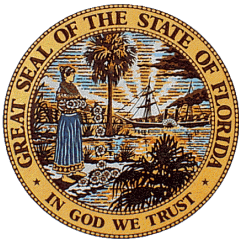
Executive Branch

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

Peggy A. Quince, Chief Justice

**FINANCIAL
SECTION**



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2010, 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 11 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The Florida Turnpike System, which represents 94 percent and 91 percent of the assets and revenues, respectively, of the Transportation major enterprise fund.
- ◆ The Hurricane Catastrophe Fund, which is a major enterprise fund and represents 29 percent and 12 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The College Savings Plan and the trust funds maintained by the State Board of Administration to account for the investments of the Florida Retirement System and the Public Employee Optional Retirement Program, which collectively represent 83 percent of the assets and 56 percent of the revenues/additions of the aggregate remaining fund information.
- ◆ The Florida Legislature, which represents less than 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 66 percent and 43 percent, respectively, of the assets and revenues of the discretely presented component units.

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

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida, as of June 30, 2010, 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.

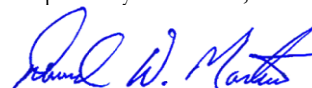
In accordance with *Government Auditing Standards*, we have also issued our report, dated February 28, 2011, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, 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. 51, *Accounting and Financial Reporting for Intangible Assets*, and No. 53, *Accounting and Financial Reporting for Derivative Instruments*. As further discussed in Note 1 I., the State began reporting certain University System Improvement and Capital Improvement Revenue bonds as long-term liabilities of the Primary Government. These bonds were previously reported by component unit universities. Also, as discussed in Note 1 I., the State began reporting an external investment pool for the investments of external entities participating in the State Treasury investment pool.

Accounting principles generally accepted in the United States of America require the accompanying management discussion and analysis on pages 12 through 17 and the budgetary information, the funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach on pages 150 through 161 to be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. As a result of the limited procedures performed, we believe that the amounts reported on page 159 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 related budgetary comparison schedules on pages 165 through 241, and the statistical section on pages 245 through 273, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining statements and individual fund statements and related budgetary comparison schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining statements and individual fund statements and related budgetary comparison schedules 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 28, 2011

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, 2010 (fiscal year 2009-10). 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, 2010, and 2009, 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 \$49.3 billion for governmental activities and by \$8.7 billion for business-type activities, for a combined total of \$58 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 \$61.8 billion as of June 30, 2010, 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 \$11.4 billion as of June 30, 2010. 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 \$15.8 billion at June 30, 2010. 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 \$614 million at June 30, 2010. The increase in the unrestricted net asset balance over that reported in prior years is explained in the Major Fund Analysis, Proprietary Funds section that follows.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 22,152	\$ 20,863	\$ 25,142	\$ 22,261	\$ 47,294	\$ 43,124
Capital assets, net	60,222	57,977	7,860	7,476	68,082	65,453
Total assets	<u>82,374</u>	<u>78,840</u>	<u>33,002</u>	<u>29,737</u>	<u>115,376</u>	<u>108,577</u>
Other liabilities	8,688	8,941	4,755	6,094	13,443	15,035
Noncurrent liabilities	24,436	22,775	19,510	15,934	43,946	38,709
Total liabilities	<u>33,124</u>	<u>31,716</u>	<u>24,265</u>	<u>22,028</u>	<u>57,389</u>	<u>53,744</u>
Net assets:						
Invested in capital assets, net of related debt	56,935	54,585	4,911	4,930	61,846	59,515
Restricted	8,154	7,782	3,213	2,500	11,367	10,282
Unrestricted	<u>(15,840)</u>	<u>(15,243)</u>	614	279	<u>(15,226)</u>	<u>(14,964)</u>
Total net assets	<u>\$ 49,250</u>	<u>\$ 47,124</u>	<u>\$ 8,737</u>	<u>\$ 7,709</u>	<u>\$ 57,987</u>	<u>\$ 54,833</u>

Statement of Activities

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2009-10 and fiscal year 2008-09, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the state's financial position is improving or deteriorating. The state's total net assets increased during the fiscal year by \$3.3 billion. The net assets of governmental activities increased by \$2.3 billion and the net assets of business-type activities increased by \$1.0 billion (see Note 1.J. for explanation of prior period adjustments). The majority of the increase in total program expenses for governmental activities relates to a \$3.7 billion increase in human services expenses while the increase in business-type activities expenses is primarily due to increased benefits paid for unemployment compensation. Refer to the Major Fund Analysis section for information regarding the overall increase in revenues from governmental activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	\$ 7,263	\$ 6,191	\$ 9,522	\$ 7,946	\$ 16,785	\$ 14,137
Operating grants and contributions	26,832	20,165	5,454	1,665	32,286	21,830
Capital grants and contributions	1,974	1,987	6	1	1,980	1,988
Total program revenues	36,069	28,343	14,982	9,612	51,051	37,955
General revenues and payments						
Sales and use tax	17,102	17,278	.....	.....	17,102	17,278
Other taxes	11,422	10,278	.....	.....	11,422	10,278
Investment earnings (loss)	555	(291)	10	2	565	(289)
Emergency assessments	.....	.....	329	337	329	337
Total general revenues and payments	29,079	27,265	339	339	29,418	27,604
Total revenues	65,148	55,608	15,321	9,951	80,469	65,559
Program expenses						
General government	6,883	6,879	.....	.....	6,883	6,879
Education	18,947	18,722	.....	.....	18,947	18,722
Human services	27,692	23,988	.....	.....	27,692	23,988
Criminal justice and corrections	4,448	4,037	.....	.....	4,448	4,037
Natural resources and environment	2,588	2,614	.....	.....	2,588	2,614
Transportation	3,177	3,851	383	402	3,560	4,253
State courts	427	427	.....	.....	427	427
Lottery	.....	.....	2,748	2,765	2,748	2,765
Hurricane Catastrophe Fund	.....	.....	362	677	362	677
Prepaid College Program	.....	.....	1,523	1,037	1,523	1,037
Unemployment Compensation	.....	.....	7,657	4,308	7,657	4,308
Nonmajor enterprise funds	.....	.....	265	267	265	267
Indirect interest on long-term debt	19	16	.....	.....	19	16
Total program expenses	64,181	60,534	12,938	9,456	77,119	69,990
Excess (deficiency) before gain (loss) and transfers	967	(4,926)	2,383	495	3,350	(4,431)
Gain (loss) on sale of capital assets	(60)	(127)	(2)	(2)	(62)	(129)
Transfers	1,353	1,470	(1,353)	(1,470)	.....	.....
Change in net assets	2,260	(3,583)	1,028	(977)	3,288	(4,560)
Beginning net assets	47,124	50,275	7,709	8,855	54,833	59,130
Prior period adjustments	(134)	432	.....	(169)	(134)	263
Ending net assets	\$ 49,250	\$ 47,124	\$ 8,737	\$ 7,709	\$ 57,987	\$ 54,833

Major Fund Analysis

Governmental Funds

The state's governmental funds report combined ending fund balance of \$13.7 billion at June 30, 2010, a \$781 million or 6.5 percent increase from the prior year (before effects of prior period adjustments). Revenues increased by \$9.5 billion or 17.1 percent, other financing sources declined by \$417 million or 11.9 percent and expenditures increased by \$3.9 billion or 6.2 percent. Overall increases in revenue, as well as expenditures, were attributable primarily to federal grants from the American Recovery and Reinvestment Act. Information is provided below regarding major funds with significant variances relative to the prior year.

General Fund – Fund balance at June 30, 2010, totaled \$4.2 billion, an increase of \$802 million or 23.8 percent. Revenues and other financing sources, including \$544 million transferred from other governmental funds, increased \$1.7 billion or 6.8 percent predominantly due to increased investment earnings, fees and charges, and taxes. Expenditures and other financing uses declined \$2.0 billion or 7.0 percent from the prior year. Significant reductions were made in the following areas: education - \$956 million, human services - \$635 million, state courts - \$232 million, and natural resources and environment - \$165 million.

Public Education – Fund balance at June 30, 2010, totaled \$1.4 billion, a decrease of \$212 million or 23.7 percent relative to the prior year (before effects of prior period adjustments). Revenues increased \$1.9 billion or 51.1 percent primarily due to an increase in grants and donations of \$1.8 billion or 72.8 percent. Expenditures increased \$1.1 billion or 19.4 percent primarily in current expenditures towards education. The revenue and expenditure increases were attributable primarily to revenues related to the American Recovery and Reinvestment Act.

Health and Family Services – Fund balance at June 30, 2010, totaled \$1.3 billion, an increase of \$305 million or 31.0 percent. Revenues and other financing sources increased \$5.3 billion or 28.5 percent primarily due to additional grants and donations revenues for funding increased costs for health care and food stamps. Expenditures and other financing uses increased \$5.0 billion or 27.1 percent primarily due to an increase in current expenditures for human services, also resulting from increased costs for health care and food stamps.

Proprietary Funds

The state's proprietary funds report combined ending net assets of \$8.7 billion at June 30, 2010, of which \$4.9 billion is invested in capital assets, net of related debt, and \$3.2 billion is restricted for specific purposes. The remaining \$614 million was unrestricted and available for purposes of the various funds. Information is provided below regarding major funds with significant variances relative to the prior year.

Hurricane Catastrophe Fund – Net assets at June 30, 2010, totaled \$3.2 billion, an increase of approximately \$1.5 billion or 84.7 percent. The increase in net assets remained consistent with the increase in prior year. See Note 14 to the financial statements for additional information on this fund.

Prepaid College Program – Net assets at June 30, 2010, totaled \$483 million, an increase of \$138 million or 40.0 percent. Revenues increased \$1.0 billion or 153.8 percent primarily due to higher fixed income investment returns on the Florida Prepaid College Plan investment portfolio, resulting in an increase of \$806 million or 473.5 percent. Additionally, an increase in total prepaid plan sales and an increase in plan prices increased revenues by \$201 million or 41.4 percent. Operating expenses increased \$511 million or 50.9 percent primarily due to increases in prepaid contracts combined with a decrease in the liability discounting factor.

Unemployment Compensation – This fund reports deficit net assets of \$904 million at June 30, 2010, a decrease of \$967 million. Revenues increased by \$4.1 billion or 157.7 percent while expenses increased by \$3.3 billion or 77.7 percent. Revenues increased as a result of fees collected and grants and donations received during the fiscal year. The increase in expense is due to a significant increase in benefit payments relative to the prior year. See Note 17 to the financial statements for information regarding the deficit in net assets. See Note 18 to the financial statements for information on federal funding provided after June 30, 2010.

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 \$254 million increase between the original and final estimated revenues. Because of the higher estimated revenues, final budgeted total expenditures increased by \$138 million from the original budget. 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, 2010, the state reported \$60.2 billion in net capital assets for governmental activities and \$7.9 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2008-09 to fiscal year 2009-10 by approximately four percent. The increase is consistent with prior years and primarily due to land acquisition and the capitalization of construction costs for infrastructure projects. Capitalized infrastructure projects include additions to and/or enhancements of roadways and bridges on the state's highway system. Construction commitments by the Florida Department of Transportation were approximately \$5.7 billion. Construction commitments by other state agencies not relating to transportation increased over \$282 million due to major projects including office buildings and correctional facilities. Refer to Note 5 to the financial statements for information on capital assets and Note 7 to the financial statements for information on construction commitments.

Long-term Debt Activity

Total bonded debt outstanding increased by \$2.4 billion, or approximately 9 percent, from the prior fiscal year to a total of \$30.2 billion at June 30, 2010. The majority of the outstanding debt serves to finance educational facilities (\$16 billion), the Florida Hurricane Catastrophe Fund (\$5.7 billion) and transportation infrastructure (\$5 billion). New bonded debt issues for 2010 totaled \$5.2 billion. Annual debt service payments on net tax-supported debt totaled \$2.1 billion for 2010, an increase of \$37 million from the prior year. Annual debt service payments are projected to increase from \$2.1 billion to \$2.3 billion over the next three years, based on projected bond issuance.

The state maintained its credit ratings during the past year. Moody's Investors Services outlook was changed to stable from negative. Standard & Poor's rating is unchanged with a negative outlook. The Fitch Ratings have been recalibrated to AAA from AA+ but retained the negative outlook. The State's benchmark debt ratio of debt service to revenues available to pay debt service has improved over the past year from 7.91 percent for fiscal year 2009 to 7.39 percent for fiscal year 2010. Although the benchmark debt ratio improved, when considering the impact of accrued debt service on refunded debt and annualized debt service on bonds issued during the year, the benchmark debt ratio increases to 7.86 percent, which is comparable to the prior year and negates the apparent improvement. The projected benchmark debt ratio is expected to exceed the 7 percent cap through 2012 based on existing borrowing plans and August 2010 revenue forecasts. The benchmark debt ratio could increase further if revenues do not grow as anticipated or additional debt is authorized.

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 2010 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 2009-10 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 collections for the fiscal year ended June 30, 2010, were 1.9 percent higher than the prior fiscal year. The gain came from several sources, but notably not from sales tax revenues – the state's primary source of general revenue – which actually contracted 2.6 percent. This was primarily due to continuing losses in employment, the still sluggish credit market, and stubbornly persistent feedback effects from the global and national recessions.

Although Florida's housing market adjustments largely reflect national trends, the state's market has proven far more vulnerable to the real estate market downturn. While statewide existing home sales grew strongly throughout the 2009-10 fiscal year (averaging 31 percent growth over the prior year), median prices fell another 10 percent, leading to the fourth year of declines since the 2005-06 fiscal year. Total collections of documentary stamp taxes, which largely result from sales of real estate, declined 2.4 percent compared to the prior fiscal year.

Through the end of the state fiscal year, most major sources of general fund revenues (such as corporate income taxes) were positive in comparison to the previous fiscal year, with the exception of those mentioned above. Notable increases were cigarette taxes which include an additional surcharge enacted by the 2009 Legislature, highway safety licenses and fees which benefitted primarily from 2009 legislative actions to increase and redirect fees into the general fund, and service charges which were increased by the 2009 Legislature. Total revenues for all governmental funds increased by \$9.2 billion with approximately 68 percent of the increase attributable to federal grants received under the American Recovery and Reinvestment Act.

Through the late spring and summer of 2010, Florida began showing consistent year-over-year growth on several key measures of economic performance. These trends continued through the end of the calendar year. In particular, Florida has exhibited positive quarterly growth in personal income since the fourth quarter of the 2009 calendar year and has recently shown indications of strengthening population growth. The state also reached its sixth consecutive month of positive over-the-year job growth in December, after losing jobs for three years.

While the unemployment rate remains stubbornly high (fifty-two counties of the state's sixty-seven had double-digit unemployment rates in December) and the level of foreclosure activity continues to be daunting, improvements in consumer spending and personal income are leading to a projected 4 percent growth in general revenue collections for the current year.

The most recent projections by state economists indicate that general revenue collections for the fiscal year ending June 30, 2011 will be \$858.2 million higher than last year. The latest General Revenue Outlook shows that there will be nearly \$250 million in unallocated general revenue remaining at the end of the fiscal year. The state's major reserve for emergencies, the Budget Stabilization Fund, contains \$275 million at the date of this report. Repayment of the funds previously lent to the General Revenue Fund (\$1.07 billion) is scheduled to begin in the 2011-12 fiscal year. Refer to Note 1K., for additional information on the Budget Stabilization Fund.

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

THIS PAGE INTENTIONALLY LEFT BLANK

**FINANCIAL
SECTION:
BASIC FINANCIAL
STATEMENTS**

2010 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS

JUNE 30, 2010

(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 110,540	\$ 135,498	\$ 246,038	\$ 4,985,840
Pooled investments with State Treasury	11,743,152	1,296,907	13,040,059	2,825,831
Other investments	1,536,807	19,138,640	20,675,447	14,133,561
Receivables, net	4,522,154	1,130,321	5,652,475	1,986,305
Internal balances	395,729	(395,729)	.....	.....
Due from component units/primary	3,718	1,745	5,463	1,081,350
Inventories	56,113	6,257	62,370	62,826
Restricted cash and cash equivalents	.....	47	47	291,137
Restricted pooled investments with State Treasury	.....	266,815	266,815	464,517
Restricted investments	.....	1,917,570	1,917,570	1,496,163
Advances to other entities	906,536	.....	906,536	.....
Loans and notes receivable, net	2,868,484	1,602,032	4,470,516	3,432,637
Other assets	8,363	41,790	50,153	624,899
Capital assets, net	60,222,204	7,860,544	68,082,748	20,175,553
Total assets	82,373,800	33,002,437	115,376,237	51,560,619
LIABILITIES				
Accounts payable and accrued liabilities	4,287,543	1,123,148	5,410,691	3,159,357
Due to component units/primary	103,770	.....	103,770	218,075
Deferred revenue	.....	32,724	32,724	1,725,361
Obligations under security lending agreements	1,724,699	2,359,197	4,083,896	.....
Long-term liabilities				
Due within one year	2,572,158	1,239,745	3,811,903	1,455,147
Due in more than one year	24,435,978	19,510,434	43,946,412	10,969,810
Total liabilities	33,124,148	24,265,248	57,389,396	17,527,750
NET ASSETS				
Invested in capital assets, net of related debt	56,935,300	4,910,794	61,846,094	16,901,959
Restricted for				
Environment, Recreation and Conservation	2,440,804	.....	2,440,804	.....
Public Education	1,064,284	.....	1,064,284	.....
Health and Family Services	1,166,423	.....	1,166,423	.....
Transportation	1,092,578	.....	1,092,578	.....
Nonmajor governmental funds	1,666,747	.....	1,666,747	.....
Debt service	247,039	.....	247,039	73,833
Lottery	.....	132,687	132,687	.....
Prepaid College Program	.....	483,365	483,365	.....
Hurricane Catastrophe Fund	.....	3,230,193	3,230,193	.....
Unemployment Compensation	.....	(903,588)	(903,588)	.....
Other	476,495	269,844	746,339	2,118,005
Funds held for permanent endowment				
Expendable	.....	.....	.....	1,682,032
Nonexpendable	.....	.....	.....	3,000,184
Unrestricted	(15,840,018)	613,894	(15,226,124)	10,256,856
Total net assets	\$ 49,249,652	\$ 8,737,189	\$ 57,986,841	\$ 34,032,869

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

2010 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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	\$ 6,882,931	\$ 3,938,356	\$ 1,092,968	\$ 488	\$ (1,851,119)
Education	18,946,684	229,149	4,449,598	293	(14,267,644)
Human services	27,692,169	1,156,988	19,936,976	18,181	(6,580,024)
Criminal justice and corrections	4,448,382	772,557	141,194	6,922	(3,527,709)
Natural resources and environment	2,588,478	400,700	1,088,159	119,439	(980,180)
Transportation	3,176,790	343,782	121,141	1,828,970	(882,897)
State courts	427,319	421,501	1,398	.....	(4,420)
Indirect interest on long-term debt	18,759	.....	.....	.....	(18,759)
Total governmental activities	64,181,512	7,263,033	26,831,434	1,974,293	(28,112,752)
Business-type activities:					
Transportation	383,106	700,803	5,811	6,055	329,563
Lottery	2,747,599	4,006,864	.....	.....	1,259,265
Hurricane Catastrophe Fund	362,320	1,524,012	.....	.....	1,161,692
Prepaid College Program	1,523,217	1,661,241	.....	.....	138,024
Unemployment Compensation	7,656,494	1,242,684	5,448,016	.....	(965,794)
Nonmajor enterprise funds	264,580	386,372	98	.....	121,890
Total business-type activities	12,937,316	9,521,976	5,453,925	6,055	2,044,640
Total primary government	\$ 77,118,828	\$ 16,785,009	\$ 32,285,359	\$ 1,980,348	\$ (26,068,112)
Component units					
Florida Housing Finance Corporation	\$ 749,194	\$ 330,496	\$	\$	\$ (418,698)
University of Florida	4,790,001	2,593,967	1,248,514	58,140	(889,380)
Citizens Property Insurance Corporation	1,073,860	1,711,429	.....	.....	637,569
Nonmajor component units	9,996,332	2,591,938	3,340,908	624,275	(3,439,211)
Total component units	\$ 16,609,387	\$ 7,227,830	\$ 4,589,422	\$ 682,415	\$ (4,109,720)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (28,112,752)	\$ 2,044,640	\$ (26,068,112)	\$ (4,109,720)
General revenues:				
Taxes				
Sales and use tax	17,102,054	.....	17,102,054	.....
Fuel taxes	2,505,193	.....	2,505,193	.....
Corporate income tax	1,785,291	.....	1,785,291	.....
Documentary stamp tax	1,077,836	.....	1,077,836	.....
Intangible personal property tax	158,643	.....	158,643	.....
Communications service tax	1,515,675	.....	1,515,675	.....
Beverage and tobacco taxes	1,872,646	.....	1,872,646	.....
Insurance premium tax	862,520	.....	862,520	.....
Gross receipts utilities tax	673,013	.....	673,013	.....
Property taxes	.....	.....	.....	897,925
Other taxes	971,197	.....	971,197	.....
Investment earning (loss)	555,053	9,526	564,579	873,685
Gain (loss) on sale of capital assets	(59,943)	(2,374)	(62,317)	12,893
Payments from the State of Florida	.....	.....	.....	3,089,342
Emergency assessments	.....	329,341	329,341	.....
Miscellaneous	.....	.....	.....	891,335
Transfers	1,352,669	(1,352,669)	.....	.....
Contributions to permanent funds	.....	.....	.....	57,084
Total general revenues, transfers and contributions	30,371,847	(1,016,176)	29,355,671	5,822,264
Changes in net assets	2,259,095	1,028,464	3,287,559	1,712,544
Net assets - beginning	47,124,293	7,708,725	54,833,018	32,060,758
Adjustments to increase (decrease) beginning net assets	(133,736)	.....	(133,736)	259,567
Net assets - ending	\$ 49,249,652	\$ 8,737,189	\$ 57,986,841	\$ 34,032,869

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

THIS PAGE INTENTIONALLY LEFT BLANK

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 165.

2010 STATE OF FLORIDA CAFR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 15,711	\$ 925	\$	\$ 23,983
Pooled investments with State Treasury	4,002,325	1,472,586	1,343,297	1,501,288
Investments	853,385	.....	621	38
Receivables, net	1,375,402	145,803	109,001	2,051,618
Due from other funds	121,669	16,617	65,500	80,162
Due from component units/primary	2,203	542	.....	135
Inventories	11,779	1,564	.....	31,691
Other	685	.....	.....	.....
Total current assets	6,383,159	1,638,037	1,518,419	3,688,915
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Advances to other funds	2,628	.....	.....	172
Advances to other entities	52,276	114,018	682,382	5,828
Other loans and notes receivable, net	5,639	1,001,158	.....	22,224
Other	.....	.....	.....	.....
Total noncurrent assets	60,543	1,115,176	682,382	28,224
Total assets	\$ 6,443,702	\$ 2,753,213	\$ 2,200,801	\$ 3,717,139
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 594,389	\$ 54,017	\$ 51,693	\$ 1,904,762
Due to other funds	135,568	20,112	2,934	25,237
Due to component units/primary	8,371	65,021	17,363	7,998
Compensated absences	9,880	750	158	944
Claims payable	20,369	.....	.....	.....
Deposits	573	3,658	.....	4,807
Installment purchases/capital leases	30	.....	.....	.....
Deferred revenues	368,500	12,056	5,646	363,131
Obligations under security lending agreements	1,130,148	144,026	137,320	67,703
Total current liabilities	2,267,828	299,640	215,114	2,374,582
<u>Noncurrent liabilities</u>				
Advances from other funds	600	.....	540,503	.....
Deposits	.....	.....	.....	33,115
Deferred revenues	5,502	512	.....	22,224
Total noncurrent liabilities	6,102	512	540,503	55,339
Total liabilities	2,273,930	300,152	755,617	2,429,921
<u>Fund balances</u>				
Reserved for encumbrances	67,330	3,302	.....	18,279
Reserved for inventories	11,779	1,564	.....	31,691
Reserved for advances	54,904	114,018	682,382	172
Reserved for long-term receivables	137	1,000,647	.....	.....
Reserved for capital outlay	91,868	944,700	965,012	5,236
Reserved for debt service	.....	.....	.....	.....
Reserved for Budget Stabilization Fund	274,916	.....	.....	.....
Other reserved	684,063	84,293	.....	15,972
Unreserved, reported in:				
General fund	2,984,775	.....	.....	.....
Special revenue funds	.....	304,537	(202,210)	1,215,868
Capital projects funds	.....	.....	.....	.....
Permanent funds	.....	.....	.....	.....
Total fund balances	4,169,772	2,453,061	1,445,184	1,287,218
Total liabilities and fund balances	\$ 6,443,702	\$ 2,753,213	\$ 2,200,801	\$ 3,717,139

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

2010 STATE OF FLORIDA CAFR

Transportation	Nonmajor Governmental Funds	Totals 6/30/10
\$ 1,790	\$ 41,483	\$ 83,892
1,191,204	1,647,012	11,157,712
.....	374,678	1,228,722
357,963	408,864	4,448,651
123,079	67,819	474,846
.....	.....	2,880
9,082	1,835	55,951
769	1,432	2,886
<u>1,683,887</u>	<u>2,543,123</u>	<u>17,455,540</u>
.....	239,007	239,007
268,322	.....	271,122
.....	52,032	906,536
736,927	1,102,536	2,868,484
5,477	.....	5,477
<u>1,010,726</u>	<u>1,393,575</u>	<u>4,290,626</u>
<u>\$ 2,694,613</u>	<u>\$ 3,936,698</u>	<u>\$ 21,746,166</u>
\$ 681,243	\$ 251,239	\$ 3,537,343
39,868	142,189	365,908
.....	5,017	103,770
5,871	2,278	19,881
.....	5,636	26,005
296,954	10,797	316,789
.....	.....	30
8,710	135,626	893,669
84,693	103,388	1,667,278
<u>1,117,339</u>	<u>656,170</u>	<u>6,930,673</u>
.....	625	541,728
78,400	52,032	163,547
406,296	17,875	452,409
<u>484,696</u>	<u>70,532</u>	<u>1,157,684</u>
<u>1,602,035</u>	<u>726,702</u>	<u>8,088,357</u>
37,964	130,559	257,434
9,082	1,835	55,951
268,322	.....	1,119,798
330,631	1,102,536	2,433,951
224,728	284,518	2,516,062
.....	247,039	247,039
.....	.....	274,916
5,477	127,475	917,280
.....	.....	2,984,775
216,374	1,294,686	2,829,255
.....	19,072	19,072
.....	2,276	2,276
<u>1,092,578</u>	<u>3,209,996</u>	<u>13,657,809</u>
<u>\$ 2,694,613</u>	<u>\$ 3,936,698</u>	<u>\$ 21,746,166</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2010
(in thousands)**

Total fund balances for governmental funds		\$ 13,657,809
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	16,701,049	
Nondepreciable infrastructure	33,225,425	
Buildings, equipment and other depreciable assets	5,811,301	
Accumulated depreciation	(3,271,991)	
Construction work in progress	<u>6,788,270</u>	
		59,254,054
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(826,322)	
Installment purchases/capital leases	(56,363)	
Claims payable	(2,556,388)	
Due to other governments	(207)	
Bonds payable	(21,151,097)	
Certificates of participation payable	(126,675)	
Other	<u>(433,994)</u>	
		(25,151,046)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Assets.		(58,716)
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.		1,346,078
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>201,473</u>
Net assets of governmental activities		<u><u>\$ 49,249,652</u></u>

2010 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
REVENUES				
Taxes	\$ 23,803,370	\$ 297,513	\$ 1,097,796	\$ 765,539
Licenses and permits	266,192	46,761	.....	36,144
Fees and charges	1,439,692	159,381	44,350	1,271,318
Grants and donations	14,111	218,217	4,310,238	19,893,810
Investment earnings	402,174	91,141	110,258	15,886
Fines, forfeits, settlements and judgments	45,644	8,173	87,758	35,282
Other	7,348	4,523	4,105	10,317
Total revenues	<u>25,978,531</u>	<u>825,709</u>	<u>5,654,505</u>	<u>22,028,296</u>
EXPENDITURES				
Current:				
General government	3,763,525	17,155	.....	196,443
Education	11,158,505	.....	6,895,407	.....
Human services	4,374,380	.....	.....	22,724,525
Criminal justice and corrections	3,300,085	.....	.....	.....
Natural resources and environment	281,355	1,103,961	.....	80,887
Transportation	51,115	.....	.....	.....
State courts	138,369	.....	.....	.....
Capital outlay	60,898	99,039	10,125	17,264
Debt service:				
Principal retirement	8,973	.....	.....	2,086
Interest and fiscal charges	5,891	.....	.....	1,147
Total expenditures	<u>23,143,096</u>	<u>1,220,155</u>	<u>6,905,532</u>	<u>23,022,352</u>
Excess (deficiency) of revenues over expenditures	<u>2,835,435</u>	<u>(394,446)</u>	<u>(1,251,027)</u>	<u>(994,056)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issues	4,215	371,000	1,015,554	.....
Proceeds of refunding bonds	.....	.....	.....	.....
Operating transfers in	1,005,472	752,079	1,516,224	1,826,539
Operating transfers out	(3,051,726)	(815,164)	(1,492,542)	(527,887)
Proceeds of financing agreements	8,138	.....	.....	.....
Payments to refunded bond agent	.....	.....	.....	.....
Total other financing sources (uses)	<u>(2,033,901)</u>	<u>307,915</u>	<u>1,039,236</u>	<u>1,298,652</u>
Net change in fund balances	801,534	(86,531)	(211,791)	304,596
Fund balances - beginning	3,368,238	2,539,592	894,489	982,622
Adjustments to increase (decrease) beginning fund balances	.....	.....	762,486	.....
Fund balances - beginning, as restated	<u>3,368,238</u>	<u>2,539,592</u>	<u>1,656,975</u>	<u>982,622</u>
Fund balances - ending	<u>\$ 4,169,772</u>	<u>\$ 2,453,061</u>	<u>\$ 1,445,184</u>	<u>\$ 1,287,218</u>

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

2010 STATE OF FLORIDA CAFR

Transportation	Nonmajor Governmental Funds	Totals 6/30/10
\$ 2,210,487	\$ 216,557	\$ 28,391,262
8,767	1,038,241	1,396,105
446,528	1,146,492	4,507,761
1,903,824	1,962,572	28,302,772
51,272	106,171	776,902
17,262	1,037,840	1,231,959
805	27,227	54,325
<u>4,638,945</u>	<u>5,535,100</u>	<u>64,661,086</u>
191,071	2,662,378	6,830,572
.....	148,073	18,201,985
.....	407,542	27,506,447
.....	993,513	4,293,598
.....	887,787	2,353,990
2,999,149	53	3,050,317
.....	292,611	430,980
1,757,232	226,492	2,171,050
.....	1,082,806	1,093,865
.....	1,017,173	1,024,211
<u>4,947,452</u>	<u>7,718,428</u>	<u>66,957,015</u>
<u>(308,507)</u>	<u>(2,183,328)</u>	<u>(2,295,929)</u>
.....	314,765	1,705,534
.....	1,961,934	1,961,934
1,091,134	4,012,322	10,203,770
(802,841)	(2,151,690)	(8,841,850)
.....	1,456	9,594
.....	(1,961,934)	(1,961,934)
<u>288,293</u>	<u>2,176,853</u>	<u>3,077,048</u>
(20,214)	(6,475)	781,119
1,112,792	3,209,992	12,107,725
.....	6,479	768,965
<u>1,112,792</u>	<u>3,216,471</u>	<u>12,876,690</u>
<u>\$ 1,092,578</u>	<u>\$ 3,209,996</u>	<u>\$ 13,657,809</u>

THIS PAGE INTENTIONALLY LEFT BLANK

2010 STATE OF FLORIDA CAFR

**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, 2010**

(in thousands)

Net change in fund balance - total governmental funds \$ 781,119

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. 50

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.

Capital outlay expenditures	2,376,432	
Depreciation expense	<u>(298,056)</u>	
		2,078,376

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. (60,500)

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. 319,526

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.

Decrease in compensated absences	10,063	
Increase in accrued interest	(4,208)	
Increase in claims payable	(91,665)	
Increase in arbitrage liability	(66)	
Increase in other liabilities	<u>(204,110)</u>	
		(289,986)

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.

Bond proceeds	(1,705,534)	
Refunding bond proceeds	(1,961,934)	
Financing agreement proceeds	(9,594)	
Repayment of bonds	1,073,505	
Repayment of capital leases/installment purchase contracts	20,360	
Payment to refunded bond escrow agent	1,961,934	
Amortization of bond premium	98,280	
Amortization of deferred amount on refunding	(12,954)	
Accrued interest payable at refunding	<u>(33,553)</u>	
		<u>(569,490)</u>

Change in net assets of governmental activities \$ 2,259,095

THIS PAGE INTENTIONALLY LEFT BLANK

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

FLORIDA HURRICANE CATASTROPHE FUND

This fund, administered by the State Board of Administration, is a blended component unit and 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.

UNEMPLOYMENT COMPENSATION

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

Nonmajor Funds

Nonmajor enterprise funds are presented on page 201.

Internal Service Funds

Internal service funds are presented on page 207.

2010 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 12,839	\$ 85,871	\$ 43	\$ 33,265	\$ 1,543
Pooled investments with State Treasury	507,286	175,402	.....	.....	352,740
Investments	.....	.....	8,652,314	1,612,316	.....
Receivables, net	4,612	20,049	100,994	373,672	600,925
Due from other funds	1,798	.....	.....	.....	3,454
Due from component units/primary	.....	.....	.....	.....	1,745
Inventories	5,236	1,021	.....	.....	.....
Other	.....	2,490	1,616	.....	.....
Total current assets	531,771	284,833	8,754,967	2,019,253	960,407
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	47	.....	.....	.....	.....
Restricted pooled investments with State Treasury	252,957	13,858	.....	.....	.....
Restricted investments	284,375	1,633,195	.....	.....	.....
Long-term investments	.....	.....	992,548	7,802,694	.....
Advances to other funds	500	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	1,602,032	.....
<u>Capital assets</u>					
Land and other nondepreciable assets	912,544	.....	.....	.....	.....
Nondepreciable infrastructure	6,110,964	.....	.....	.....	.....
Buildings, equipment, and other depreciable assets	409,977	13,494	80	52	.....
Accumulated depreciation	(206,484)	(12,073)	(74)	(51)	.....
Construction work in progress	624,161	.....	.....	.....	.....
Other	15,717	9,336	12,594	.....	.....
Total noncurrent assets	8,404,758	1,657,810	1,005,148	9,404,727	.....
Total assets	8,936,529	1,942,643	9,760,115	11,423,980	960,407
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	26,176	16,208	827,852	28,639	216,582
Accrued prize liability	.....	267,398	.....	.....	.....
Due to other funds	65,644	59,380	106	.....	3,179
Compensated absences	.....	873	47	44	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Bonds payable	.....	.....	269,485	.....	.....
Bonds payable from restricted assets	100,525	.....	.....	.....	.....
Deposits	7,707	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	77,885	865,090	.....	1,395,363	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	589,532	.....
Total current liabilities	277,937	1,208,949	1,097,490	2,013,578	219,761
<u>Noncurrent liabilities</u>					
Advances from other funds	267,422	.....	.....	.....	.....
Accrued prize liability	.....	595,792	.....	.....	.....
Due to other governments	.....	.....	.....	.....	1,612,500
Bonds payable	2,882,927	.....	5,432,301	.....	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Deposits	748	.....	.....	.....	31,734
Compensated absences	.....	2,804	125	142	.....
Tuition and housing benefits payable	.....	.....	.....	8,926,893	.....
Other	4,749	990	.....	.....	.....
Total noncurrent liabilities	3,155,846	599,586	5,432,426	8,927,035	1,644,234
Total liabilities	3,433,783	1,808,535	6,529,916	10,940,613	1,863,995
NET ASSETS					
Invested in capital assets, net of related debt	4,901,411	1,421	6	2	.....
Restricted for unemployment compensation	.....	.....	.....	.....	(903,588)
Restricted for lottery	.....	132,687	.....	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	3,230,193	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	483,365	.....
Restricted - other	269,844	.....	.....	.....	.....
Unrestricted	331,491	.....	.....	.....	.....
Total net assets	\$ 5,502,746	\$ 134,108	\$ 3,230,199	\$ 483,367	\$ (903,588)

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

2010 STATE OF FLORIDA CAFR

Nonmajor Enterprise Funds	Totals 6/30/10	Internal Service Funds
\$ 1,937	\$ 135,498	\$ 26,648
261,479	1,296,907	585,440
13,554	10,278,184	69,078
24,296	1,124,548	20,368
4,444	9,696	42,306
.....	1,745	838
.....	6,257	162
37	4,143	.....
305,747	12,856,978	744,840
.....	47	.....
.....	266,815	.....
.....	1,917,570	.....
65,214	8,860,456	.....
.....	500	.....
.....	1,602,032	.....
.....	912,544	360
.....	6,110,964	.....
30,698	454,301	999,512
(22,744)	(241,426)	(348,461)
.....	624,161	316,739
.....	37,647	.....
73,168	20,545,611	968,150
378,915	33,402,589	1,712,990
5,839	1,121,296	92,588
.....	267,398	.....
6,273	134,582	27,867
4,134	5,098	2,991
.....	.....	1,531
.....	269,485	19,550
.....	100,525	.....
.....	7,707	176,854
32,724	32,724	.....
20,859	2,359,197	57,421
.....	.....	32,665
.....	589,532	.....
69,829	4,887,544	411,467
.....	267,422	2,803
.....	595,792	.....
.....	1,612,500	.....
.....	8,315,228	379,900
.....	.....	686,179
.....	.....	12,164
.....	32,482	.....
13,291	16,362	11,981
.....	8,926,893	.....
5,438	11,177	7,023
18,729	19,777,856	1,100,050
88,558	24,665,400	1,511,517
7,954	4,910,794	141,974
.....	(903,588)	.....
.....	132,687	.....
.....	3,230,193	.....
.....	483,365	.....
.....	269,844	52,205
282,403	613,894	7,294
\$ 290,357	\$ 8,737,189	\$ 201,473

2010 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program
OPERATING REVENUES				
Sales - nonstate	\$ 8,523	\$ 3,906,484	\$ 1,443,942	\$ 681,283
Fees	648,609	.....	.....	3,769
Sales - state	.....	.....	30	.....
Rents and royalties - nonstate	10,757	240	.....	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	2,976	299	.....	.....
Other	.....	.....	.....	.....
Total operating revenues	<u>670,865</u>	<u>3,907,023</u>	<u>1,443,972</u>	<u>685,052</u>
OPERATING EXPENSES				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	2,346,162	.....	.....
Commissions on lottery sales	.....	216,207	.....	.....
Contractual services	233,774	94,424	254,242	1,514,287
Insurance claims expense	.....	.....	.....	.....
Personal services	20,197	26,923	985	805
Depreciation	16,871	494	2	2
Materials and supplies	4,329	1,285	17	31
Repairs and maintenance	.....	1,233	1	1
Basic services	.....	4,908	176	143
Interest and fiscal charges	.....	.....	44	37
Total operating expenses	<u>275,171</u>	<u>2,691,636</u>	<u>255,467</u>	<u>1,515,306</u>
Operating income (loss)	<u>395,694</u>	<u>1,215,387</u>	<u>1,188,505</u>	<u>(830,254)</u>
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	11,866	.....	.....	.....
Investment earnings	30,035	99,841	80,040	976,189
Interest and fiscal charges	(102,604)	(55,963)	(106,853)	(6,093)
Property disposition gain (loss)	(1,362)	(4)	.....	.....
Grant expense and client benefits	.....	.....	.....	.....
Emergency Assessment Funds Received	.....	.....	329,341	.....
Other	(5,331)	.....	.....	.....
Total nonoperating revenues (expenses)	<u>(67,396)</u>	<u>43,874</u>	<u>302,528</u>	<u>970,096</u>
Income (loss) before transfers and contributions	328,298	1,259,261	1,491,033	139,842
Operating transfers in	12,120	.....	.....	.....
Operating transfers out	(19,429)	(1,247,332)	(10,000)	(1,818)
Capital contributions	.....	.....	.....	.....
Change in net assets	320,989	11,929	1,481,033	138,024
Total net assets - beginning	5,181,757	122,179	1,749,166	345,343
Total net assets - ending	<u>\$ 5,502,746</u>	<u>\$ 134,108</u>	<u>\$ 3,230,199</u>	<u>\$ 483,367</u>

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

2010 STATE OF FLORIDA CAFR

Unemployment Compensation	Nonmajor Enterprise Funds	Totals 6/30/10	Internal Service Funds
\$	\$ 67,508	\$ 6,107,740	\$ 32,602
1,234,588	233,337	2,120,303	.....
.....	21,321	21,351	1,930,760
.....	3	11,000	29
.....	104	104	122,173
.....	48,121	51,396	.....
.....	1	1	20,078
<u>1,234,588</u>	<u>370,395</u>	<u>8,311,895</u>	<u>2,105,642</u>
7,656,494	.....	7,656,494	.....
.....	.....	2,346,162	.....
.....	.....	216,207	.....
.....	60,719	2,157,446	1,079,964
.....	.....	.....	856,561
.....	160,290	209,200	95,209
.....	2,457	19,826	18,796
.....	5,855	11,517	17,286
.....	1,479	2,714	18,444
.....	31,105	36,332	8,809
.....	1,497	1,578	2
<u>7,656,494</u>	<u>263,402</u>	<u>12,657,476</u>	<u>2,095,071</u>
<u>(6,421,906)</u>	<u>106,993</u>	<u>(4,345,581)</u>	<u>10,571</u>
5,448,016	98	5,459,980	1
8,072	10,994	1,205,171	27,191
.....	(224)	(271,737)	(37,371)
.....	(1,008)	(2,374)	(7,377)
.....	(929)	(929)	.....
.....	.....	329,341	.....
.....	(3)	(5,334)	(4,331)
<u>5,456,088</u>	<u>8,928</u>	<u>6,714,118</u>	<u>(21,887)</u>
(965,818)	115,921	2,368,537	(11,316)
15,932	21,423	49,475	25,596
(16,728)	(94,745)	(1,390,052)	(17,505)
.....	504	504	3,275
<u>(966,614)</u>	<u>43,103</u>	<u>1,028,464</u>	<u>50</u>
63,026	247,254	7,708,725	201,423
<u>\$ (903,588)</u>	<u>\$ 290,357</u>	<u>\$ 8,737,189</u>	<u>\$ 201,473</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 555,753	\$ 3,933,735	\$ 1,429,075
Cash paid to vendors	(290,161)	(313,518)	(4,748)
Cash paid to employees	(18,290)	(26,545)	(1,025)
Cash paid for grants made	.....	.....	.....
Lottery prizes	.....	(2,335,361)	.....
Cash paid for insurance claims	.....	.....	(229,711)
Unemployment benefits	.....	.....	.....
Net cash provided (used) by operating activities	<u>247,302</u>	<u>1,258,311</u>	<u>1,193,591</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	116,280	(1,271,247)	(10,000)
Advances from or repayment from other funds	39,028	.....	.....
Advances, grants or loans (to) from or repayment from others	(5,222)	.....	.....
Cash received from sale of bonds	26,962	.....	712,603
Payment of bonds or loans (principal and interest)	(3,777)	.....	(372,394)
Cash received from noncapital grants or donations	517	.....	.....
Emergency assessment funds received	.....	.....	329,909
Net cash provided (used) by noncapital financing activities	<u>173,788</u>	<u>(1,271,247)</u>	<u>660,118</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from sale of capital assets	6	.....	.....
Cash received from the sale of bonds	792,376	.....	.....
Payment of bond principal	(319,930)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(134,877)	.....	.....
Purchase or construction of capital assets	(383,051)	(684)	(5)
Net cash provided (used) by capital and related financing activities	<u>(45,476)</u>	<u>(684)</u>	<u>(5)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	(11,682)	57,655	.....
Proceeds from the sale or maturity of investments	1,333,457	201,688	502,648,941
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(201,688)	.....
Investment earnings	36,931	6,112	76,745
Purchase of investments	(1,387,707)	.....	(504,579,538)
Net cash provided (used) by investing activities	<u>(29,001)</u>	<u>63,767</u>	<u>(1,853,852)</u>
Net increase (decrease) in cash and cash equivalents	346,613	50,147	(148)
Cash and cash equivalents - beginning	426,516	224,984	191
Cash and cash equivalents - ending	<u>\$ 773,129</u>	<u>\$ 275,131</u>	<u>\$ 43</u>

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

2010 STATE OF FLORIDA CAFR

Prepaid College Program	Unemployment Compensation	Nonmajor Enterprise Funds	Totals 6/30/10	Internal Service Funds
\$ 533,809	\$ 969,246	\$ 365,637	\$ 7,787,255	\$ 2,134,357
(365,142)	.....	(107,621)	(1,081,190)	(1,104,938)
(791)	.....	(156,213)	(202,864)	(93,652)
.....	.....	.....	.....	(320)
.....	.....	.....	(2,335,361)	.....
.....	.....	(20)	(229,731)	(856,242)
.....	(7,575,068)	(275)	(7,575,343)	.....
<u>167,876</u>	<u>(6,605,822)</u>	<u>101,508</u>	<u>(3,637,234)</u>	<u>79,205</u>
(1,818)	(797)	(74,517)	(1,242,099)	10,629
.....	.....	(61)	38,967	.....
.....	6,555,896	(929)	6,549,745	.....
.....	.....	.....	739,565	.....
.....	.....	.....	(376,171)	.....
.....	.....	98	615	.....
.....	.....	.....	329,909	.....
<u>(1,818)</u>	<u>6,555,099</u>	<u>(75,409)</u>	<u>6,040,531</u>	<u>10,629</u>
.....	.....	.....	6	.....
.....	.....	.....	792,376	201,480
.....	.....	.....	(319,930)	(34,125)
.....	.....	.....	.....	(977)
.....	.....	(10)	(134,887)	(34,016)
.....	.....	(1,841)	(385,581)	(168,166)
.....	.....	(1,851)	(48,016)	(35,804)
(17,984)	.....	(22,821)	5,168	(60,843)
6,474,951	.....	6,341,809	517,000,846	.....
.....	.....	.....	(201,688)	.....
118,281	61,598	10,275	309,942	24,600
(6,729,664)	.....	(6,340,217)	(519,037,126)	.....
<u>(154,416)</u>	<u>61,598</u>	<u>(10,954)</u>	<u>(1,922,858)</u>	<u>(36,243)</u>
11,642	10,875	13,294	432,423	17,787
21,623	343,408	250,122	1,266,844	594,301
<u>\$ 33,265</u>	<u>\$ 354,283</u>	<u>\$ 263,416</u>	<u>\$ 1,699,267</u>	<u>\$ 612,088</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

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

	<u>Transportation</u>	<u>Lottery</u>	<u>Hurricane Catastrophe Fund</u>
Operating income (loss)	\$ 395,694	\$ 1,215,387	\$ 1,188,507
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	16,871	494	2
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(682)	26,544	(3,568)
(Increase) decrease in due from other funds	(108,686)	.....	1
Increase (decrease) in allowance for uncollectibles	.....	166	.....
(Increase) decrease in inventories	(21)	(197)	.....
(Increase) decrease in other non-current assets	.....	(6,263)	.....
Increase (decrease) in accounts payable	(26,571)	4,737	8,669
Increase (decrease) in compensated absences	.....	(153)	(20)
Increase (decrease) in due to other funds	(23,498)	.....	.....
Increase (decrease) in other non-current liability	(2,308)	532	.....
Increase (decrease) in deposits	.....	.....	.....
Increase (decrease) in deferred revenue	(3,497)	.....	.....
Increase (decrease) in prize liability	.....	17,064	.....
Net cash provided (used) by operating activities	<u>\$ 247,302</u>	<u>\$ 1,258,311</u>	<u>\$ 1,193,591</u>

Noncash investing, capital, and financing activities

Change in fair value of investments	(31,456)	13,146
-------------------------------------	-------	----------	--------

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

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 215.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 221.

INVESTMENT TRUST FUNDS

Individual fund descriptions and financial statements begin on page 227.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 231.

2010 STATE OF FLORIDA CAFR

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2010

(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/10
ASSETS					
Cash and cash equivalents	\$ 7,400	\$ 231,462	\$ 1,360	\$ 17,999	\$ 258,221
Pooled investments with State Treasury	569,695	104,306	1,842,439	768,234	3,284,674
Total cash and cash equivalents	577,095	335,768	1,843,799	786,233	3,542,895
<u>Investments</u>					
Certificates of deposit	1,186	644,944	1,292,084	.....	1,938,214
U.S. government & federally guaranteed obligations	20,065	6,453,186	.....	498,154	6,971,405
Federal agencies	19,833	7,991,779	403,346	28,370	8,443,328
Commercial paper	357	3,771,924	1,712,157	.....	5,484,438
Repurchase agreements	17	1,565,783	856,555	.....	2,422,355
Bonds and notes	38,856	15,284,682	383,010	.....	15,706,548
International bonds and notes	5,661	3,364,160	67,981	.....	3,437,802
Real estate contracts	.....	6,160,289	.....	.....	6,160,289
Mutual fund investments	2,400	10,421,035	.....	.....	10,423,435
Money market and short-term investments	18,446	894,914	467,218	.....	1,380,578
Domestic equity	98,214	40,188,325	.....	.....	40,286,539
Limited partnerships	.....	6,372,309	.....	.....	6,372,309
Equity group trust	.....	2,083	.....	.....	2,083
International equity	610	17,068,312	.....	.....	17,068,922
Deferred compensation annuities	.....	44,717	.....	.....	44,717
Other investments	.....	5,615	.....	150	5,765
Total investments	205,645	120,234,057	5,182,351	526,674	126,148,727
<u>Receivables</u>					
Accounts receivable	23,299	4,361	.....	425,550	453,210
State contributions receivable	.....	58,581	.....	.....	58,581
Nonstate contributions receivable	.....	283,711	.....	7	283,718
Interest receivable	1,625	264,638	1,445	11,748	279,456
Dividends receivable	107	120,264	.....	.....	120,371
Pending investment sales	169	2,566,914	.....	.....	2,567,083
Forward contracts	.....	564,629	.....	.....	564,629
Due from state funds	178	1,734	.....	58,505	60,417
Due from other governments	20,609	.....	.....	.....	20,609
Total receivables	45,987	3,864,832	1,445	495,810	4,408,074
Security lending collateral	22,705	5,145,215	.....	.....	5,167,920
Advances to other funds	540,331	.....	.....	.....	540,331
Loans receivable	1,111,983	.....	.....	.....	1,111,983
Capital assets	3,057	1,468	.....	.....	4,525
Accumulated depreciation	(2,095)	(806)	.....	.....	(2,901)
Other assets	20,394	9,435	18	.....	29,847
Total assets	2,525,102	129,589,969	7,027,613	1,808,717	140,951,401
LIABILITIES					
Accounts payable and accrued liabilities	11,635	68,794	129	557,933	638,491
Due to other funds	1,770	4,256	25	52,857	58,908
DROP	.....	2,331,168	.....	.....	2,331,168
Pending investment purchases	221	5,713,046	.....	.....	5,713,267
Short sell obligations	.....	724,659	.....	.....	724,659
Forward contracts payable	.....	562,818	.....	.....	562,818
Broker rebate fees	3	245	.....	.....	248
Due to other governments	2,990	.....	645	494,347	497,982
Due to component units/primary	.....	.....	.....	7,153	7,153
Obligations under security lending agreements	82,324	5,311,313	188,475	14,340	5,596,452
Claims payable	.....	5,298	.....	17,666	22,964
Deposits payable	2,516	12,949	.....	664,421	679,886
Compensated absences	359	1,102	.....	.....	1,461
Other liabilities	142	2,686	.....	.....	2,828
Total liabilities	101,960	14,738,334	189,274	1,808,717	16,838,285
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 2,423,142	\$ 114,851,635	\$ 6,838,339	\$	\$ 124,113,116

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

2010 STATE OF FLORIDA CAFR

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 06/30/10
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$	\$ 895,450	\$	\$ 895,450
Pension fund contributions - nonstate	.....	2,758,542	.....	2,758,542
Employer/employee contributions	.....	141,361	.....	141,361
Purchase of time by employees	.....	86,520	.....	86,520
Fees	1,598	702	.....	2,300
Grants and contributions	228,749	.....	.....	228,749
Flexible benefits contributions	.....	224,390	.....	224,390
Fines, forfeits, settlements and judgments	572	9	.....	581
Unclaimed property remittances	357,889	.....	.....	357,889
Transfers in from state funds	7,407	697,133	92,929	797,469
Total contributions and other deposits	596,215	4,804,107	92,929	5,493,251
<u>Investment income</u>				
Interest income	38,864	1,880,551	69,971	1,989,386
Dividends	1,795	1,452,272	.....	1,454,067
Other investment income	.....	36	.....	36
Net increase (decrease) in fair market value	13,318	12,215,123	89,600	12,318,041
Total investment income	53,977	15,547,982	159,571	15,761,530
Investment activity expense	(977)	(307,174)	(2,874)	(311,025)
Net income (loss) from investing activity	53,000	15,240,808	156,697	15,450,505
<u>Security lending activity</u>				
Security lending income	112	58,808	.....	58,920
Security lending expense	(42)	(16,795)	.....	(16,837)
Net income from security lending	70	42,013	.....	42,083
Total net investment income	53,070	15,282,821	156,697	15,492,588
Other additions	6,989	1,927	.....	8,916
Total additions	656,274	20,088,855	249,626	20,994,755
DEDUCTIONS				
Benefit payments	.....	7,148,823	.....	7,148,823
Insurance claims expense	15,178	.....	.....	15,178
Supplemental insurance payments	.....	63,094	.....	63,094
Flexible reimbursement payments	.....	25,183	.....	25,183
Life insurance premium payments	.....	36,718	.....	36,718
Remittances to annuity companies	.....	202,542	.....	202,542
Interest expense	4,932	1	.....	4,933
Student loan default payments	212,579	.....	.....	212,579
Payments to unclaimed property claimants	191,232	.....	.....	191,232
Distribution to State School Fund	85,533	.....	.....	85,533
Administrative expense	7,325	40,829	35	48,189
Property disposition gain (loss)	1	.....	.....	1
Transfers out to state funds	3,889	730,085	92,929	826,903
Other deductions	27,915	111	.....	28,026
Total deductions	548,584	8,247,386	92,964	8,888,934
<u>Depositor activity</u>				
Deposits	204,900	.....	14,681,713	14,886,613
Withdrawals	(37,413)	.....	(14,334,110)	(14,371,523)
Excess (deficiency) of deposits over withdrawals	167,487	.....	347,603	515,090
Change in net assets	275,177	11,841,469	504,265	12,620,911
Net assets - beginning	2,147,965	103,010,166	5,656,395	110,814,526
Adjustments to increase (decrease) beginning net assets	.....	.....	677,679	677,679
Net assets - beginning, as restated	2,147,965	103,010,166	6,334,074	111,492,205
Net assets - ending	\$ 2,423,142	\$ 114,851,635	\$ 6,838,339	\$ 124,113,116

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

THIS PAGE INTENTIONALLY LEFT BLANK

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 237.

2010 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2010
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units
ASSETS				
Cash and cash equivalents	\$ 268,424	\$ 172,122	\$ 3,218,519	\$ 1,326,775
Pooled investments with State Treasury	306,186	973,123	.....	1,546,522
Other investments	2,496,615	1,967,735	5,166,749	4,502,462
Receivables, net	122,407	495,297	248,336	1,120,265
Due from component units/primary	.....	132,038	.....	949,312
Inventories	.....	26,610	.....	36,216
Restricted cash and cash equivalents	.....	1,737	14,409	274,991
Restricted pooled investments with State Treasury	.....	80,682	.....	383,835
Restricted investments	.....	207	.....	1,495,956
Other loans and notes receivable, net	2,978,675	38,004	332,871	83,087
Other assets	45,686	143,470	150,348	285,395
Capital assets, net	105	2,767,037	18,671	17,389,740
Total assets	<u>6,218,098</u>	<u>6,798,062</u>	<u>9,149,903</u>	<u>29,394,556</u>
LIABILITIES				
Accounts payable and accrued liabilities	220,663	419,027	899,263	1,620,404
Due to component units/primary	.....	63,560	.....	154,515
Deferred revenues	69,018	109,132	995,328	551,883
Long-term liabilities				
Due within one year	268,021	88,769	798,775	299,582
Due in more than one year	3,946,465	1,522,918	2,008,999	3,491,428
Total liabilities	<u>4,504,167</u>	<u>2,203,406</u>	<u>4,702,365</u>	<u>6,117,812</u>
NET ASSETS				
Invested in capital assets, net of related debt	.....	1,916,019	18,671	14,967,269
Restricted for				
Debt service	.....	4,684	.....	69,149
Other	.....	936,661	14,409	1,166,935
Funds held for permanent endowment				
Expendable	.....	153,431	.....	1,528,601
Nonexpendable	.....	1,037,922	.....	1,962,262
Unrestricted	1,713,931	545,939	4,414,458	3,582,528
Total net assets	<u>\$ 1,713,931</u>	<u>\$ 4,594,656</u>	<u>\$ 4,447,538</u>	<u>\$ 23,276,744</u>

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

Totals	
<u>6/30/10</u>	
\$	4,985,840
	2,825,831
	14,133,561
	1,986,305
	1,081,350
	62,826
	291,137
	464,517
	1,496,163
	3,432,637
	624,899
	<u>20,175,553</u>
	<u>51,560,619</u>
	3,159,357
	218,075
	1,725,361
	1,455,147
	<u>10,969,810</u>
	<u>17,527,750</u>
	16,901,959
	73,833
	2,118,005
	1,682,032
	3,000,184
	<u>10,256,856</u>
\$	<u><u>34,032,869</u></u>

2010 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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	\$ 749,194	\$ 330,496	\$	\$	\$ (418,698)
University of Florida	4,790,001	2,593,967	1,248,514	58,140	.....
Citizens Property Insurance Corporation	1,073,860	1,711,429	.....	.....	.....
Nonmajor component units	9,996,332	2,591,938	3,340,908	624,275	.....
Total component units	\$ 16,609,387	\$ 7,227,830	\$ 4,589,422	\$ 682,415	(418,698)
<u>General revenues</u>					
Property taxes					.....
Investment earnings (loss)					.....
Gain (loss) on sale of capital assets					.....
Payments from the State of Florida					.....
Miscellaneous					168,265
Contributions to permanent funds					.....
Total general revenues and contributions					<u>168,265</u>
Change in net assets					(250,433)
Net assets - beginning					1,964,364
Adjustments to increase (decrease) beginning net assets					.....
Net assets - ending					<u>\$ 1,713,931</u>

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

2010 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets			
University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/10
\$	\$	\$	\$ (418,698)
(889,380)	.....	.....	(889,380)
.....	637,569	.....	637,569
.....	.....	(3,439,211)	(3,439,211)
(889,380)	637,569	(3,439,211)	(4,109,720)
.....	.....	897,925	897,925
225,347	110,799	537,539	873,685
2,124	.....	10,769	12,893
593,116	.....	2,496,226	3,089,342
179,658	266	543,146	891,335
32,168	.....	24,916	57,084
1,032,413	111,065	4,510,521	5,822,264
143,033	748,634	1,071,310	1,712,544
4,408,954	3,698,904	21,988,536	32,060,758
42,669	.....	216,898	259,567
\$ 4,594,656	\$ 4,447,538	\$ 23,276,744	\$ 34,032,869

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

NOTE	PAGE
1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	54
2 DEPOSITS AND INVESTMENTS.....	66
3 RECEIVABLES AND PAYABLES	97
4 TAXES.....	101
5 CAPITAL ASSETS	102
6 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS	105
7 COMMITMENTS AND OPERATING LEASES.....	113
8 BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION	114
9 INSTALLMENT PURCHASES AND CAPITAL LEASES.....	124
10 CHANGES IN LONG-TERM LIABILITIES	125
11 INTERFUND BALANCES AND TRANSFERS.....	127
12 RISK MANAGEMENT	132
13 FLORIDA PREPAID COLLEGE PROGRAM.....	134
14 INSURANCE ENTERPRISES.....	135
15 CONTINGENCIES	139
16 LITIGATION	140
17 DEFICIT FUND EQUITY	144
18 SUBSEQUENT EVENTS	146

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 and 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) Codification Section 2100, *Defining the Financial Reporting Entity*, and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, 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 Board of Governors
- Florida Clerks of Court Operations Corporation
- Florida Engineers Management Corporation
- 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
- 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 funds are reported in separate columns in the fund financial statements. Other blended component units that are considered nonmajor funds 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, 2010. 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 Florida college system is governed by the State Board of Education. All state universities and Florida 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

Florida Colleges

Nonmajor:

- Brevard Community College
- Broward College
- College of Central Florida
- Chipola College
- Daytona State College
- Edison State College
- Florida State College at Jacksonville
- Florida Keys Community College
- Gulf Coast Community College
- Hillsborough Community College
- Indian River State College
- Florida Gateway College
- Lake-Sumter Community College
- State College of Florida, Manatee-Sarasota
- Miami Dade College
- North Florida Community College
- Northwest Florida State College
- Palm Beach State College
- Pasco-Hernando Community College
- Pensacola State College
- Polk State College
- St. Johns River Community College
- St. Petersburg College
- Santa Fe College
- Seminole State College of Florida
- 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. For additional information, refer to Note 14B.

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 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 \$61 million and \$101 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 373.69, 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 Codification Section P80, *Proprietary Fund Accounting and Financial Reporting*, 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 Codification Section 2200, *Comprehensive Annual Financial Report*, 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 Codification Section 2200 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 state lottery operations, which include sale of lottery tickets, payment of lottery prizes, and transfers to the Educational Enhancement Trust Fund.

Florida Hurricane Catastrophe Fund – an enterprise fund, 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.

Unemployment Compensation – an enterprise fund, accounts for contributions, benefit payments, grants, loans, and investments for the Unemployment Compensation Fund, which was created to pay unemployment benefits to eligible individuals.

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 employees' 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, and student funds held by the School for Deaf and Blind.

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 and for External Investment Pools*.

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. Some securities including 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, or other pricing methodology as directed by the State Treasury.

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 BNY Mellon Bank.

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, personal, and intangible 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 installment purchase contracts and capital leases, 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, 2010, the government-wide statement of net assets report \$11.4 billion of restricted net assets, of which \$7.6 billion is restricted by enabling legislation.

Reserves of Fund Balance

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

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

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

Reserve for capital outlay represents funds reserved for capital projects.

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

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

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

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

F. Interfund Activity and Balances

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

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

For additional information, refer to Note 11.

G. Nonmonetary Transactions

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

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

H. Operating and Nonoperating Revenues

Proprietary funds distinguish operating and nonoperating revenues. Operating revenues typically derive from providing goods or services, and include all transactions involved in delivering those goods or services. These revenues are a direct result of exchange-type transactions associated with the principal activity of the fund. Cash flow resulting from capital and 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. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting standards for intangible assets. This statement improves the consistency of financial reporting by identifying intangible assets, subject to the provisions under this statement, to be classified as capital assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. It also identifies the approach to recognizing intangible assets that are internally generated, including internally generated computer software, as well as the amortization of such intangible assets. The state's intangible assets consist predominantly of easements and software and are immaterial in relation to total capital assets. Refer to Note 5 for additional information. Easements are reported within Land and other nondepreciable assets under the heading Capital assets, not being depreciated and software is reported within Other under the heading Capital assets, being depreciated.

The state implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement improves the quality of financial reporting by addressing the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The guidance in this statement improves financial reporting by requiring governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts, at fair value. In addition, state and local governments are required to provide disclosures that summarize the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments, their significant terms, and the risks associated with the derivative instruments. Refer to Note 2 for additional information.

Reporting Changes

In prior fiscal years, state universities reported bonds and revenue certificates payable related to Capital Improvement Revenue Bonds issued by the Florida Board of Governors on behalf of those universities. The Florida Board of Governors loaned the bond proceeds to those universities for stated capital improvement projects. Revenues generated from the constructed facilities were pledged by the universities to repay the debt. Additionally, in prior fiscal years, the liability for University System Improvement Bonds was allocated among and reported as bonds payable by the state universities. These liabilities have now been determined to be collateralized borrowings of the primary government. Accordingly, the universities formerly reporting Capital Improvement Revenue Bonds payable now report capital improvement debt payable and the primary government reports a corresponding receivable from the universities, and bonds payable for the University System Improvement Bonds. These changes affect comparability of amounts reported as bonds and revenue certificates payable and capital improvement debt payable on the university financial statements and on the statement of net assets for the primary government. Refer to the Section J. below for additional information on prior period adjustments related to these reporting changes.

In prior fiscal years, component unit deposits with the State Treasury and the SBA were reported in the Agency Funds. A determination was made that these component unit deposits should not be reported in the Agency Funds as they are not held for an entity outside the state's reporting entity. Accordingly, for this report, component unit deposits with the State Treasury and the SBA are no longer reported in the Agency Funds.

In prior fiscal years, deposits of external participants in the State Treasurer's Investment Pool were reported as part of the Agency Funds. Additionally, in prior fiscal years, net asset balances of external participants were considered immaterial in relation to total net assets of the Investment Pool so a portion of GASB Codification Section I50, *Investments*, pertaining to External Investment Pools, was not applied. Because of growth in the net asset balances of external participants, the balances are now considered material in relation to total net assets of the Investment Pool and are reported in the Investment Trust Funds. Refer to Section J. below for additional information on the prior period adjustment related to this reporting change.

In the prior fiscal year, the Agency Fund's Combining Statement of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities, Tax Distribution and Administration fund reported \$491 million as a Forward contracts payable rather than amounts owed to custodial parents relating to child support enforcement activities. To correct the error, the prior fiscal year ending balance as of June 30, 2009, for Accounts payable and accrued liabilities within the Tax Distribution and Administration fund reported in the Statement of Changes in Assets and Liabilities was increased by \$491 million and Forward contracts payable was removed.

J. Prior Period Adjustments

Fund balances and net assets at July 1, 2009, have been increased (decreased) as follows in relation to the activities of prior years (in thousands):

GOVERNMENTAL ACTIVITIES

Governmental Funds

Public Education

To increase beginning fund balance related to a receivable and capital improvement fees from the State Universities.

\$ 762,486

Total Public Education

762,486

Nonmajor Governmental Funds

Debt Service Fund

To increase beginning fund balance due to addition of assets for debt service for the Florida Board of Governors.

6,479

Total Nonmajor Governmental Funds

6,479

Total Governmental Funds

768,965

Government-wide Reconciling Items

Florida Board of Governors

To decrease beginning net assets due to addition of bonds payable previously reported by the State Universities.

(902,701)

Total Government-wide Reconciling Items

(902,701)

TOTAL GOVERNMENTAL ACTIVITIES

\$ (133,736)

COMPONENT UNITS

Major Component Units

University of Florida

To increase beginning net assets due to removal of bonds payable.

\$ 42,701

To recognize an expense and payable not reported previously.

(32)

Total Major Component Units

42,669

Nonmajor Component Units

Other State Universities

To increase beginning net assets due to removal of bonds payable.

201,129

South Florida Regional Transportation Authority

To increase beginning fund balance due to changes in depreciation expense from final audited financial statements.

15,769

Total Nonmajor Component Units

216,898

TOTAL COMPONENT UNITS

259,567

FIDUCIARY FUNDS

Investment Trust Funds

External Treasury Pool Participants

To increase beginning net assets due to the addition of the external portion of the Treasury Investment Pool.

677,679

TOTAL FIDUCIARY FUNDS

\$ 677,679

K. Budget Stabilization Fund

In prior fiscal years, the Florida Legislature authorized the transfer of funds from the Budget Stabilization Fund to the General Revenue Fund. These transfers are required to be repaid in accordance with Section 215.32, F.S*. The Budget Stabilization Fund had \$275 million in cash at June 30, 2010. The planned repayment schedule is presented below. Both of these funds are included within the General Fund, therefore, pursuant to generally accepted governmental accounting principles, the Advances to other funds and Advances from other funds were eliminated.

Date	Authority	Borrowed	Repayment
9/11/2008	GAA 2008-2009 Section 77	\$ 672,407,249	\$
2/20/2009	Senate Bill 2-A Section 51	400,000,000	.....
7/1/11-6/30/12		.....	214,481,450
7/1/12-6/30/13		.....	214,481,450
7/1/13-6/30/14		.....	214,481,450
7/1/14-6/30/15		.....	214,481,450
7/1/15-6/30/16		.....	214,481,450
Total		\$ 1,072,407,249	1,072,407,250

*Repayment should be in 5 equal installments beginning in the third fiscal year after the loan was made.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2010, the state’s deposits in financial institutions totaled approximately \$1.7 billion for primary government and \$5 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, 2010, 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, 2010**

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 257,245	\$ 165,697
(2)	75,330	293,872
(3)	.....	26,129
Total deposits subject to custodial credit risk	\$ 332,575	\$ 485,698

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) were limited to a range of 11-25% of total investments with a target of 20% for most of the fiscal year. On June 8, 2010, a new investment policy was adopted for the FRS Trust Fund that combines domestic and foreign equities into one global equity asset class; therefore, the policy limiting investments in foreign equities to a range of 11-25% is no longer in effect. 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 June 8, 2010, and March 24, 2009; 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, 2010, as illustrated in the following schedule (in thousands):

**Foreign Currency Deposits Held
As of June 30, 2010**

Currency	Bank Statement Balance (in U.S. \$)		
	FRS Pension		Total
	Trust Fund	LCEF	
Australian dollar	\$ 2,837	\$	\$ 2,837
Brazilian real	5,512	142	5,654
British pound sterling	5,164	1	5,165
Canadian dollar	3,194	5	3,199
Croatian kuna	253	.....	253
Czech koruna	278	22	300
Danish krone	832	.....	832
Euro currency unit	9,097	23	9,120
Hong Kong dollar	7,001	2	7,003
Indian rupee	176	.....	176
Israeli shekel	546	2	548
Japanese yen	44,286	122	44,408
Kenyan shilling	628	.....	628
Malaysian ringgit	314	24	338
Mexican new peso	2,181	2	2,183
Moroccan dirham	131	.....	131
Norwegian krone	1,190	7	1,197
Singapore dollar	24	64	88
South African rand	144	48	192
South Korean won	569	26	595
Swedish krona	495	32	527
Swiss franc	1,445	20	1,465
Taiwan new dollar	12,684	2	12,686
Thailand baht	2,043	11	2,054
Turkish new lira	1,285	28	1,313
Other	342	8	350
Total deposits subject to foreign currency risk	\$ 102,651	\$ 591	\$ 103,242

B. Investments

At June 30, 2010, the state’s investments in governmental and business-type activities and fiduciary funds totaled \$170.5 billion, consisting of pooled investments with the State Treasury in the amount of \$16.6 billion and other investments in the amount of \$153.9 billion. The State Treasury also had holdings at June 30, 2010, of \$3.5 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 \$15.6 billion.

Pooled Investments with the State Treasury

Unless specifically exempted by statute, all cash of the state must be deposited in the State Treasury. The State Treasury, in turn, keeps the funds fully invested to maximize earnings. In addition, the State Treasury may invest funds of any board, association, or entity created by the State Constitution or by law. As a result, pooled investments with the State Treasury contains deposits from funds and component units of the reporting entity (internal portion) as well as deposits from certain legally separate organizations outside the reporting entity (external portion). The external portion of pooled investments with the State Treasury is reported in a governmental external investment pool.

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with State Treasury is provided by the Treasury Investment Committee per Section 17.575, F.S. The authorized investment types are set forth in Section 17.57, F.S.

Redemptions are on a dollar in/dollar out basis adjusted for distributed income. The fair value of the pooled investments with State Treasury is determined at fiscal year end for financial reporting purposes.

The State Treasury does not contract with an outside insurer in order to guarantee the value of the portfolio or the price of shares redeemed.

Per Section 17.61(1), F.S., the State Treasury shall invest all general revenue funds, trust funds and all agency funds of each state agency, and of the judicial branch. As a result, state agencies and the judicial branch are considered involuntary participants in pooled investments with the State Treasury. The total involuntary participation as of June 30, 2010, was \$13.4 billion or 73.4% of the pool.

At year end, the condensed financial statements for the Investment Pool maintained by the State Treasury were as follows (dollars in thousands):

**Condensed Statement of Fiduciary Net Assets
June 30, 2010**

ASSETS	
Current and Other Assets	\$ 21,542,298
Total Assets	<u>21,542,298</u>
LIABILITIES	
Other Liabilities	3,557,262
Total Liabilities	<u>3,557,262</u>
NET ASSETS	
Net assets held for Internal Pool Participants	16,331,071
Net assets held for External Pool Participants	1,653,964
	<u>\$ 17,985,035</u>

**Statement of Changes in Fiduciary Net Assets
June 30, 2010**

ADDITIONS	
Net income (loss) from investing activity	\$ 936,469
DEDUCTIONS	
Distributions paid and payable	<u>(936,469)</u>
Depositor activity	
Deposits	123,648,504
Withdrawals	<u>(120,057,349)</u>
Excess (deficiency) of deposits over withdrawals	3,591,155
Change in net assets	3,591,155
Net assets, beginning	<u>14,393,880</u>
Net assets, ending	<u>\$ 17,985,035</u>

The following table provides a summary of the fair value, the number of shares or the principal amount, ranges of interest rates, and maturity dates of each major investment classification (dollars in thousands):

Summary of Investment Holdings

	Par	Fair Value	Range of Interest Rates *	Range of Maturity Dates
Commercial Paper	\$ 1,004,485	\$ 1,004,397	0.07% - 0.65%	7/1/10 - 9/8/10
U.S. Guaranteed Obligations	4,729,746	4,841,093	0.63% - 30.98%	7/1/10 - 4/16/41
Federal Agencies	8,061,933	8,022,286	0.25% - 17.99%	7/2/10 - 4/1/56
Domestic Bonds & Notes	5,141,701	2,951,405	0% - 12.00%	7/1/10 - 8/1/97
International Bonds & Notes	387,463	408,049	0.30% - 9.86%	8/1/10 - 12/31/49
Mutual Funds	877,317	877,317	0.21%	N/A
Certificates of Deposit	135,865	135,941	0.01% - 0.84%	8/3/10 - 4/12/12
Repurchase Agreements	1,713,927	1,713,927	0.50% - 5.90%	7/1/10 - 7/3/10
Unemployment compensation funds pooled with U.S. Treasury	455,038	455,038	N/A	N/A
Totals	<u>\$ 22,507,475</u>	<u>\$ 20,409,453</u>		

* The coupon rate in effect at June 30, 2010, is reported. If a security is discounted, the purchase yield is reported.

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, 2010 (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, 2010**

<u>Investment type</u>	<u>Fair Value</u>
Commercial paper	\$ 936,117
U.S. guaranteed obligations	4,841,093
Federal agencies	7,972,307
Domestic bonds & notes	2,466,835
International bonds & notes	359,973
Mutual funds	875,046
Repurchase agreements	403,146
Certificates of deposit	.....
Unemployment compensation funds pooled with U. S. Treasury	455,038
Total investments excluding security lending collateral	<u>18,309,555</u>
Lending collateral investments:	
Repurchase agreements	1,310,781
Commercial paper	68,280
Domestic bonds & notes	484,570
International bonds & notes	48,076
Certificates of deposit	135,941
Federal agencies	49,979
Mutual funds	2,271
Total lending collateral investments	<u>2,099,898</u>
Total investments	20,409,453
Cash on hand	300
Cash on deposit	1,132,545
Total State Treasury holdings	<u>21,542,298</u>
Adjustments:	
Outstanding warrants	(1,006,077)
Unsettled securities liability	(447,467)
Reconciled balance, June 30, 2010	<u><u>\$ 20,088,754</u></u>
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 11,743,152
Business-type activities	1,296,907
Fiduciary funds	3,284,674
Component units	3,290,348
Component units timing difference	206,858
Total pooled investments with State Treasury	<u>19,821,939</u>
Restricted pooled investments with State Treasury (Business-type activities)	266,815
Total pooled investments with State Treasury	<u><u>\$ 20,088,754</u></u>

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 76% of total other investments at June 30, 2010. Investments of the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 6.2% and 6.1%, respectively, of total other investments. 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, 2010, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments
As of June 30, 2010**

Investment type	Fair value			Total
	FRS Pension Trust Fund	Other funds		
		Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 584,932	\$ 3,173,535	\$ 2,799	\$ 3,761,266
Commercial paper	3,656,140	3,709,574	.....	7,365,714
Bankers' acceptances	.....	4,972	.....	4,972
Money market funds	4,652	2,667,669	10,470	2,682,791
Repurchase agreements	1,565,763	2,748,630	.....	4,314,393
U.S. guaranteed obligations	6,448,166	8,152,885	31,160	14,632,211
Federal agencies	7,969,768	4,007,153	6,876	11,983,797
Domestic bonds & notes	14,289,373	2,085,429	964,256	17,339,058
Domestic bonds & notes commingled funds	177,152	1,754,736	.....	1,931,888
International bonds & notes	3,354,160	423,105	154	3,777,419
Domestic stocks	40,179,374	948,431	19,387	41,147,192
Domestic equity group trust	2,083	.....	.....	2,083
Domestic equity commingled funds	.....	1,702,661	.....	1,702,661
International stocks	17,066,866	78,348	2,191	17,147,405
International equity commingled funds	4,958,217	817,390	.....	5,775,607
Limited partnerships	5,859,263	.....	.....	5,859,263
Limited partnerships - international	513,046	.....	.....	513,046
Option contracts	5,615	.....	374	5,989
Swap contracts (debt related)	(10,981)	.....	.....	(10,981)
Real estate investments	6,160,289	.....	.....	6,160,289
Mutual funds	.....	.....	1,122,201	1,122,201
Deferred compensation annuities	.....	.....	44,717	44,717
Total investments excluding lending collateral	112,783,878	32,274,518	2,204,585	147,262,981
Lending collateral investments:				
Certificates of deposit	.....	600,243	.....	600,243
Commercial paper	.....	236,331	.....	236,331
Money market funds	3,876	.....	.....	3,876
Short-term security lending collateral pool	.....	3,992	.....	3,992
Repurchase agreements	4,255,464	636,380	.....	4,891,844
Domestic bonds & notes	673,046	559,372	.....	1,232,418
International bonds & notes	212,829	79,238	.....	292,067
Total lending collateral investments	5,145,215	2,115,556	.....	7,260,771
Total investments for all types - fair value	\$ 117,929,093	\$ 34,390,074	\$ 2,204,585	\$ 154,523,752
Total investments for all types - carrying value	\$ 117,929,093	\$ 34,363,048	\$ 2,204,455	\$ 154,496,596
% of total other investments	76%	22%	2%	

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

	Governmental activities	Business-type activities	Fiduciary funds	Component Units ¹	Total
Other investments	\$ 1,536,807	\$ 19,138,640	\$	\$ 586,932	\$ 21,262,379
Restricted investments	.....	1,917,570	.....	.....	1,917,570
Long-term investments	.....	.....	126,148,727	.....	126,148,727
Security lending collateral	.....	.....	5,167,920	.....	5,167,920
Total other investments	\$ 1,536,807	\$ 21,056,210	\$ 131,316,647	\$ 586,932	\$ 154,496,596

¹The column for Component Units presents other investments managed by SBA for Component Units. For presentation of all other investments for Component Units, see the Schedule of Other Investments For Discretely Presented Component Units below.

The FRS Pension Trust Fund also held short positions in investments at June 30, 2010. Short investment positions are reported as liabilities on the Statement of Fiduciary Net Assets. The schedule below presents the short investment positions at fair value at June 30, 2010 (in thousands):

FRS Pension Trust Fund
Short Investment Positions
As of June 30, 2010

Investment Type	Fair Value
U.S. guaranteed obligations	\$ (16,321)
Federal agencies	(73,536)
Domestic stocks	(474,631)
International stocks	(160,171)
Option contracts	(8,757)
Total	\$ (733,416)

The SBA issued a separate report (financial statements and notes) pertaining to the Local Government Surplus Funds Investment Pool within the state's Investment Trust Fund for the period ended June 30, 2010. This report may be obtained from the Senior Operating Officer, Accounting and Administrative Services, 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, 2010, 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, 2010, are excluded.

**Schedule of Other Investments
For Discretely Presented Component Units
As of June 30, 2010**

<u>Investment type</u>	<u>Fair value</u>
Certificates of deposit	\$ 137,116
Commercial paper	16,093
Repurchase agreements	99,206
Money market funds	835,938
U.S. guaranteed obligations	2,461,055
Federal agencies	4,502,992
Domestic bonds & notes	2,567,686
International bonds & notes	14,941
Domestic stocks	726,892
International stocks	226,638
Real estate investments	70,574
Mutual funds	1,649,354
Investment agreements	2,285,179
Total other investments for all types - fair value	<u>\$ 15,593,664</u>
Total other investments for all types - carrying value	<u>\$ 15,629,724</u>
Reconciliation of carrying value to the basic financial statements:	
Other investments	\$ 14,133,561
Restricted investments	1,496,163
Total other investments for component units	<u>\$ 15,629,724</u>

At June 30, 2010, 61.62% 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, 2010, were rated by the Nationally Recognized Statistical Rating Organizations (NRSRO) Standard and Poor’s (S&P) and Moody’s, and the ratings are presented below using the applicable rating scale (in thousands):

**State Treasury
Credit Quality Ratings
As of June 30, 2010**

Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes	Certificates of deposit	Total*	S&P rating**	Moody's rating**
\$	\$ 93,225	\$ 647,351	\$ 31,856	\$	\$ 772,432	AAA	
.....	.....	477,180	108,716	70,137	656,033	AA	
.....	1,171	1,260,277	100,664	11,814	1,373,926	A	
1,004,397	.....	1,596	.....	25,000	1,030,993	A-1	
.....	.....	443,207	136,813	.....	580,020	BBB	
.....	.....	8,375	.....	.....	8,375	BB	
.....	.....	2,336	.....	.....	2,336	B	
.....	.....	1,752	.....	.....	1,752	Below B	
.....	26,728	80,899	.....	.....	107,627		AAA
.....	1,681	3,257	.....	.....	4,938		AA
.....	.....	9,288	.....	.....	9,288		A
.....	.....	5,034	.....	.....	5,034		Below B
.....	7,899,481	10,853	30,000	28,990	7,969,324	Not rated	
\$ 1,004,397	\$ 8,022,286	\$ 2,951,405	\$ 408,049	\$ 135,941	12,522,078		
			U.S. guaranteed obligations		4,841,093	Not rated	
			Mutual funds		877,317	Not rated	
			Repurchase agreements		1,713,927	Not rated	
					<u>\$ 19,954,415</u>		

*The remaining \$134,339 (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, cash on hand and deposit, 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, 2010, more than five percent of the State Treasury’s investment pool is invested in the Federal Home Loan Bank System (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal Farm Credit Banks (FFCB). These investments are approximately 13 percent, 12 percent, 6 percent and 7 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. For Short-term investment ratings, this is defined as the highest applicable rating from one of the three NRSRO – S&P A-1, Moody's P-1, Fitch F1. For long-term investment ratings, this is defined as a minimum mid-single A rating from one of the three NRSROs – S&P A, Moody's A2, Fitch A. 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, or FHLMC securities as underlying collateral. Exposure is limited to 10% 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 at least one of the three 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 portfolios – Securities should be rated investment grade by one of the three 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 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 NRSRO. The policies dictate no limitations on concentration of credit risk on investments for a single issuer.

High Yield portfolios – 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 portfolio manager 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. Repos should be fully collateralized. The FRS Pension Trust Fund 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.

2010 STATE OF FLORIDA CAFR

The FRS Pension Trust Fund did not hold any investments with a single issuer representing 5% or more of the fund's fair market value at June 30, 2010. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2010 (in thousands).

**FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2010**

Certificates of deposit	Commercial paper	Money market & short-term bond funds	Federal agencies	Domestic bonds & notes ¹	International bonds & notes	Total ²	S&P rating ³	Moody's rating ³
\$	\$	\$ 8,528	\$ 939,472	\$ 3,028,431	\$ 761,342	\$ 4,737,773	AAA/AAAm	
.....	.....	.....	7,936	986,290	530,572	1,524,798	AA	
.....	.....	.....	74,502	3,960,146	795,614	4,830,262	A	
.....	.....	.....	.....	2,934,748	645,405	3,580,153	BBB	
.....	.....	.....	.....	1,078,153	121,069	1,199,222	BB	
.....	.....	.....	.....	1,423,197	160,150	1,583,347	B	
.....	.....	.....	.....	337,503	5,730	343,233	CCC	
.....	.....	.....	.....	79,376	.....	79,376	CC	
.....	.....	.....	.....	5,835	.....	5,835	D	
.....	.....	.....	12,495	433,163	5,233	450,891		Aaa
.....	.....	.....	.....	5,214	20,489	25,703		Aa
.....	.....	.....	.....	85,473	33,127	118,600		A
.....	.....	.....	.....	26,421	25,136	51,557		Baa
.....	.....	.....	.....	8,026	2,051	10,077		Ba
.....	.....	.....	.....	11,605	10,374	21,979		B
.....	.....	.....	.....	27,916	4,044	31,960		Caa
.....	.....	.....	.....	.....	211,250	211,250		Ca
.....	3,656,140	.....	.....	.....	.....	3,656,140	A-1	
584,932	.....	.....	6,935,363	708,074	235,403	8,463,772	Not rated	Not rated
<u>\$ 584,932</u>	<u>\$ 3,656,140</u>	<u>\$ 8,528</u>	<u>\$ 7,969,768</u>	<u>\$ 15,139,571</u>	<u>\$ 3,566,989</u>	<u>30,925,928</u>		
				Repurchase agreements		5,821,227	Not rated	Not rated
				U.S. guaranteed obligations		6,448,166	Not rated	Not rated
				Domestic stocks		40,179,374	Not rated	Not rated
				Domestic equity group trust		2,083	Not rated	Not rated
				International stocks		17,066,866	Not rated	Not rated
				International equity commingled funds		4,958,217	Not rated	Not rated
				Limited partnerships		5,859,263	Not rated	Not rated
				Limited partnerships-international		513,046	Not rated	Not rated
				Option contracts purchased		5,615	Not rated ⁴	Not rated ⁴
				Swap contracts		(10,981)	Not rated ⁴	Not rated ⁴
				Real estate investments		6,160,289	Not rated	Not rated
				Total investments		<u>\$ 117,929,093</u>		

¹The column for Domestic bonds & notes includes domestic commingled funds totaling \$177,151,978 with a S&P credit rating of "B".

²All FRS investments are included in this schedule, including security lending collateral investments.

³S&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 "AAAm", "A-1". The "AAAm" rating is the top S&P rating for money market funds. The "A-1" rating is a short-term rating for S&P.

⁴ Although option contracts and swap contracts do not have specific credit quality ratings, counterparty credit ratings are available and are disclosed in separate schedules below.

Counterparty credit ratings for option positions (purchased and sold) at June 30, 2010, in the FRS Pension Trust Fund are listed below (in thousands).

FRS Pension Trust Fund
Option Counterparty Credit Ratings
As of June 30, 2010

Fair Value	S&P Counterparty Credit Rating (Long/Short) ¹	Moody's Counterparty Credit Rating (Long/Short) ¹	Fitch Counterparty Credit Rating (Long/Short) ¹
\$ 1,304	Exchange traded	Exchange traded	Exchange traded
4,311	A/A-1	A/P-1	NR/F1
<hr/>			
\$ 5,615	Total options purchased		
<hr/>			
\$ (2,188)	Exchange traded	Exchange traded	Exchange traded
(3,791)	A/A-1	A/P-1	NR/F1
(2,778)	NR/NR	NR/P-1	NR/NR
<hr/>			
\$ (8,757)	Total options sold ²		

¹ If no rating exists, "NR" is reported.

² Options sold are reported as liabilities in the Statement of Fiduciary Net Assets.

Counterparty credit rating for swaps held in the FRS Pension Trust Fund at June 30, 2010, are listed below (in thousands)

FRS Pension Trust Fund
Swap Counterparty Credit Ratings
As of June 30, 2010

Fair Value	S&P Counterparty Credit Rating (Long/Short) ¹	Moody's Counterparty Credit Rating (Long/Short) ¹	Fitch Counterparty Credit Rating (Long/Short) ¹
\$ (17,576)	AA/A-1	Aa/P-1	NR/F1
2,463	A/A-1	Aa/P-1	NR/F1
2,889	A/A-1	A/P-1	NR/F1
1,492	NR/A-1	NR/P-1	NR/NR
(249)	NR/NR	NR/P-1	NR/NR
<hr/>			
\$ (10,981)	Total swaps		

¹ If no rating exists, "NR" is reported.

Counterparty credit ratings for forward currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2010, are listed below (in thousands).

FRS Pension Trust Fund
Forward Foreign Currency Exchange Contract Counterparty Credit Ratings
As of June 30, 2010

Receivable Fair Value	Payable Fair Value	Net Unrealized Gain/(Loss)	S&P Counterparty Credit Rating (Long/Short) ¹	Moody Counterparty Credit Rating (Long/Short) ¹	Fitch Counterparty Credit Rating (Long/Short) ¹
\$ 33,433	\$ (33,503)	\$ (70)	AA/A-1	Aaa/P-1	NR/F1
11,449	(11,656)	(207)	AA/A-1	Aa/P-1	NR/F1
897	(901)	(4)	AA/A-1	Aa/P-1	NR/NR
9,204	(9,019)	185	AA/A-1	A/P-1	NR/F1
195,721	(195,660)	61	A/A-1	Aa/P-1	NR/F1
52,010	(52,045)	(35)	A/A-1	A/P-1	NR/F1
24,401	(24,430)	(29)	A/A-1	NR/P-1	NR/F1
151,763	(150,320)	1,443	A/A-1	NR/P-1	NR/NR
23,600	(23,877)	(277)	NR/A-1	NR/P-1	NR/F1
57,259	(56,516)	743	NR/NR	NR/P-1	NR/NR
4,025	(4,028)	(3)	NR/NR	NR/NR	NR/F1
867	(863)	4	NR/NR	NR/NR	NR/NR
<u>\$ 564,629</u>	<u>\$ (562,818)</u>	<u>\$ 1,811</u>			

¹ If no rating exists, "NR" is reported.

2010 STATE OF FLORIDA CAFR

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, 2010 (in thousands).

All SBA Managed Funds (except FRS Pension Trust Fund)
Credit Quality Ratings
As of June 30, 2010

Certificates of deposit	Commercial paper/bankers' acceptances	Money market & Short-term bond funds	Federal agencies	Domestic bonds & notes	Domestic bonds & notes commingled funds	International bonds & notes	Total ¹	S&P rating ²	Moody's rating ²
\$	\$	\$ 1,783,821	\$ 1,973,145	\$ 486,107	\$	\$ 76,680	\$ 4,319,753	AAA/AAAm	
20,605	.....	.....	.....	247,316	107,169	82,157	457,247	AA	
.....	.....	.....	31,203	1,034,647	.....	86,755	1,152,605	A	
.....	.....	.....	.....	330,404	.....	48,384	378,788	BBB	
.....	.....	.....	.....	6,701	.....	.....	6,701	B	
.....	.....	.....	.....	31,532	.....	.....	31,532	CCC	
.....	.....	.....	29,186	47,147	.....	.....	76,333		Aaa
73,769	.....	.....	.....	6,651	.....	11,411	91,831		Aa
29,973	.....	.....	.....	94,526	.....	.....	124,499		A
.....	3,931,006	.....	.....	.....	.....	.....	3,931,006	A-1	
3,649,431	19,871	883,848	1,973,619	359,770	.....	196,956	7,083,495	Not rated	Not rated
<u>\$ 3,773,778</u>	<u>\$ 3,950,877</u>	<u>\$ 2,667,669</u>	<u>\$ 4,007,153</u>	<u>\$ 2,644,801</u>	<u>\$ 107,169</u>	<u>\$ 502,343</u>	<u>17,653,790</u>		
					Repurchase agreements		3,385,010	Not rated	Not rated
					Security lending collateral pool		3,992	Not rated	Not rated
					U.S. guaranteed obligations		8,152,885	Not rated	Not rated
					Domestic bonds & notes commingled funds		1,647,567	Not rated	Not rated
					Domestic stocks		948,431	Not rated	Not rated
					Domestic equity commingled funds		1,702,661	Not rated	Not rated
					International stocks		78,348	Not rated	Not rated
					International equity commingled funds		817,390	Not rated	Not rated
					Total investments		<u>\$ 34,390,074</u>		

¹All investments are included in this schedule, including security lending collateral investments.

²S&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 "AAAm", "A-1". The "AAAm" rating is the top S&P rating for money market funds. The "A-1" rating is a short-term rating for S&P.

The LGIP held investments with Bank of America (11.1%), Morgan Stanley (7.9%), and Federal Home Loan Banks (8.1%) in excess of 5% 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, 2010**

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Money market funds	Total	S&P rating
Florida Housing Finance Corporation *	\$	\$	\$	\$	\$	\$	A-
FHFC (continued)	269,570	.....	.....	269,570	AAA-BB+
FHFC (continued)	12,981	28,491	.....	.....	41,472	AAA
FHFC (continued)	55,714	.....	.....	.....	55,714	Not rated
University of Florida (UF)	39	25,916	2,782	.....	28,737	AAA
UF (continued)	424	635	24,595	1,319	26,973	AA
UF (continued)	2,543	9,123	315	11,981	A
UF (continued)	17	84	47,739	.....	47,840	Not rated
	<u>\$</u>	<u>\$ 69,175</u>	<u>\$ 327,239</u>	<u>\$ 84,239</u>	<u>\$ 1,634</u>	<u>\$ 482,287</u>	

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Other	Total	Moody's
Citizens Property Insurance Corporation (CPIC)	\$ 7,995	\$	\$	\$	\$	\$ 7,995	P-1
CPIC (continued)	.....	3,526,605	.....	.....	.....	3,526,605	Aaa
CPIC (continued)	.....	.....	1,390,242	.....	.....	1,390,242	Aaa/P-1
CPIC (continued)	.....	.....	.....	.....	193,779	193,779	Not rated
	<u>\$ 7,995</u>	<u>\$ 3,526,605</u>	<u>\$ 1,390,242</u>	<u>\$</u>	<u>\$ 193,779</u>	<u>\$ 5,118,621</u>	

* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of \$1,075 million subject to concentration of credit risk. These investments and amounts were issued by Trinity Funding (\$284 million) and FannieMae (\$791 million).

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, 2010. 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, 2010**

	Fair value
Invested security lending collateral:	
Repurchase agreements	\$ 1,310,781
Commercial paper	68,280
Domestic bonds & notes	484,570
Federal agencies	49,979
International bonds & notes	48,076
Certificates of deposit	135,941
Total	<u>\$ 2,097,627</u>

Other Investments

The SBA’s custodial credit policy states that custodial credit risk will be minimized through the use of trust accounts maintained by top tier third party custodian banks. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA’s name, separate and apart from the assets of the custodian banks. This policy applies to investments evidenced by cash or securities, and does not apply to investments evidenced by contractual agreements such as private equity or real estate investments. 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, 2010. 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, 2010**

	FRS Pension Trust Fund	Other funds
Repurchase agreements	\$	\$ 22
Invested security lending collateral:		
Certificates of deposit	.....	600,243
Commercial paper	.....	236,331
Repurchase agreements	1,780,000	605,000
Domestic bonds & notes	469,565	559,372
International bonds & notes	196,402	79,238
Total	\$ 2,445,967	\$ 2,080,206

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, 2010**

Component unit / Investment type	Fair value
University of Florida	
Bonds & notes	\$ 28,961
Mutual funds	1,319
Total	\$ 30,280

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, 2010**

Investment type	Fair value	Effective weighted duration (in years)	Sec Lending Market Value	Weighted average maturity (in days)
Commercial paper	\$ 936,117	0.01	\$ 68,280	56
Repurchase agreements	403,146	NA	1,310,781	1
U.S. guaranteed obligations:				
U.S. Treasury bonds & notes	2,510,786	4.35		
U.S. Treasury strips	18,062	11.85		
U.S. Treasury bills	2,058,694	0.31		
GNMA mortgage-backed pass-through	127,959	2.00		
GNMA TBA pass-thru	102,521	2.05		
GNMA collateralized mortgage obligations (CMO's)	15,583	1.00		
GNMA CMO's - interest only	.....	NA		
GNMA CMO's - principal only	.....	NA		
SBA asset-backed	7,488	0.21		
Federal agencies				
Discount notes	4,507,274	0.30		
Unsecured bonds & notes	1,967,842	1.23		
Mortgage-backed pass-through	1,048,552	2.25		
TBA mortgage-backed pass-thru	329,470	2.24		
Mortgage-backed CMO's	105,946	0.33		
Mortgage-backed CMO's - principal only	36	2.06		
Mortgage-backed CMO's - interest only	13,187	0.47		
Agency bonds & notes	.....	NA	49,979	26
Domestic bonds & notes:				
Corporate	1,623,207	4.95	484,570	25
Non-government backed CMO's & CMBS*	592,530	2.87		
Non-government backed CMO's & CMBS* - principal only	.....	NA		
Non-government backed CMO's & CMBS* - interest only	13,978	2.31		
Municipal/provincial	20,966	12.71		
Corporate asset-backed	216,154	0.72		
International bonds & notes:				
Agency bonds & notes	4,154	11.28		
Corporate	350,380	5.61	48,076	83
Corporate asset-backed	5,439	NA		
Money market mutual funds	875,046	0.08	2,271	1
Certificates of deposit	.....	NA	135,941	39
Total portfolio weighted effective duration/average maturity		1.81		16
Total debt investments	<u>\$ 17,854,517</u>		<u>\$ 2,099,898</u>	

* Commercial Mortgage-Backed Securities (CMBS)

Note: The remaining \$134,339 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, cash on hand and deposit, and outstanding warrants as presented in the Schedule of Pooled Investments with State Treasury.

Presented below is effective weighted duration for derivative investments in the State Treasury at June 30, 2010.

Derivative Investments
As of June 30, 2010

<u>Investment type</u>	<u>Fair value (Duration)</u>	<u>Effective weighted duration (in years)</u>
Futures	\$	11.86
GNMA commitments to purchase	102,521	2.05
FHLMC, FNMA commitments to purchase	329,470	2.24
Total derivative investments	<u>\$ 431,991</u>	

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 to final maturity date (WAL) is limited to 120 days in the internally managed FRS Short-term Investment Pool (STIPFRS) portfolio and weighted average time to coupon reset (WAM) is limited to 60 days. In the STIPFRS, no individual security shall have a final maturity date longer than one year except for U.S. Treasury and Agency securities, which shall not exceed five years. For securities without a fixed interest rate, the next coupon reset date is used as the maturity date for the WAM calculation. The Cash and Central Custody portfolio is a participant in STIPFRS.

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 year of index duration. The index is the Barclays Capital U.S. MBS Index component of the Barclays Capital U.S. Aggregate Bond Index.

Government/Corporate portfolios – Portfolio duration should remain within plus or minus 0.25 years of the Barclays Capital U.S. Aggregate Bond Index less the MBS index component.

Core portfolios – Portfolio duration should remain within plus or minus 0.50 – 1.0 year of the Barclays Capital U.S. Aggregate Bond Index duration.

Core Plus portfolios – Portfolio duration should remain within plus or minus 1.0 year of the Barclays Capital U.S. Aggregate Bond Index duration.

High Yield portfolios – Portfolio duration should remain within 2.5 years of the Barclays Capital Ba/B 2% Issuer Cap index duration.

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

Presented in the following schedule is the interest rate risk table for the 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, 2010**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$	NA	\$ 584,932	30
Commercial paper	.....	NA	3,656,140	24
Money market funds	.....	NA	8,528	1
Repurchase agreements	.....	NA	5,821,227	1
U.S. guaranteed obligations:				
U.S. Treasury bonds & notes	4,233,740	6.82	.....	NA
U.S. Treasury strips	127,937	11.88	.....	NA
Index linked government bonds	539,667	4.66	.....	NA
U.S. government guaranteed	495,510	2.57	.....	NA
GNMA mortgage-backed	525,737	2.19	.....	NA
GNMA commitments to purchase (TBAs)	503,429	1.98	.....	NA
GNMA collateralized mortgage obligations (CMO's)	20,559	2.51	.....	NA
GNMA interest-only CMO's	1,138	-51.14	.....	NA
GNMA interest-only inverse floating CMO's	449	-1.46	.....	NA
Federal agencies:				
Discount notes	7,824	0.15	.....	NA
Unsecured bonds & notes	1,035,915	4.23	.....	NA
Agency strips	18,920	7.96	.....	NA
Mortgage-backed	4,082,564	2.21	.....	NA
Mortgage-backed commitments to purchase (TBAs)	2,713,922	2.39	.....	NA
Mortgage-backed CMO's	47,580	1.34	.....	NA
Interest-only CMO's	14,305	-16.87	.....	NA
Interest-only inverse floating CMO's	26,221	3.45	.....	NA
Inverse floating CMO's	4,343	3.62	.....	NA
Principal-only CMO's	18,174	5.97	.....	NA
Domestic bonds & notes:				
Corporate	9,578,122	4.74	24,609	16
Non-government asset-backed & mortgage-backed	1,256,599	2.97	402,317	25
Non-government backed CMO's & CMBS	3,311,919	2.90	246,120	19
Non-government backed interest-only CMO's	11,848	1.22	.....	NA
Municipal/provincial	111,940	7.01	.....	NA
Real estate mortgage loans	18,945	6.31	.....	NA
Domestic bonds & notes commingled funds	177,152	2.92	.....	NA
International bonds & notes:				
Government & regional	521,372	4.61	.....	NA
Government agency	82,076	3.10	.....	NA
Corporate	2,668,612	3.71	.....	NA
Non-government asset-backed & mortgage-backed	82,100	-0.01	29,183	46
Non-government backed CMO's & CMBS	.....	NA	183,646	36
Futures contracts - long*	.....	4.52	.....	NA
Futures contracts - short*	.....	2.27	.....	NA
Option contracts purchased	5,615	-334.29	.....	NA
Swap contracts (debt related)*	(10,981)	1.09	.....	NA
Total debt investments	<u>\$ 32,233,253</u>		<u>\$ 10,956,702</u>	

* The futures and swap contracts' weighted duration was calculated using notional rather than fair values. For foreign futures, local notional value was converted to a U.S. dollar value based on foreign exchange rates at June 30, 2010.

Interest rate risk information for debt investments sold short is presented below (in thousands).

FRS Pension Trust Fund
Short Debt Investment Positions
As of June 30, 2010

<u>Investment type</u>	<u>Fair value (Duration)</u>	<u>Effective weighted duration (in years)</u>
GNMA commitments to sell (TBAs)	\$ (16,321)	1.01
FNMA, FHLMC commitments to sell (TBAs)	(73,536)	1.85
Options sold	<u>(8,757)</u>	-177.54
Total short positions in debt investments ¹	<u>\$ (98,614)</u>	

¹ Investments sold short are reported as liabilities on the Statement of Fiduciary Net Assets.

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, 2010 (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, 2010**

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	\$ 135,618	\$ 135,618	\$	\$	\$	\$	\$	\$
U.S. Treasury bonds, notes, & SLGS*	944,197	790,815	117,315	35,039	821	207	.....	.....
U.S. Treasury strips	971,497	204,944	335,144	191,432	132,986	52,935	47,871	6,185
Index linked government bonds	10,154	.....	.....	10,154	.....	.....	.....	.....
Federal agencies:								
Unsecured bonds & notes	138,687	45,904	45,280	39,998	7,505	.....	.....	.....
Agency strips	55,734	16,079	28,008	11,647	.....	.....	.....	.....
Inverse floating rate CMO's	282	.....	.....	.....	.....	282	.....	.....
Total debt investments	\$ 2,256,169	\$ 1,193,360	\$ 525,747	\$ 288,270	\$ 141,312	\$ 53,424	\$ 47,871	\$ 6,185

* 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, 2010**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ 6,153	1.56	\$ 3,767,625	36
Commercial paper	350	0.13	3,945,555	28
Bankers' acceptances	.....	NA	4,972	63
Money market funds	883,847	0.06	1,783,822	1
Security lending collateral pools	.....	NA	3,992	236
Repurchase agreements	.....	NA	3,385,010	1
U.S. guaranteed obligations:				
U.S. Treasury bills	11,992	0.35	.....	NA
U.S. Treasury bonds & notes	417,127	6.14	888,701	6
U.S. Treasury strips	4,203,430	11.49	.....	NA
Index linked government bonds	307,844	3.71	.....	NA
U.S. government guaranteed	136,348	1.97	105,415	71
GNMA mortgage-backed	16,454	1.70	.....	NA
GNMA collateralized mortgage obligations (CMO's)	4,108	8.10	.....	NA
Federal agencies:				
Discount notes	1,499	0.23	1,163,062	77
Unsecured bonds & notes	170,457	9.15	1,726,639	120
Agency strips	377,780	11.02	.....	NA
Mortgage-backed	197,384	2.40	.....	NA
Mortgage-backed CMO's	175,629	4.64	.....	NA
Domestic bonds & notes:				
Corporate	752,068	7.58	900,098	87
Non-government asset-backed & mortgage-backed	354,099	8.05	363,536	19
Non-government backed CMO's & CMBS	264,806	4.59	9,444	17
Municipal/provincial	.....	NA	750	7
Domestic bonds & notes commingled funds	1,754,736	4.05	.....	NA
International bonds & notes:				
Government & regional	57	5.54	.....	NA
Government agency	20,323	4.03	.....	NA
Corporate	180,775	6.32	244,831	17
Non-government asset-backed & mortgage-backed	.....	NA	13,405	77
Non-government backed CMO's & CMBS	.....	NA	42,952	28
Total debt investments	\$ 10,237,266		\$ 18,349,809	

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, 2010**

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	\$ 21,814	\$ 5,825	\$ 13,139	\$ 2,849	\$
Federal agencies	480	424	7	.....	49
Bonds & notes	29,179	1,521	22,294	1,404	3,960
Mutual funds	85,559	1,319	84,240	.....	.....
Total debt investments	\$ 137,032	\$ 9,089	\$ 119,680	\$ 4,253	\$ 4,009

**Major Component Units
Debt Investments
That Use Duration or Weighted Average Maturity Method
As of June 30, 2010**

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	\$	NA	\$	NA
U.S. guaranteed obligations	15,482	2.36	.....	NA
Federal agencies	68,694	1.21	.....	NA
Bonds & notes	298,061	1.51	.....	NA
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	.....	NA	357,784	NA
Federal agencies	.....	NA	3,168,821	6.70
Bonds & notes	.....	NA	1,592,016	1.11
Total debt investments	\$ 382,237		\$ 5,118,621	

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, 2010. These funds are managed primarily by the use of “asset classes.”

The FRS Pension Trust Fund’s foreign equities asset class range limits, as adopted in the SBA’s Investment Policy Statement for most of the fiscal year, were 11-25% of total fund assets, with a target of 20%. On June 8, 2010, a new Investment Policy Statement was adopted that merged domestic and foreign equities together, thus eliminating this policy range for foreign equities. 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 35% 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, 2010, listed in total, by currency (in thousands).

FRS Pension Trust Fund and Lawton Chiles Endowment Fund (LCEF)
Investments Exposed to Foreign Currency Risk
As of June 30, 2010

Currency						LCEF
	Bonds	Equity	Limited Partnerships ¹	Short-Sells Equity ²	Total	Investment type
Australian dollar	\$	\$ 623,990	\$	\$ (1,699)	\$ 622,291	\$ 3,720
Brazilian real	266,868	.....	.....	266,868	1,234
British pound sterling	2,462,332	.....	(18,236)	2,444,096	5,100
Canadian dollar	23,526	757,571	.....	(18,117)	762,980	3,147
Czech koruna	45,195	.....	.....	45,195	527
Danish krone	153,317	.....	(3,132)	150,185	.....
Egyptian pound	36,711	.....	.....	36,711	.....
Euro currency unit	3,035	3,437,071	154,928	(33,035)	3,561,999	18,454
Hong Kong dollar	1,132,921	.....	(955)	1,131,966	4,933
Hungarian forint	17,920	.....	.....	17,920	176
Indian rupee	299,262	.....	.....	299,262	.....
Indonesian rupiah	54,406	.....	.....	54,406	.....
Israeli shekel	47,878	.....	.....	47,878	309
Japanese yen	2,444,831	.....	(49,817)	2,395,014	15,117
Malaysian ringgit	74,603	.....	.....	74,603	2,806
Mexican peso	26,127	120,660	.....	.....	146,787	1,607
Norwegian krone	85,787	.....	(523)	85,264	624
Phillippines peso	23,827	.....	.....	23,827	202
Polish zloty	46,757	.....	.....	46,757	813
Singapore dollar	309,628	.....	(131)	309,497	2,228
South African rand	229,100	.....	.....	229,100	659
South Korean won	385,599	.....	.....	385,599	5,740
Swedish krona	279,415	.....	(696)	278,719	1,156
Swiss franc	1,086,930	.....	(1,380)	1,085,550	1,326
Taiwan new dollar	387,517	.....	.....	387,517	2,829
Thailand baht	147,429	.....	.....	147,429	776
Turkish lira	166,667	.....	.....	166,667	557
Other	101,097	.....	.....	101,097	309
Equity linked notes (various currencies) ³	10,327	.....	.....	10,327	.....
International equity commingled funds ¹	4,958,217	.....	.....	4,958,217	.....
International private equity limited partnerships ¹	358,118	.....	358,118	.....
Total investments subject to foreign currency risk	\$ 52,688	\$ 20,193,833	\$ 513,046	\$ (127,721)	\$ 20,631,846	\$ 74,349

¹ International equity commingled funds and international private equity limited partnerships are commingled investments where the FRS Pension Trust Fund owns only a portion of the overall investment. The overall investment is reported in U.S. dollars, but the underlying investments are exposed to foreign currency risk in various currencies. If the private equity limited partnership provided financial statements in Euro currency units, it was reported as having foreign currency risk in Euro currency units.

² Equity securities sold short are reported as liabilities on the Statement of Fiduciary Net Assets. They are included here since they do have exposure to foreign currency risk.

³ Equity linked notes are participatory notes that allow the holder to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or other reasons. The notes themselves may be valued in U.S. dollars, but the underlying assets are subject to foreign currency risk.

In addition to the investments presented above, the FRS Pension Trust Fund holds positions in futures contracts that are subject to foreign currency risk. A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange. Upon entering into a futures contract, collateral is deposited with the broker, in the SBA's name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and the third-party broker. The margin payments are exposed to foreign currency risk. The FRS Pension Trust Fund's futures contract positions at June 30, 2010, that have exposure to foreign currency risk are presented below (in thousands).

FRS Pension Trust Fund
Futures Positions Exposed to Foreign Currency Risk
As of June 30, 2010

Currency	Number of Contracts ¹	In Local Currency			Unrealized Gain/(Loss) (in U.S. \$)	
		Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss) ²		
Bond Futures:						
UK Long Gilt	British pounds sterling	26	\$ 3,093	\$ 3,147	\$ 54	\$ 81
Euro BOBL	Euro currency unit	490	58,888	59,246	358	438
Euro Bund	Euro currency unit	(46)	(5,951)	(5,952)	(1)	(1)
Japan 10 Year Bond	Japanese yen	(75)	(10,544,250)	(10,624,500)	(80,250)	(907)
Stock Index Futures:						
GBP FTSE 100 Index	British pound sterling	130	\$ 6,741	\$ 6,345	\$ (396)	\$ (593)
Canada S&P/TSE 60 Index	Canadian dollar	45	6,136	5,933	(203)	(191)
DJ Euro STOXX 50	Euro currency unit	465	12,436	11,941	(495)	(606)
TOPIX Index Future	Japanese yen	86	740,156	721,110	(19,046)	(215)

¹ Long positions are positive and short positions are negative.

² Margin receipts or payments are settled periodically in the respective local currency and are subject to foreign currency risk.

In addition, the FRS Pension Trust Fund holds positions in several interest rate swap agreements that are subject to foreign currency risk. The FRS Pension Trust Fund either receives or pays a fixed interest rate and also pays or receives a variable three- or six-month LIBOR (London Inter-Bank Offered Rate) in each currency. A summary of interest rate swaps with currency exposure is presented below (in thousands).

FRS Pension Trust Fund
Interest Rate Swaps with Foreign Currency Exposure
As of June 30, 2010

Currency	Notional Amount (local currency)	Receive ¹	Pay ¹	Maturity Dates	Fair Value in Local Currency	Fair Value in U.S. Dollars
Euro currency unit	11,510	EURIBOR 6 month	3.94% - 4.055%	5/12/40 - 5/14/40	(526)	\$ (644)
Euro currency unit	131,730	4.085% - 4.36%	EURIBOR 6 month	4/23/20 - 4/23/40	448	549
British pound sterling	220,640	GBP 6 month LIBOR	3.41% - 4.44%	8/4/15 - 8/16/25	(12,412)	(18,570)
British pound sterling	201,210	4.1331% - 4.1926%	GBP 6 month LIBOR	8/4/20 - 8/16/20	12,693	18,990
South Korean won	112,867,158	3.262% - 3.9%	KWDCDC 3 Month LIBOR	6/12/11 - 7/8/11	683,023	559
					<u>683,226</u>	<u>\$ 884</u>

¹ If a range of interest rates are presented, they represent the lowest to highest fixed rates received or paid. The EURIBOR (Euro Interbank Offered Rate) is the rate at which euro wholesale money market (or interbank market) term deposits within the euro zone are offered by one prime bank to another prime bank. The "KWDCDC 3 Month LIBOR" is the South Korean Won 3 month LIBOR rate.

The FRS Pension Trust Fund also holds credit default swaps where it either buys or sells protection against default of an underlying debt security or basket of debt securities. If protection is purchased and the underlying debt security(s) goes into default, the FRS Pension Trust Fund would be made whole. If protection is sold and the underlying debt security(s) goes into default, the FRS Pension Trust Fund would be required to make the purchaser whole. The premiums are paid or received in foreign currency and are thus subject to foreign currency risk. A summary of credit default swaps with currency exposure are presented below (in thousands).

FRS Pension Trust Fund
Credit Default Swaps with Foreign Currency Exposure
As of June 30, 2010

Currency	Local Currency Notional Amount	Buying or Selling Protection	Payment Frequency	Annual Premium Rate ¹	Maturity Dates	Fair Value in Local Currency	Fair Value in U.S. Dollars
Euro currency units	38,000	Buying	Quarterly	1.00%	6/20/2015	507	\$ 621

¹ The FRS Pension Trust Fund pays an annual 1% premium on 38,000,000 euro currency units notional value. Premiums are paid quarterly and are subject to foreign currency risk.

The FRS Pension Trust Fund also enters into forward foreign currency exchange contracts. Forward foreign currency exchange contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. The contracts are subject to foreign currency risk. The contracts are reported as receivables and payables on the Statement of Fiduciary Net Assets. A schedule of the FRS Pension Trust Fund's forward foreign currency exchange contracts outstanding at June 30, 2010, is presented below, by currency (in thousands).

2010 STATE OF FLORIDA CAFR

FRS Pension Trust Fund
Forward Foreign Currency Exchange Contracts
As of June 30, 2010

Currency to Buy	Amount to		Amount to Sell (Local)	Receivable Fair Value (in U.S. \$)	Payable Fair Value (In U.S. \$)	Net Unrealized Gain/(Loss) (In U.S. \$)
	Buy (Local)	Currency to Sell				
Australian dollar	8,257	Swiss franc	(7,700)	\$6,914	(\$7,150)	(\$236)
Australian dollar	7,680	U.S. dollar	(6,669)	6,442	(6,669)	(227)
Brazilian real	1,227	U.S. dollar	(685)	681	(685)	(4)
British pound sterling	4,771	Euro currency unit	(5,784)	7,137	(7,088)	49
British pound sterling	7,482	U.S. dollar	(11,224)	11,194	(11,224)	(30)
Canadian dollar	7,295	Euro currency unit	(5,745)	6,861	(7,040)	(179)
Canadian dollar	41,695	U.S. dollar	(39,824)	39,232	(39,824)	(592)
Egyptian pound	1	U.S. dollar	.....	.....	.....	.....
Euro currency unit	2,908	Australian dollar	(4,317)	3,563	(3,614)	(51)
Euro currency unit	2,875	British pound sterling	(2,349)	3,523	(3,515)	8
Euro currency unit	2,875	Canadian dollar	(3,607)	3,523	(3,392)	131
Euro currency unit	2,908	Japanese yen	(319,927)	3,564	(3,620)	(56)
Euro currency unit	8,524	Norwegian krone	(68,106)	10,445	(10,433)	12
Euro currency unit	5,630	Swedish krona	(54,034)	6,899	(6,943)	(44)
Euro currency unit	5,670	Swiss franc	(7,656)	6,948	(7,110)	(162)
Euro currency unit	58,084	U.S. dollar	(72,071)	71,163	(72,071)	(908)
Hong Kong dollar	17,605	U.S. dollar	(2,262)	2,261	(2,262)	(1)
Indonesian rupiah	9,330,686	U.S. dollar	(1,028)	1,029	(1,028)	1
Israeli shekel	181	U.S. dollar	(47)	47	(47)	.....
Japanese yen	318,052	Euro currency unit	(2,868)	3,599	(3,514)	85
Japanese yen	771,785	U.S. dollar	(8,685)	8,726	(8,685)	41
Kenyan shilling	3,769	U.S. dollar	(47)	46	(47)	(1)
New Zealand dollar	12,916	U.S. dollar	(8,873)	8,833	(8,873)	(40)
Nigerian naira	23,875	U.S. dollar	(160)	159	(160)	(1)
Norwegian krone	57,201	Euro currency unit	(7,213)	8,763	(8,839)	(76)
Norwegian krone	22,972	Japanese yen	(316,529)	3,519	(3,581)	(62)
Norwegian krone	2,335	U.S. dollar	(360)	359	(360)	(1)
S. African rand	2,049	U.S. dollar	(268)	267	(268)	(1)
Singapore dollar	605	U.S. dollar	(434)	433	(434)	(1)
South Korean won	29	U.S. dollar	.....	.....	.....	.....
Swedish krona	24,556	Euro currency unit	(2,577)	3,156	(3,158)	(2)
Swedish krona	86,785	U.S. dollar	(11,114)	11,152	(11,114)	38
Swiss franc	3,992	Australian dollar	(4,173)	3,707	(3,494)	213
Swiss franc	14,553	Euro currency unit	(10,418)	13,513	(12,767)	746
Swiss franc	4,973	U.S. dollar	(4,603)	4,611	(4,603)	8
Turkish new lira	1,621	U.S. dollar	(1,024)	1,024	(1,024)	.....
UAE dirham	74	U.S. dollar	(20)	20	(20)	.....
U.S. dollar	15,308	Australian dollar	(18,401)	15,308	(15,418)	(110)
U.S. dollar	931	British pound sterling	(618)	931	(925)	6
U.S. dollar	54,135	Canadian dollar	(56,569)	54,135	(53,232)	903
U.S. dollar	3	Croatian kuna	(17)	3	(3)	.....
U.S. dollar	1,102	Danish krone	(6,730)	1,102	(1,107)	(5)
U.S. dollar	135,260	Euro currency unit	(107,290)	135,260	(131,453)	3,807
U.S. dollar	2,048	Hong Kong dollar	(15,950)	2,049	(2,048)	1
U.S. dollar	667	Indian rupee	(31,280)	667	(673)	(6)
U.S. dollar	2,682	Indonesian rupiah	(24,407,934)	2,682	(2,692)	(10)
U.S. dollar	515	Israeli shekel	(1,944)	515	(501)	14
U.S. dollar	66,763	Japanese yen	(6,009,396)	66,763	(67,944)	(1,181)
U.S. dollar	1,100	Mexican new peso	(14,139)	1,100	(1,097)	3
U.S. dollar	3,475	New Zealand dollar	(4,937)	3,475	(3,376)	99
U.S. dollar	72	Singapore dollar	(101)	72	(72)	.....
U.S. dollar	621	South Korean won	(770,158)	621	(630)	(9)
U.S. dollar	12,442	Swedish krona	(99,523)	12,442	(12,789)	(347)
U.S. dollar	1,729	Swiss franc	(1,867)	1,729	(1,731)	(2)
U.S. dollar	2,462	Thailand baht	(80,045)	2,462	(2,471)	(9)
Total	11,169,811		(32,619,300)	\$564,629	(\$562,818)	\$1,811

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% 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, 2010. 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 \$2,103,718,906 cash collateral for securities loaned to others. Since the State Treasury does not have the ability to pledge or sell non-cash collateral securities, any 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 \$2,060,798,309. There were no securities held with others under security lending agreements with non-cash collateral. 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, 2010, are as follows (fair value equals carrying value of investment on loan): Domestic bonds and notes of \$138,637,138, Federal agencies of \$258,056,596, International bonds and notes of \$44,437,858 and U.S. guaranteed obligations of \$1,619,666,717.

Other Investments

Through the SBA, various funds, including the FRS Pension Trust Fund, the Florida Lottery Trust Fund, the Lawton Chiles Endowment Fund, and the Florida Prepaid College Trust Fund participate in security lending programs. Initial collateral requirements for securities on loan primarily must be 102% or greater. The SBA had received and invested \$7,576,630,601 in cash and \$21,386,728 in U.S. government securities as collateral for the lending programs as of June 30, 2010. At June 30, 2010, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). 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 or the Statement of (Fiduciary) Net Assets. 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 0% to 44% 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.

In July, 2009, following a third party study of current practices in securities lending, the SBA began transitioning the FRS Pension Trust Fund security lending program from a general collateral/cash re-investment program to an intrinsic/repo only lending model. The latter model recognizes and monetizes only the demand driven lending value of securities held in the portfolio and avoids the credit and liquidity risk of a credit oriented re-investment portfolio. Existing re-investment portfolios contained legacy non-repo securities which would be supported by lending until they are either sold without loss or matured. All new lending would be done using one day repurchase agreements of U.S. Government guaranteed securities as re-investment. The expectation was that both lending revenue and utilization would drop substantially, resulting in the need to reduce the number of lending agents in the program. One agent lender's program was transitioned to the FRS custodian, leaving two third party agents. At June 30, 2010, approximately 82% of the lending program was intrinsic, with full implementation expected by June 30, 2011.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2010 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements
As of June 30, 2010**

Securities on Loan for Cash Collateral, by Investment type	Fair value ¹		
	FRS Pension Trust Fund	Other funds Managed by SBA	Total
U.S. guaranteed obligations	\$ 788,956	\$ 1,978,963	\$ 2,767,919
Federal agencies	239,701	16,851	256,552
Domestic bonds & notes	538,976	157,661	696,637
International bonds & notes	146,134	.....	146,134
Domestic stocks	2,228,136	68,895	2,297,031
International stocks	1,178,119	3,565	1,181,684
Total securities on loan for cash collateral	\$ 5,120,022	\$ 2,225,935	\$ 7,345,957
Securities on Loan for Non-Cash Collateral,			
by Investment Type			
U.S. guaranteed obligations	\$	\$ 3,540	\$ 3,540
Domestic stocks	17,010	.....	17,010
Total securities on loan for non-cash collateral	17,010	3,540	20,550
Total securities on loan	\$ 5,137,032	\$ 2,229,475	\$ 7,366,507

¹The fair value equals the carrying value of investments on loan. Fair value includes accrued interest on debt securities.

6. Derivatives

Pooled Investments with the State Treasury

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. Although put and call options on any security permitted under the State Treasury’s investment guidelines are authorized interest rate futures were the only type of derivative utilized. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2010. As of June 30, 2010, all of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2010.

A summary of investment derivatives traded in the State Treasury is presented below (in thousands).

	Changes in Fair Value		Fair Value at June 30, 2010		Notional (in US \$)
	Classification	Amount	Classification	Amount	
State Treasury					
Investment derivative instruments:					
Futures	Investment Income	\$ 13,714	Investments	\$ 2,133	\$ 128,800
GNMA commitments to purchase	Investment Income	6,093	Investments	102,521	96,466
FNMA, FHLMC commitments to purchase	Investment Income	13,206	Investments	329,470	311,561

This schedule includes both long and short positions.

See section 1E of Note 1 to these financial statements regarding State Treasury’s securities pricing policies and independent pricing services methodologies related to securities not available on quoted market pricing exchanges.

Other Investments

Effective July 1, 2009, the SBA adopted GASB Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, which was issued in June 2008. GASB 53 establishes accounting and reporting requirements for derivative instruments. Per GASB 53, a derivative instrument is defined as a financial instrument or other contract that has all of the following characteristics:

- a. Settlement factors. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements and, in some cases, whether or not a settlement is required.
- b. Leverage. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- c. Net settlement. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

The implementation of GASB 53 had no impact on the financial statements for the fiscal year ended June 30, 2010, as the change in the fair value of derivative instruments was recorded in the accompanying financial statements. The derivative instruments were recorded at fair value in the accompanying financial statements as of June 30, 2010. Derivative instruments consisted of futures, options, mortgage TBAs, forward currency contracts, and swaps.

The SBA has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are authorized to be used as tools for managing risk or executing investment strategies more efficiently than could otherwise be done in cash markets. Derivative instruments shall only be used as part of a prudent investment process. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, default risk, and mortgaged-backed security prepayment risk, as well as to cost effectively manage exposure to domestic and international equities and bond and real estate markets.

A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange.

An option gives the buyer a stipulated privilege of buying or selling a stated property, security, or commodity at a given price (strike price) within a specified time (for an American-style option, at any time prior to or on the expiration date). A securities option is a negotiable contract in which the seller (writer), for a certain sum of money called the option premium, gives the buyer the right to demand within a specified time the purchase (call) from or sale (put) to the option seller of a specified number of bonds, currency units, index units, or shares of stock, at a fixed price or rate, called the strike price or rate.

A forward contract is a contractual obligation, typically over-the-counter, traded between two parties to exchange a particular good or instrument at a set price on a future date. The buyer of the forward agrees to pay the price and take delivery of the good or instrument and is said to be “long” the forward, while the seller of the forward, or “short”, agrees to deliver the good or instrument at the agreed price on the agreed date.

A swap is a contractual agreement to exchange a stream of periodic payments with a counterparty. Swaps are available in and between all active financial markets, including, but not limited to, interest rate swaps and credit default swaps. A credit default swap is an agreement that allows one party to “buy” protection from another party for losses that might be incurred as a result of default by a specified reference credit (or credits). The “buyer” of protection pays a premium for the protection, and the “seller” of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit even occurs.

A summary of investment derivatives traded in the Lawton Chiles Endowment Fund and the FRS Pension Trust Fund is presented below (in thousands). As of June 30, 2010, all of the SBA investment derivatives were reported at fair value.

	Changes in Fair Value		Fair Value at June 30, 2010		Notional (in US \$)
	Classification	Amount	Classification	Amount	
Governmental activities (Lawton Chiles Endowment Fund)					
Investment derivative instruments:					
Futures	Investment Income	\$ 1	Investment	\$	\$ 902
Forward currency exchange contracts	Investment Income	(99)	Not applicable ⁴	.....	.....
Fiduciary funds (FRS Pension Trust Fund)					
Investment derivative instruments:					
Futures ¹	Investment Income	\$ 204,635	Receivable/ Payable	\$	\$ 236,776
Options	Investment Income	3,486	Investment/Liability ²	(3,142)	(1,226,880)
Forward currency exchange contracts	Investment Income	(11,108)	Receivable/ Payable ³	1,811	1,811
GNMA commitments to purchase/sell TBAs	Investment Income	35,044	Investment/Liability ²	487,109	457,455
FNMA, FHLMC commitments to purchase/sell TBAs	Investment Income	152,200	Investment/Liability ²	2,640,385	2,496,939
Interest rate swaps	Investment Income	(11,577)	Investment/Liability	(6,853)	1,024,840
Credit default swaps	Investment Income	41,954	Investment/Liability	(8,286)	386,636
Total return swaps	Investment Income	37,555	Investment/Liability	4,157	377,665
Equity index swaps	Investment Income	515,033	Not applicable ⁴	.....	.....

¹ The total unrealized loss for open futures contracts in the FRS Pension Trust Fund at June 30, 2010, was \$29,335,153. However, the majority of this loss has been settled with cash payments totaling \$26,881,788 sent to the futures clearing broker on or before June 30, 2010. Outstanding remaining net futures trade equity at June 30, 2010, totaled (\$2,453,365). The total notional values on long and short futures positions were \$5,512,165,847 and (\$5,275,389,880), respectively.

² Purchased options and mortgage TBAs are reported as investments. Sold options and mortgage TBAs are reported as liabilities. This schedule nets purchase and sell commitments.

³ The total Receivable and Payable notional and fair values (in U.S. \$) for forward currency exchange contracts in the FRS Pension Trust Fund were \$564,628,863 and (\$562,818,119) as of June 30, 2010. These amounts are reported as "Forward contracts" receivable and "Forward contracts payable" on the Statement of Fiduciary Net Assets.

⁴ The forward currency exchange contracts in the Lawton Chiles Endowment Fund and the equity index swaps in the FRS Pension Trust Fund were closed prior to the end of the fiscal year.

The FRS Pension Trust Fund also held units in the SSGA Daily Active Emerging Markets Fund, BlackRock Small Cap Plus, and BlackRock Index Plus Funds. The 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.

7. Reverse Repurchase Agreements

Section 17.57, F.S., authorizes the State Treasury to enter into reverse repurchase agreements. As of June 30, 2010, the State Treasury was not entered into any Reverse Repurchase Agreements.

8. Commitments

At June 30, 2010, the FRS Pension Trust Fund had total unfunded capital commitments of \$6.6 billion that is not recorded on the FRS Pension Trust Fund Statement of Fiduciary Net Assets. The following table depicts the unfunded commitments by asset class (in thousands).

FRS Pension Trust Fund Unfunded Commitments As of June 30, 2010	
Asset Class	Unfunded Commitments (in U.S. \$)
Private Equity ¹	\$ 4,242,412
Strategic Investments	2,126,964
Real Estate	<u>276,661</u>
Total	<u><u>\$ 6,646,037</u></u>

¹ Includes \$3,894,293,719 in U.S. dollars and 284,201,694 in Euro currency units with a June 30, 2010 U.S. dollar value of \$348,118,657.

9. Local Government Investment Pool – Pending Matters Closed

On March 3, 2010, the SEC completed its investigation relating to the purchase and sale of secured notes issued by KKR Atlantic, KKR Pacific, Ottimo, and Axon (among others) to the SBA on behalf of the LGIP and other funds by various broker-dealers and did not recommend any enforcement action by the Commission.

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	\$ 303,436	\$ 26,593	\$ 1	\$ 266,661	\$ 61,249
Due from Federal government	982	21,468	49,282	1,678,187	50,209
Due from other governmental units	364	1,061	.....	6,257	52,822
Interest & dividends receivable	6,396	3,150	3,180	305	5,533
Loans & notes receivable	27,526	94,022	2,520	.....	.....
Fees Receivable	102,873	95	.....	127,672	.....
Taxes receivable	2,263,691	21,150	56,473	.....	188,663
Allowance for uncollectibles	(1,329,866)	(21,736)	(2,455)	(27,464)	(513)
Receivables, net	\$ 1,375,402	\$ 145,803	\$ 109,001	\$ 2,051,618	\$ 357,963
Loans & notes receivable from other governments	\$	\$ 1,001,158	\$	\$	\$ 744,269
Long-term interest receivable	.....	.....	.....	.....	1,138
Other loans & notes receivable	5,809	.....	.....	195,554	1,401
Allowance for uncollectibles	(170)	.....	.....	(173,330)	(9,881)
Other loans & notes receivable, net	\$ 5,639	\$ 1,001,158	\$	\$ 22,224	\$ 736,927

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 285,549	\$ 943,489	\$ 15,720	\$ 53,135	\$ 1,012,344
Due from Federal government	87,279	1,887,407	.....	.....	1,887,407
Due from other governmental units	33,459	93,963	3,431	.....	97,394
Interest & dividends receivable	5,393	23,957	1,264	.....	25,221
Loans & notes receivable	127,491	251,559	.....	.....	251,559
Fees Receivable	232	230,872	.....	.....	230,872
Taxes receivable	5,449	2,535,426	.....	.....	2,535,426
Allowance for uncollectibles	(135,988)	(1,518,022)	(47)	.....	(1,518,069)
Receivables, net	\$ 408,864	\$ 4,448,651	\$ 20,368	\$ 53,135	\$ 4,522,154
Loans & notes receivable from other governments	870,860	2,616,287	.....	.....	2,616,287
Long-term interest receivable	.....	1,138	.....	.....	1,138
Other loans & notes receivable	397,582	600,346	.....	.....	600,346
Allowance for uncollectibles	(165,906)	(349,287)	.....	.....	(349,287)
Other loans & notes receivable, net	\$ 1,102,536	\$ 2,868,484	\$	\$	\$ 2,868,484

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
Accounts receivable	\$ 3,008	\$ 20,921	\$ 99,417	\$ 10,921	\$ 174,674
Due from Federal government	.....	.....	.....	.....	204,671
Due from other governmental units	175	.....	.....	.....	3,580
Interest & dividends receivable	1,429	760	1,577	23,441	86,565
Loans & notes receivable	.....	.....	.....	339,314	.....
Fees Receivable	.....	.....	.....	.....	2,303
Taxes receivable	.....	.....	.....	.....	345,694
Allowance for uncollectibles		(1,632)	.....	(4)	(216,562)
Receivables, net	\$ 4,612	\$ 20,049	\$ 100,994	\$ 373,672	\$ 600,925

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 25,298	\$ 334,239	\$ 5,773	\$ 340,012
Due from Federal government	.....	204,671	.....	204,671
Due from other governmental units	31	3,786	.....	3,786
Interest & dividends receivable	480	114,252	.....	114,252
Loans & notes receivable	.....	339,314	.....	339,314
Fees Receivable	28	2,331	.....	2,331
Taxes receivable	.....	345,694	.....	345,694
Allowance for uncollectibles	(1,541)	(219,739)	.....	(219,739)
Receivables, net	\$ 24,296	\$ 1,124,548	\$ 5,773	\$ 1,130,321

COMPONENT UNITS

Accounts receivable	\$ 1,452,289
Contracts & grants receivable	209,102
Due from Federal government	13,213
Due from other governmental units	482,486
Interest & dividends receivable	93,543
Loans & notes receivable	97,305
Allowance for uncollectibles	(361,633)
Receivables, net	\$ 1,986,305
Other loans & notes receivable	\$ 3,662,825
Allowance for uncollectibles	(230,188)
Other loans & notes receivable, net	\$ 3,432,637

“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):

	General Fund	Recreation and Conservation	Public Education	Family Services	Transportation
Accounts payable	\$ 403,482	\$ 42,588	\$ 51,029	\$ 1,871,444	\$ 193,676
Accrued salaries & wages	45,133	1,200	43	18,903	7,588
Claims payable	.....	.....	.....	.....	.....
Construction contracts	.....	.....	.....	.....	468,016
Current accrued interest	.....	.....	.....	.....	.....
Deposits payable	160	334	621	12	3,925
Due to Federal government	.....	.....	.....	8,327	.....
Due to other governmental units	135,364	9,895	.....	6,076	8,030
Other payables	.....	.....	.....	.....	.....
Vouchers payable	10,250	.....	.....	.....	8
Accounts payable and accrued liabilities	\$ 594,389	\$ 54,017	\$ 51,693	\$ 1,904,762	\$ 681,243

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 197,457	\$ 2,759,676	\$ 23,614	\$ 657,612	\$ 3,440,902
Accrued salaries & wages	7,369	80,236	1,572	.....	81,808
Claims payable	.....	.....	61,149	.....	61,149
Construction contracts	3,699	471,715	.....	.....	471,715
Current accrued interest	.....	.....	6,231	.....	6,231
Deposits payable	1,164	6,216	.....	.....	6,216
Due to Federal government	1,222	9,549	.....	.....	9,549
Due to other governmental units	32,083	191,448	22	.....	191,470
Other payables	8,170	8,170	.....	.....	8,170
Vouchers payable	75	10,333	.....	.....	10,333
Accounts payable and accrued liabilities	\$ 251,239	\$ 3,537,343	\$ 92,588	\$ 657,612	\$ 4,287,543

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
Accounts payable	\$ 166	\$ 13,708	\$ 786,566	\$ 28,639	\$ 201,187
Accrued interest payable	.....	.....	41,286	.....	.....
Accrued salaries & wages	.....	50	.....	.....	.....
Construction contracts	25,810	.....	.....	.....	.....
Deposits payable	200	2,450	.....	.....	.....
Due to other governmental units	.....	.....	.....	.....	15,395
Accounts payable and accrued liabilities	\$ 26,176	\$ 16,208	\$ 827,852	\$ 28,639	\$ 216,582

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 4,280	\$ 1,034,546	\$ 1,850	\$ 1,036,396
Accrued salaries & wages	1,513	1,563	.....	1,563
Construction contracts	.....	25,810	.....	25,810
Deposits payable	46	2,696	.....	2,696
Due to other governmental units	.....	15,395	.....	15,395
Accounts payable and accrued liabilities	\$ 5,839	\$ 1,121,296	\$ 1,850	\$ 1,123,146

COMPONENT UNITS

Accounts payable	\$ 1,160,880
Accrued interest payable	100,213
Accrued salaries & wages	161,922
Claims payable	1,554,684
Construction contracts	82,277
Deposits payable	83,175
Due to Federal government	2,822
Due to other governmental units	1,198
Other payables	12,186
Accounts payable and accrued liabilities	\$ 3,159,357

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	\$ 16,969,252	\$	\$	\$	\$	\$	\$ 16,969,252
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,158,080	.....	2,158,080
Pollutant tax	.....	235,274	.....	.....	.....	.....	235,274
Aviation fuel tax	.....	.....	.....	.....	52,407	.....	52,407
Solid minerals severance tax	.....	55,108	.....	.....	.....	.....	55,108
Oil and gas production tax	4,324	.....	.....	.....	.....	.....	4,324
Total fuel taxes	<u>4,324</u>	<u>290,382</u>	.....	.....	<u>2,210,487</u>	.....	<u>2,505,193</u>
Corporate income tax	1,785,291	.....	.....	.....	.....	.....	1,785,291
Documentary stamp tax	1,077,836	.....	.....	.....	.....	.....	1,077,836
Intangible personal property tax	158,643	.....	.....	.....	.....	.....	158,643
Communications service tax	1,083,761	.....	431,914	.....	.....	.....	1,515,675
Estate tax	3,444	.....	.....	.....	.....	.....	3,444
Gross receipts utilities tax	.....	7,131	665,882	.....	.....	.....	673,013
Beverage and tobacco taxes:							
Alcoholic beverage tax	552,156	.....	.....	.....	.....	11,800	563,956
Cigarette tax	1,283,085	.....	.....	.....	.....	.....	1,283,085
Smokeless tobacco tax	25,605	.....	.....	.....	.....	.....	25,605
Total beverage and tobacco taxes	<u>1,860,846</u>	.....	.....	.....	.....	<u>11,800</u>	<u>1,872,646</u>
Other taxes:							
Insurance premium tax	854,748	.....	.....	.....	.....	7,772	862,520
Hospital public assistance tax	.....	.....	.....	765,539	.....	.....	765,539
Citrus excise tax	.....	.....	.....	.....	.....	41,204	41,204
Pari-mutuel wagering tax	5,225	.....	.....	.....	.....	155,781	161,006
Total other taxes	<u>859,973</u>	.....	.....	<u>765,539</u>	.....	<u>204,757</u>	<u>1,830,269</u>
Total	<u>\$ 23,803,370</u>	<u>\$ 297,513</u>	<u>\$ 1,097,796</u>	<u>\$ 765,539</u>	<u>\$ 2,210,487</u>	<u>\$ 216,557</u>	<u>\$ 28,391,262</u>

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

	Sales and Use Tax
Governmental fund statements	\$ 16,969,252
Government-wide accruals	132,802
Government-wide statements	<u>\$ 17,102,054</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
Intangible assets	\$4,000,000	2 - 30
Property under capital lease	Threshold correlates to asset category	2 - 20
Furniture and equipment	\$1,000 and \$250 for non-circulated books	2 - 25
Works of art and historical treasures	Items capitalized as of June 30, 1999, remain capitalized; capitalize unless considered a collection	5 - 50
Library resources	\$25	5 - 50
Other capital assets	\$1,000	3 - 20

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

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

Depreciation expense charged to functions of governmental activities for the year ended June 30, 2010, is as follows (in thousands):

General Government	\$	62,490
Education		5,804
Human Services		37,660
Criminal Justice & Correction		93,553
Natural Resources & Environment		62,267
Transportation		51,229
State Courts		3,849
Total depreciation expense (governmental activities)	\$	316,852

Primary government capital asset activities for the fiscal year ended June 30, 2010, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance 7/1/2009	Increases	Decreases	Balance 6/30/2010
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 16,230,555	495,418	24,565	\$ 16,701,408
Infrastructure and infrastructure improvements - nondepreciable	31,381,879	1,843,546	.....	33,225,425
Construction work in progress	7,124,918	1,908,880	1,928,790	7,105,008
Total capital assets, not being depreciated	54,737,352	4,247,844	1,953,355	57,031,841
Capital assets, being depreciated:				
Buildings and building improvements	3,836,907	416,063	65,788	4,187,182
Infrastructure and infrastructure improvements	546,904	17,389	1,101	563,192
Leasehold improvements	268	346	.....	614
Property under capital lease	420,057	8,530	246,722	181,865
Furniture and equipment	1,781,128	174,341	176,059	1,779,410
Works of art and historical treasures	1,457	.....	.....	1,457
Library resources	29,999	9,702	9,241	30,460
Other	57,572	9,736	676	66,632
Total capital assets, being depreciated	6,674,292	636,107	499,587	6,810,812
Less accumulated depreciation for:				
Buildings and building improvements	1,829,177	127,277	451	1,956,003
Infrastructure and infrastructure improvements	255,038	23,209	465	277,782
Leasehold improvements	125	35	.....	160
Property under capital lease	51,889	3,104	16,819	38,174
Furniture and equipment	1,248,084	153,146	111,024	1,290,206
Works of art and historical treasures	612	30	21	621
Library resources	12,397	2,913	2,032	13,278
Other	37,464	7,138	377	44,225
Total accumulated depreciation	3,434,786	316,852	131,189	3,620,449
Total capital assets, being depreciated, net	3,239,506	319,255	368,398	3,190,363
Governmental activities capital assets, net	\$ 57,976,858	\$ 4,567,099	\$ 2,321,753	\$ 60,222,204

BUSINESS-TYPE ACTIVITIES

	Balance 7/1/2009	Increases	Decreases	Balance 6/30/2010
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 881,194	\$ 35,957	4,607	\$ 912,544
Infrastructure and infrastructure improvements - nondepreciable	5,542,756	573,907	5,699	6,110,964
Construction work in progress	845,547	358,254	579,640	624,161
Total capital assets, not being depreciated	7,269,497	968,118	589,946	7,647,669
Capital assets, being depreciated:				
Buildings and building improvements	257,562	17,822	2,544	272,840
Infrastructure and infrastructure improvements	60	591	.....	651
Furniture and equipment	169,258	13,684	11,718	171,224
Library resources	2	.....	2	.....
Other	8,544	1,042	.....	9,586
Total capital assets, being depreciated	435,426	33,139	14,264	454,301
Less accumulated depreciation for:				
Buildings and building improvements	108,635	8,499	1,422	115,712
Infrastructure and infrastructure improvements	40	14	.....	54
Furniture and equipment	111,656	11,368	5,940	117,084
Other	8,215	361	.....	8,576
Total accumulated depreciation	228,546	20,242	7,362	241,426
Total capital assets, being depreciated, net	206,880	12,897	6,902	212,875
Business-type activities capital assets, net	\$ 7,476,377	\$ 981,015	\$ 596,848	\$ 7,860,544

Component units' capital asset activities for the fiscal year ended June 30, 2010, are as follows (in thousands):

COMPONENT UNITS

	Balance 7/1/2009	Increases	Decreases	Balance 6/30/2010
Capital assets, not being depreciated:				
Land and other non-depreciable assets	\$ 5,714,928	\$ 128,085	\$ 81,390	\$ 5,761,623
Construction work in progress	2,051,028	951,108	1,409,265	1,592,871
Total capital assets, not being depreciated	7,765,956	1,079,193	1,490,655	7,354,494
Capital assets, being depreciated:				
Buildings and building improvements	12,616,217	1,632,558	280,823	13,967,952
Infrastructure and infrastructure improvements	1,972,187	97,148	6,632	2,062,703
Leasehold improvements	240,949	44,937	5,740	280,146
Property under capital lease	137,814	2,079	19,247	120,646
Furniture and equipment	3,366,283	354,864	207,110	3,514,037
Works of art and historical treasures	2,885	190	136	2,939
Library resources	814,527	43,265	16,926	840,866
Other	197,415	21,862	4,225	215,052
Total capital assets, being depreciated	19,348,277	2,196,903	540,839	21,004,341
Less accumulated depreciation for:				
Buildings and building improvements	3,952,962	367,522	106,900	4,213,584
Infrastructure and infrastructure improvements	622,661	66,655	2,361	686,955
Leasehold improvements	64,329	12,390	5,536	71,183
Property under capital lease	53,021	6,952	3,632	56,341
Furniture and equipment	2,276,831	268,436	172,817	2,372,450
Works of art and historical treasures	904	203	98	1,009
Library resources	584,759	42,531	13,812	613,478
Other	150,659	20,466	2,843	168,282
Total accumulated depreciation	7,706,126	785,155	307,999	8,183,282
Total capital assets, being depreciated, net	11,642,151	1,411,748	232,840	12,821,059
Component units capital assets, net	\$ 19,408,107	\$ 2,490,941	\$ 1,723,495	\$ 20,175,553

NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

A. Pensions

1. The Florida Retirement System

The Florida Retirement System (FRS) was created in Chapter 121, F. S., effective December 1, 1970, by consolidating and closing these existing plans to new members: 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 closed and consolidated into the FRS. The FRS was created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and 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), also referred to as the FRS Investment Plan. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, F.S., was consolidated under the Florida Retirement System defined benefit plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Chapter 121, F.S., also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the state, state elected officials who chose SMSC membership in lieu of Elected Officers' Class membership, and 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.

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. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - 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* - 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* - Former 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)* - Members who are elected state and county officers and 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 within 20 years of normal retirement age; however, there is a 5% 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. 30 years of creditable service regardless of age before age 62.
- *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. 25 years of special risk service regardless of age before age 55. A total of 25 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, becomes vested upon completion of one year of creditable service 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% cost-of-living adjustment.

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. Defined benefit plan members who reach normal retirement are eligible 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. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2010, the FRS Trust Fund projected \$2,331,167,940 in accumulated benefits and interest for 33,577 current and prior participants in the DROP.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets of the Pension Plan held in 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.

The State Board of Administration administers the defined contribution plan officially titled the Public Employee Optional Retirement Program (FRS Investment Plan). Service retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for 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 Plan member directs the investment from the 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% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, 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 to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or 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 valuation of the FRS Pension Plan, 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, 2010, was \$107,245,391,462. 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	Fiscal Year 2009-2010*	Rates* (Ch. 121, F.S.)
Regular	9.57%	8.69%
Senior Management Service	12.93%	11.96%
Special Risk	21.99%	19.76%
Special Risk Administrative Support	12.04%	11.39%
Elected Officers - Judges	20.57%	18.40%
Elected Officers - Legislators/Attorneys/Cabinet	14.83%	13.32%
Elected Officers - County	17.27%	15.37%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	11.14%	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 2009-10 used in the statutory rates are offset (reduced) using surplus actuarial assets.

FRS Participating Employers:

State Agencies	55
County Agencies	396
District School Boards	67
Community Colleges	28
Cities	182 *
Special Districts	231 *
Hospitals	5 *
Other	12
Total Participating Employers	976

* These totals include the 26 cities, 5 independent hospitals, and 12 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	153,183	1,430	22,964	1	403	177,981
Vested	417,015	6,318	52,102	70	1,881	477,386
DROP Participants	29,678	575	3,053	6	265	33,577
Current Retirees and Beneficiaries	273,766	2,267	25,295	165	2,059	303,552
Vested Terminated	82,209	934	5,263	17	333	88,756
Total Members	955,851	11,524	108,677	259	4,941	1,081,252

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 contributes 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, 2010, the state’s total covered payroll for its 140,198 active members and 8,672 DROP participants is \$5,816,142,537 with contributions totaling \$686,993,414, or 11.81% of payroll. Contributions for the fiscal years ending June 30, 2008, and June 30, 2009, were \$672,250,883 and \$678,565,996, respectively. These amounts were equal to the required contributions for each year. Covered payroll refers to FRS-eligible compensation paid by the state to active FRS-participating employees on which contributions are owed. The state’s contributions represented 21.87% 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 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, 2010, 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 a HIS benefit, 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. For the fiscal year ended June 30, 2010, the contribution rate was 1.11% of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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 (in thousands where amounts are dollars):

	2008	2009	2010
Recipients	244,390	256,452	269,999
Contributions	\$334,819	\$341,569	\$332,023
Benefits paid	\$305,682	\$321,742	\$338,892
Trust Fund net assets	\$275,139	\$294,547	\$291,459

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, 2009	\$ 118,764,692	\$ 136,375,597	\$ 17,610,905	87.09%	26,573,196 ⁽¹⁾	66.27%
HIS	July 1, 2008	\$ 275,139	\$ 5,109,683	\$ 4,834,544	5.38%	30,665,477 ⁽²⁾	15.77%

Additional information as of the latest actuarial valuation follows:

	FRS	HIS
Valuation date	July 1, 2009	July 1, 2008
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	5.85% ^(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, 2008, the most recent actuarial valuation available.

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 is 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 by the participant to provide retirement and death benefits. Employees in eligible positions are compulsory participants in the SUSORP unless they elect FRS membership. Faculty in a college of medicine with a faculty practice plan are mandatory SUSORP participants and cannot elect FRS membership.

The employing universities were statutorily required to contribute 10.43% of the participants' gross monthly compensation from July 2009 through June 2010. 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 payment required for fiscal year 2009-10. In accordance with Chapter 60U-2, Florida Administrative Code, 0.01% of the employer contribution rate was used for the administration of the SUSORP program and 10.42% 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		16,322	
Payroll	\$	1,311,788,724	
Contributions:			
Employee	\$	63,097,250	4.81% of payroll
Employer	\$	139,387,909	10.63% 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% of covered payroll from July 2009 through June 2010. 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 payment required for fiscal year 2009-10. 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		43	
Payroll	\$	4,230,968	
Contributions:			
Employee	\$	7,077	0.17% of payroll
Employer	\$	558,682	13.20% of payroll

B. Other Postemployment Benefits (OPEB)

The following is based on the actuarial valuation as of July 1, 2009 of the State Employees' Health Insurance Program.

Plan Description

The state implicitly 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 for active employees and retirees under age 65. 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 retirees under 65 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; however, current administration of the Program is not through a formal trust and therefore disclosure requirements are those applicable to an agency multiple-employer 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 177,197 contracts including 35,588 retirees and 141,609 employees and COBRA participants for fiscal year 2009-10. 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 or work 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 2010 coverage, for active employees and retirees under the age of 65 for the standard plan were \$498.68 and \$1,127.74 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through May 2010 coverage, for the standard Preferred Provider Organization Plan were \$264.78 for a single contract, \$529.56 for two Medicare eligible members, and \$763.46 when only one member is Medicare eligible.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2010 (dollars in thousands):

Annual required contribution (ARC)	\$ 254,754
Interest on the net OPEB obligation	5,856
Adjustments to the ARC	(4,879)
Annual OPEB Cost	<u>255,731</u>
Employer contribution	<u>(82,375)</u>
Increase/Decrease in net OPEB obligation	173,356
Net OPEB obligation - July 1, 2009	<u>146,394</u>
Net OPEB obligation - June 30, 2010	<u><u>\$ 319,750</u></u>
Percent of annual OPEB cost contributed	32.21%

Funded Status

The funded status of the plan as of June 30, 2010, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2009
Actuarial accrued liability (AAL)*	\$ 3,742,846
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,742,846</u>
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll	\$ 4,639,396
UAAL as a percentage of covered payroll	80.68%

*Forecasted for June 30, 2010 from the July 1, 2009 valuation

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 actuarial valuation as of July 1, 2009. This method allocates the value of a member's benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 4% payroll growth rate. An initial healthcare cost trend rate for the Preferred Provider Organization (PPO) Plans and the Health Maintenance Organization (HMO) Plans of 10.32% and 10.0%, respectively, grading to 5.10% over the course of 70 years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay - on an open basis, over a 30 year period.

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, 2010, the Department had available approximately \$5.7 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, 2010, totaled \$780 million. Additional disclosures on construction in progress are included in the capital assets note (Note 5). Construction commitments for component units totaled \$9.5 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 \$455,481,483 for the fiscal year ended June 30, 2010. Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2010, amounted to \$282,685,000 including Series 1996 bonds payable of \$161,380,000 and Series 1999 bonds payable of \$121,305,000.

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 \$150 million, \$11.6 million, and \$65.5 million, respectively, for the year ended June 30, 2010. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2010 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2011	\$ 139,370	\$ 9,947	\$ 56,945
2012	136,914	9,160	35,686
2013	127,474	8,158	29,021
2014	115,564	7,396	17,873
2015	107,760	7,031	13,403
2016-2020	261,901	28,419	35,659
2021-2025	19,019	11,691	18,127
2026-2030	3,270	11,691	10,957
2031-2035	897	11,691	3,007
2036-2040	928	11,691	1,757
2041-2045			1,427
2046-2050			1,427
2051-2055			827
2056-2060			85
Total	\$ 913,097	\$ 116,875	\$ 226,201

NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

A. Bonds Payable

1. Outstanding Bonds

Bonds payable at June 30, 2010, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 2,185,775	\$ 1,909,440	3.000%-6.375%	2039
SBE Capital Outlay Bonds	852,625	642,660	3.000%-5.375%	2029
Lottery Education Bonds	3,561,165	2,940,420	2.000%-6.584%	2029
Public Education Bonds	14,139,752	11,230,384	2.000%-9.125%	2039
State University System Bonds	325,625	234,435	3.700%-6.500%	2033
University Auxiliary Bonds	869,037	682,382	2.000%-6.875%	2039
Inland Protection Bonds	96,730	95,185	4.260%-5.400%	2024
Conservation and Recreation Lands Bonds	32,670	5,670	5.375%-5.375%	2012
Save Our Coast Bonds	74,575	10,770	3.250%-5.000%	2012
Preservation 2000 Bonds	587,855	197,875	4.000%-6.000%	2013
Florida Forever Bonds	2,751,505	2,153,210	2.000%-7.045%	2029
Water Pollution Control Bonds	389,775	323,565	2.200%-5.500%	2029
Florida Facilities Pool Bonds	493,755	394,000	3.500%-5.750%	2039
State Infrastructure Bank Bonds	123,615	100,040	4.250%-5.000%	2027
Everglades Restoration Bonds	242,105	224,295	0.220%-6.450%	2029
	<u>26,726,564</u>	<u>21,144,331</u>		
Unamortized premiums (discounts) on bonds payable		557,278		
Less amount deferred on refunding		(151,060)		
Total Bonds Payable	<u>\$ 26,726,564</u>	<u>\$ 21,550,549</u>		
Business-type Activities:				
Toll Facilities Bonds	\$ 3,521,135	\$ 2,949,750	2.000%-6.800%	2040
Florida Hurricane Catastrophe Fund Bonds	6,150,945	5,649,860	1.130%-5.250%	2017
	<u>9,672,080</u>	<u>8,599,610</u>		
Unamortized premiums (discounts) on bonds payable		126,729		
Less amount deferred on refunding		(41,101)		
Total Bonds Payable	<u>\$ 9,672,080</u>	<u>\$ 8,685,238</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.

State University System Bonds are issued to construct university student life facilities. The bonds mature serially and are secured by a system pledge of Capital Improvement Fee and net Student Building Fee revenues.

University Auxiliary Bonds are issued to construct university facilities, including parking and housing. The bonds mature serially and are secured by university pledges of certain housing system revenues, parking system revenues, and student fee assessments.

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.

Inland Protection Bonds are issued by the Inland Protection Financing Corporation (a blended component unit) for the purpose of financing the rehabilitation of petroleum contaminated sites. The bonds mature serially and are secured by a pledge of moneys derived from a wholesale excise tax primarily on petroleum products.

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 ⁵				
Florida Turnpike (Toll Facility)	\$ 611,596	\$ 172,422	\$ 439,174	\$ 91,405	\$ 132,816	1.96	2039/2040	\$ 4,845,440	71.81%
Save Our Coast ¹	85,749	.....	85,749	9,450	937	8.26	2011/2012	11,380	8.72%
Florida Forever/P2000/Everglades ¹	622,282	.....	622,282	275,925	127,008	1.54	2028/2029	3,501,387	63.31%
Conservation and Recreation Land ^{1,2}	44,599	.....	44,599	2,580	443	14.75	2011/2012	6,132	3.12%
Lottery Education ^{1,3}	1,247,150	.....	1,247,150	156,660	145,787	4.12	2028/2029	4,154,927	Not Available
Alligator Alley (Toll Facility)	19,948	6,360	13,588	1,460	1,988	3.94	2026/2027	58,637	68.12%
State Infrastructure Bank	48,924	.....	48,924	7,075	5,296	3.95	2026/2027	129,317	Not Available
Florida Hurricane Catastrophe	1,798,380	15,467	1,782,913	256,655	115,739	4.79	2015/2016	6,113,679	99.14%

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 pledged to the bonds are combined in calculating revenue. The Phosphate Severance Tax is a fixed amount of \$10,000,000 per year. 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.

⁵ Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.

4. State Debt Limitations

Section 215.98, F.S., 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 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. During fiscal years 2008-09 and 2009-10, the ratio exceeded 7%, primarily because of the reductions in tax revenues. Section 57, Chapter 2009-82, Laws of Florida, provided the legislature's determination that the authorization and issuance of debt for the 2009-10 fiscal year was in the best interest of the state and necessary to address a critical state emergency.

5. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2010, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,114,590	\$ 1,036,120	\$ 2,150,710	\$ 370,010	\$ 271,853	\$ 641,863
2012	1,173,897	983,321	2,157,218	387,710	266,898	654,608
2013	1,228,592	925,096	2,153,688	3,906,900	218,734	4,125,634
2014	986,974	863,397	1,850,371	415,455	186,911	602,366
2015	1,006,579	814,607	1,821,186	443,985	166,356	610,341
2016-2020	5,306,529	3,308,714	8,615,243	1,348,510	565,948	1,914,458
2021-2025	5,036,191	2,023,420	7,059,611	631,170	370,395	1,001,565
2026-2030	2,880,709	997,858	3,878,567	484,270	228,492	712,762
2031-2035	1,777,840	409,465	2,187,305	415,535	116,589	532,124
2036-2040	632,430	65,736	698,166	196,065	25,970	222,035
Bonds Payable and Interest	21,144,331	11,427,734	32,572,065	8,599,610	2,418,146	11,017,756
Unamortized premiums (discounts)	557,278	.....	557,278	126,729	.....	126,729
Less amount deferred or refunded	(151,060)	.....	(151,060)	(41,101)	.....	(41,101)
Total bonds payable and interest	<u>\$ 21,550,549</u>	<u>\$ 11,427,734</u>	<u>\$ 32,978,283</u>	<u>\$ 8,685,238</u>	<u>\$ 2,418,146</u>	<u>\$ 11,103,384</u>

Year Ending June 30	Component Units		
	Principal	Interest	Total
2011	\$ 1,045,691	\$ 359,941	\$ 1,405,632
2012	469,288	320,555	789,843
2013	356,009	302,056	658,065
2014	250,367	288,559	538,926
2015	417,577	272,712	690,289
2016-2020	1,871,975	1,163,887	3,035,862
2021-2025	717,892	751,443	1,469,335
2026-2030	899,395	562,209	1,461,604
2031-2035	1,242,658	315,688	1,558,346
2036-2040	770,680	103,309	873,989
2041-2045	233,140	25,524	258,664
2046-2050	69,181	1,486	70,667
Bonds payable and interest	8,343,853	4,467,369	12,811,222
Unamortized premiums (discounts)	(50,814)	.....	(50,814)
Less amount deferred or refunded	(1,269)	.....	(1,269)
Total bonds payable and interest	<u>\$ 8,291,770</u>	<u>\$ 4,467,369</u>	<u>\$ 12,759,139</u>

Annual debt service requirements for university capital improvement debt payable at June 30, 2010, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2011	\$ 30,639	\$ 27,504	\$ 58,143
2012	32,300	27,106	59,406
2013	33,932	25,951	59,883
2014	35,380	24,717	60,097
2015	35,396	23,388	58,784
2016-2020	175,582	95,768	271,350
2021-2025	159,717	60,210	219,927
2026-2030	115,710	30,149	145,859
2031-2035	50,973	9,844	60,817
2036-2040	8,482	1,281	9,763
Total capital improvement debt payable and interest	<u>\$ 678,111</u>	<u>\$ 325,918</u>	<u>\$ 1,004,029</u>

6. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2010, 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 call the refunded bonds within 90 days of issuance of the refunding bonds. The proceeds of the advance refundings are deposited into irrevocable trusts and, if a legal defeasance 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.

Current Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2009 Series A in the amount of \$146,790,000 along with additional funds of \$1,937,867 were used to refund \$161,340,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education, Capital Outlay Refunding Bonds, 1998 Series C maturing in the years 2010 through 2022. The refunding resulted in debt savings of \$18,794,601, an economic gain of \$15,251,679, and no deferred loss on refunding.

State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 2009 Series A in the amount of \$52,915,000 were used in part to refund \$42,050,000 of the State of Florida, Full Faith and Credit, State Board of Education, Capital Outlay Bonds, 1999 Series A maturing in the years 2010 through 2019. The refunding resulted in debt savings of \$3,597,256, an economic gain of \$3,123,943, and a deferred loss on refunding of \$420,527.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2009 Series B in the amount of \$165,760,000 along with additional funds of \$2,889,193 were used to refund \$183,305,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 1998 Series D maturing in the years 2010 through 2024. The refunding resulted in debt savings of \$18,173,445, an economic gain of \$13,994,886, and no deferred loss on refunding.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2009 Series C in the amount of \$156,380,000 along with additional funds of \$2,737,907 were used to refund \$172,245,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 1999 Series A maturing in the years 2010 through 2023. The refunding resulted in debt savings of \$17,728,974, an economic gain of \$14,091,475, and a deferred loss on refunding of \$1,722,494.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2009 Series D in the amount of \$300,775,000 along with additional funds of \$6,109,875 were used to refund \$105,080,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1996 Series B maturing in the years 2010 through 2023, \$119,835,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 1997 Series B maturing in the years 2010 through 2023, and \$115,560,000 of the State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 1999 Series B maturing in the years 2010 through 2024. The refunding resulted in debt savings of \$44,152,178, an economic gain of \$34,944,421, and a deferred loss on refunding of \$1,155,689.

State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2009B in the amount of \$206,695,000 along with additional funds of \$8,360,062 were used to refund

\$227,420,000 of the State of Florida, Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds, Series 1999A maturing in the years 2010 through 2028. The refunding resulted in debt savings of \$23,366,745, an economic gain of \$16,519,639, and a deferred loss on refunding of \$2,274,318.

State of Florida, Department of Environmental Protection, Florida Forever Revenue Bonds, consisting of, in part, Series 2010C Tax-Exempt Refunding Bonds in the amount of \$87,910,000 along with additional funds of \$16,408,333 were used to refund \$100,000,000 of the State of Florida, Department of Environmental Protection, Preservation 2000 Revenue Bonds, Series 1998B maturing in the years 2010 through 2013. The refunding resulted in debt savings of \$6,966,550, an economic gain of \$6,594,182, and no deferred loss on refunding.

State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, 2008 Series C in the amount of \$252,080,000 along with additional funds of \$4,711,102 were used in part, to refund \$246,040,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education, Capital Outlay Refunding Bonds, 1999 Series D maturing in the years 2011 through 2022. The refunding resulted in debt savings of \$56,013,743, an economic gain of \$44,503,068, and a deferred loss on refunding of \$2,460,400.

State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series 2010D in the amount of \$227,160,000 along with additional funds of \$4,263,929 were used to refund \$75,795,000 of the State of Florida, Department of Environmental Protection, Preservation 2000 Revenue Bonds, Series 1997A maturing in the years 2011 through 2013, \$79,660,000 of the State of Florida, Department of Environmental Protection, Preservation 2000 Revenue Bonds, Series 1999A maturing in the years 2011 through 2013, and \$86,860,000 of the State of Florida, Department of Environmental Protection, Preservation 2000 Revenue Bonds, Series 2000A maturing in the years 2011 through 2013. The refunding resulted in debt savings of \$19,855,930, an economic gain of \$19,378,163, and a deferred loss on refunding of \$868,533.

State of Florida, Board of Governors, Florida Agricultural and Mechanical University Dormitory Revenue Refunding Bonds, Series 2010B in the amount of \$12,960,000 were used to refund \$4,845,000 of the State of Florida, Board of Regents, Florida Agricultural and Mechanical University Student Apartment Facility Revenue Bonds, Series 1992 maturing in the years 2011 through 2023, and \$8,020,000 of the State of Florida, Board of Regents, Florida Agricultural and Mechanical University, Student Apartment Facility Revenue Bonds, Series 1996 maturing in the years 2011 through 2025. The refunding resulted in debt savings of \$1,596,667, an economic gain of \$1,060,377, and no loss on refunding.

Business-type Activities

State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2010A in the amount of \$211,255,000 were used in part to refund \$125,100,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 1998A maturing in the years 2011 through 2023, \$58,670,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 1999A maturing in the years 2011 through 2024, and \$43,295,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2000B maturing in the years 2011 through 2030. The refunding resulted in debt savings of \$24,414,702, an economic gain of \$18,729,425, and a deferred loss on refunding of \$8,758,243.

Advance Refunding

Governmental Activities

State of Florida, State Board of Education, Lottery Revenue Bonds, consisting of, in part, Series 2010C Refunding Bonds in the amount of \$243,560,000 along with additional funds of \$6,951,740 were used to refund \$64,975,000 of the State of Florida, State Board of Education, Lottery Revenue Bonds, Series 1998A maturing in the years 2010 through 2018, \$103,870,000 of the State of Florida, State Board of Education, Lottery Revenue Bonds, Series 1998B maturing in the years 2011 through 2018, and to advance refund \$71,980,000 of the State of Florida, State Board of Education, Lottery Revenue Bonds, Series 2000A maturing in the years 2011 through 2019. The refunding resulted in debt savings of \$23,455,571, an economic gain of \$20,610,944, and a deferred loss on refunding of \$719,790.

7. 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 6/30/2010
<u>Governmental Activities</u>	
Road and Bridge Bonds	\$ 11,750
Public Education Capital Outlay Bonds	7,515
Florida Facilities Pool Bonds	11,810
University Auxiliary Bonds	1,994
Total	<u>\$ 33,069</u>
 <u>Business-type Activities</u>	
Toll Facilities	<u>\$ 100,400</u>

8. Arbitrage Regulations

The State of Florida complies with Federal arbitrage regulations.

9. 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	\$ 28,287
Lottery Education Bonds	139,320
Public Education Bonds	520,151
State University System Bonds	12,107
University Auxiliary Bonds	<u>30,704</u>
Total Education	<u>730,569</u>
Natural Resources and Environment:	
Inland Protection Bonds	1,947
Conservation and Recreation Lands Bonds	443
Everglades Restoration	5,255
Water Pollution Control Bonds	13,302
Save Our Coast Bonds	915
Florida Forever Bonds	82,914
Preservation 2000 Bonds	<u>34,122</u>
Total Natural Resources and Environment	<u>138,898</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	85,769
State Infrastructure Bonds	<u>4,478</u>
Total Transportation	<u>90,247</u>
Total Direct Interest	<u>\$ 959,714</u>

10. Governmental Activities – Unrestricted Net Asset Deficit

Governmental activities reflect a negative unrestricted net asset balance of \$15.8 billion at June 30, 2010. This deficit is primarily the result of education-related bonds in which the state is responsible for the debt while the state colleges, state universities, or 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; State University System Improvement Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2010, of \$15.3 billion. The state has an additional \$2.0 billion in bonded debt in which the state does not own the related capital assets, including some Road and Bridge 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 \$1.5 billion.

B. Certificates of Participation

The state has issued certificates of participation (original amount of \$945,800,000) to finance privately operated detention and mental health facilities. The certificates of participation's interest rates range from 1.250% - 6.825% and the last maturity is during the fiscal year ending August 1, 2030. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2010 (in thousands):

Year Ending June 30	Principal	Interest	Total
2011	\$ 38,190	\$ 42,469	\$ 80,659
2012	39,575	41,034	80,609
2013	41,395	39,233	80,628
2014	43,450	37,162	80,612
2015	44,585	35,022	79,607
2016-2020	205,710	140,921	346,631
2021-2025	220,060	91,409	311,469
2026-2030	200,075	29,136	229,211
Total	833,040	456,386	1,289,426
Unamortized premiums (discounts)	11,979	.....	11,979
Amount deferred upon refunding	500	.....	500
Total certificates of participation payable	<u>\$ 845,519</u>	<u>\$ 456,386</u>	<u>\$ 1,301,905</u>

Component units (universities and a water management district) have issued certificates of participation (original amount of \$1,219,570,000) primarily to finance academic and student facilities and construction projects for Everglades restoration. The certificates of participation's interest rates range from 2.550% to 6.000% and the last maturity is during the fiscal year ending July 1, 2037. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2010 (in thousands):

Year Ending June 30	Principal	Interest	Total
2011	\$ 22,925	\$ 53,053	\$ 75,978
2012	23,935	52,164	76,099
2013	24,860	51,141	76,001
2014	26,025	50,056	76,081
2015	27,175	48,941	76,116
2016-2020	158,900	224,955	383,855
2021-2025	193,170	184,814	377,984
2026-2030	243,125	135,131	378,256
2031-2035	306,605	72,230	378,835
2036-2037	149,465	9,496	158,961
Total	1,176,185	881,981	2,058,166
Unamortized premiums (discounts)	27,911	.....	27,911
(Amount deferred upon refunding)	.....	.....	.....
Total certificates of participation payable	<u>\$ 1,204,096</u>	<u>\$ 881,981</u>	<u>\$ 2,086,077</u>

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, 2010, 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, 2010 (in thousands):

Year Ending June 30	Primary Government	Component Units
	Government Activities	
2011	\$ 8,118	\$ 3,808
2012	3,850	2,355
2013	2,306	686
2014	1,485	289
2015	1,212	146
2016-2020	5,210	235
2021-2025	1,670	.....
Total	23,851	7,519
Less: Interest	(3,100)	(298)
Present value of future minimum payments	\$ 20,751	\$ 7,221

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, 2010, 57% of the state's capital leases for governmental activities were for buildings, and the remaining 43% for furniture and equipment. Capital leases for component units consisted of 52% for buildings, 42% for furniture and equipment, and 6% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2010 (in thousands):

Year Ending June 30	Primary Government	Component Units
	Governmental Activities	
2011	\$ 9,678	\$ 13,362
2012	9,483	11,785
2013	9,160	8,288
2014	8,605	5,412
2015	6,520	5,961
2016-2020	12,669	15,776
2021-2025	2,957	10,471
2026-2030	598	4,918
Total	59,670	75,973
Less: Interest	(10,334)	(16,940)
Present value of future minimum payments	\$ 49,336	\$ 59,033

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2010, are as follows (in thousands):

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010	Due Within One Year (Current)
Governmental Activities					
Bonds payable:					
Road and Bridge Bonds	\$ 1,792,920	\$ 406,695	\$ 290,175	\$ 1,909,440	\$ 58,335
SBE Capital Outlay Bonds	694,515	52,915	104,770	642,660	65,560
Lottery Education Bonds	2,933,305	404,600	397,485	2,940,420	171,697
Public Education Bonds	10,929,265	1,782,729	1,481,610	11,230,384	400,894
State University System Bonds	.....	249,960	15,525	234,435	16,270
University Auxiliary Bonds	.....	724,197	41,815	682,382	30,839
Inland Protection Bonds	.....	96,730	1,545	95,185	5,080
Conservation and Recreation Lands Bonds	8,250	.....	2,580	5,670	2,745
Save Our Coast Bonds	20,220	.....	9,450	10,770	5,985
Preservation 2000 Bonds	672,105	.....	474,230	197,875	62,225
Florida Forever Bonds	1,712,420	577,025	136,235	2,153,210	236,155
Water Pollution Control Bonds	341,310	.....	17,745	323,565	21,285
State Infrastructure Bank Bonds	107,115	.....	7,075	100,040	8,265
Everglades Restoration Bonds	188,455	43,615	7,775	224,295	9,705
Florida Facilities Pool Bonds	412,045	.....	18,045	394,000	19,550
	19,811,925	4,338,466	3,006,060	21,144,331	1,114,590
Unamortized bond premiums (discounts)	422,844	234,026	99,592	557,278	.....
Amounts deferred on refunding	(150,441)	(14,364)	(13,745)	(151,060)	.....
Total bonds payable	20,084,328	4,558,128	3,091,907	21,550,549	1,114,590
Certificates of participation payable	394,753	467,186	16,420	845,519	38,190
Deposits	691,556	545,853	580,220	657,189	493,642
Compensated absences	868,947	354,029	361,800	861,176	233,667
Claims payable	2,498,215	694,496	610,318	2,582,393	677,251
Installment purchases/capital leases	206,674	16,041	152,628	70,087	14,818
Due to other governments:					
Federal arbitrage liability	141	66	.....	207	.....
Other liabilities	233,183	212,943	5,110	441,016	.....
Total Governmental Activities	\$ 24,977,797	\$ 6,848,742	\$ 4,818,403	\$ 27,008,136	\$ 2,572,158

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 will liquidate the certificates of participation payable, installment purchase contracts, and capital lease 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. The other liabilities reported above include \$303 million for Other Postemployment Benefits (OPEB) related to all governmental funds. The state does not currently fund the OPEB liability so it is non-liquidating. Refer to Note 6 for additional information on OPEB.

2010 STATE OF FLORIDA CAFR

Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2010, are as follows (in thousands):

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010	Due Within One Year (Current)
Business-type Activities					
Bonds payable:					
Toll Facility Bonds	\$ 2,483,900	\$ 785,780	\$ 319,930	\$ 2,949,750	\$ 100,525
Florida Hurricane Catastrophe Fund Bonds	5,230,595	675,920	256,655	5,649,860	269,485
	7,714,495	1,461,700	576,585	8,599,610	370,010
Unamortized bond premiums (discounts)	71,620	75,950	20,841	126,729	.....
Amounts deferred on refunding	(38,389)	(8,758)	(6,046)	(41,101)	.....
Total Bonds Payable	7,747,726	1,528,892	591,380	8,685,238	370,010
Accrued prize liability	991,490	3,089,872	3,218,172	863,190	267,398
Deposits	480,811	10,784	451,406	40,189	7,707
Compensated absences	22,104	8,896	9,540	21,460	5,098
Tuition and housing benefits payable	8,279,687	1,590,244	353,506	9,516,425	589,532
Advances from Federal Government	.....	1,612,500	.....	1,612,500	.....
Other liabilities	10,033	3,472	2,328	11,177	.....
Total Business-type Activities	\$ 17,531,851	\$ 7,844,660	\$ 4,626,332	\$ 20,750,179	\$ 1,239,745
Component Units					
Bonds payable	\$ 9,462,827	\$ 2,125,396	\$ 3,296,453	\$ 8,291,770	\$ 1,045,691
Deposits	18,732	3,636	6,375	15,993	15,638
Compensated absences	616,617	91,340	69,123	638,834	64,919
Installment purchases/capital leases	144,656	11,976	90,378	66,254	14,587
Claims payable	130,190	34,905	31,329	133,766	21,091
Certificates of participation payable	1,249,155	2	45,061	1,204,096	22,925
Due to other governments/primary	3,664	738,117	41,805	699,976	30,639
Other liabilities	986,672	649,813	262,217	1,374,268	239,657
Total Component Units	\$ 12,612,513	\$ 3,655,185	\$ 3,842,741	\$ 12,424,957	\$ 1,455,147

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2010, 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, 2010, 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	\$	\$ 5,516	\$ 7	\$ 69,879	\$ 5,445
Environment, Recreation and Conservation	7,182	.....	.....	947	10,974
Public Education	134	.....	.....	.....	.....
Health and Family Services	4,381	.....	221	.....	8,177
Transportation	5,715	2,237	.....	140	.....
Nonmajor	59,278	8,855	2,804	5,149	26,777
Internal Service Funds	2,032	4	.....	570	12
Business-type Activities					
Transportation	144	.....	.....	.....	65,224
Lottery	20	.....	59,308	.....	.....
Hurricane Catastrophe Fund	6	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Unemployment Compensation	376	5	.....	.....	.....
Nonmajor	4,156	.....	.....	78	.....
Fiduciary Funds					
Private-purpose Trust Funds	20	.....	1,442	.....	7
Pension and Other Employee Benefits Trust Funds	4	.....	.....	.....	.....
Agency Funds	38,221	.....	1,718	3,399	6,463
Investment Trust Funds	.....	.....	.....	.....	.....
Total	\$ 121,669	\$ 16,617	\$ 65,500	\$ 80,162	\$ 123,079

(Continued Below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 20,924	\$ 6,892
Environment, Recreation and Conservation	642	158
Public Education	2,507	93
Health and Family Services	4,457	7,059
Transportation	20,287	2,334
Nonmajor	13,859	24,958
Internal Service Funds	210	641
Business-type Activities		
Transportation	.....	.....
Lottery	9	35
Hurricane Catastrophe Fund	.....	.....
Prepaid College Program	.....	.....
Unemployment Compensation	1,222	.....
Nonmajor	1,871	106
Fiduciary Funds		
Private-purpose Trust Funds	300	1
Pension and Other Employee Benefits Trust Funds	.....	29
Agency Funds	1,531	.....
Investment Trust Funds	.....	.....
Total	\$ 67,819	\$ 42,306

(Continued next page)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)		
	Business-type Activities		
	Transportation	Unemployment Compensation	Nonmajor
Governmental Activities			
General Fund	\$	\$ 1,772	\$ 15
Environment, Recreation and Conservation	84	125	.....
Public Education	.....	17	5
Health and Family Services	.....	864	30
Transportation	224	76	.....
Nonmajor	.....	498	11
Internal Service Funds	.....	32	.....
Business-type Activities			
Transportation	.....	.....	.....
Lottery	.....	4	4
Hurricane Catastrophe Fund	.....	.....	100
Prepaid College Program	.....	.....	.....
Unemployment Compensation	.....	.....	.....
Nonmajor	.....	62	.....
Fiduciary Funds			
Private-purpose Trust Funds	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	4	4,219
Agency Funds	1,490	.....	35
Investment Trust Funds	.....	.....	25
Total	\$ 1,798	\$ 3,454	\$ 4,444

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Total
Governmental Activities				
General Fund	\$	\$ 10	\$ 25,108	\$ 135,568
Environment, Recreation and Conservation	.....	.....	.....	20,112
Public Education	178	.....	.....	2,934
Health and Family Services	.....	20	28	25,237
Transportation	.....	.....	8,855	39,868
Nonmajor	.....	.....	.....	142,189
Internal Service Funds	.....	1,704	22,662	27,867
Business-type Activities				
Transportation	.....	.....	276	65,644
Lottery	.....	.....	.....	59,380
Hurricane Catastrophe Fund	.....	.....	.....	106
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	.....	.....	1,576	3,179
Nonmajor	.....	.....	.....	6,273
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	1,770
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	4,256
Agency Funds	.....	.....	.....	52,857
Investment Trust Funds	.....	.....	.....	25
Total	\$ 178	\$ 1,734	\$ 58,505	\$ 587,265

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)			
	Governmental Activities		Business-type Activities	
	General Fund	Transportation	Health & Family Services	Transportation
Governmental Activities				
General Fund	\$	\$ 100	\$	\$ 500
Public Education	.....	.....	172	.....
Nonmajor	625	.....	.....	.....
Internal Service Funds	2,003	800	.....	.....
Business-type Activities				
Transportation	.....	267,422	.....	.....
Fiduciary Funds				
Agency Funds	.....	.....	.....	.....
Total	\$ 2,628	\$ 268,322	\$ 172	\$ 500

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	
	Private-purpose Trust Funds	Total
Governmental Activities		
General Fund	\$	\$ 600
Public Education	540,331	540,503
Nonmajor	.....	625
Internal Service Funds	.....	2,803
Business-type Activities		
Transportation	.....	267,422
Fiduciary Funds		
Agency Funds	.....	.....
Total	\$ 540,331	\$ 811,953

2010 STATE OF FLORIDA CAFR

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	\$	\$ 629,378	\$ 664	\$ 1,734,782	\$ 94,425
Environment, Recreation and Conservation	335,134	.....	.....	3,947	500
Public Education	983	.....	.....	203	.....
Health and Family Services	36,676	.....	147	.....	46,896
Transportation	225,784	27,289	.....	1,286	.....
Nonmajor	319,512	94,908	267,159	80,930	929,411
Internal Service Funds	7,029	504	.....	26	473
Business-type Activities					
Transportation	.....	.....	.....	.....	19,429
Lottery	331	.....	1,246,794	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Unemployment Compensation	.....	.....	.....	.....	.....
Nonmajor	77,570	.....	.....	5,023	.....
Fiduciary Funds					
Private-purpose Trust Funds	9	.....	1,460	342	.....
Pension and Other Employee Benefits Trust Funds	2,444	.....	.....	.....	.....
Investment Trust Funds	.....	.....	.....	.....	.....
Total	\$ 1,005,472	\$ 752,079	\$ 1,516,224	\$ 1,826,539	\$ 1,091,134

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 580,986	\$ 362
Environment, Recreation and Conservation	474,902	.....
Public Education	1,485,648	.....
Health and Family Services	437,078	.....
Transportation	540,092	.....
Nonmajor	444,741	7,338
Internal Service Funds	7,890	.....
Business-type Activities		
Transportation	.....	.....
Lottery	175	.....
Hurricane Catastrophe Fund	10,000	.....
Prepaid College Program	.....	.....
Unemployment Compensation	16,728	.....
Nonmajor	11,902	.....
Fiduciary Funds		
Private-purpose Trust Funds	2,069	.....
Pension and Other Employee Benefits Trust Funds	111	17,896
Investment Trust Funds	.....	.....
Total	\$ 4,012,322	\$ 25,596

(Continued next page)

Transfers from Other Funds (in thousands)			
Business-type Activities			
Transfers to Other Funds (in thousands)	Transportation	Unemployment Compensation	Nonmajor
Governmental Activities			
General Fund	\$ 1,449	\$ 8,359	\$ 1,321
Environment, Recreation and Conservation	84	597	.....
Public Education	.....	119	.....
Health and Family Services	.....	3,612	3,478
Transportation	8,048	342	.....
Nonmajor	2,539	2,415	2,737
Internal Service Funds	.....	182	1
Business-type Activities			
Transportation	.....	.....	.....
Lottery	.....	32	.....
Hurricane Catastrophe Fund	.....	.....	.....
Prepaid College Program	.....	.....	.....
Unemployment Compensation	.....	.....	.....
Nonmajor	.....	250	.....
Fiduciary Funds			
Private-purpose Trust Funds	.....	9	.....
Pension and Other Employee Benefits Trust Funds	.....	15	13,886
Investment Trust Funds	.....	.....	.....
Total	\$ 12,120	\$ 15,932	\$ 21,423

(Continued below)

Transfers from Other Funds (in thousands)				
Fiduciary Funds				
Transfers to Other Funds (in thousands)	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Total
Governmental Activities				
General Fund	\$	\$	\$	\$ 3,051,726
Environment, Recreation and Conservation	.....	.....	.....	815,164
Public Education	5,589	.....	.....	1,492,542
Health and Family Services	.....	.....	.....	527,887
Transportation	.....	.....	.....	802,841
Nonmajor	.....	.....	.....	2,151,690
Internal Service Funds	.....	1,400	.....	17,505
Business-type Activities				
Transportation	.....	.....	.....	19,429
Lottery	.....	.....	.....	1,247,332
Hurricane Catastrophe Fund	.....	.....	.....	10,000
Prepaid College Program	1,818	.....	.....	1,818
Unemployment Compensation	.....	.....	.....	16,728
Nonmajor	.....	.....	.....	94,745
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	3,889
Pension and Other Employee Benefits Trust Funds	.....	695,733	.....	730,085
Investment Trust Funds	.....	.....	92,929	92,929
Total	\$ 7,407	\$ 697,133	\$ 92,929	\$ 11,076,310

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 \$58.75 million per occurrence for named windstorm, \$58.75 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. The amount of claims paid for property claims did not exceed insurance coverage for each of the last three years. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2009, and June 30, 2010, 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, 2009	\$ 485	\$ 395	\$ (231)	\$ 649
June 30, 2010	\$ 649	\$ 85	\$ (477)	\$ 257

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, 2010, was \$1,084.7 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% annual percentage rate. The undiscounted carrying amount of the workers' compensation indemnity reserves is \$370.9 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2009, and June 30, 2010, 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, 2009	\$ 892,319	\$ 293,691	\$ (139,146)	\$ 1,046,864
June 30, 2010	\$ 1,046,864	\$ 183,860	\$ (145,985)	\$ 1,084,739

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 estimate for casualty lines of coverage for the fiscal year ended June 30, 2010, decreased by \$109.8 million. Future payments for legal fees will be classified as operating expenditures beginning July 1, 2010, and are not included in the accrued liability.

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. It is the practice of the state not to purchase commercial coverage for the risks of losses covered by this program.

The program’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, 2009, and June 30, 2010, 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, 2009	\$ 61,563	\$ 794,589	\$ (793,519)	\$ 62,633
June 30, 2010	\$ 62,633	\$ 856,242	\$ (840,060)	\$ 78,815

During the year, for program operations, both employee and retiree participation in the state group health insurance program are accounted for in the State Employees Group Health Insurance Trust Fund. Retiree participation in the program is considered an Other Postemployment Benefit (OPEB) for purposes of this report. See Note 6, Section B regarding OPEB for additional information. Asset and liability balances related to retiree participation in the program as of June 30, 2010 were transferred from the State Employees Group Health Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of Governmental Accounting Standards Board Codification Section Po50, *Postemployment Benefit Plans Other Than Pension Plans – Defined Benefit*.

NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM

The Stanley G. Tate Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition, tuition differential fee, local fees, 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, 2010, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$	9,516,424,983
Net assets available	\$	9,999,051,564
Net assets as a percentage of future contract benefits and expenses obligation		105.1%

NOTE 14 –INSURANCE ENTERPRISES

The State of Florida has established multiple enterprises that provide insurance, reinsurance, and guarantee services. The primary risk exposures to the state relate to catastrophic hurricane losses, access to liquidity from credit markets, and ultimate dependence on public assessments.

A. FLORIDA HURRICANE CATASTROPHE FUND

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 by the Florida Legislature, as a state fund administered by the State Board of Administration (SBA) to provide a source of reinsurance to most residential property insurers for catastrophic hurricane losses, thereby creating additional insurance capacity. Most admitted residential property insurers writing FHCF covered policies are required to purchase mandatory reinsurance coverage with the FHCF. Chapter 2007-1, Laws of Florida, was enacted in 2007 amending statutes to require the FHCF provide optional additional coverage with the Temporary Emergency Options for Additional Coverage (TEACO layer) and the Temporary Increase in Coverage Limit Options (TICL layer) and the \$10 million coverage for certain statutorily designated companies .

The mandatory layer covers a portion of hurricane losses in excess of the industry wide retention, up to the lesser of either the statutory limit or the actual claims-paying capacity of the FHCF. For the contract year ending May 31, 2010, the industry wide retention was \$7.223 billion per hurricane for the first two hurricanes and \$2.408 billion for each subsequent hurricane in the contract year. The aggregate coverage capacity for the contract year (in excess of retention) was \$17.2 billion. The statute requires that an actuarially indicated formula developed by an independent actuary be used to calculate the reimbursement premiums collected for the mandatory layer.

The optional TEACO layer provides coverage for a portion of the losses underneath the mandatory layer with industry wide retentions ranging as low as \$3 billion. The statutory authority for TEACO sunset effective May 31, 2010.

The optional TICL layer covers a portion of hurricane losses in excess of the mandatory layer, up to the lesser of either \$12 billion or the actual claims-paying capacity of the FHCF. In 2009, statutes were amended to phase out the entire \$12 billion in TICL coverage at a rate of \$2 billion per year for 6 years, to completely phase out TICL coverage by 2014. The TICL coverage capacity for the contract year ending May 31, 2010, was \$10 billion.

The maximum reimbursable claims for the optional coverages (no TEACO option was selected) and mandatory layers (in the contract year ending May 31, 2010) was \$27.175 billion.

The SBA contracts with each insurer writing covered policies in the state to reimburse the insurer for a percentage of losses incurred from covered events. The obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity (as determined by the FHCF's bond underwriters and financial adviser). The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2010, the FHCF had net assets of \$3.2 billion, including net assets of the FHCF Finance Corporation.

If available resources and pre-catastrophe debenture financing are not adequate to satisfy reimbursement claims, the FHCF Finance Corporation may issue revenue bonds secured by emergency assessments. The SBA has the sole authority to direct the Florida Office of Insurance Regulation (OIR) and the Florida Surplus Lines Service Office to levy assessments on most property and casualty insurance policy premiums on behalf of the FHCF. Aggregate assessments may not exceed 10% and assessments in relation to losses in one contract year may not exceed 6%. As of June 30, 2010, the FHCF is levying assessments of 1%. This assessment authority is neither related to nor restricted by the assessments levied by either Citizens Property Insurance Corporation (Citizens), a discretely presented component unit, or the Florida Insurance Guarantee Association (FIGA).

To build up cash resources and reduce the reliance on post-event bonding, legislation was passed in 2009 that allows for a "cash build up" factor of 5% to be included in rates for coverage in the mandatory layer. This factor increases each year by 5% until it ultimately reaches 25% in year five and thereafter. This provision was designed to address the liquidity needs of the FHCF over the long run by allowing it to accelerate the build-up of its cash balance for paying claims.

The State of Florida was not hit by any hurricanes during the 2009 season. There were no hurricane losses incurred for the year ended June 30, 2010. In May, 2010 the Corporation issued post-event Series 2010A Revenue Bonds in the amount of \$675.9 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 emergency assessments 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. An Order was issued by OIR concurrently with the issuance of the 2010A Bonds to supersede the existing 1% emergency assessment with a 1.3% emergency assessment. The increased assessment is effective on all policies issued or renewed on or after January 1, 2011. These bonds are stated to mature, without prior right of redemption, on July 1 of the following years and bear interest at rates ranging from 3.5% to 5.0% as follows (in thousands):

2015	\$ 15,775	3.5%
2015	5,765	4.0
2015	320,915	5.0
2016	17,990	3.75
2016	<u>315,475</u>	5.0
	<u>\$ 675,920</u>	

B. CITIZENS PROPERTY INSURANCE CORPORATION

Citizens Property Insurance Corporation (Citizens) was established on August 1, 2002, pursuant to Section 627.351(6), Florida Statutes (the Act), to provide certain residential and non-residential property insurance coverage to qualified risks in the State of Florida under circumstances specified in the Act. The original intent of the legislation was that property insurance be provided through Citizens to applicants who are in good faith entitled to procure insurance through the voluntary market but are unable to do so. Citizens results from a combination of the Florida Residential Property and Casualty Joint Underwriting Association (the FRPCJUA) and the Florida Windstorm Underwriting Association (the FWUA). The FRPCJUA was renamed Citizens and the FWUA's rights, obligations, assets, liabilities and all insurance policies were transferred to Citizens. Unlike private insurers offering coverage through the admitted market, Citizens is not required to obtain or to hold a certificate of authority issued by the Florida Office of Insurance Regulation (the Office). For purposes of its tax-exempt status, Citizens is considered a political subdivision and an integral part of the State of Florida. As such, Citizens' operations may be affected by the legislative process. In 2007, the Act was amended to recognize Citizens' status as a governmental entity and the necessity of Citizens to provide insurance that was affordable.

Citizens operates pursuant to a Plan of Operation (the Plan) approved by the Financial Services Commission (the Commission) of the State of Florida. The Commission is composed of the Governor, the Chief Financial Officer, the Attorney General and the Commissioner of Agriculture of the State. Prior to October 1, 2006, the Plan was subject to the approval of the Office.

Pursuant to the Act, all revenues, expenses, assets and liabilities of Citizens shall remain divided into three separate accounts: the Personal Lines Account, the Commercial Lines Account and the High-Risk Account. A brief history of each account follows:

Personal Lines Account history - The FRPCJUA began operations on January 21, 1993, after Hurricane Andrew, pursuant to Section 627.351(6), Florida Statutes, to provide certain residential property insurance coverage to qualified risks in the State of Florida (on a statewide basis) to applicants who were in good faith entitled to procure insurance through the private market but were unable to do so. Residential property coverage consists of the types of coverage provided to homeowners, mobile homeowners, tenants, condominium unit owners, and similar policies. The policies provide coverage for all perils covered under a standard residential policy, subject to certain underwriting requirements. Such policies exclude windstorm coverage on property within eligible areas. This portion of the FRPCJUA's activities became the Personal Lines Account under Citizens.

Commercial Lines Account history - The Florida Property and Casualty Joint Underwriting Association (FPCJUA) was activated in early 1994 to provide commercial residential coverage, i.e., coverage for condominium associations, apartment buildings and homeowner associations, to organizations unable to obtain such coverage from a private insurer. During 1995, legislation was enacted to transfer all obligations, rights, assets, and liabilities related to commercial residential coverage from the FPCJUA to the FRPCJUA. The legislation required that the premiums, losses, assets and liabilities be accounted for separately from the FRPCJUA's personal residential business. These policies excluded

windstorm coverage on properties within eligible areas. This portion of the FRPCJUA's activities became the Commercial Lines Account under Citizens. In 2006, the FPCJUA was re-activated to provide commercial non-residential wind only coverage. In 2007, legislation was enacted which resulted in the transfer and assumption of the FPCJUA's commercial non-residential policies by Citizens. These policies were added to the Commercial Lines Account.

High-Risk Account history – The FWUA, which was a residual market mechanism for windstorm and hail coverage in selected areas of the State, was created by an act of the Florida Legislature in 1970 pursuant to Section 627.351(2), Florida Statutes. FWUA was a Florida unincorporated association, the members of which were all property insurance companies holding a certificate of authority to provide property insurance coverage in the State. FWUA provided policies of windstorm insurance for property owners within the eligible areas who were unable to obtain such coverage from private insurers. Insured properties include personal residential, commercial residential and commercial non-residential properties. This portion of the FWUA's activities became the High Risk Account under Citizens. In 2007, Citizens received authority to issue multi-peril policies in the High-Risk Account.

Section 627.351(6)(n), Florida Statutes, requires Citizens to charge actuarially sound rates; however, legislation in 2007 and 2008 froze Citizens rates to amounts established in 2006 with no rate increases to be made until January 1, 2010 at the earliest.

Citizens' enabling legislation and Plan of operations established a process by which Citizens may levy assessments to recover any deficits incurred in a given year. Citizens' determination of the amount of assessment is subject to the verification of the mathematical calculation by the Office of Insurance Regulation. Citizens' ability to assess provides some assurance of its financial stability.

ASSESSMENTS

Citizens' enabling legislation and the Plan establish a process by which Citizens is required to levy assessments to recover deficits incurred in a given plan year for any of its three accounts. Deficits are calculated separately, and assessments are accordingly levied separately, for each of the three accounts. The Plan provides for deficits to be determined in accordance with accounting principles generally accepted in the United States adjusted for certain items.

In the event of a Plan Year Deficit in an Account, Citizens must first levy an assessment against the premium of each Citizens policyholder (the "Citizens Policyholder Surcharge") in each of Citizens' Accounts, as a uniform percentage of the premium of the policy of up to 15% of such premium. Citizens Policyholder Surcharges are not subject to commissions, fees, or premium taxes; however, failure to pay a Citizens Policyholder Surcharge will be treated as failure to pay premiums. If the Citizens Policyholder Surcharge is insufficient to eliminate the deficit in an Account, Citizens would then levy a Regular Assessment on Assessable Insurers and Assessable Insureds, each as defined herein. The Regular Assessment is applied as a uniform percentage of the premium of the policy up to 6% of such premium per account.

Regular Assessments are levied on Assessable Insurers, as defined in Section 627.351(6), Florida Statutes, based upon each Assessable Insurer's share of direct written premium for the subject lines of business in the State of Florida for the calendar year preceding the year in which the deficit occurred. Regular Assessments on Assessable Insureds, collectively, are based on the ratio of the amount being assessed for an Account to the aggregate statewide direct written premiums for the subject lines of business for the preceding year.

If the deficit in any year in any Account is greater than the amount that may be recovered through Citizens' Policyholder Surcharges and Regular Assessments, Citizens is required to levy any remaining Plan Year Deficit as an Emergency Assessment. An Emergency Assessment is to be collected by all Assessable Insurers, Surplus Lines Agents and Citizens from policyholders upon the issuance or renewal of policies for Subject Lines of Business for as many years as necessary to cover the Plan Year Deficit in the Account. The primary difference between the assessment base for Regular Assessments and Emergency Assessments is the inclusion of Citizens' direct written premium in the assessment base for Emergency Assessments.

For purposes of Regular Assessments and Emergency Assessments, the "Subject Lines of Business" are all lines of property and casualty insurance, including automobile lines, but excluding accident and health, workers' compensation, and medical malpractice insurance, and also excluding insurance under the National Flood and Federal Crop insurance programs. The Regular Assessment base excludes Citizens policies (while the Emergency Assessment base includes Citizens policies). Prior to the enactment of the 2007 Legislation, the Regular Assessment base for each Account was only the property lines of business.

C. FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

The Florida Insurance Guaranty Association, Inc. (the Association), a not-for-profit corporation, was established by the Florida Legislature through the Florida Insurance Guaranty Act of 1970 (the Act). The Association was created to provide a mechanism for the payment of covered claims of insolvent insurers and to assist in the detection and prevention of insurers' insolvencies. The Association operates under the supervision and approval of a board of directors, comprised of eight persons, recommended by member insurers pursuant to Chapter 631.56, Florida Statutes, and subsequently appointed by the Florida Department of Financial Services.

The members of the Association are all insurers that provide property and casualty coverages in the State of Florida.

The funding of the Association's activities is provided by distributions from the estates of insolvent insurers and assessments of members. The assessments are calculated and, as considered necessary, levied against member insurers on the basis of net direct written premiums in the state of Florida in the classes protected by the Act. The Association obtains the amount of the net direct written premiums, by company and by class of protection, to use as the basis for assessment calculations. The maximum regular assessment rate is 2%. In addition to the regular assessment, during 2006, the Florida Legislature granted the Association the authority to levy an emergency assessment up to an additional 2% of net direct written premiums for the account specified in Section 631.55(2)(b). Also in 2006, the Association was granted the authority to work with an affected municipality, county, or financing conduit organization under Chapter 163, Florida Statutes, to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b). As of December 31, 2010, the Association has not needed to utilize this bonding authority and no tax-exempt bonds have been issued.

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, 2010, approximately \$3.9 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%. For loans made on or after October 1, 1993, the reimbursement rate for defaulted loans can be 78, 88, or 98%. For loans made on or after October 1, 1998, the reimbursement rate for defaulted loans can be 75, 85, and 95%. During the 2009-2010 fiscal year, the actual rates were 95, 98, and 100%. 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.

Component units - The United States Department of Health and Human Services, Office of Inspector General is auditing and reviewing the University of Florida's practices relating to Federal awards finances and accounting; at this early time in the process, university management is unable to make a determination of the outcome or estimate costs that the University may incur as a result of this audit.

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. Welch v. Theodorides-Bustle, et al., Case No. 4:09cv00302-RH/WCS (U.S. District Court, N.D. of Florida, Tallahassee Division)

A Florida driver brought punitive class action against officials of the Florida Department of Highway Safety and Motor Vehicles, alleging violations of the Federal Driver Privacy Protection Act (DPPA) for disclosure of information to a private corporation and another entity. The Defendants filed a motion to dismiss that was denied on January 5, 2010. Both parties filed motions for summary judgment which were both denied on July 1, 2010. Trial is set for February 28, 2011. Should the plaintiff prevail in this case, the potential outcome could be in excess of \$25 million.

B. DirecTV and EchoStar Satellite LLC n/k/a Dish Network, LLC v. Department of Revenue, Case No. 05-CA-1037 (2nd Cir.) and Ogborn v. Department of Revenue, Case No. 05-CA-1354 (2nd Cir.) (Now Consolidated Case No. 05-CA-1037)

These consolidated 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. These two cases were consolidated on September 30, 2008. The Florida Cable Telecommunications Association (FCTA) filed a motion to intervene in the consolidated cases, which was heard and granted on January 6, 2009. DirecTV filed an amended complaint on October 31, 2008. The Department filed a motion to strike allegations in the amended complaint and a motion to dismiss on January 9, 2009. The Ogborns then filed a second amended class action complaint on March 27, 2009, and the Department filed a motion to dismiss the second amended complaint on April 27, 2009. The FCTA also filed a motion to dismiss DirecTV's amended complaint. DirecTV deposed corporate representatives of Comcast Corporation on May 13, 2009, and of Bright House Networks on May 14, 2009. On July 6, 2009, DirecTV and the Ogborns filed a motion for entry of a confidentiality order, which was granted on August 14, 2009. DirecTV responded to the Ogborns' request for admissions on July 15, 2009. The Department served DirecTV and EchoStar Satellite a second request to produce on October 28, 2009. The motions to dismiss were heard on October 14, 2009. On April 6, 2010, the Judge issued an order converting the Department's and FCTA's motions to dismiss to motions for summary judgment and allowing parties to take discovery to develop a full factual record. Discovery is ongoing.

C. General Motors Corporation v. Florida Department of Revenue, Case No. 04-CA-2739 (2nd Cir.)

General Motors repairs vehicles that fall outside the contractual terms of new or extended vehicle warranties under programs known as Special Policy or Goodwill Policy Adjustments. General Motors alleges the State illegally imposed a use tax on the tangible personal property that is incorporated into repairs made under these programs. The total tax, penalty, and interest at stake in this case exceeds \$30 million. In 2009, General Motors entered, and subsequently exited, bankruptcy. General Motors has since agreed that the sales tax assessment survived the emergence from bankruptcy, and the parties have agreed, and an order entered, to substitute General Motors LLC as the party plaintiff in the action. Discovery is ongoing.

D. Home Depot USA, Inc. v. Florida Department of Revenue, Case No. 07-CA-4335 (13th Cir.)

Home Depot is challenging four sales tax refund denials. Customers purchased merchandise at Home Depot using private label credit cards. These private label credit cards were issued by a separate entity bank that reimbursed Home Depot for the sales price, including sales tax, less a discount. The issue in this case is whether the "discount" (the difference between the sales price, plus tax charged to a customer and the amount reimbursed by the separate entity to Home Depot), is an

unpaid balance due on worthless accounts for the purposes of Section 212.17(3), Florida Statutes, thus authorizing Home Depot certain tax credits.

The Department filed its answer and affirmative defenses on April 30, 2007. Home Depot filed a reply to the Department's affirmative defenses and filed a motion to strike the Department's second affirmative defense on May 14, 2007. Discovery is ongoing. The potential refund to Home Depot is approximately \$17.5 million and there could be a substantial recurring financial impact, exceeding \$25 million annually.

E. Bank of America, N.A. v. Florida Department of Revenue, Case No. 05-CA-7427 (13th Cir.)

In an action for refund pursuant to Chapter 86, Florida Statutes, Plaintiff challenges whether certain notes secured by mortgages are exempt from Documentary Stamp Tax (DST) pursuant to Sections 201.08 and 201.09, Florida Statutes, as a renewal, and from Nonrecurring Intangible Personal Property Tax (IPPT) pursuant to Sections 199.133 and 199.145(4), Florida Statutes, as a refinancing, when they replace prior notes and mortgages between the same lender and borrowers and a satisfaction of the prior note and mortgage was recorded. The parties settled the matter and the case has been closed.

F. Robert C. Bruner, et al v. Hartsfield, et al., Case No. 07-003247/1D08 5524 (2nd Cir./1st DCA); Jerome K. Lanning et. al. v. Pilcher, et. al., Case No. 07-582/D07-6564/SC09-1796 (2nd Cir./1st DCA); Deluccio, et. al. v. Havill, et. al., Case No. 08-001412/1D08-5529 (2nd Cir./1st DCA)

These three cases are separate class action refund cases against various Defendants including the Florida Department of Revenue concerning a constitutional challenge to the Save Our Homes (SOH) provisions in Article VII, section 4(c) of the Florida Constitution, and as implemented by Section 193.155, Florida Statutes. The essence of these claims is that the SOH provisions violate equal protection under the Florida and U. S. Constitutions by discriminating against new homeowners by creating an ad valorem tax system that favored long-term homeowners thus infringing upon homeowners' constitutional right to travel.

In *Bruner*, the trial court ruled the SOH taxation system did not violate either the State or Federal constitutions, but found it had jurisdiction to hear the matter. Both sides appealed the ruling to the 1st DCA, which affirmed both holdings. In *Lanning*, the Plaintiffs had the entirety of their claim dismissed by the trial court, which ruling the Plaintiffs appealed to the 1st DCA. The 1st DCA affirmed and the Plaintiffs sought also to invoke discretionary review by the Florida Supreme Court. In both *Bruner and Pilcher*, the Florida Supreme Court and the United States Supreme Court denied review of the cases. Both these cases are concluded. In *Deluccio*, the trial court dismissed all of the Plaintiff's claims on three separate grounds. The Plaintiffs appealed to the 1st DCA, which remanded the case to the trial court as that court had erroneously ruled it lacked jurisdiction to hear the claim as one of the grounds for dismissal. Both sides moved the 1st DCA for either a rehearing or clarification of its opinion, which the 1st DCA denied, and remanded the case to trial court with instructions to render a ruling on the merits consistent with *Bruner*. The trial court entered a final judgment on the merits consistent with *Bruner*. The Plaintiffs appealed to the 1st DCA. The 1st DCA upheld the constitutionality of SOH. The Florida Supreme Court denied to review the case on January 26, 2011. It is anticipated that the plaintiffs will appeal the decision of the 1st DCA to the United States Supreme Court.

G. Citizens for Strong Schools, et al. v. Florida State Board of Education, et al., Case No. 09-CA-4534 (2nd Cir.)

A citizen's advocacy group brought suit against the Department of Education, the Governor, and the Legislature broadly alleging that the state has failed to make "adequate provision...for a uniform, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education...." The plaintiffs seek an order requiring the state to develop a remedial plan making sweeping changes to the funding and delivery of public K-12 education.

The defendants filed a joint motion to dismiss the case, on the grounds that the issues presented are non-justifiable political questions. On August 20, 2010, the trial court denied that motion. On November 29, 2010, the defendants filed a petition for writ of prohibition with the 1st DCA, seeking an order requiring the trial court to dismiss the case, *Haridopolos v. Citizens for Strong Schools*, 1D10-6285. On December 16, 2010, the 1st DCA issued a show cause order, thereby staying the trial court proceeding. The parties now await the decision of the 1st DCA.

H. Florida Gas Transmission Company v. Florida Department of Transportation, Case No. CACE07001922 (17th Cir.)

Plaintiff's claim is based on an alleged breach of easement and seeks injunctive relief and reimbursement of natural gas pipeline relocation costs. Plaintiff seeks damages in excess of \$90 million for relocating the pipelines. The Florida Department of Transportation has counterclaimed for breach of easement, unjust enrichment, promissory estoppel, and trespass, seeking damages in excess of \$30 million, and declaratory and injunctive relief. The trial commenced on January 4, 2011. On January 27, 2011, the jury returned a verdict in favor of Plaintiff in the amount of \$82,697,567 for Plaintiff's costs in relocating its pipelines. The Court has not ruled on a number of other claims by Plaintiff and by the Florida Department of Transportation. The Florida Department of Transportation has filed post trial motions and Plaintiff has filed a motion for pre-judgment interest, all of which are set for hearing on March 18, 2011. The jury's verdict could be voided if the Court grants the Florida Department of Transportation's post trial motions or enters declaratory relief in favor of the Department.

I. AMEC Civil LLC v. Florida Department of Transportation, Case No. 16-2008-CA-001722-XXXX-MA (4th Cir.)

The Florida Department of Transportation contracted with AMEC for reconstruction of an intersection. AMEC commenced this action on February 7, 2008, claiming additional money damages arising from this contract of approximately \$37 million. On February 20, 2009, the Court entered final summary judgment in favor of the Department, which the 1st DCA affirmed (Case No. 1D09-1211), and subsequently denied AMEC's motions requesting rehearing and certification to the Florida Supreme Court. AMEC is presently seeking discretionary review by the Florida Supreme Court. The Court's decision is pending.

J. In re Citrus Canker Litigation, Case No. 00-18394 (17th Cir.); Mendez v. Florida Department of Agriculture and Consumer Services, Case No. 02-13717 (15th Cir.); Ayers v. Florida Department of Agriculture and Consumer Services, Case No. 05-CA-4120#37 (9th Cir.); In re Citrus Canker Litigation, Case No. 03-8255 CA 13 (11th Cir.); Martinez v. Florida Department of Agriculture and Consumer Services, Case No. 03-30110 CA (11th Cir.); and Dellaselva v. Florida Department of Agriculture and Consumer Services, Case No. 03-1947 (20th Cir.).

In re Citrus Canker Litigation concerns a group of Broward County homeowners who sought damages for the removal of their trees that had been exposed to citrus canker after January 1, 2000. Plaintiff class 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 prejudgment interest and damages totaling \$8,043,451 on October 6, 2008, and may ultimately be awarded attorney fees and costs. The Fourth District Court of Appeal affirmed the judgment, and the DOACS is requesting the Florida Supreme Court review the decision. Related but separate class action lawsuits have been started in Palm Beach, Orange, Miami-Dade, and Lee Counties. Class actions have been certified in all these cases. In the Palm Beach County case, *Mendez*, the class has prevailed on liability for damages under Section 581.1845, Florida Statutes, and liability on the class' claim for inverse condemnation. A compensation trial is scheduled for February 22, 2011. The liability portion of the Lee County matter is scheduled to be heard on April 21, 2011. In *Martinez*, the circuit court declined certification of a class, the Third District Court of Appeal affirmed, and the plaintiffs are requesting review of the decision by the Florida Supreme Court. Plaintiffs are claiming damages, interest, costs, and attorneys' fees in excess of \$25 million.

K. Angelfish Swim School, et. al. v. Browning, Case No. 2003-13413-CA-01 (11th Cir.)

Class action lawsuit alleges the late charge for late corporate filing imposed by Section 607.193(2)(b), Florida Statutes, and fee for reinstatement of corporation after administrative dissolution imposed by Section 607.0122(13), Florida Statutes, are excessive fines in violation of the Florida Constitution. Summary judgment was denied in part and deferred in part. The trial court certified the case as a class action. The Department of State has appealed the Class Certification Order to the Third District Court of Appeal. Potential liability to the state is an estimated \$150 million, plus prejudgment interest.

L. Christine R. Dunham, et. al. v. State of Florida, Agency for Health Care Administration, et. al., Case No. 2009 CA 03720 (2nd Cir.)

Plaintiff class alleged AHCA and other state actors violated 42 U.S.C. §1396(k) and 1396(p)(a)(1), U.S. Const. amend. V and XIV, Florida Const., art. X, §6, and committed a breach of contract. The allegations indicate that Defendants asserted liens and received recovery out of workers' compensation settlements when no reimbursement of medical expenses was part of such settlement. This case is among recent actions regarding the Medicaid anti-lien provision decided by the United States Supreme Court in *Arkansas Department of Health & Human Services v. Ahlborn*, 126 S.Ct. 1752 (2006) (where the Court held Medicaid liens may be recovered only from the portion of a settlement that applied to reimbursement of medical expenses). Plaintiffs seek injunctive relief alleging violation of federal law and *Ahlborn*.

The Agency was served on April 14, 2009. Defendants moved to dismiss and change venue to Leon County. Plaintiffs agreed to the transfer of venue. The hearing on the Motion to Dismiss was held on December 17, 2009, resulting in the dismissal of Defendant Health Management Services without prejudice. On February 7, 2011, the Agency filed a Motion for Summary Judgment. Discovery is presently ongoing.

Management's response is to litigate. It is not possible at this stage in the case to evaluate the outcome or the potential loss. The plaintiffs do not seek tort damages, but appear to seek restitution or contractual damages. The monetary impact could exceed \$25 million.

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

The *State School Trust Fund* has a deficit fund balance of approximately \$471.2 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 pays claims as they are made rather than funding the full amounts which may ultimately be payable.

The *State Risk Management Trust Fund* has a deficit fund balance of approximately \$11.1 million. The deficit is predominantly a result of casualty insurance expenditures exceeding the assessed casualty insurance premiums in fiscal year 2009-2010. The State Division of Risk Management met with the Governor's Office of Policy and Budget and the Senate and House Legislative Appropriations Staff to resolve the deficit. Additional appropriations of \$17.1 million were placed in the 2010 General Appropriations Act to offset the deficit in fiscal year 2009-2010. However, this was not enough to offset the deficit for fiscal year 2009-2010. For the 2010-2011 fiscal year, the 2010 General Appropriations Act included increased casualty premiums of \$39.1 million, increasing the total casualty premiums to \$175.4 million, to offset the projected rise in casualty insurance expenditures.

The Executive Office of the Governor *Tourism Promotion Trust Fund* has a deficit fund balance of \$1.3 million. The deficit is due to declining Rental Car Surcharge receipts that fund the operations of the Florida Commission on Tourism and the Office of Tourism, Trade, and Economic Development. As a corrective action, the Office of Tourism, Trade, and Economic Development reduced the fourth quarter contractual payment to the Florida Commission on Tourism and closely monitored their internal expenses to align with actual Rental Car Surcharge receipts. Additionally, the 2011-2012 Legislative Budget Request requested an overall reduction in spending authority for this trust fund to more closely align future obligations with projected revenues.

B. Proprietary Funds

The *Correctional Work Program Trust Fund* has a net asset deficit of approximately \$2.2 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 \$31.9 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.

The *State Employee Health Insurance Trust Fund* reported an overall deficit of approximately \$41.4 million. The most significant factor is a \$35.2 million operational loss due to claims expense exceeding premium revenue. The operational loss combined with \$5.5 million attributable to market value declines in pooled investments with the State Treasury and unfunded costs for Other Postemployment Benefits (OPEB) produced the overall deficit. For the coverage period beginning December 1, 2010, the state share of premiums will increase to mitigate the operational loss. In addition, the Legislature approved some benefit changes and limits in HMO premium payment increases effective January 2011 that are expected to bring savings to the Program. Market values for pooled investments with the State Treasury are expected to increase as the overall economic and financial market recovery continues. Due to the long-term and implicit nature of the OPEB, the state currently funds it on a pay-as-you-go basis.

The *Legal Service Trust Fund* has a net asset deficit of approximately \$2.4 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 *Unemployment Compensation Trust Fund* has a net asset deficit of approximately \$903.6 million. The deficit is a result of revenues being insufficient to cover unemployment benefit payments to claimants. In August 2009 the State trust fund balance was exhausted. In order to continue making benefit payments the State requested Title XII advances from the Federal

Government, as provided for under Section 1201 of the Social Security Act, thereby creating a liability for the State to repay from future State Unemployment Insurance Tax collections. The cumulative advances through June 30, 2010 total approximately \$1.612 billion. The trust fund is projected to remain in a deficit fund equity position until state fiscal year 2014-15. Current Title XII advances as of January 19, 2011 were \$2.051 billion.

C. Fiduciary Funds

The *Life and Other Benefits Fund* has a net asset deficit of approximately \$517 thousand. The deficit is a result of an accrual of Other Postemployment Benefits (OPEB) in accordance with the Governmental Accounting Standards Board (GASB) Codification Section P50, *Postemployment Benefits Other Than Pension Benefits – Employer Reporting*.

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, 2010:

Agency/Bond	Series	Amount	Matures	Interest Rate
Governmental Activities:				
Full Faith and Credit, State Board of Education Capital Outlay Bonds	2010A	\$ 53,405,000	1/1/2011-1/1/2030	3.000% - 5.000%
Board of Governors University System Improvement Revenue Refunding Bonds	2011A	\$ 38,930,000	7/1/2012-7/1/2019	5.000% - 5.000%
Board of Governors, Florida State University Mandatory Student Fee Revenue Bonds	2010A	\$ 31,320,000	7/1/2011-7/1/2030	3.000% - 5.000%
Board of Governors, Florida State University Dormitory Revenue Bonds	2010A	\$ 18,910,000	5/1/2011-5/1/2040	2.500% - 4.750%
Florida Water Pollution Control Financing Corporation Water Pollution Control Revenue Bonds	2010A	\$ 225,000,000	7/15/2011-7/15/2030	3.500% - 5.000%
Board of Governors, Florida State University Parking Facility Revenue Bonds	2011A	\$ 22,145,000	7/1/2012-7/1/2031	2.500% - 5.250%
Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds	2010A	\$ 2,575,000	11/1/2011-11/1/2016	2.000% - 3.000%
Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds (Taxable Build America Bonds)	2010B	\$ 13,060,000	11/1/2017-11/1/2035	4.000% - 7.500%
State Board of Education Lottery Revenue Refunding Bonds	2010D	\$ 109,750,000	7/1/2011-7/1/2018	2.000% - 5.000%
State Board of Education Lottery Revenue Refunding Bonds	2010E	\$ 223,425,000	7/1/2012-7/1/2020	4.000% - 5.000%
State Board of Education Lottery Revenue Refunding Bonds	2010F	\$ 169,830,000	7/1/2013-7/1/2022	4.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds	2010A	\$ 179,870,000	6/1/2011-6/1/2031	2.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds	2007H	\$ 167,200,000	6/1/2011-6/1/2040	2.500% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds	2008E	\$ 200,000,000	6/1/2011-6/1/2040	2.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds	2010B	\$ 154,800,000	6/1/2012-6/1/2040	3.000% - 5.125%

B. Unemployment Compensation Trust Fund

Continuing high levels of unemployment benefit claims payments resulted in the depletion of available fund balances in the State of Florida account in the Unemployment Compensation Trust Fund during August 2009. Section 1201 of the Social Security Act provides for Title XII advances from the Federal Unemployment Fund to those states whose trust funds are depleted to ensure the continuation of benefit payments to eligible claimants. Advances are repayable from future employer contributions. Interest accruing on outstanding balances is payable each September 30. Interest cannot be paid from state unemployment compensation fees. The American Recovery and Reinvestment Act of 2009 temporarily suspended interest on these advances through December 31, 2010. Borrowing is expected to be necessary through state fiscal year 2014-15. As of January 19, 2011, \$2.051 billion has been advanced to the state for payment of unemployment compensation benefits.

The Florida Office of Economic and Demographic Research forecasted the following based on current Florida law:

Federal Advance Balances at 6/30

2010	\$1,612,500,000, Actual
2011	\$2,184,600,000
2012	\$2,115,000,000
2013	\$1,267,100,000
2014	\$ 59,800,000

Interest Payable on 9/30

2011	\$ 86,300,000
2012	\$127,500,000
2013	\$ 92,000,000
2014	\$ 36,200,000
2015	\$ 1,600,000

C. Retiree Health Insurance Subsidy

In October 2010 the State's Actuarial Assumption Conference met and adopted a discount rate of four percent for the Retiree Health Insurance Subsidy Program. The valuation report, dated January 2011, reported an unfunded Program liability of \$8.173 billion as of July 1, 2010, using four percent discount rate.

THIS PAGE INTENTIONALLY LEFT BLANK

**OTHER REQUIRED
SUPPLEMENTARY
INFORMATION**

2010 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 1,589,168	\$ 1,589,168	\$ 1,589,168	\$
Reversions	40,951	40,951	40,951	.....
Fund Balances, July 1, 2009, restated	1,630,119	1,630,119	1,630,119	.....
REVENUES				
Fees and charges	1,056,054	1,046,554	1,384,134	337,580
Licenses	872,796	1,085,496	239,832	(845,664)
Taxes	23,119,238	23,330,338	23,745,564	415,226
Miscellaneous	4,259	4,259	4,769	510
Interest	85,437	109,037	115,375	6,338
Grants	12,547	12,547	13,604	1,057
Refunds	9,431	9,431	421,768	412,337
Transfers and distributions	2,570,498	2,195,298	2,319,346	124,048
Other	149,210	340,810	302,546	(38,264)
Total Revenues	27,879,470	28,133,770	28,546,938	413,168
Total Available Resources	29,509,589	29,763,889	30,177,057	413,168
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,708,116	3,775,876	3,752,305	23,571
Other personal services	71,045	76,600	71,525	5,075
Expenses	387,134	439,538	425,028	14,510
Grants and aids	10,943,204	11,017,971	11,017,660	311
Operating capital outlay	11,909	14,733	12,875	1,858
Food products	64,505	64,662	64,429	233
Fixed capital outlay	80,224	80,224	80,224	.....
Lump sum	370,881	344	344	.....
Special categories	6,082,457	6,490,000	6,429,702	60,298
Financial assistance payments	222,273	222,273	221,975	298
Grants/aids to local governments	52,456	52,456	52,456	.....
Data processing services	37,288	37,882	37,127	755
Pensions and benefits	15,778	15,778	14,013	1,765
Claim bills and relief acts	.....	179	179	.....
Continuing Appropriations	.....	90,617	90,617	.....
Total Operating Expenditures	22,047,270	22,379,133	22,270,459	108,674
Nonoperating expenditures:				
Transfers	3,772,167	3,772,167	3,772,167	.....
Refunds	740,640	547,227	547,227	.....
Other	1,635,888	1,635,888	1,635,888	.....
Total Nonoperating Expenditures	6,148,695	5,955,282	5,955,282	.....
Total Expenditures	28,195,965	28,334,415	28,225,741	108,674
Fund Balances, June 30, 2010	\$ 1,313,624	\$ 1,429,474	\$ 1,951,316	\$ 521,842

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

2010 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 1,398,050	\$ 1,398,050	\$ 1,398,050	\$
Reversions	447	447	447	.....
Fund Balances, July 1, 2009, restated	<u>1,398,497</u>	<u>1,398,497</u>	<u>1,398,497</u>	<u>.....</u>
REVENUES				
Fees and charges	108,830	154,376	152,662	(1,714)
Licenses	36,332	47,369	47,849	480
Taxes	48,259	296,318	301,931	5,613
Miscellaneous	4,484	680	630	(50)
Interest	32,035	47,728	31,319	(16,409)
Grants	320,974	217,817	232,309	14,492
Refunds	474	3,850	5,434	1,584
Bond proceeds	289,104	371,001	371,000	(1)
Transfers and distributions	1,150,776	1,228,512	1,206,553	(21,959)
Other	89,491	12,444	98,829	86,385
Total Revenues	<u>2,080,759</u>	<u>2,380,095</u>	<u>2,448,516</u>	<u>68,421</u>
Total Available Resources	<u>3,479,256</u>	<u>3,778,592</u>	<u>3,847,013</u>	<u>68,421</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	231,424	233,665	229,732	3,933
Other personal services	26,363	26,170	22,404	3,766
Expenses	50,239	48,861	43,408	5,453
Grants and aids	5,263	5,233	5,126	107
Operating capital outlay	3,342	3,537	2,952	585
Fixed capital outlay	638,162	638,162	638,162	.....
Lump sum	16,972	.....	.....	.....
Special categories	369,506	373,275	319,728	53,547
Grants/aids to local governments	482,849	482,849	482,849	.....
Data processing services	2	2	.....	2
Total Operating Expenditures	<u>1,824,122</u>	<u>1,811,754</u>	<u>1,744,361</u>	<u>67,393</u>
Nonoperating expenditures:				
Transfers	342,607	438,018	438,018	.....
Refunds	42,919	20,361	20,361	.....
Other	443,591	343,408	343,408	.....
Total Nonoperating Expenditures	<u>829,117</u>	<u>801,787</u>	<u>801,787</u>	<u>.....</u>
Total Expenditures	<u>2,653,239</u>	<u>2,613,541</u>	<u>2,546,148</u>	<u>67,393</u>
Fund Balances, June 30, 2010	<u>\$ 826,017</u>	<u>\$ 1,165,051</u>	<u>\$ 1,300,865</u>	<u>\$ 135,814</u>

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

2010 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 1,179,993	\$ 1,179,993	\$ 1,179,993	\$
Reversions	18,531	18,531	18,531	.....
Fund Balances, July 1, 2009, restated	<u>1,198,524</u>	<u>1,198,524</u>	<u>1,198,524</u>	<u>.....</u>
REVENUES				
Fees and charges	1,170,868	44,342	8,833	(35,509)
Licenses	3,170	.....	.....	.....
Taxes	633,300	666,004	666,003	(1)
Miscellaneous	72,009	8	8	.....
Interest	61,476	39,131	35,778	(3,353)
Grants	5,693,695	4,236,221	4,239,759	3,538
Refunds	25,875	4,102	4,186	84
Bond proceeds	330,245	959,423	959,423	.....
Transfers and distributions	2,069,271	2,017,416	2,290,415	272,999
Other	137,320	310,018	181,689	(128,329)
Total Revenues	<u>10,197,229</u>	<u>8,276,665</u>	<u>8,386,094</u>	<u>109,429</u>
Total Available Resources	<u>11,395,753</u>	<u>9,475,189</u>	<u>9,584,618</u>	<u>109,429</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	41,773	41,800	38,940	2,860
Other personal services	1,833	1,777	480	1,297
Expenses	17,165	16,984	7,208	9,776
Grants and aids	6,830,104	5,339,608	4,701,191	638,417
Operating capital outlay	1,563	1,561	172	1,389
Fixed capital outlay	2,439,369	2,439,369	2,439,369	.....
Special categories	713,195	722,764	722,764	.....
Financial assistance payments	66,257	66,257	64,774	1,483
Grants/aids to local governments	246,197	349,930	246,197	103,733
Payments to U.S. Treasury	2,000	137	137	.....
Data processing services	4,938	4,939	4,340	599
Total Operating Expenditures	<u>10,364,394</u>	<u>8,985,126</u>	<u>8,225,572</u>	<u>759,554</u>
Nonoperating expenditures:				
Transfers	253,926	321,084	321,084	.....
Refunds	5,705	283	283	.....
Other	144,345	29,343	29,343	.....
Total Nonoperating Expenditures	<u>403,976</u>	<u>350,710</u>	<u>350,710</u>	<u>.....</u>
Total Expenditures	<u>10,768,370</u>	<u>9,335,836</u>	<u>8,576,282</u>	<u>759,554</u>
Fund Balances, June 30, 2010	<u>\$ 627,383</u>	<u>\$ 139,353</u>	<u>\$ 1,008,336</u>	<u>\$ 868,983</u>

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

2010 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 925,976	\$ 925,976	\$ 925,976	\$
Reversions	130,357	130,357	130,357	.....
Fund Balances, July 1, 2009, restated	<u>1,056,333</u>	<u>1,056,333</u>	<u>1,056,333</u>	<u>.....</u>
REVENUES				
Fees and charges	1,596,608	2,205,824	1,174,087	(1,031,737)
Licenses	26,335	32,450	24,249	(8,201)
Taxes	1,026,832	1,373,776	1,374,490	714
Miscellaneous	4	6	6	.....
Interest	5,849	5,673	6,201	528
Grants	15,402,419	15,566,519	15,549,649	(16,870)
Refunds	977,995	5,051	873,222	868,171
Transfers and distributions	1,870,030	2,762,025	2,016,271	(745,754)
Other	32,343	38,690	36,366	(2,324)
Total Revenues	<u>20,938,415</u>	<u>21,990,014</u>	<u>21,054,541</u>	<u>(935,473)</u>
Total Available Resources	<u>21,994,748</u>	<u>23,046,347</u>	<u>22,110,874</u>	<u>(935,473)</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,355,205	1,356,160	1,294,566	61,594
Other personal services	97,713	114,210	101,922	12,288
Expenses	285,917	299,995	272,997	26,998
Grants and aids	52,173	52,010	37,737	14,273
Operating capital outlay	23,115	25,938	19,913	6,025
Food products	2,034	1,638	1,522	116
Fixed capital outlay	5,857	5,857	5,857	.....
Lump sum	4,000	.....	.....	.....
Special categories	18,506,392	19,661,906	18,413,113	1,248,793
Financial assistance payments	106,105	106,105	73,069	33,036
Grants/aids to local governments	14,123	14,123	14,123	.....
Data processing services	31,456	33,097	30,829	2,268
Claim bills and relief acts	3,410	4,610	4,610	.....
Continuing appropriations	.....	13,825	13,825	.....
Total Operating Expenditures	<u>20,487,500</u>	<u>21,689,474</u>	<u>20,284,083</u>	<u>1,405,391</u>
Nonoperating expenditures:				
Transfers	825,233	840,106	840,106	.....
Qualified expenditures	60,524	.....	.....	.....
Refunds	14,421	13,259	13,259	.....
Other	11,962	12,963	12,963	.....
Special expenses	100	.....	.....	.....
Total Nonoperating Expenditures	<u>912,240</u>	<u>866,328</u>	<u>866,328</u>	<u>.....</u>
Total Expenditures	<u>21,399,740</u>	<u>22,555,802</u>	<u>21,150,411</u>	<u>1,405,391</u>
Fund Balances, June 30, 2010	\$ 595,008	\$ 490,545	\$ 960,463	\$ 469,918

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

2010 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 250,792	\$ 250,792	\$ 250,792	\$
Reversions	2,856	2,856	2,856	.....
Fund Balances, July 1, 2009, restated	253,648	253,648	253,648	.....
REVENUES				
Fees and charges	116,799	127,470	116,799	(10,671)
Taxes	2,266,913	2,198,931	2,266,912	67,981
Interest	1,911	1,309	1,477	168
Refunds	10,013	.....	10,013	10,013
Transfers and distributions	103,278	103,279	108,495	5,216
Other	46,442	36,482	33,521	(2,961)
Total Revenues	2,545,356	2,467,471	2,537,217	69,746
Total Available Resources	2,799,004	2,721,119	2,790,865	69,746
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	4,015	4,021	3,705	316
Other personal services	51	51	36	15
Expenses	1,214	1,137	801	336
Operating capital outlay	75	74	23	51
Fixed capital outlay	1,500	1,500	1,500	.....
Special categories	107,024	107,028	103,124	3,904
Total Operating Expenditures	113,879	113,811	109,189	4,622
Nonoperating expenditures:				
Transfers	.....	61,061	61,061	.....
Refunds	61,700	68,413	68,413	.....
Other	2,577,220	2,342,793	2,342,793	.....
Total Nonoperating Expenditures	2,638,920	2,472,267	2,472,267	.....
Total Expenditures	2,752,799	2,586,078	2,581,456	4,622
Fund Balances, June 30, 2010	\$ 46,205	\$ 135,041	\$ 209,409	\$ 74,368

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

2010 STATE OF FLORIDA CAFR

**BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 1,951,316	\$ 1,300,865	\$ 1,008,336	\$ 960,463	\$ 209,409
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	1,126,157	144,026	137,320	67,703	84,693
Fair value adjustments to investments within the State Treasury	72,861	14,450	13,777	6,771	8,497
Special investments within the State Treasury	17,676	.....	.....	471,322	.....
Non-State Treasury cash and investments	869,096	925	621	24,021	1,790
Other GAAP basis fund balances not included in budgetary basis fund balances	(5,550)	(43)	57,175	(636,039)	824,399
Adjusted budgetary basis fund balances	4,031,556	1,460,223	1,217,229	894,241	1,128,788
Adjustments (basis differences):					
Net receivables (payables) not carried forward	58,422	987,972	227,955	343,007	(89,502)
Inventories, prepaid items and deferred charges	12,464	1,564	.....	31,691	15,328
Encumbrances	67,330	3,302	.....	18,279	37,964
GAAP basis fund balances	<u>\$ 4,169,772</u>	<u>\$ 2,453,061</u>	<u>\$ 1,445,184</u>	<u>\$ 1,287,218</u>	<u>\$ 1,092,578</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 is considered and amended by the Legislature and a final appropriations bill is then 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% 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% 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 changes of expenditure authority within any trust fund for agencies and the Judicial Branch, respectively, if the changes are less than \$1 million. The Legislative Budget Commission may approve trust fund changes 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, 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%)
July 1, 2008	\$ 130,720,547	\$ 124,087,214	\$ (6,633,333)	105.35%	\$ 26,891,340	(24.67%)
July 1, 2009	\$ 118,764,692	\$ 136,375,597	\$ 17,610,905	87.09%	\$ 26,573,196	66.27%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2004	\$ 2,044,540	92%
2005	\$ 2,141,862	102%
2006	\$ 2,193,928	96%
2007	\$ 2,455,255	111%
2008	\$ 2,612,672	107%
2009	\$ 2,535,854	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%
July 1, 2008	\$ 275,139	\$ 5,109,683	\$ 4,834,544	5.38%	\$ 30,665,477	15.77%

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%
2008	\$ 391,847	85%

⁽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%
July 1, 2008	\$	\$ 2,848,428	\$ 2,848,428	0.00%	\$ 6,492,858	43.87%
July 1, 2009	\$	\$ 4,831,107	\$ 4,831,107	0.00%	\$ 7,318,965	66.01%

SCHEDULE OF EMPLOYER CONTRIBUTIONS*

(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2008	\$ 200,973	43.70%
2009	\$ 186,644	54.36%
2010	\$ 336,419	30.87%

* 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 77%.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

Pursuant to GASB Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the state has adopted an alternative process to recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,088 centerline miles of roads and 6,618 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>2010</u>	<u>2009</u>	<u>2008</u>
88%	86%	84%

Percentage of bridges meeting FDOT standards

<u>2010</u>	<u>2009</u>	<u>2008</u>
95%	95%	94%

Maintenance Rating

<u>2010</u>	<u>2009</u>	<u>2008</u>
86	87	86

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

Resurfacing Program

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Needed	\$727.2	\$871.5	\$718.0	\$898.1	\$670.3
Actual	422.0	575.3	584.5	851.1	786.7

Bridge Repair/Replacement Program

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Needed	\$231.0	\$230.4	\$250.3	\$273.4	\$102.7
Actual	134.8	207.3	250.3	121.7	88.4

Routine Maintenance Program

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Needed	\$572.4	\$508.2	\$492.6	\$463.7	\$442.5
Actual	655.8	571.5	507.1	479.2	456.2

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.

THIS PAGE INTENTIONALLY LEFT BLANK

**FINANCIAL
SECTION:**

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**

NONMAJOR FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Individual fund descriptions and financial statements begin on page 169.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 197.

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

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 379.207, 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.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/10
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 41,118	\$	\$ 204	\$ 161	\$ 41,483
Pooled investments with State Treasury	1,566,337	70,951	.....	9,724	1,647,012
Investments	359,810	.....	12,853	2,015	374,678
Receivables, net	408,621	157	65	21	408,864
Due from other funds	51,564	14,731	1,524	.....	67,819
Inventories	1,835	.....	.....	.....	1,835
Other	1,432	.....	.....	.....	1,432
Total current assets	2,430,717	85,839	14,646	11,921	2,543,123
<u>Noncurrent assets</u>					
Long-term investments	6,614	.....	232,393	.....	239,007
Advances to other entities	52,032	.....	.....	.....	52,032
Other loans and notes receivable, net	1,102,536	.....	.....	.....	1,102,536
Total noncurrent assets	1,161,182	.....	232,393	.....	1,393,575
Total assets	\$ 3,591,899	\$ 85,839	\$ 247,039	\$ 11,921	\$ 3,936,698
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 247,281	\$ 3,958	\$	\$	\$ 251,239
Due to other funds	142,160	9	.....	20	142,189
Due to component units/primary	5,017	.....	.....	.....	5,017
Compensated absences	2,278	.....	.....	.....	2,278
Claims payable	5,636	.....	.....	.....	5,636
Deposits	10,797	.....	.....	.....	10,797
Deferred revenues	135,626	.....	.....	.....	135,626
Obligations under security lending agreements	95,473	6,917	.....	998	103,388
Total current liabilities	644,268	10,884	.....	1,018	656,170
<u>Noncurrent liabilities</u>					
Advances from other funds	625	.....	.....	.....	625
Deposits	52,032	.....	.....	.....	52,032
Deferred revenues	17,875	.....	.....	.....	17,875
Total noncurrent liabilities	70,532	.....	.....	.....	70,532
Total liabilities	714,800	10,884	.....	1,018	726,702
<u>Fund balances</u>					
Reserved for encumbrances	130,210	349	.....	.....	130,559
Reserved for inventories	1,835	.....	.....	.....	1,835
Reserved for advances	.....	.....	.....	.....	.....
Reserved for long-term receivables	1,102,536	.....	.....	.....	1,102,536
Reserved for capital outlay	228,984	55,534	.....	.....	284,518
Reserved for debt service	.....	.....	247,039	.....	247,039
Other reserved	118,848	.....	.....	8,627	127,475
Unreserved, reported in:					
Special revenue funds	1,294,686	.....	.....	.....	1,294,686
Capital projects funds	.....	19,072	.....	.....	19,072
Permanent funds	.....	.....	.....	2,276	2,276
Total fund balances	2,877,099	74,955	247,039	10,903	3,209,996
Total liabilities and fund balances	\$ 3,591,899	\$ 85,839	\$ 247,039	\$ 11,921	\$ 3,936,698

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/10
REVENUES					
Taxes	\$ 216,557	\$	\$	\$	\$ 216,557
Licenses and permits	1,037,057	.....	.....	1,184	1,038,241
Fees and charges	1,088,398	.....	58,094	.....	1,146,492
Grants and donations	1,962,572	.....	.....	.....	1,962,572
Investment earnings	96,667	3,155	5,493	856	106,171
Fines, forfeits, settlements and judgments	1,037,840	.....	.....	.....	1,037,840
Other	19,161	136	7,930	.....	27,227
Total revenues	<u>5,458,252</u>	<u>3,291</u>	<u>71,517</u>	<u>2,040</u>	<u>5,535,100</u>
EXPENDITURES					
Current:					
General government	2,615,126	5,675	41,577	.....	2,662,378
Education	145,583	2,419	.....	71	148,073
Human services	389,732	17,810	.....	.....	407,542
Criminal justice and corrections	948,597	44,916	.....	.....	993,513
Natural resources and environment	887,766	20	.....	1	887,787
Transportation	.....	53	.....	.....	53
State courts	292,611	.....	.....	.....	292,611
Capital outlay	93,434	133,058	.....	.....	226,492
Debt service:					
Principal retirement	6,596	2,705	1,073,505	.....	1,082,806
Interest and fiscal charges	213	5,759	1,011,201	.....	1,017,173
Total expenditures	<u>5,379,658</u>	<u>212,415</u>	<u>2,126,283</u>	<u>72</u>	<u>7,718,428</u>
Excess (deficiency) of revenues over expenditures	78,594	(209,124)	(2,054,766)	1,968	(2,183,328)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	205,465	109,300	.....	314,765
Proceeds of refunding bonds	.....	.....	1,961,934	.....	1,961,934
Operating transfers in	1,594,729	337,551	2,080,042	.....	4,012,322
Operating transfers out	(1,761,050)	(353,520)	(36,949)	(171)	(2,151,690)
Proceeds of financing agreements	1,456	.....	.....	.....	1,456
Payments to refunded bond agent	.....	.....	(1,961,934)	.....	(1,961,934)
Total other financing sources (uses)	<u>(164,865)</u>	<u>189,496</u>	<u>2,152,393</u>	<u>(171)</u>	<u>2,176,853</u>
Net change in fund balances	(86,271)	(19,628)	97,627	1,797	(6,475)
Fund balances - beginning	2,963,370	94,583	142,933	9,106	3,209,992
Adjustments to increase (decrease) beginning fund balances	.....	.....	6,479	.....	6,479
Fund balances - beginning, as restated	<u>2,963,370</u>	<u>94,583</u>	<u>149,412</u>	<u>9,106</u>	<u>3,216,471</u>
Fund balances - ending	<u>\$ 2,877,099</u>	<u>\$ 74,955</u>	<u>\$ 247,039</u>	<u>\$ 10,903</u>	<u>\$ 3,209,996</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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, this entity was created to recommend legislative changes in various court related fines, fees, service charges, and court costs, 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 Section 601.04, Florida Statutes, 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: Gas Tax Clearing Accounts, Insurance Capital Build-up Program and the Inland Protection Financing Corporation.

SCHOOL FOR THE DEAF AND THE BLIND

As authorized in Section 1002.36, Florida Statutes, 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, Florida Statutes, 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 Section 445.004, Florida Statutes, 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, Florida Statutes, this entity was created to finance the costs of water pollution control projects and activities described in Sections 403.1835 and 403.8532, Florida Statutes.

INLAND PROTECTION FINANCING CORPORATION

Pursuant to Section 376.3075, Florida Statutes, this entity was created to finance the rehabilitation of petroleum contamination sites pursuant to Sections 376.30-376.317, Florida Statutes, and the payment, purchase and settlement of reimbursement obligations of the Department of Environmental Protection pursuant to Section 376.3071(12), Florida Statutes.

SURPLUS LINES

Pursuant to Section 626.921, Florida Statutes, 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, Florida Statutes.

SCRIPPS FLORIDA FUNDING CORPORATION

Pursuant to Section 288.955, Florida Statutes, 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 Section 331.302, Florida Statutes, this entity was created to be the single point of contact for aerospace-related activities within the State.

2010 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 880	\$	\$ 20	\$ 92
Pooled investments with State Treasury	392,824	106,116	63,333	242,639
Investments	2,431	.....	237,587	.....
Receivables, net	116,886	1,377	66,384	46,898
Due from other funds	4,348	181	4,502	6,699
Inventories	.....	.....	.....	179
Other	.....	.....	.....	96
Total current assets	<u>517,369</u>	<u>107,674</u>	<u>371,826</u>	<u>296,603</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	100	.....
Advances to other entities	.....	.....	44,825	.....
Other loans and notes receivable, net	43,228	.....	3,293	.....
Total noncurrent assets	<u>43,228</u>	<u>.....</u>	<u>48,218</u>	<u>.....</u>
Total assets	<u>\$ 560,597</u>	<u>\$ 107,674</u>	<u>\$ 420,044</u>	<u>\$ 296,603</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 78,583	\$ 6,579	\$ 31,213	\$ 6,729
Due to other funds	9,206	847	2,167	65,760
Due to component units/primary	601	.....	11	.....
Compensated absences	160	159	2	173
Claims payable	5,636	.....	.....	.....
Deposits	1,128	738	5,191	.....
Deferred revenues	.....	111	30,068	95,333
Obligations under security lending agreements	37,209	9,274	1,546	12,402
Total current liabilities	<u>132,523</u>	<u>17,708</u>	<u>70,198</u>	<u>180,397</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	44,825	.....
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>44,825</u>	<u>.....</u>
Total liabilities	<u>132,523</u>	<u>17,708</u>	<u>115,023</u>	<u>180,397</u>
<u>Fund balances</u>				
Reserved for encumbrances	90,730	747	3,109	5,516
Reserved for inventories	.....	.....	.....	179
Reserved for long-term receivables	43,228	.....	3,293	.....
Reserved for capital outlay	.....	928	178,472	.....
Other reserved	.....	.....	.....	24,416
Unreserved	294,116	88,291	120,147	86,095
Total fund balances	<u>428,074</u>	<u>89,966</u>	<u>305,021</u>	<u>116,206</u>
Total liabilities and fund balances	<u>\$ 560,597</u>	<u>\$ 107,674</u>	<u>\$ 420,044</u>	<u>\$ 296,603</u>

2010 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$	\$ 56	\$	\$ 18	\$ 275	\$ 89
72,239	59,334	24,521	74,625	68,389	36,670
.....
82	13,357	292	17,750	5,220	7,886
.....	7,379	1,569	2,573	3,976	825
.....	.....	.....	.....	1,276	1
.....	130	.....	.....	.....	.....
72,321	80,256	26,382	94,966	79,136	45,471
.....
.....	.....	.....	7,207	.....	.....
.....
.....	.....	.....	7,207	.....	.....
\$ 72,321	\$ 80,256	\$ 26,382	\$ 102,173	\$ 79,136	\$ 45,471
\$ 16,580	\$ 18,437	\$ 854	\$ 4,099	\$ 5,258	\$ 9,900
2,153	8,773	22,118	7,061	6,397	612
1,548	64	1	.....	150	.....
.....	96	.....	.....	100	.....
.....
.....	79	.....	.....	3,561	.....
.....	1,901	.....	4,420	.....	3,675
3,451	1,698	.....	1,742	6,511	450
23,732	31,048	22,973	17,322	21,977	14,637
.....	625	.....	.....	.....	.....
.....	.....	.....	7,207	.....	.....
.....	1,191	.....	4,715	.....	.....
.....	1,816	.....	11,922	.....	.....
23,732	32,864	22,973	29,244	21,977	14,637
491	707	31	13,936	9,580	.....
.....	.....	.....	.....	1,276	1
.....
34,520	1,589	3,378	7,393	2,704	.....
.....
13,578	45,096	.....	51,600	43,599	30,833
48,589	47,392	3,409	72,929	57,159	30,834
\$ 72,321	\$ 80,256	\$ 26,382	\$ 102,173	\$ 79,136	\$ 45,471

2010 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010
(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	\$ 32	\$ 1,576	\$	\$ 1,374
Pooled investments with State Treasury	196,193	48,382	1,591	29,254
Investments	.....	.....	.....	.....
Receivables, net	1,231	4,455	.....	2,596
Due from other funds	1,664	352	.....	.....
Inventories	.....	.....	.....	376
Other	744	.....	.....	8
Total current assets	<u>199,864</u>	<u>54,765</u>	<u>1,591</u>	<u>33,608</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Advances to other entities	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total assets	<u>\$ 199,864</u>	<u>\$ 54,765</u>	<u>\$ 1,591</u>	<u>\$ 33,608</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 3,203	\$ 2,472	\$ 1,591	\$ 4,786
Due to other funds	11,143	571	.....	669
Due to component units/primary	.....	1	.....	2,641
Compensated absences	113	1,425	.....	.....
Claims payable	.....	.....	.....	.....
Deposits	100	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Obligations under security lending agreements	.....	2,980	.....	2,978
Total current liabilities	<u>14,559</u>	<u>7,449</u>	<u>1,591</u>	<u>11,074</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>14,559</u>	<u>7,449</u>	<u>1,591</u>	<u>11,074</u>
<u>Fund balances</u>				
Reserved for encumbrances	5,123	238	.....	.....
Reserved for inventories	.....	.....	.....	376
Reserved for long-term receivables	.....	.....	.....	.....
Reserved for capital outlay	.....	.....	.....	.....
Other reserved	.....	.....	.....	.....
Unreserved	180,182	47,078	.....	22,158
Total fund balances	<u>185,305</u>	<u>47,316</u>	<u>.....</u>	<u>22,534</u>
Total liabilities and fund balances	<u>\$ 199,864</u>	<u>\$ 54,765</u>	<u>\$ 1,591</u>	<u>\$ 33,608</u>

2010 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
\$ 496	\$ 89	\$	\$ 12,948	\$	\$
.....	960	39,100	.....	110,167	.....
7,563	9,802	.....	.....	1,664	1
12,562	42	12,828	662	96,934	.....
17,251	245	.....	.....	.....	.....
.....
.....	.....	.....	85	.....	.....
37,872	11,138	51,928	13,695	208,765	1
.....
.....
185,154	.....	.....	.....	870,861	.....
185,154	.....	.....	.....	870,861	.....
\$ 223,026	\$ 11,138	\$ 51,928	\$ 13,695	\$ 1,079,626	\$ 1
\$ 19,205	\$ 354	\$ 27,707	\$ 1,030	\$ 17	\$
3	.....	16	.....	4,664	.....
.....
.....
.....
.....
.....
.....	.....	3,925	.....	11,306	.....
19,208	354	31,648	1,030	15,987	.....
.....
.....
.....	.....	.....	11,969	.....	.....
.....	.....	.....	11,969	.....	.....
19,208	354	31,648	12,999	15,987	.....
.....	2	.....	.....	.....	.....
.....
185,154	.....	.....	.....	870,861	.....
.....
.....
18,664	10,782	20,280	696	192,778	1
203,818	10,784	20,280	696	1,063,639	1
\$ 223,026	\$ 11,138	\$ 51,928	\$ 13,695	\$ 1,079,626	\$ 1

2010 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010
(in thousands)**

	Blended Component Units				
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida	Totals 6/30/10
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 15,376	\$ 480	\$ 4,922	\$ 2,395	\$ 41,118
Pooled investments with State Treasury	.....	.....	.....	.....	1,566,337
Investments	3,160	.....	97,602	.....	359,810
Receivables, net	41	27	40	1,071	408,621
Due from other funds	.....	.....	.....	.....	51,564
Inventories	.....	3	.....	.....	1,835
Other	12	.....	13	344	1,432
Total current assets	18,589	510	102,577	3,810	2,430,717
<u>Noncurrent assets</u>					
Long-term investments	6,514	.....	.....	.....	6,614
Advances to other entities	.....	.....	.....	.....	52,032
Other loans and notes receivable, net	.....	.....	.....	.....	1,102,536
Total noncurrent assets	6,514	.....	.....	.....	1,161,182
Total assets	\$ 25,103	\$ 510	\$ 102,577	\$ 3,810	\$ 3,591,899
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 132	\$ 3	\$ 8,171	\$ 378	\$ 247,281
Due to other funds	.....	.....	.....	.....	142,160
Due to component units/primary	.....	.....	.....	.....	5,017
Compensated absences	.....	.....	.....	50	2,278
Claims payable	.....	.....	.....	.....	5,636
Deposits	.....	.....	.....	.....	10,797
Deferred revenues	.....	.....	.....	118	135,626
Obligations under security lending agreements	.....	.....	1	.....	95,473
Total current liabilities	132	3	8,172	546	644,268
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	625
Deposits	.....	.....	.....	.....	52,032
Deferred revenues	.....	.....	.....	.....	17,875
Total noncurrent liabilities	.....	.....	.....	.....	70,532
Total liabilities	132	3	8,172	546	714,800
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	.....	.....	130,210
Reserved for inventories	.....	3	.....	.....	1,835
Reserved for long-term receivables	.....	.....	.....	.....	1,102,536
Reserved for capital outlay	.....	.....	.....	.....	228,984
Other reserved	.....	41	94,391	.....	118,848
Unreserved	24,971	463	14	3,264	1,294,686
Total fund balances	24,971	507	94,405	3,264	2,877,099
Total liabilities and fund balances	\$ 25,103	\$ 510	\$ 102,577	\$ 3,810	\$ 3,591,899

THIS PAGE INTENTIONALLY LEFT BLANK

2010 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, 2010
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
REVENUES				
Taxes	\$	\$	\$	\$ 175,353
Licenses and permits	.....	.....	.....	1,012,693
Fees and charges	137,627	28,990	3,736	91,393
Grants and donations	875,463	21,283	577,855	5
Investment earnings	18,587	4,848	8,055	6,202
Fines, forfeits, settlements and judgments	24,879	.....	.....	6,276
Other	4,074	83	7,367	1,626
Total revenues	1,060,630	55,204	597,013	1,293,548
EXPENDITURES				
Current:				
General government	1,557,269	117,875	157,657	256,002
Education	137,757	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	532,647	1
State courts	.....	.....	.....	.....
Capital outlay	2,968	9,847	127	2,348
Debt service:				
Principal retirement	.....	.....	.....	5,299
Interest and fiscal charges	.....	.....	.....	169
Total expenditures	1,697,994	127,722	690,431	263,819
Excess (deficiency) of revenues over expenditures	(637,364)	(72,518)	(93,418)	1,029,729
OTHER FINANCING SOURCES (USES)				
Operating transfers in	751,572	205,782	63,747	66,261
Operating transfers out	(118,350)	(124,771)	(58,613)	(1,103,872)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	633,222	81,011	5,134	(1,037,611)
Net change in fund balances	(4,142)	8,493	(88,284)	(7,882)
Fund balances - beginning	432,216	81,473	393,305	124,088
Fund balances - ending	\$ 428,074	\$ 89,966	\$ 305,021	\$ 116,206

2010 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$	\$	\$	\$	\$	\$
.....	720	.....	.....	23,160	.....
.....	69,015	6,016	2,153	73,091	97,050
.....	54,427	19,141	124,301	134,246	12,192
2,389	1,040	80	949	3,518	599
385,286	46,362	23	24,823	4,544	2,149
34	604	.....	1,133	2,017	139
<u>387,709</u>	<u>172,168</u>	<u>25,260</u>	<u>153,359</u>	<u>240,576</u>	<u>112,129</u>
21,651	23,789	.....	1,249	.....	.....
.....
344,609	.....	.....	.....	.....	.....
.....	173,250	20,057	59,909	.....	168,131
.....	.....	.....	80,784	274,334	.....
.....
6,731	7,576	8,993	260	4,047	287
.....	1,291	.....	.....	.....	.....
.....	41	.....	.....	.....	.....
<u>372,991</u>	<u>205,947</u>	<u>29,050</u>	<u>142,202</u>	<u>278,381</u>	<u>168,418</u>
<u>14,718</u>	<u>(33,779)</u>	<u>(3,790)</u>	<u>11,157</u>	<u>(37,805)</u>	<u>(56,289)</u>
18,840	55,280	15,465	43,641	49,736	71,937
(62,470)	(26,370)	(19,191)	(55,948)	(11,911)	(6,233)
.....	1,456	.....	.....	.....	.....
<u>(43,630)</u>	<u>30,366</u>	<u>(3,726)</u>	<u>(12,307)</u>	<u>37,825</u>	<u>65,704</u>
<u>(28,912)</u>	<u>(3,413)</u>	<u>(7,516)</u>	<u>(1,150)</u>	<u>20</u>	<u>9,415</u>
<u>77,501</u>	<u>50,805</u>	<u>10,925</u>	<u>74,079</u>	<u>57,139</u>	<u>21,419</u>
<u>\$ 48,589</u>	<u>\$ 47,392</u>	<u>\$ 3,409</u>	<u>\$ 72,929</u>	<u>\$ 57,159</u>	<u>\$ 30,834</u>

2010 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, 2010
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
REVENUES				
Taxes	\$	\$	\$	\$ 41,204
Licenses and permits	484	.....	.....	.....
Fees and charges	404,354	42,625	2,857	36
Grants and donations	12,915	106,357	.....	5,689
Investment earnings	.....	1,056	.....	1,561
Fines, forfeits, settlements and judgments	543,480	.....	.....	.....
Other	1,778	119	.....	33
Total revenues	963,011	150,157	2,857	48,523
EXPENDITURES				
Current:				
General government	360	47,404	.....	50,024
Education	.....	.....	.....	.....
Human services	.....	45,123	.....	.....
Criminal justice and corrections	523,391	.....	3,122	.....
Natural resources and environment	.....	.....	.....	.....
State courts	292,611	.....	.....	.....
Capital outlay	1,185	48,692	.....	290
Debt service:				
Principal retirement	6	.....	.....	.....
Interest and fiscal charges	3	.....	.....	.....
Total expenditures	817,556	141,219	3,122	50,314
Excess (deficiency) of revenues over expenditures	145,455	8,938	(265)	(1,791)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	43,317	7,846	.....	.....
Operating transfers out	(68,402)	(1,757)	.....	(1,729)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	(25,085)	6,089	.....	(1,729)
Net change in fund balances	120,370	15,027	(265)	(3,520)
Fund balances - beginning	64,935	32,289	265	26,054
Fund balances - ending	\$ 185,305	\$ 47,316	\$	\$ 22,534

2010 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
\$	\$	\$	\$	\$	\$
.....
.....	481	125,317	.....	.....	.....
.....	1,998	.....	10,481	.....	.....
12,907	304	2,035	.....	26,568	.....
18	.....	.....	.....	.....	.....
.....
12,925	2,783	127,352	10,481	26,568	.....
195,009	.....	123,551	10,482	209	.....
.....	7,826	.....	.....	.....	.....
.....
.....
.....
.....	75	8	.....	.....	.....
.....
.....
195,009	7,901	123,559	10,482	209	.....
(182,084)	(5,118)	3,793	(1)	26,359	.....
195,312	5,978	.....	.....	15	.....
(62,623)	(31)	(77)	.....	(38,702)	.....
.....
132,689	5,947	(77)	.....	(38,687)	.....
(49,395)	829	3,716	(1)	(12,328)	.....
253,213	9,955	16,564	697	1,075,967	1
\$ 203,818	\$ 10,784	\$ 20,280	\$ 696	\$ 1,063,639	\$ 1

2010 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, 2010
(in thousands)**

	Blended Component Units				Totals 6/30/10
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida	
REVENUES					
Taxes	\$	\$	\$	\$	\$ 216,557
Licenses and permits	.....	.....	.....	.....	1,037,057
Fees and charges	3,657	.....	.....	.....	1,088,398
Grants and donations	.....	806	.....	5,413	1,962,572
Investment earnings	144	6	5,819	.....	96,667
Fines, forfeits, settlements and judgments	.....	.....	.....	.....	1,037,840
Other	154	.....	.....	.....	19,161
Total revenues	3,955	812	5,819	5,413	5,458,252
EXPENDITURES					
Current:					
General government	4,997	.....	40,023	7,575	2,615,126
Education	.....	.....	.....	.....	145,583
Human services	.....	.....	.....	.....	389,732
Criminal justice and corrections	.....	737	.....	.....	948,597
Natural resources and environment	.....	.....	.....	.....	887,766
State courts	.....	.....	.....	.....	292,611
Capital outlay	.....	.....	.....	.....	93,434
Debt service:					
Principal retirement	.....	.....	.....	.....	6,596
Interest and fiscal charges	.....	.....	.....	.....	213
Total expenditures	4,997	737	40,023	7,575	5,379,658
Excess (deficiency) of revenues over expenditures	(1,042)	75	(34,204)	(2,162)	78,594
OTHER FINANCING SOURCES (USES)					
Operating transfers in	.....	.....	.....	.....	1,594,729
Operating transfers out	.....	.....	.....	.....	(1,761,050)
Proceeds of financing agreements	.....	.....	.....	.....	1,456
Total other financing sources (uses)	.....	.....	.....	.....	(164,865)
Net change in fund balances	(1,042)	75	(34,204)	(2,162)	(86,271)
Fund balances - beginning	26,013	432	128,609	5,426	2,963,370
Fund balances - ending	\$ 24,971	\$ 507	\$ 94,405	\$ 3,264	\$ 2,877,099

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Employment Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 187,526	\$ 187,526	\$
Reversions	51,914	51,914	.....
Fund Balances, July 1, 2009, restated	239,440	239,440	.....
REVENUES			
Fees and charges	151,502	133,070	(18,432)
Licenses	962	944	(18)
Miscellaneous	400	400	.....
Interest	6,783	7,449	666
Grants	1,007,351	855,030	(152,321)
Refunds	4,192	7,910	3,718
Transfers and distributions	727,909	747,502	19,593
Other	14,412	12,710	(1,702)
Total Revenues	1,913,511	1,765,015	(148,496)
Total Available Resources	2,152,951	2,004,455	(148,496)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	135,274	122,568	12,706
Other personal services	23,529	11,779	11,750
Expenses	44,762	32,849	11,913
Grants and aids	5,022	4,568	454
Operating capital outlay	2,001	1,548	453
Food products	200	115	85
Fixed capital outlay	156	156	.....
Special categories	1,787,939	1,498,300	289,639
Data processing services	6,898	3,805	3,093
Total Operating Expenditures	2,005,781	1,675,688	330,093
Nonoperating expenditures:			
Transfers	68,409	68,409	.....
Refunds	2,728	2,728	.....
Other	68,902	68,902	.....
Total Nonoperating Expenditures	140,039	140,039	.....
Total Expenditures	2,145,820	1,815,727	330,093
Fund Balances, June 30, 2010	\$ 7,131	\$ 188,728	\$ 181,597

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Government Administration		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 77,979	\$ 77,979	\$
Reversions	67	67	.....
Fund Balances, July 1, 2009, restated	<u>78,046</u>	<u>78,046</u>	<u>.....</u>
REVENUES			
Fees and charges	57,704	79,746	22,042
Interest	2,028	1,890	(138)
Grants	20,979	20,776	(203)
Refunds	8	102	94
Transfers and distributions	11,248	37,466	26,218
Other	2	84	82
Total Revenues	<u>91,969</u>	<u>140,064</u>	<u>48,095</u>
Total Available Resources	<u>170,015</u>	<u>218,110</u>	<u>48,095</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	36,241	35,965	276
Other personal services	2,545	2,195	350
Expenses	8,083	7,491	592
Grants and aids	3,575	3,570	5
Operating capital outlay	147	103	44
Fixed capital outlay	2,387	2,387	.....
Special categories	87,330	73,831	13,499
Grants/aids to local governments	422	422	.....
Data processing services	990	580	410
Total Operating Expenditures	<u>141,720</u>	<u>126,544</u>	<u>15,176</u>
Nonoperating expenditures:			
Transfers	4,883	4,883	.....
Refunds	116	116	.....
Other	1,789	1,789	.....
Total Nonoperating Expenditures	<u>6,788</u>	<u>6,788</u>	<u>.....</u>
Total Expenditures	<u>148,508</u>	<u>133,332</u>	<u>15,176</u>
Fund Balances, June 30, 2010	<u>\$ 21,507</u>	<u>\$ 84,778</u>	<u>\$ 63,271</u>

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 45,956	\$ 45,956	\$
Reversions	274,737	274,737	.....
Fund Balances, July 1, 2009, restated	320,693	320,693	.....
REVENUES			
Fees and charges	7,610	3,777	(3,833)
Miscellaneous	.....	1	1
Interest	1,074	431	(643)
Grants	1,072,043	448,312	(623,731)
Refunds	7,156	7,159	3
Transfers and distributions	68,607	68,574	(33)
Other	530	620	90
Total Revenues	1,157,020	528,874	(628,146)
Total Available Resources	1,477,713	849,567	(628,146)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	11,430	10,200	1,230
Other personal services	4,128	2,431	1,697
Expenses	4,181	2,594	1,587
Grants and aids	4,569	4,569	.....
Operating capital outlay	49	18	31
Fixed capital outlay	205	205	.....
Special categories	886,597	604,701	281,896
Grants/aids to local governments	142,177	142,177	.....
Continuing Appropriations	10,000	10,000	.....
Total Operating Expenditures	1,063,336	776,895	286,441
Nonoperating expenditures:			
Transfers	10,326	10,326	.....
Refunds	112	112	.....
Other	602	602	.....
Total Nonoperating Expenditures	11,040	11,040	.....
Total Expenditures	1,074,376	787,935	286,441
Fund Balances, June 30, 2010	\$ 403,337	\$ 61,632	\$ (341,705)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 149,365	\$ 149,365	\$
Reversions	1,649	1,649	.....
Fund Balances, July 1, 2009, restated	151,014	151,014	.....
REVENUES			
Fees and charges	109,922	114,894	4,972
Licenses	973,838	1,040,677	66,839
Taxes	380,924	172,801	(208,123)
Miscellaneous	1,200	1,429	229
Interest	756	2,891	2,135
Grants	.....	5	5
Refunds	257	1,444	1,187
Transfers and distributions	13,846	88,722	74,876
Other	8,214	5,785	(2,429)
Total Revenues	1,488,957	1,428,648	(60,309)
Total Available Resources	1,639,971	1,579,662	(60,309)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	117,838	114,037	3,801
Other personal services	3,359	2,676	683
Expenses	21,661	20,085	1,576
Operating capital outlay	1,870	1,709	161
Special categories	52,978	38,556	14,422
Total Operating Expenditures	197,706	177,063	20,643
Nonoperating expenditures:			
Transfers	1,101,476	1,101,476	.....
Refunds	4,118	4,118	.....
Other	75,312	75,312	.....
Total Nonoperating Expenditures	1,180,906	1,180,906	.....
Total Expenditures	1,378,612	1,357,969	20,643
Fund Balances, June 30, 2010	\$ 261,359	\$ 221,693	\$ (39,666)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 78,326	\$ 78,326	\$
Reversions	1,465	1,465	.....
Fund Balances, July 1, 2009, restated	79,791	79,791	.....
REVENUES			
Interest	1,228	1,228	.....
Refunds	34	68	34
Transfers and distributions	412,595	412,595	.....
Other	400,001	382,540	(17,461)
Total Revenues	813,858	796,431	(17,427)
Total Available Resources	893,649	876,222	(17,427)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	301	297	4
Grants and aids	13,823	13,823	.....
Fixed capital outlay	19,399	19,399	.....
Special categories	377,524	377,151	373
Grants/aids to local governments	1,426	1,426	.....
Total Operating Expenditures	412,473	412,096	377
Nonoperating expenditures:			
Transfers	411,871	411,871	.....
Other	4,224	4,224	.....
Total Nonoperating Expenditures	416,095	416,095	.....
Total Expenditures	828,568	828,191	377
Fund Balances, June 30, 2010	\$ 65,081	\$ 48,031	\$ (17,050)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Public Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 46,392	\$ 46,392	\$
Reversions	1,867	1,867	.....
Fund Balances, July 1, 2009, restated	48,259	48,259	.....
REVENUES			
Fees and charges	71,510	66,434	(5,076)
Licenses	.....	2	2
Miscellaneous	91	338	247
Interest	296	385	89
Grants	132,527	46,955	(85,572)
Refunds	390	1,488	1,098
Transfers and distributions	73,789	60,880	(12,909)
Other	57,248	51,751	(5,497)
Total Revenues	335,851	228,233	(107,618)
Total Available Resources	384,110	276,492	(107,618)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	60,669	52,699	7,970
Other personal services	4,195	1,563	2,632
Expenses	28,731	18,305	10,426
Grants and aids	27,835	11,989	15,846
Operating capital outlay	5,889	2,172	3,717
Fixed capital outlay	6	6	.....
Special categories	122,395	122,395	.....
Data processing services	48	5	43
Total Operating Expenditures	249,768	209,134	40,634
Nonoperating expenditures:			
Transfers	3,636	3,636	.....
Refunds	1,043	1,043	.....
Other	23,005	23,005	.....
Total Nonoperating Expenditures	27,684	27,684	.....
Total Expenditures	277,452	236,818	40,634
Fund Balances, June 30, 2010	\$ 106,658	\$ 39,674	\$ (66,984)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Corrections		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 9,862	\$ 9,862	\$
Reversions	214	214	.....
Fund Balances, July 1, 2009, restated	<u>10,076</u>	<u>10,076</u>	<u>.....</u>
REVENUES			
Fees and charges	6,059	5,884	(175)
Grants	19,150	19,141	(9)
Refunds	22,000	21,958	(42)
Transfers and distributions	70,583	70,583	.....
Other	159	325	166
Total Revenues	<u>117,951</u>	<u>117,891</u>	<u>(60)</u>
Total Available Resources	<u>128,027</u>	<u>127,967</u>	<u>(60)</u>
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	10,958	4,863	6,095
Other personal services	1,225	607	618
Expenses	8,843	2,457	6,386
Operating capital outlay	326	326	.....
Food products	615	346	269
Fixed capital outlay	9,351	9,351	.....
Special categories	28,897	28,897	.....
Total Operating Expenditures	<u>60,215</u>	<u>46,847</u>	<u>13,368</u>
Nonoperating expenditures:			
Transfers	2,126	2,126	.....
Refunds	135	135	.....
Other	54,958	54,958	.....
Special expenses	5	5	.....
Total Nonoperating Expenditures	<u>57,224</u>	<u>57,224</u>	<u>.....</u>
Total Expenditures	<u>117,439</u>	<u>104,071</u>	<u>13,368</u>
Fund Balances, June 30, 2010	<u>\$ 10,588</u>	<u>\$ 23,896</u>	<u>\$ 13,308</u>

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 65,334	\$ 65,334	\$
Reversions	8,310	8,310	.....
Fund Balances, July 1, 2009, restated	73,644	73,644	.....
REVENUES			
Fees and charges	2,232	2,078	(154)
Interest	453	476	23
Grants	362,711	121,742	(240,969)
Refunds	684	1,031	347
Transfers and distributions	42,955	56,364	13,409
Other	21,095	22,148	1,053
Total Revenues	430,130	203,839	(226,291)
Total Available Resources	503,774	277,483	(226,291)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	29,433	24,519	4,914
Other personal services	677	120	557
Expenses	3,419	2,302	1,117
Operating capital outlay	662	188	474
Special categories	311,217	128,141	183,076
Grants/aids to local governments	9,268	9,268	.....
Data processing services	42	.....	42
Total Operating Expenditures	354,718	164,538	190,180
Nonoperating expenditures:			
Transfers	48,728	48,728	.....
Refunds	3,529	3,529	.....
Other	7,076	7,076	.....
Total Nonoperating Expenditures	59,333	59,333	.....
Total Expenditures	414,051	223,871	190,180
Fund Balances, June 30, 2010	\$ 89,723	\$ 53,612	\$ (36,111)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Agriculture		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 52,123	\$ 52,123	\$
Reversions	4,581	4,581	.....
Fund Balances, July 1, 2009, restated	56,704	56,704	.....
REVENUES			
Fees and charges	62,770	63,470	700
Licenses	22,937	22,989	52
Taxes	460	471	11
Miscellaneous	4,531	4,549	18
Interest	1,549	1,494	(55)
Grants	39,090	39,517	427
Refunds	2,750	2,753	3
Transfers and distributions	61,265	61,276	11
Other	5,622	5,683	61
Total Revenues	200,974	202,202	1,228
Total Available Resources	257,678	258,906	1,228
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	97,928	87,803	10,125
Other personal services	6,757	4,281	2,476
Expenses	32,722	25,405	7,317
Grants and aids	5,769	5,160	609
Operating capital outlay	2,954	1,895	1,059
Fixed capital outlay	2,509	2,509	.....
Special categories	51,511	51,511	.....
Total Operating Expenditures	200,150	178,564	21,586
Nonoperating expenditures:			
Payments to U.S. Treasury	6,251	6,251	.....
Transfers	14,423	14,423	.....
Refunds	2,666	2,666	.....
Other	9,866	9,866	.....
Total Nonoperating Expenditures	33,206	33,206	.....
Total Expenditures	233,356	211,770	21,586
Fund Balances, June 30, 2010	\$ 24,322	\$ 47,136	\$ 22,814

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 24,540	\$ 24,540	\$
Reversions	1,331	1,331	.....
Fund Balances, July 1, 2009, restated	25,871	25,871	.....
REVENUES			
Fees and charges	95,923	92,731	(3,192)
Interest	277	212	(65)
Grants	6,368	5,230	(1,138)
Refunds	.....	131	131
Transfers and distributions	79,172	71,211	(7,961)
Other	2,299	2,161	(138)
Total Revenues	184,039	171,676	(12,363)
Total Available Resources	209,910	197,547	(12,363)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	92,007	81,564	10,443
Other personal services	3,632	2,614	1,018
Expenses	10,188	8,997	1,191
Grants and aids	413	253	160
Operating capital outlay	307	226	81
Food products	1,980	1,574	406
Special categories	71,195	71,195	.....
Total Operating Expenditures	179,722	166,423	13,299
Nonoperating expenditures:			
Refunds	137	137	.....
Other	3,994	3,994	.....
Total Nonoperating Expenditures	4,131	4,131	.....
Total Expenditures	183,853	170,554	13,299
Fund Balances, June 30, 2010	\$ 26,057	\$ 26,993	\$ 936

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Judicial Services		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 57,728	\$ 57,728	\$
Reversions	675	675	.....
Fund Balances, July 1, 2009, restated	58,403	58,403	.....
REVENUES			
Fees and charges	408,126	408,922	796
Licenses	484	484	.....
Miscellaneous	.....	1	1
Grants	12,924	12,916	(8)
Refunds	1,719	1,238	(481)
Transfers and distributions	288,137	288,137	.....
Other	524,999	524,769	(230)
Total Revenues	1,236,389	1,236,467	78
Total Available Resources	1,294,792	1,294,870	78
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	329,849	294,485	35,364
Other personal services	6,665	3,893	2,772
Expenses	18,372	13,104	5,268
Operating capital outlay	1,603	1,384	219
Special categories	494,653	494,653	.....
Data processing services	1,857	1,684	173
Total Operating Expenditures	852,999	809,203	43,796
Nonoperating expenditures:			
Transfers	240,169	240,169	.....
Refunds	538	538	.....
Other	57,276	57,276	.....
Total Nonoperating Expenditures	297,983	297,983	.....
Total Expenditures	1,150,982	1,107,186	43,796
Fund Balances, June 30, 2010	\$ 143,810	\$ 187,684	\$ 43,874

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 27,389	\$ 27,389	\$
Reversions	1,315	1,315	.....
Fund Balances, July 1, 2009, restated	28,704	28,704	.....
REVENUES			
Fees and charges	15,238	15,002	(236)
Miscellaneous	4	10	6
Interest	478	427	(51)
Grants	106,286	104,899	(1,387)
Refunds	26,675	25,828	(847)
Transfers and distributions	12,875	9,162	(3,713)
Other	6	2	(4)
Total Revenues	161,562	155,330	(6,232)
Total Available Resources	190,266	184,034	(6,232)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	37,358	35,543	1,815
Other personal services	2,486	2,074	412
Expenses	23,505	22,731	774
Operating capital outlay	571	467	104
Food products	3,151	2,444	707
Fixed capital outlay	52,944	52,944	.....
Special categories	29,831	23,569	6,262
Total Operating Expenditures	149,846	139,772	10,074
Nonoperating expenditures:			
Transfers	3,176	3,176	.....
Refunds	197	197	.....
Other	192	192	.....
Total Nonoperating Expenditures	3,565	3,565	.....
Total Expenditures	153,411	143,337	10,074
Fund Balances, June 30, 2010	\$ 36,855	\$ 40,697	\$ 3,842

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 23,644	\$ 23,644	\$
Reversions	1,657	1,657	.....
Fund Balances, July 1, 2009, restated	25,301	25,301	.....
REVENUES			
Taxes	41,564	41,436	(128)
Miscellaneous	43	40	(3)
Interest	424	528	104
Grants	5,772	5,493	(279)
Refunds	25	229	204
Other	.....	64	64
Total Revenues	47,828	47,790	(38)
Total Available Resources	73,129	73,091	(38)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	6,032	4,570	1,462
Other personal services	185	116	69
Expenses	3,113	719	2,394
Operating capital outlay	389	290	99
Special categories	57,086	46,786	10,300
Data processing services	28	13	15
Total Operating Expenditures	66,833	52,494	14,339
Nonoperating expenditures:			
Refunds	231	231	.....
Other	1,790	1,790	.....
Total Nonoperating Expenditures	2,021	2,021	.....
Total Expenditures	68,854	54,515	14,339
Fund Balances, June 30, 2010	\$ 4,275	\$ 18,576	\$ 14,301

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 536	\$ 536	\$
Carry forward adjustment	.....	.....	.....
Fund Balances, July 1, 2009, restated	536	536	.....
REVENUES			
Grants	1,273	1,206	(67)
Refunds	.....	1	1
Transfers and distributions	6,058	5,735	(323)
Total Revenues	7,331	6,942	(389)
Total Available Resources	7,867	7,478	(389)
EXPENDITURES			
Operating expenditures:			
Special categories	6,378	6,378	.....
Continuing appropriations	139	139	.....
Total Operating Expenditures	6,517	6,517	.....
Nonoperating expenditures:			
Transfers	1	1	.....
Total Nonoperating Expenditures	1	1	.....
Total Expenditures	6,518	6,518	.....
Fund Balances, June 30, 2010	\$ 1,349	\$ 960	\$ (389)

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Over / (Under)
Fund Balances, July 1, 2009	\$ 5,190	\$ 5,190	\$
Reversions	443	443	.....
Fund Balances, July 1, 2009, restated	5,633	5,633	.....
REVENUES			
Interest	990	914	(76)
Refunds	.....	1,002	1,002
Other	125,000	124,523	(477)
Total Revenues	125,990	126,439	449
Total Available Resources	131,623	132,072	449
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	428	415	13
Expenses	745	230	515
Grants and aids	124,088	124,088	.....
Special categories	196	196	.....
Data processing services	4	4	.....
Total Operating Expenditures	125,461	124,933	528
Nonoperating expenditures:			
Transfers	77	77	.....
Refunds	1	1	.....
Total Nonoperating Expenditures	78	78	.....
Total Expenditures	125,539	125,011	528
Fund Balances, June 30, 2010	\$ 6,084	\$ 7,061	\$ 977

THIS PAGE INTENTIONALLY LEFT BLANK

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.

2010 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2010
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Other	School for the Deaf and the Blind	Totals 6/30/10
ASSETS					
<u>Current assets</u>					
Pooled investments with State Treasury	\$ 207	\$ 63,088	\$ 5,647	\$ 2,009	\$ 70,951
Receivables, net	.....	145	12	.....	157
Due from other funds	12,710	.....	.....	2,021	14,731
Total current assets	<u>12,917</u>	<u>63,233</u>	<u>5,659</u>	<u>4,030</u>	<u>85,839</u>
Total assets	<u>\$ 12,917</u>	<u>\$ 63,233</u>	<u>\$ 5,659</u>	<u>\$ 4,030</u>	<u>\$ 85,839</u>
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 27	\$ 2,791	\$ 232	\$ 908	\$ 3,958
Due to other funds	.....	6	3	.....	9
Obligations under security lending agreements	.....	6,375	542	.....	6,917
Total current liabilities	<u>27</u>	<u>9,172</u>	<u>777</u>	<u>908</u>	<u>10,884</u>
Total liabilities	<u>27</u>	<u>9,172</u>	<u>777</u>	<u>908</u>	<u>10,884</u>
<u>Fund balances</u>					
Reserved for encumbrances	.....	.....	349	.....	349
Reserved for capital outlay	12,890	39,193	330	3,121	55,534
Unreserved	.....	14,868	4,203	1	19,072
Total fund balances	<u>12,890</u>	<u>54,061</u>	<u>4,882</u>	<u>3,122</u>	<u>74,955</u>
Total liabilities and fund balances	<u>\$ 12,917</u>	<u>\$ 63,233</u>	<u>\$ 5,659</u>	<u>\$ 4,030</u>	<u>\$ 85,839</u>

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	General Government	Right-of-Way and Bridge Construction	Other	School for the Deaf and the Blind	Totals 6/30/10
REVENUES					
Investment earnings	\$	\$ 2,823	\$ 332	\$	\$ 3,155
Other	.....	94	.....	42	136
Total revenues	.....	2,917	332	42	3,291
EXPENDITURES					
Current:					
General government	3,811	.....	1,864	.....	5,675
Education	.....	.....	.....	2,419	2,419
Human services	17,513	.....	297	.....	17,810
Criminal justice and corrections	44,916	.....	.....	.....	44,916
Natural resources and environment	20	.....	.....	.....	20
Transportation	.....	53	.....	.....	53
Capital outlay	29,304	90,464	.....	13,290	133,058
Debt service:					
Principal retirement	2,705	.....	.....	.....	2,705
Interest and fiscal charges	5,759	.....	.....	.....	5,759
Total expenditures	104,028	90,517	2,161	15,709	212,415
Excess (deficiency) of revenues over expenditures	(104,028)	(87,600)	(1,829)	(15,667)	(209,124)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	205,465	.....	.....	205,465
Operating transfers in	80,094	244,000	106	13,351	337,551
Operating transfers out	(3,328)	(350,181)	(11)	.....	(353,520)
Total other financing sources (uses)	76,766	99,284	95	13,351	189,496
Net change in fund balances	(27,262)	11,684	(1,734)	(2,316)	(19,628)
Fund balances - beginning	40,152	42,377	6,616	5,438	94,583
Fund balances - ending	\$ 12,890	\$ 54,061	\$ 4,882	\$ 3,122	\$ 74,955

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR ENTERPRISE FUNDS

OTHER

This category includes various internal reporting enterprise funds, most of whom regulate activities and are funded by the collection of fees.

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, 2010
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/10
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	\$ 1,894	\$ 43	\$ 1,937
Pooled investments with State Treasury	261,479	.....	261,479
Investments	13,554	.....	13,554
Receivables, net	24,287	9	24,296
Due from other funds	4,444	.....	4,444
Other	.....	37	37
Total current assets	<u>305,658</u>	<u>89</u>	<u>305,747</u>
<u>Noncurrent assets</u>			
Long-term investments	65,214	.....	65,214
Capital assets			
Buildings, equipment, and other depreciable assets	30,393	305	30,698
Accumulated depreciation	(22,550)	(194)	(22,744)
Construction work in progress	.....	.....	.....
Total noncurrent assets	<u>73,057</u>	<u>111</u>	<u>73,168</u>
Total assets	<u>378,715</u>	<u>200</u>	<u>378,915</u>
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	5,714	125	5,839
Due to other funds	6,273	.....	6,273
Compensated absences	4,134	.....	4,134
Deferred revenues	32,724	.....	32,724
Obligations under security lending agreements	20,859	.....	20,859
Total current liabilities	<u>69,704</u>	<u>125</u>	<u>69,829</u>
<u>Noncurrent liabilities</u>			
Compensated absences	13,291	.....	13,291
Other noncurrent liabilities	5,438	.....	5,438
Total noncurrent liabilities	<u>18,729</u>	<u>.....</u>	<u>18,729</u>
Total liabilities	<u>88,433</u>	<u>125</u>	<u>88,558</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,843	111	7,954
Unrestricted	282,439	(36)	282,403
Total net assets	<u>\$ 290,282</u>	<u>\$ 75</u>	<u>\$ 290,357</u>

2010 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, 2010
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/10
OPERATING REVENUES			
Sales - nonstate	\$ 67,508	\$	\$ 67,508
Fees	231,246	2,091	233,337
Sales - state	21,321	.....	21,321
Rents and royalties - nonstate	3	.....	3
Rents - state	104	.....	104
Fines, forfeits, settlements and judgments	48,121	.....	48,121
Other	1	.....	1
Total operating revenues	368,304	2,091	370,395
OPERATING EXPENSES			
Contractual services	60,428	291	60,719
Personal services	159,104	1,186	160,290
Depreciation	2,429	28	2,457
Materials and supplies	5,678	177	5,855
Repairs and maintenance	1,479	.....	1,479
Basic services	30,858	247	31,105
Interest and fiscal charges	1,497	.....	1,497
Total operating expenses	261,473	1,929	263,402
Operating income (loss)	106,831	162	106,993
NONOPERATING REVENUES (EXPENSES)			
Grants and donations	98	.....	98
Investment earnings	10,994	.....	10,994
Interest and fiscal charges	(224)	.....	(224)
Property disposition gain (loss)	(1,008)	.....	(1,008)
Grant expense and client benefits	(929)	.....	(929)
Other	(3)	.....	(3)
Total nonoperating revenues (expenses)	8,928	.....	8,928
Income (loss) before transfers and contributions	115,759	162	115,921
Operating transfers in	21,423	.....	21,423
Operating transfers out	(94,745)	.....	(94,745)
Capital contributions	504	.....	504
Change in net assets	42,941	162	43,103
Total net assets - beginning	247,341	(87)	247,254
Total net assets - ending	\$ 290,282	\$ 75	\$ 290,357

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Other	FL Engineers Management Corporation	Totals 6/30/10
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 363,546	\$ 2,091	\$ 365,637
Cash paid to vendors	(106,860)	(761)	(107,621)
Cash paid to employees	(154,990)	(1,223)	(156,213)
Cash paid for insurance claims	(20)	.....	(20)
Unemployment benefits	(275)	.....	(275)
Net cash provided (used) by operating activities	101,401	107	101,508
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(74,517)	.....	(74,517)
Advances from or repayment from other funds	(61)	.....	(61)
Advances, grants or loans (to) from or repayment from others	(929)	.....	(929)
Cash received from noncapital grants or donations	98	.....	98
Net cash provided (used) by noncapital financing activities	(75,409)	.....	(75,409)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(10)	.....	(10)
Purchase or construction of capital assets	(1,777)	(64)	(1,841)
Net cash provided (used) by capital and related financing activities	(1,787)	(64)	(1,851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	(22,821)	.....	(22,821)
Proceeds from the sale or maturity of investments	6,341,809	.....	6,341,809
Investment earnings	10,275	.....	10,275
Purchase of investments	(6,340,217)	.....	(6,340,217)
Net cash provided (used) by investing activities	(10,954)	.....	(10,954)
Net increase (decrease) in cash and cash equivalents	13,251	43	13,294
Cash and cash equivalents - beginning	250,122	.....	250,122
Cash and cash equivalents - ending	\$ 263,373	\$ 43	\$ 263,416

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

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

	<u>Other</u>	<u>FL Engineers Management Corporation</u>	<u>Totals 6/30/10</u>
Operating income (loss)	\$ 106,831	\$ 162	\$ 106,993
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	2,429	28	2,457
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,254)	(9)	(10,263)
(Increase) decrease in due from other funds	(1,557)	.....	(1,557)
Increase (decrease) in allowance for uncollectibles	(177)	.....	(177)
(Increase) decrease in inventories	.....	.....	.....
(Increase) decrease in other non-current assets	.....	(7)	(7)
Increase (decrease) in accounts payable	(4,612)	(67)	(4,679)
Increase (decrease) in compensated absences	(534)	.....	(534)
Increase (decrease) in due to other funds	556	.....	556
Increase (decrease) in other non-current liability	2,940	.....	2,940
Increase (decrease) in deposits	.....	.....	.....
Increase (decrease) in deferred revenue	5,779	.....	5,779
Increase (decrease) in prize liability	.....	.....	.....
Net cash provided (used) by operating activities	<u>\$ 101,401</u>	<u>\$ 107</u>	<u>\$ 101,508</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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).

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/10
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 991	\$	\$ 25,657	\$	\$ 26,648
Pooled investments with State Treasury	231,518	10,134	339,463	4,325	585,440
Investments	.....	.....	69,078	.....	69,078
Receivables, net	14,368	53	5,000	947	20,368
Due from other funds	13	6,949	31,010	4,334	42,306
Due from component units/primary	.....	13	824	1	838
Inventories	.....	.....	160	2	162
Total current assets	246,890	17,149	471,192	9,609	744,840
<u>Noncurrent assets</u>					
Capital assets					
Land and other nondepreciable assets	.....	.....	360	.....	360
Buildings, equipment, and other depreciable assets	53	33,222	951,190	15,047	999,512
Accumulated depreciation	(42)	(28,901)	(310,063)	(9,455)	(348,461)
Construction work in progress	.....	.....	316,739	.....	316,739
Total noncurrent assets	11	4,321	958,226	5,592	968,150
Total assets	246,901	21,470	1,429,418	15,201	1,712,990
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	62,835	3,884	24,635	1,234	92,588
Due to other funds	24,390	378	1,574	1,525	27,867
Compensated absences	.....	1,070	639	1,282	2,991
Installment purchases/capital leases	.....	602	929	.....	1,531
Bonds payable	.....	.....	19,550	.....	19,550
Deposits	173,340	.....	3,463	51	176,854
Obligations under security lending agreements	22,663	300	34,380	78	57,421
Certificates of participation payable	.....	.....	32,665	.....	32,665
Total current liabilities	283,228	6,234	117,835	4,170	411,467
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	1,478	525	800	2,803
Bonds payable	.....	.....	379,900	.....	379,900
Certificates of participation payable	.....	.....	686,179	.....	686,179
Installment purchases/capital leases	.....	441	11,723	.....	12,164
Compensated absences	119	2,307	2,322	7,233	11,981
Other noncurrent liabilities	3,077	799	982	2,165	7,023
Total noncurrent liabilities	3,196	5,025	1,081,631	10,198	1,100,050
Total liabilities	286,424	11,259	1,199,466	14,368	1,511,517
NET ASSETS					
Invested in capital assets, net of related debt	11	3,278	133,093	5,592	141,974
Restricted - other	.....	.....	52,205	.....	52,205
Unrestricted	(39,534)	6,933	44,654	(4,759)	7,294
Total net assets	\$ (39,523)	\$10,211	\$ 229,952	\$ 833	\$ 201,473

2010 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, 2010
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/10
OPERATING REVENUES					
Sales - nonstate	\$	\$ 131	\$ 32,002	\$ 469	\$ 32,602
Sales - state	1,691,767	96,271	80,275	62,447	1,930,760
Rents and royalties - nonstate	.....	.....	29	.....	29
Rents - state	.....	.....	122,173	.....	122,173
Other	20,078	.....	.....	.....	20,078
Total operating revenues	<u>1,711,845</u>	<u>96,402</u>	<u>234,479</u>	<u>62,916</u>	<u>2,105,642</u>
OPERATING EXPENSES					
Contractual services	904,256	39,812	131,055	4,841	1,079,964
Insurance claims expense	856,561	.....	.....	.....	856,561
Personal services	2,808	20,996	20,103	51,302	95,209
Depreciation	4	3,102	14,480	1,210	18,796
Materials and supplies	37	14,300	870	2,079	17,286
Repairs and maintenance	.....	2,988	14,394	1,062	18,444
Basic services	110	4,933	537	3,229	8,809
Interest and fiscal charges	.....	2	.....	.....	2
Total operating expenses	<u>1,763,776</u>	<u>86,133</u>	<u>181,439</u>	<u>63,723</u>	<u>2,095,071</u>
Operating income (loss)	<u>(51,931)</u>	<u>10,269</u>	<u>53,040</u>	<u>(807)</u>	<u>10,571</u>
NONOPERATING REVENUES/(EXPENSES)					
Grants and donations	.....	1	.....	.....	1
Investment earnings	10,252	128	16,747	64	27,191
Interest and fiscal charges	(181)	(30)	(37,158)	(2)	(37,371)
Property disposition gain (loss)	(1)	(5,948)	(1,276)	(152)	(7,377)
Other	.....	(476)	(3,855)	.....	(4,331)
Total nonoperating revenues (expenses)	<u>10,070</u>	<u>(6,325)</u>	<u>(25,542)</u>	<u>(90)</u>	<u>(21,887)</u>
Income (loss) before transfers and contributions	<u>(41,861)</u>	<u>3,944</u>	<u>27,498</u>	<u>(897)</u>	<u>(11,316)</u>
Operating transfers in	17,896	.....	6,667	1,033	25,596
Operating transfers out	(1,830)	(636)	(12,176)	(2,863)	(17,505)
Capital contributions	1	791	2,464	19	3,275
Change in net assets	<u>(25,794)</u>	<u>4,099</u>	<u>24,453</u>	<u>(2,708)</u>	<u>50</u>
Total net assets - beginning	<u>(13,729)</u>	<u>6,112</u>	<u>205,499</u>	<u>3,541</u>	<u>201,423</u>
Total net assets - ending	<u>\$ (39,523)</u>	<u>\$ 10,211</u>	<u>\$ 229,952</u>	<u>\$ 833</u>	<u>\$ 201,473</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)

	Employee Health and Disability	Data Centers	Communications and Facilities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,732,039	\$ 94,509	\$ 243,538
Cash paid to vendors	(887,395)	(59,414)	(146,511)
Cash paid to employees	(1,302)	(23,506)	(20,012)
Cash paid for grants made	(320)	.....	.....
Cash paid for insurance claims	(856,242)	.....	.....
Net cash provided (used) by operating activities	(13,220)	11,589	77,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	16,154	2,308	(5,448)
Net cash provided (used) by noncapital financing activities	16,154	2,308	(5,448)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from the sale of bonds	.....	.....	201,480
Payment of bond principal	.....	.....	(34,125)
Payment of principal on installment purchase/capital lease	.....	(378)	(599)
Payment of interest on bonds/installment purchase/capital lease	.....	(14)	(34,002)
Purchase or construction of capital assets	(2)	(9,758)	(157,879)
Net cash provided (used) by capital and related financing activities	(2)	(10,150)	(25,125)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	(28,780)	(447)	(31,545)
Investment earnings	9,983	128	14,427
Net cash provided (used) by investing activities	(18,797)	(319)	(17,118)
Net increase (decrease) in cash and cash equivalents	(15,865)	3,428	29,324
Cash and cash equivalents - beginning	248,374	6,706	335,796
Cash and cash equivalents - ending	\$ 232,509	\$ 10,134	\$ 365,120

Other	Totals 6/30/10
\$ 64,271	\$ 2,134,357
(11,618)	(1,104,938)
(48,832)	(93,652)
.....	(320)
.....	(856,242)
<u>3,821</u>	<u>79,205</u>
<u>(2,385)</u>	<u>10,629</u>
<u>(2,385)</u>	<u>10,629</u>
.....	201,480
.....	(34,125)
.....	(977)
.....	(34,016)
<u>(527)</u>	<u>(168,166)</u>
<u>(527)</u>	<u>(35,804)</u>
(71)	(60,843)
62	24,600
<u>(9)</u>	<u>(36,243)</u>
900	17,787
3,425	594,301
<u>\$ 4,325</u>	<u>612,088</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(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)	\$ (51,931)	\$ 10,269	\$ 53,040
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	4	3,102	14,480
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,809)	147	6,521
(Increase) decrease in due from other funds	(11)	2,609	1,730
Increase (decrease) in allowance for uncollectibles	.....	.....	1
(Increase) decrease in inventories	.....	.....	4
Increase (decrease) in accounts payable	13,315	(30)	3,099
Increase (decrease) in compensated absences	(87)	255	(174)
Increase (decrease) in due to other funds	3,781	(1,079)	(2,131)
Increase (decrease) in other non-current liability	1,592	429	525
Increase (decrease) in deferred revenue	21,926	(4,113)	(80)
Net cash provided (used) by operating activities	<u>\$ (13,220)</u>	<u>\$ 11,589</u>	<u>\$ 77,015</u>

<u>Other</u>	<u>Totals 6/30/10</u>
\$ (807)	\$ 10,571
1,210	18,796
89	4,948
580	4,908
.....	1
1	5
72	16,456
342	336
1,181	1,752
1,176	3,722
(23)	17,710
<u>\$ 3,821</u>	<u>\$ 79,205</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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 Section 717.123, 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.

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 Section 1009.981, Florida Statutes. Participant contributions are collected and invested in accordance with the Plan provisions and participant direction.

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.

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2010

(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ASSETS				
Cash and cash equivalents	\$ 6,587	\$ 91	\$	\$
Pooled investments with State Treasury	532,747	20,074	15,998	876
Total cash and cash equivalents	539,334	20,165	15,998	876
<u>Investments</u>				
Certificates of deposit	.....	.....	.....	.....
U.S. government & federally guaranteed obligations	.....	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Commercial paper	.....	.....	.....	.....
Repurchase agreements	.....	.....	.....	.....
Bonds and notes	1,672	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	.....	2,400	.....	.....
Money market and short-term investments	1,227	.....	.....	.....
Domestic equity	.....	3,817	.....	.....
International equity	.....	.....	.....	.....
Total investments	2,899	6,217	.....	.....
<u>Receivables</u>				
Accounts receivable	22,991	.....	132	.....
Interest receivable	1,009	6	37	.....
Dividends receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	.....	.....	178	.....
Due from other governments	.....	.....	20,609	.....
Total receivables	24,000	6	20,956	.....
Security lending collateral	.....	.....	.....	.....
Advances to other funds	.....	540,331	.....	.....
Loans receivable	1,111,983	.....	.....	.....
Capital assets	97	2,929	25	.....
Accumulated depreciation	.....	(2,064)	(25)	.....
Other assets	20,394	.....	.....	.....
Total assets	1,698,707	567,584	36,954	876
LIABILITIES				
Accounts payable and accrued liabilities	7	6,246	.....	.....
Due to other funds	324	2	1,444	.....
Pending investment purchases	.....	.....	.....	.....
Broker rebate fees	.....	.....	.....	.....
Due to other governments	.....	.....	2,990	.....
Obligations under security lending agreements	56,795	283	1,598	.....
Deposits payable	10	.....	.....	.....
Compensated absences	.....	353	.....	.....
Other liabilities	.....	142	.....	.....
Total liabilities	57,136	7,026	6,032	.....
NET ASSETS				
Held in trust for individuals, organizations, and other governments	\$ 1,641,571	\$ 560,558	\$ 30,922	\$ 876

College Savings Plan	Totals 6/30/10
\$ 722	\$ 7,400
.....	569,695
<u>722</u>	<u>577,095</u>
1,186	1,186
20,065	20,065
19,833	19,833
357	357
17	17
37,184	38,856
5,661	5,661
.....	2,400
17,219	18,446
94,397	98,214
610	610
<u>196,529</u>	<u>205,645</u>
176	23,299
573	1,625
107	107
169	169
.....	178
.....	20,609
<u>1,025</u>	<u>45,987</u>
22,705	22,705
.....	540,331
.....	1,111,983
6	3,057
(6)	(2,095)
.....	20,394
<u>220,981</u>	<u>2,525,102</u>
5,382	11,635
.....	1,770
221	221
3	3
.....	2,990
23,648	82,324
2,506	2,516
6	359
.....	142
<u>31,766</u>	<u>101,960</u>
<u>\$ 189,215</u>	<u>\$ 2,423,142</u>

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ADDITIONS				
<u>Contributions and other deposits</u>				
Fees	\$	\$ 1	\$ 61	\$
Grants and contributions	.....	.....	201,759	.....
Fines, forfeits, settlements and judgments	.....	566	1	.....
Unclaimed property remittances	.....	357,889	.....	.....
Transfers in from state funds	.....	.....	5,589	.....
Total contributions and other deposits	.....	358,456	207,410	.....
<u>Investment income</u>				
Interest income	34,844	141	900	.....
Dividends	.....	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	34,844	141	900	.....
Investment activity expense	(675)	(1)	.....	.....
Net income (loss) from investing activity	34,169	140	900	.....
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	.....
Security lending expense	.....	.....	.....	.....
Net income from security lending	.....	.....	.....	.....
Total net investment income (loss)	34,169	140	900	.....
Other additions	.....	663	6,326	.....
Total additions	34,169	359,259	214,636	.....
DEDUCTIONS				
Insurance claims expense	14,987	191	.....	.....
Interest expense	4,904	3	25	.....
Student loan default payments	.....	.....	212,579	.....
Payments to unclaimed property claimants	.....	191,232	.....	.....
Distribution to State School Fund	.....	85,533	.....	.....
Administrative expense	.....	3,345	.....	.....
Property disposition gain (loss)	.....	1	.....	.....
Transfers out to state funds	.....	2,429	1,460	.....
Other deductions	18,796	234	38	39
Total deductions	38,687	282,968	214,102	39
<u>Depositor activity</u>				
Deposits	204,795	.....	.....	105
Withdrawals	(37,413)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	167,382	.....	.....	105
Change in net assets	162,864	76,291	534	66
Net assets - beginning	1,478,707	484,267	30,388	810
Net assets - beginning, as restated	1,478,707	484,267	30,388	810
Net assets - ending	\$ 1,641,571	\$ 560,558	\$ 30,922	\$ 876

College Savings Plan	Totals 6/30/10
\$ 1,536	\$ 1,598
26,990	228,749
5	572
.....	357,889
1,818	7,407
<u>30,349</u>	<u>596,215</u>
2,979	38,864
1,795	1,795
13,318	13,318
<u>18,092</u>	<u>53,977</u>
(301)	(977)
17,791	53,000
112	112
(42)	(42)
<u>70</u>	<u>70</u>
17,861	53,070
.....	6,989
<u>48,210</u>	<u>656,274</u>
.....	15,178
.....	4,932
.....	212,579
.....	191,232
.....	85,533
3,980	7,325
.....	1
.....	3,889
8,808	27,915
<u>12,788</u>	<u>548,584</u>
.....	204,900
.....	(37,413)
<u>.....</u>	<u>167,487</u>
35,422	275,177
153,793	2,147,965
<u>153,793</u>	<u>2,147,965</u>
<u>\$ 189,215</u>	<u>\$ 2,423,142</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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.

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.

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2010
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
ASSETS				
Cash and cash equivalents	\$ 154,477	\$	\$ 75,330	\$
Pooled investments with State Treasury	71,749	8,502	3,133	20,245
Total cash and cash equivalents	226,226	8,502	78,463	20,245
<u>Investments</u>				
Certificates of deposit	584,932	.....	.....	.....
U.S. government & federally guaranteed obligations	6,448,166	.....	.....	.....
Federal agencies	7,969,768	.....	.....	.....
Commercial paper	3,656,140	.....	.....	.....
Repurchase agreements	1,565,763	.....	.....	.....
Bonds and notes	14,278,392	.....	961,393	.....
International bonds and notes	3,354,160	.....	.....	.....
Real estate contracts	6,160,289	.....	.....	.....
Mutual fund investments	5,135,369	.....	1,119,801	.....
Money market and short-term investments	4,652	.....	6,362	.....
Domestic equity	40,179,374	.....	8,951	.....
Limited partnerships	6,372,309	.....	.....	.....
Equity group trust	2,083	.....	.....	.....
International equity	17,066,866	.....	1,446	.....
Deferred compensation annuities	.....	.....	44,717	.....
Other investments	5,615	.....	.....	.....
Total investments	112,783,878	.....	2,142,670	.....
<u>Receivables</u>				
Accounts receivable	3,992	.....	45	.....
State contributions receivable	43,092	2,038	.....	.....
Nonstate contributions receivable	222,207	13	.....	.....
Interest receivable	264,433	7	4	36
Dividends receivable	119,467	.....	.....	.....
Pending investment sales	2,566,914	.....	.....	.....
Forward contracts	564,629	.....	.....	.....
Due from state funds	.....	.....	.....	1,704
Total receivables	3,784,734	2,058	49	1,740
Security lending collateral	5,145,215	.....	.....	.....
Capital assets	1,468	.....	.....	.....
Accumulated depreciation	(806)	.....	.....	.....
Other assets	9,435	.....	.....	.....
Total assets	121,950,150	10,560	2,221,182	21,985
LIABILITIES				
Accounts payable and accrued liabilities	60,469	7,211	.....	7
Due to other funds	2,809	.....	.....	1
DROP	2,331,168	.....	.....	.....
Pending investment purchases	5,713,046	.....	.....	.....
Short sell obligations	724,659	.....	.....	.....
Forward contracts payable	562,818	.....	.....	.....
Broker rebate fees	245	.....	.....	.....
Obligations under security lending agreements	5,308,131	345	930	1,907
Claims payable	.....	.....	.....	5,298
Deposits payable	.....	.....	.....	12,949
Compensated absences	983	31	.....	88
Other liabilities	431	4	.....	2,251
Total liabilities	14,704,759	7,591	930	22,501
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 107,245,391	\$ 2,969	\$ 2,220,252	\$ (516)

2010 STATE OF FLORIDA CAFR

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/10
\$ 469	\$ 1,186	\$ 231,462
147	530	104,306
<u>616</u>	<u>1,716</u>	<u>335,768</u>
60,012	.....	644,944
5,020	.....	6,453,186
22,011	.....	7,991,779
115,784	.....	3,771,924
20	.....	1,565,783
44,897	.....	15,284,682
10,000	.....	3,364,160
.....	.....	6,160,289
.....	4,165,865	10,421,035
52	883,848	894,914
.....	.....	40,188,325
.....	.....	6,372,309
.....	.....	2,083
.....	.....	17,068,312
.....	.....	44,717
.....	.....	5,615
<u>257,796</u>	<u>5,049,713</u>	<u>120,234,057</u>
.....	324	4,361
5,038	8,413	58,581
27,904	33,587	283,711
157	1	264,638
.....	797	120,264
.....	.....	2,566,914
.....	.....	564,629
.....	30	1,734
<u>33,099</u>	<u>43,152</u>	<u>3,864,832</u>
.....	.....	5,145,215
.....	.....	1,468
.....	.....	(806)
.....	.....	9,435
<u>291,511</u>	<u>5,094,581</u>	<u>129,589,969</u>
42	1,065	68,794
10	1,436	4,256
.....	.....	2,331,168
.....	.....	5,713,046
.....	.....	724,659
.....	.....	562,818
.....	.....	245
.....	.....	5,311,313
.....	.....	5,298
.....	.....	12,949
.....	.....	1,102
.....	.....	2,686
<u>52</u>	<u>2,501</u>	<u>14,738,334</u>
<u>\$ 291,459</u>	<u>\$ 5,092,080</u>	<u>\$ 114,851,635</u>

2010 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, 2010
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$ 570,232	\$ 139,769	\$	\$
Pension fund contributions - nonstate	2,141,723	178	.....	.....
Employer/employee contributions	72	.....	.....	141,289
Purchase of time by employees	18,844	63,104	.....	.....
Fees	.....	.....	702	.....
Flexible benefits contributions	.....	.....	224,390	.....
Fines, forfeits, settlements and judgments	.....	.....	.....	.....
Transfers in from state funds	21,002	.....	.....	1,400
Total contributions and other deposits	2,751,873	203,051	225,092	142,689
<u>Investment income</u>				
Interest income	1,877,169	157	110	1,112
Dividends	1,426,599	.....	.....	.....
Other investment income	.....	.....	.....	.....
Net increase (decrease) in fair market value	11,613,923	.....	176,366	.....
Total investment income (loss)	14,917,691	157	176,476	1,112
Investment activity expense	(305,264)	(3)	.....	(39)
Net income (loss) from investing activity	14,612,427	154	176,476	1,073
<u>Security lending activity</u>				
Security lending income	58,808	.....	.....	.....
Security lending expense	(16,795)	.....	.....	.....
Net income from security lending	42,013	.....	.....	.....
Total net investment income (loss)	14,654,440	154	176,476	1,073
Other additions	1,923	.....	4	.....
Total additions	17,408,236	203,205	401,572	143,762
DEDUCTIONS				
Benefit payments	6,088,908	.....	144,792	.....
Supplemental insurance payments	.....	.....	.....	63,094
Flexible reimbursement payments	.....	.....	.....	25,183
Life insurance premium payments	.....	.....	.....	36,718
Remittances to annuity companies	.....	202,542	.....	.....
Interest expense	.....	.....	1	.....
Administrative expense	30,225	145	45	1,735
Transfers out to state funds	676,086	1	1,063	18,049
Other deductions	102	8	.....	1
Total deductions	6,795,321	202,696	145,901	144,780
Change in net assets	10,612,915	509	255,671	(1,018)
Net assets - beginning	96,632,476	2,460	1,964,581	502
Net assets - ending	\$ 107,245,391	\$ 2,969	\$ 2,220,252	\$ (516)

2010 STATE OF FLORIDA CAFR

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/10
\$ 68,688	\$ 116,761	\$ 895,450
263,335	353,306	2,758,542
.....	.....	141,361
.....	4,572	86,520
.....	.....	702
.....	.....	224,390
.....	9	9
.....	674,731	697,133
<u>332,023</u>	<u>1,149,379</u>	<u>4,804,107</u>
1,993	10	1,880,551
.....	25,673	1,452,272
.....	36	36
<u>1,917</u>	<u>422,917</u>	<u>12,215,123</u>
3,910	448,636	15,547,982
(39)	(1,829)	(307,174)
<u>3,871</u>	<u>446,807</u>	<u>15,240,808</u>
.....	.....	58,808
.....	.....	(16,795)
.....	.....	42,013
<u>3,871</u>	<u>446,807</u>	<u>15,282,821</u>
.....	.....	1,927
<u>335,894</u>	<u>1,596,186</u>	<u>20,088,855</u>
338,892	576,231	7,148,823
.....	.....	63,094
.....	.....	25,183
.....	.....	36,718
.....	.....	202,542
.....	.....	1
90	8,589	40,829
.....	34,886	730,085
.....	.....	111
<u>338,982</u>	<u>619,706</u>	<u>8,247,386</u>
(3,088)	976,480	11,841,469
<u>294,547</u>	<u>4,115,600</u>	<u>103,010,166</u>
<u>\$ 291,459</u>	<u>\$ 5,092,080</u>	<u>\$ 114,851,635</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INVESTMENT TRUST FUNDS

EXTERNAL TREASURY POOL

This fund, administered by the State Treasury, is used to account for the external portion of the State Treasurer's Investment Pool.

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, Florida Statutes, 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.

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

INVESTMENT TRUST FUNDS

JUNE 30, 2010

(in thousands)

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/10
ASSETS					
Cash and cash equivalents	\$	\$ 645	\$ 715	\$	\$ 1,360
Pooled investments with State Treasury	1,842,439	.....	.....	.....	1,842,439
Total cash and cash equivalents	1,842,439	645	715	.....	1,843,799
<u>Investments</u>					
Certificates of deposit	.....	1,292,084	.....	.....	1,292,084
Federal agencies	.....	403,346	.....	.....	403,346
Commercial paper	.....	1,712,157	.....	.....	1,712,157
Repurchase agreements	.....	856,555	.....	.....	856,555
Bonds and notes	.....	170,199	212,770	41	383,010
International bonds and notes	.....	67,981	.....	.....	67,981
Money market and short-term investments	.....	464,322	2,895	1	467,218
Total investments	.....	4,966,644	215,665	42	5,182,351
<u>Receivables</u>					
Interest receivable	.....	1,439	6	.....	1,445
Total receivables	.....	1,439	6	.....	1,445
Other assets	.....	18	.....	.....	18
Total assets	1,842,439	4,968,746	216,386	42	7,027,613
LIABILITIES					
Accounts payable and accrued liabilities	.....	115	14	.....	129
Due to other funds	.....	24	1	.....	25
Due to other governments	.....	645	.....	.....	645
Obligations under security lending agreements	188,475	.....	.....	.....	188,475
Total liabilities	188,475	784	15	.....	189,274
NET ASSETS					
Held in trust for pool participants	\$ 1,653,964	\$ 4,967,962	\$ 216,371	\$ 42	\$ 6,838,339

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

INVESTMENT TRUST FUNDS

JUNE 30, 2010

(in thousands)

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/10
ADDITIONS					
<u>Contributions and other deposits</u>					
Transfers in from state funds	\$	\$ 92,929	\$	\$	\$ 92,929
Total contributions and other deposits	.....	92,929	.....	.....	92,929
<u>Investment income</u>					
Interest income	46,778	16,056	7,136	1	69,971
Net increase (decrease) in fair market value	.....	.....	89,585	15	89,600
Total investment income (loss)	46,778	16,056	96,721	16	159,571
Investment activity expense	(1,367)	(1,319)	(188)	.....	(2,874)
Total net investment income (loss)	45,411	14,737	96,533	16	156,697
Total additions	45,411	107,666	96,533	16	249,626
DEDUCTIONS					
Administrative expense	.....	35	.....	.....	35
Transfers out to state funds	.....	.....	92,929	.....	92,929
Total deductions	.....	35	92,929	.....	92,964
<u>Depositor activity</u>					
Deposits	2,485,635	12,196,078	.....	.....	14,681,713
Withdrawals	(1,554,761)	(12,779,333)	.....	(16)	(14,334,110)
Excess (deficiency) of deposits over withdrawals	930,874	(583,255)	.....	(16)	347,603
Change in net assets	976,285	(475,624)	3,604	.....	504,265
Net assets, beginning	.....	5,443,586	212,767	42	5,656,395
Adjustments to increase (decrease) beginning net assets	677,679	.....	.....	.....	677,679
Net assets - beginning, as restated	677,679	5,443,586	212,767	42	6,334,074
Net assets, ending	\$ 1,653,964	\$ 4,967,962	\$ 216,371	\$ 42	\$ 6,838,339

THIS PAGE INTENTIONALLY LEFT BLANK

AGENCY FUNDS

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 escrowed bond funds.

THIS PAGE INTENTIONALLY LEFT BLANK

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2010

(in thousands)

	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/10
ASSETS					
Cash and cash equivalents	\$ 1,787	\$ 16,134	\$ 54	\$ 24	\$ 17,999
Pooled investments with State Treasury	583,830	182,941	.....	1,463	768,234
Total cash and cash equivalents	585,617	199,075	54	1,487	786,233
<u>Investments</u>					
U.S. government & federally guaranteed obligations	.....	.....	.....	498,154	498,154
Federal agencies	.....	.....	.....	28,370	28,370
Other investments	.....	150	.....	.....	150
Total investments	.....	150	.....	526,524	526,674
<u>Receivables</u>					
Accounts receivable	401,069	24,481	.....	.....	425,550
Nonstate contributions receivable	.....	7	.....	.....	7
Interest receivable	.....	786	.....	10,962	11,748
Due from state funds	35,518	22,987	.....	.....	58,505
Total receivables	436,587	48,261	.....	10,962	495,810
Total assets	\$ 1,022,204	\$ 247,486	\$ 54	\$ 538,973	\$ 1,808,717
LIABILITIES					
Accounts payable and accrued liabilities	\$ 521,615	\$ 36,216	\$ 54	\$ 48	\$ 557,933
Due to other funds	49,593	1,110	.....	2,154	52,857
Due to other governments	450,996	35,067	.....	8,284	494,347
Due to component units/primary	.....	7,153	.....	.....	7,153
Obligations under security lending agreements	.....	14,190	.....	150	14,340
Claims payable	.....	17,666	.....	.....	17,666
Deposits payable	.....	136,084	.....	528,337	664,421
Total liabilities	\$ 1,022,204	\$ 247,486	\$ 54	\$ 538,973	\$ 1,808,717

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(in thousands)

	Balance 6/30/09	Additions	Deductions	Balance 6/30/10
<u>Treasury Investment Administration</u>				
ASSETS				
Pooled investments with State Treasury	\$ 4,089,315	\$	\$ 4,089,315	\$
Interest receivable	135	.....	135	.....
Total assets	<u>\$ 4,089,450</u>	<u>\$</u>	<u>\$ 4,089,450</u>	<u>\$</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 667,712	\$	\$ 667,712	\$
Due to other funds	29	.....	29	.....
Due to component units	2,539,732	.....	2,539,732	.....
Obligations under security lending agreements	637,716	.....	637,716	.....
Obligations under reverse repurchase agreements	244,260	.....	244,260	.....
Claims Payable	1	.....	1	.....
Total liabilities	<u>\$ 4,089,450</u>	<u>\$</u>	<u>\$ 4,089,450</u>	<u>\$</u>
<u>Tax Distribution and Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 3,106	\$ 1,787	\$ 3,106	\$ 1,787
Pooled investments with State Treasury	590,285	7,220,482	7,226,937	583,830
Accounts receivable	436,912	401,069	436,912	401,069
Due from state funds	36,951	47,610	49,043	35,518
Total assets	<u>\$ 1,067,254</u>	<u>\$ 7,670,948</u>	<u>\$ 7,715,998</u>	<u>\$ 1,022,204</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 588,740	\$ 521,616	\$ 588,741	\$ 521,615
Due to other funds	63,700	61,684	75,791	49,593
Due to other governments	413,529	450,996	413,529	450,996
Due to component units	1,285	.....	1,285	.....
Total liabilities	<u>\$ 1,067,254</u>	<u>\$ 1,034,296</u>	<u>\$ 1,079,346</u>	<u>\$ 1,022,204</u>
<u>Other</u>				
ASSETS				
Cash and cash equivalents	\$ 12,277	\$ 214,217	\$ 210,360	\$ 16,134
Pooled investments with State Treasury	306,759	73,262	197,080	182,941
Investments	160	160	170	150
Accounts receivable	18,659	14,352	8,530	24,481
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	1,029	2,600	2,843	786
Due from state funds	20,889	2,391	293	22,987
Total assets	<u>\$ 359,780</u>	<u>\$ 306,982</u>	<u>\$ 419,276</u>	<u>\$ 247,486</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 35,925	\$ 291,321	\$ 291,030	\$ 36,216
Due to other funds	895	1,110	895	1,110
Due to other governments	34,319	3,930	3,182	35,067
Due to component units	107,501	7,160	107,508	7,153
Obligations under security lending agreements	28,013	14,190	28,013	14,190
Obligations under reverse repurchase agreements	10,730	.....	10,730	.....
Claims Payable	14,859	2,807	.....	17,666
Deposits payable	127,530	11,390	2,836	136,084
Advances from other funds	8	.....	8	.....
Total liabilities	<u>\$ 359,780</u>	<u>\$ 331,908</u>	<u>\$ 444,202</u>	<u>\$ 247,486</u>
<u>School for the Deaf and the Blind</u>				
ASSETS				
Cash and cash equivalents	\$ 55	\$ 79	\$ 80	\$ 54
Total assets	<u>\$ 55</u>	<u>\$ 79</u>	<u>\$ 80</u>	<u>\$ 54</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 55	\$ 79	\$ 80	\$ 54
Total liabilities	<u>\$ 55</u>	<u>\$ 79</u>	<u>\$ 80</u>	<u>\$ 54</u>

2010 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(in thousands)

<u>State Board of Administration</u>	Balance 6/30/09	Additions	Deductions	Balance 6/30/10
ASSETS				
Cash and cash equivalents	\$ 12,838	\$ 5,468,055	\$ 5,480,869	\$ 24
Pooled investments with State Treasury	.....	2,003,168	2,001,705	1,463
Investments	1,743,808	472,887	1,690,171	526,524
Interest receivable	4,851	10,962	4,851	10,962
Dividends receivable	11	.....	11	.....
Due from state funds	164	.....	164	.....
Total assets	<u>\$ 1,761,672</u>	<u>\$ 7,955,072</u>	<u>\$ 9,177,771</u>	<u>\$ 538,973</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 17	49	18	\$ 48
Due to other funds	56	2,154	56	2,154
Due to other governments	6,482	40,956	39,154	8,284
Due to component units	629,324	.....	629,324	.....
Obligations under security lending agreements	.....	150	.....	150
Deposits payable	1,125,793	2,304,721	2,902,177	528,337
Total liabilities	<u>\$ 1,761,672</u>	<u>\$ 2,348,030</u>	<u>\$ 3,570,729</u>	<u>\$ 538,973</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 28,276	\$ 5,684,138	\$ 5,694,415	\$ 17,999
Pooled investments with State Treasury	4,986,359	9,296,912	13,515,037	768,234
Investments	1,743,968	473,047	1,690,341	526,674
Accounts receivable	455,571	415,421	445,442	425,550
Nonstate contributions receivable	7	.....	.....	7
Interest receivable	6,015	13,562	7,829	11,748
Dividends receivable	11	.....	11	.....
Due from state funds	58,004	50,001	49,500	58,505
Total assets	<u>\$ 7,278,211</u>	<u>\$ 15,933,081</u>	<u>\$ 21,402,575</u>	<u>\$ 1,808,717</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,292,449	\$ 813,065	\$ 1,547,581	\$ 557,933
Due to other funds	64,680	64,948	76,771	52,857
Due to other governments	454,330	495,882	455,865	494,347
Due to component units	3,277,842	7,160	3,277,849	7,153
Obligations under security lending agreements	665,729	14,340	665,729	14,340
Obligations under reverse repurchase agreements	254,990	.....	254,990	.....
Claims Payable	14,860	2,807	1	17,666
Deposits payable	1,253,323	2,316,111	2,905,013	664,421
Advances from Other Funds	8	.....	8	.....
Total liabilities	<u>\$ 7,278,211</u>	<u>\$ 3,714,313</u>	<u>\$ 9,183,807</u>	<u>\$ 1,808,717</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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.

FLORIDA 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.

THIS PAGE INTENTIONALLY LEFT BLANK

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2010
(in thousands)**

	Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/10
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 486,680	\$ 331,839	\$ 402,096	\$ 106,160	\$ 1,326,775
Pooled investments with State Treasury	.....	1,203,130	278,433	64,959	1,546,522
Other investments	1,270,153	1,826,137	692,210	713,962	4,502,462
Receivables, net	36,727	408,942	478,667	195,929	1,120,265
Due from component units/primary	52,281	773,253	115,157	8,621	949,312
Inventories	4,188	8,564	13,055	10,409	36,216
Restricted cash and cash equivalents	.....	115,973	109,183	49,835	274,991
Restricted pooled investments with State Treasury	.....	114,905	268,930	.....	383,835
Restricted investments	207,365	861,265	427,326	.....	1,495,956
Other loans and notes receivable, net	.....	60,426	20,615	2,046	83,087
Other assets	7,608	225,540	49,733	2,514	285,395
Capital assets, net	6,307,984	7,023,466	3,461,991	596,299	17,389,740
Total assets	<u>8,372,986</u>	<u>12,953,440</u>	<u>6,317,396</u>	<u>1,750,734</u>	<u>29,394,556</u>
LIABILITIES					
Accounts payable and accrued liabilities	174,114	367,314	259,800	819,176	1,620,404
Due to component units/primary	212	141,693	12,610	.....	154,515
Deferred revenues	113,179	391,334	23,516	23,854	551,883
Long-term liabilities					
Due within one year	39,302	122,127	55,738	82,415	299,582
Due in more than one year	678,659	2,411,879	393,347	7,543	3,491,428
Total liabilities	<u>1,005,466</u>	<u>3,434,347</u>	<u>745,011</u>	<u>932,988</u>	<u>6,117,812</u>
NET ASSETS					
Invested in capital assets, net of related debt	5,941,750	5,189,789	3,278,999	556,731	14,967,269
Restricted for					
Debt service	34,485	24,440	10,224	.....	69,149
Other	122,944	1,025,244	18,689	58	1,166,935
Funds held for permanent endowment					
Expendable	16,476	147,050	1,365,075	.....	1,528,601
Nonexpendable	10,262	1,526,090	422,742	3,168	1,962,262
Unrestricted	1,241,603	1,606,480	476,656	257,789	3,582,528
Total net assets	<u>\$ 7,367,520</u>	<u>\$ 9,519,093</u>	<u>\$ 5,572,385</u>	<u>\$ 817,746</u>	<u>\$ 23,276,744</u>

2010 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 1,015,285	\$ 17,627	\$ 164,689	\$ 116,669
Other State Universities	5,314,523	1,728,335	1,703,673	280,043
Florida Colleges	3,038,995	701,650	1,203,245	208,243
Other Nonmajor Component Units	627,529	144,326	269,301	19,320
Total component units	\$ 9,996,332	\$ 2,591,938	\$ 3,340,908	\$ 624,275

General revenues

Property taxes

Investment earnings

Gain (loss) on sale of capital assets

Payments from the State of Florida

Miscellaneous

Contributions to permanent funds

Total general revenues and contributions

Change in net assets

Net assets - beginning

Adjustments to increase (decrease) beginning net assets

Net assets - ending

2010 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets

Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/10
\$ (716,300)	\$	\$	\$	\$ (716,300)
.....	(1,602,472)	.....	.....	(1,602,472)
.....	.....	(925,857)	.....	(925,857)
.....	.....	.....	(194,582)	(194,582)
(716,300)	(1,602,472)	(925,857)	(194,582)	(3,439,211)
897,925	.....	.....	.....	897,925
21,239	258,857	163,326	94,117	537,539
256	10,513	.....	.....	10,769
.....	1,527,906	968,320	.....	2,496,226
65,173	293,977	20,225	163,771	543,146
.....	18,957	5,959	.....	24,916
984,593	2,110,210	1,157,830	257,888	4,510,521
268,293	507,738	231,973	63,306	1,071,310
7,099,227	8,810,226	5,340,412	738,671	21,988,536
.....	201,129	.....	15,769	216,898
\$ 7,367,520	\$ 9,519,093	\$ 5,572,385	\$ 817,746	\$ 23,276,744

THIS PAGE INTENTIONALLY LEFT BLANK

**STATISTICAL
SECTION**

THIS PAGE INTENTIONALLY LEFT BLANK

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.

	<u>PAGE</u>
Financial Trends – These schedules contain trend information to help assess how the state's financial position has changed over time.	
▪ Schedule A-1 – Net Assets by Component.....	246
▪ Schedule A-2 – Changes in Net Assets	248
▪ Schedule A-3 – Fund Balances – Governmental Funds	252
▪ Schedule A-4 – Changes in Fund Balances – Governmental Funds.....	254
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.	
▪ Schedule B-1 – Revenue Base/Rate	256
▪ Schedule B-2 – Principal Sales Tax Payers by Industry	258
Debt Capacity – These schedules may assist with an understanding of the state's outstanding debt and its ability to issue new debt.	
▪ Schedule C-1 – Ratios of Outstanding Debt by Type.....	259
▪ Schedule C-2 – Ratios of Net General Bonded Debt Outstanding	260
▪ Schedule C-3 – Legal Debt Margin.....	261
▪ Schedule C-4 – Pledged-Revenue Coverage.....	262
Demographic and Economic Information – These schedules include demographic and economic information to communicate the state's socioeconomic environment. These schedules can assist with evaluating financial statement information in context with this historical data as well as among governments.	
▪ Schedule D-1 – Demographic and Economic Statistics.....	264
▪ Schedule D-2 – Industry Sector Employment.....	266
Operating Information – These schedules include operating data to assist with understanding how information in the state's financial reports relates to services provided or activities performed by the state.	
▪ Schedule E-1 – Full-time Equivalent State Employees by Function	268
▪ Schedule E-2 – Operating Indicators by Function.....	270
▪ Schedule E-3 – Capital Assets by Function.....	272

Net Assets by Component
For the Last Nine 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
Other	.....	.....	.....	.....
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	<u>\$ 35,156,038</u>	<u>\$ 38,037,999</u>	<u>\$ 41,009,650</u>	<u>\$ 45,328,534</u>
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	<u>\$ 9,389,411</u>	<u>\$ 10,170,449</u>	<u>\$ 10,784,440</u>	<u>\$ 8,326,592</u>
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	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	<u>\$ 44,545,449</u>	<u>\$ 48,208,448</u>	<u>\$ 51,794,090</u>	<u>\$ 53,655,126</u>
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.

⁽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.

2010 STATE OF FLORIDA CAFR

SCHEDULE A-1

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 46,546,117	\$ 49,603,845	\$ 51,937,584	\$ 54,585,016	\$ 56,935,300	
2,974,802	2,861,436	2,910,269	2,563,254	2,440,804	
.....	.....	1,438,845	1,223,164	1,064,284	
800,337	843,301	760,644	835,026	1,166,423	
1,624,834	1,680,338	1,564,767	1,131,641	1,092,578	
.....	
.....	
2,056,047	2,664,650	1,852,966	1,886,160	1,666,747	
75,671	72,890	84,221	142,933	247,039	
.....	.....	.....	.....	476,495	
.....	44,830	409,958	.....	.....
2,023,738	2,287,402	1,312,289	.....	.....
(5,844,743)	(7,552,727)	(11,996,949)	(15,242,901)	(15,840,018)	
<u>\$ 50,256,803</u>	<u>\$ 52,505,965</u>	<u>\$ 50,274,594</u>	<u>\$ 47,124,293</u>	<u>\$ 49,249,652</u>	
10.87%	4.48%	-4.25%	-6.27%	4.51%	
\$ 3,829,792	\$ 4,164,740	\$ 4,360,753	\$ 4,929,637	\$ 4,910,794	
.....	.....	154,853	.....	.....
98,472	90,869	158,532	120,944	132,687	
583,816	842,793	727,678	345,340	483,365	
.....	.....	856,986	1,749,163	3,230,193	
2,185,249	2,286,489	1,974,312	63,026	(903,588)	
211,257	198,010	.....	221,745	269,844	
(1,103,433)	393,589	622,176	278,870	613,896	
<u>\$ 5,805,153</u>	<u>\$ 7,976,490</u>	<u>\$ 8,855,290</u>	<u>\$ 7,708,725</u>	<u>\$ 8,737,191</u>	
-30.28%	37.40%	11.02%	-12.95%	13.34%	
\$ 50,375,909	\$ 53,768,585	\$ 56,298,337	\$ 59,514,653	\$ 61,846,094	
2,974,802	2,861,436	2,910,269	2,563,254	2,440,804	
.....	.....	1,438,845	1,223,164	1,064,284	
800,337	843,301	760,644	835,026	1,166,423	
1,624,834	1,680,338	1,719,620	1,131,641	1,092,578	
.....	
.....	
2,056,047	2,664,650	1,852,966	1,886,160	1,666,747	
75,671	72,890	84,221	142,933	247,039	
98,472	90,869	158,532	120,944	132,687	
583,816	842,793	727,678	345,340	483,365	
.....	.....	856,986	1,749,163	3,230,193	
2,185,249	2,286,489	1,974,312	63,026	(903,588)	
211,257	198,010	.....	221,745	746,339	
.....	44,830	409,958	.....	.....
2,023,738	2,287,402	1,312,289	.....	.....
(6,948,176)	(7,159,138)	(11,374,773)	(14,964,031)	(15,226,122)	
<u>\$ 56,061,956</u>	<u>\$ 60,482,455</u>	<u>\$ 59,129,884</u>	<u>\$ 54,833,018</u>	<u>\$ 57,986,843</u>	
4.49%	7.89%	-2.24%	-7.27%	5.75%	

Changes in Net Assets
For the Last Nine 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
Hurricane Catastrophe Fund	40,876	32,924	35,844	3,811,900
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	1,485,594	1,485,479	1,330,824	981,954
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
Hurricane Catastrophe Fund	633,436	632,563	580,514	787,759
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	739,855	823,410	1,059,811	1,253,872
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)

2010 STATE OF FLORIDA CAFR

SCHEDULE A-2

Fiscal Year				
2006	2007	2008	2009	2010
\$ 7,410,799	\$ 8,410,918	\$ 7,492,475	\$ 6,878,903	\$ 6,882,931
18,210,639	19,739,622	20,459,549	18,722,159	18,946,684
19,765,378	20,634,220	21,715,055	23,988,006	27,692,169
3,811,677	3,992,990	4,296,298	4,037,197	4,448,382
4,284,896	2,767,852	2,749,924	2,614,491	2,588,478
3,308,209	3,545,752	4,098,203	3,850,791	3,176,790
414,044	436,825	464,190	426,639	427,319
7,062	11,731	12,314	15,586	18,759
<u>57,212,704</u>	<u>59,539,910</u>	<u>61,288,008</u>	<u>60,533,772</u>	<u>64,181,512</u>
329,966	403,982	446,489	402,235	383,106
2,874,533	3,029,103	2,987,265	2,765,729	2,747,599
4,758,156	241,568	1,044,927	676,970	362,318
459,404	855,997	1,302,094	1,037,026	1,523,217
.....	.....	.....	4,307,809	7,656,494
994,182	1,146,532	1,654,422	267,722	264,580
<u>9,416,241</u>	<u>5,677,182</u>	<u>7,435,197</u>	<u>9,457,491</u>	<u>12,937,314</u>
<u>\$ 66,628,945</u>	<u>\$ 65,217,092</u>	<u>\$ 68,723,205</u>	<u>\$ 69,991,263</u>	<u>\$ 77,118,826</u>
\$ 3,485,512	\$ 3,765,988	\$ 3,167,668	\$ 3,411,639	\$ 3,938,356
211,352	250,023	291,975	133,346	229,149
954,495	1,302,926	1,020,441	1,629,514	1,156,988
267,248	307,550	340,143	293,457	772,557
346,037	368,511	451,363	346,240	400,700
651,776	371,726	514,737	333,953	343,782
17,187	18,512	19,479	43,385	421,501
18,057,457	17,105,209	17,500,769	20,164,996	26,831,434
1,374,611	2,163,715	2,144,946	1,986,579	1,974,293
<u>25,365,675</u>	<u>25,654,160</u>	<u>25,451,521</u>	<u>28,343,109</u>	<u>36,068,760</u>
698,409	766,190	738,450	747,347	700,803
3,993,788	4,286,152	4,338,303	4,017,816	4,006,864
891,506	1,476,660	1,188,703	1,242,072	1,524,012
502,579	1,114,978	1,619,334	654,688	1,661,241
.....	.....	.....	931,516	1,242,684
1,552,136	1,324,114	1,413,825	352,554	386,372
45,214	39,258	29,476	1,665,431	5,453,925
307	2,287	3,589	659	6,055
<u>7,683,939</u>	<u>9,009,639</u>	<u>9,331,680</u>	<u>9,612,083</u>	<u>14,981,956</u>
<u>\$ 33,049,614</u>	<u>\$ 34,663,799</u>	<u>\$ 34,783,201</u>	<u>\$ 37,955,192</u>	<u>\$ 51,050,716</u>
\$ (31,847,029)	\$ (33,885,750)	\$ (35,836,487)	(32,190,663)	(28,112,752)
(1,732,302)	3,332,457	1,896,483	154,592	2,044,642
<u>\$ (33,579,331)</u>	<u>\$ (30,553,293)</u>	<u>\$ (33,940,004)</u>	<u>\$ (32,036,071)</u>	<u>\$ (26,068,110)</u>

Continues

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

SCHEDULE A-2

(Continued)

General Revenues and Other Changes in
Net Assets

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Taxes				
Sales and use tax	\$ 15,601,244	\$ 15,561,382	\$ 17,128,515	\$ 19,056,249
Fuel taxes	2,100,946	2,199,375	2,316,572	2,414,012
Corporate income tax	1,210,346	1,228,130	1,441,338	1,785,213
Documentary stamp tax	1,590,981	2,005,168	2,613,194	3,376,210
Intangible personal property tax	737,776	820,212	860,046	998,904
Communication service tax	779,167	1,230,132	1,250,208	1,343,835
Beverage and tobacco taxes	990,271	1,001,636	1,041,042	1,088,542
Insurance premium tax	504,422	624,369	711,145	764,559
Gross receipts utilities tax	526,586	424,146	462,172	496,725
Other taxes	1,396,833	1,281,391	1,088,378	1,010,806
Investment earnings (loss)	418,916	720,280	(66,838)	300,620
Gain (loss) on sale of capital assets	.....	.....	.....	.....
Miscellaneous	113,620	.....	11	.....
Transfers	1,070,190	1,257,679	1,216,769	1,249,753
Total governmental activities	27,041,298	28,353,900	30,062,552	33,885,428
Business-type activities:				
Investment earnings	20,078	19,197	13,181	28,872
Gain (loss) on sale of capital assets	950	.....	(17,063)	(17,018)
Emergency assessments	.....	.....	.....	.....
Miscellaneous	3,081	171	(2,544)	(1,272)
Transfers	(1,070,190)	(1,257,679)	(1,216,769)	(1,249,753)
Total business-type activities	(1,046,081)	(1,238,311)	(1,223,195)	(1,239,171)
Total primary government	\$ 25,995,217	\$ 27,115,589	\$ 28,839,357	\$ 32,646,257
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) Revenue 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.

2010 STATE OF FLORIDA CAFR

SCHEDULE A-2

(Continued)

Fiscal Year				
2006	2007	2008	2009	2010
\$ 20,729,364	\$ 20,684,191	\$ 19,716,442	\$ 17,277,989	\$ 17,102,054
2,591,946	2,575,303	2,548,254	2,495,280	2,505,193
2,363,056	2,450,357	2,253,781	1,698,356	1,785,291
4,051,479	3,022,536	1,924,526	1,104,758	1,077,836
1,104,008	757,163	428,804	197,391	158,643
1,433,092	1,484,954	1,546,853	1,541,548	1,515,675
1,102,408	1,112,580	1,043,526	1,063,483	1,872,646
879,079	995,340	940,534	846,851	862,520
585,520	615,280	670,442	662,059	673,013
477,156	518,536	657,981	668,137	971,197
174,039	812,617	578,770	(290,686)	555,053
(75,501)	(250,925)	(107,535)	(126,527)	(59,943)
.....
1,321,420	1,356,980	1,377,500	1,469,607	1,352,669
36,737,066	36,134,912	33,579,878	28,608,246	30,371,847
15,877	10,640	11,270	2,055	9,526
(10,341)	(10,006)	(6,425)	(1,694)	(2,374)
.....	195,226	356,697	336,963	329,341
(808)	.....	.....	.....	.....
(1,321,420)	(1,356,980)	(1,377,500)	(1,469,607)	(1,352,669)
(1,316,692)	(1,161,120)	(1,015,958)	(1,132,283)	(1,016,176)
\$ 35,420,374	\$ 34,973,792	\$ 32,563,920	\$ 27,475,963	\$ 29,355,671
\$ 4,890,035	\$ 2,249,162	\$ (2,256,609)	\$ (3,582,417)	\$ 2,259,095
(3,048,994)	2,171,337	880,525	(977,691)	1,028,466
\$ 1,841,041	\$ 4,420,499	\$ (1,376,084)	\$ (4,560,108)	\$ 3,287,561

Fund Balances
Governmental Funds
Last Nine 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⁾ For additional information about the change in fund balance from fiscal year 2009 to 2010 for the General Fund, refer to the Economic Factors and Fund Analysis sections of the MD&A

2010 STATE OF FLORIDA CAFR

SCHEDULE A-3

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 51,988	\$ 106,922	\$ 104,614	\$ 103,142	\$ 67,330	
19,040	25,272	14,628	15,422	11,779	
2,712	2,628	2,631	64,390	54,904	
65,974	61,373	50,686	168	137	
243,947	207,807	177,049	102,685	91,868	
1,092,081	1,248,490	1,353,690	273,874	274,916	
.....	
2,031	2,597	2,806	616,822	684,063	
6,572,190	5,574,678	2,324,588	2,191,735	2,984,775	
<u>8,049,963</u>	<u>7,229,767</u>	<u>4,030,692</u>	<u>3,368,238</u>	<u>4,169,772</u>	
17.50%	-10.19%	-44.25%	-16.44%	23.80%	
1,214,792	135,249	81,220	116,822	190,104	
57,319	64,374	75,957	63,167	44,172	
187,722	211,340	222,848	374,379	1,064,894	
1,586,949	2,047,689	2,341,669	2,361,484	2,433,814	
2,294,027	3,503,486	3,568,444	2,621,895	2,424,194	
75,671	72,890	84,221	142,933	247,039	
2,023,738	2,332,232	1,722,247	.....	.....
.....	
158,088	155,275	113,439	245,016	233,217	
4,093,227	3,631,599	3,323,598	2,806,191	2,829,255	
28,779	45,703	17,733	5,913	19,072	
2,649	3,005	412,246	1,687	2,276	
<u>11,722,961</u>	<u>12,202,842</u>	<u>11,963,622</u>	<u>8,739,487</u>	<u>9,488,037</u>	
<u>\$ 19,772,924</u>	<u>\$ 19,432,609</u>	<u>\$ 15,994,314</u>	<u>\$ 12,107,725</u>	<u>\$ 13,657,809</u>	
16.93%	-1.72%	-17.69%	-24.30%	12.80%	

Changes in Fund Balances**Governmental Funds****Last Nine 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%

2010 STATE OF FLORIDA CAFR

SCHEDULE A-4

Fiscal Year				
2006	2007	2008	2009	2010
\$ 35,317,243	\$ 34,216,240	\$ 31,544,362	\$ 27,693,512	\$ 28,391,262
1,318,920	1,349,929	1,300,154	1,261,366	1,396,105
3,141,434	3,366,361	3,517,982	3,521,215	4,507,761
19,567,321	19,204,113	19,610,900	22,075,028	28,302,772
455,205	1,418,723	772,331	(164,294)	776,902
804,869	830,178	818,804	764,621	1,231,959
17,881	73,878	44,062	58,267	54,325
<u>60,622,873</u>	<u>60,459,422</u>	<u>57,608,595</u>	<u>55,209,715</u>	<u>64,661,086</u>
7,428,922	8,351,906	7,684,863	6,633,032	6,830,572
17,643,897	19,168,847	19,842,205	18,048,122	18,201,985
19,755,015	20,586,256	21,768,923	23,436,257	27,506,447
3,673,967	3,912,691	4,173,403	3,949,006	4,293,598
4,030,076	2,733,006	2,721,304	2,418,472	2,353,990
3,188,602	3,456,266	3,971,868	3,727,772	3,050,317
412,793	435,531	457,883	403,267	430,980
2,639,161	3,005,688	2,636,135	2,523,481	2,171,050
.....	768	.....	.....	.....
736,331	810,726	860,289	943,493	1,093,865
835,993	842,558	903,637	971,752	1,024,211
<u>60,344,757</u>	<u>63,304,243</u>	<u>65,020,510</u>	<u>63,054,654</u>	<u>66,957,015</u>
278,116	(2,844,821)	(7,411,915)	(7,844,939)	(2,295,929)
1,152,268	1,110,197	2,571,311	1,901,696	1,705,534
426,107	401,977	94,760	.....	1,961,934
10,901,916	9,982,178	9,847,759	9,659,500	10,203,770
(9,559,920)	(8,606,547)	(8,456,830)	(8,185,220)	(8,841,850)
23,751	18,678	8,984	117,960	9,594
(426,107)	(401,977)	(94,760)	.....	(1,961,934)
<u>2,518,015</u>	<u>2,504,506</u>	<u>3,971,224</u>	<u>3,493,936</u>	<u>3,077,048</u>
<u>\$ 2,796,131</u>	<u>\$ (340,315)</u>	<u>\$ (3,440,691)</u>	<u>\$ (4,351,003)</u>	<u>\$ 781,119</u>
2.7%	2.7%	2.8%	3.2%	3.3%

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

	Calendar Year				
	2000	2001	2002	2003	2004
Agriculture	\$ 723,723	\$ 628,505	\$ 1,523,823	\$ 2,113,243	\$ 2,227,668
Mining	453,275	467,097	475,976	487,506	570,630
Construction	4,250,093	4,143,642	4,339,103	3,896,686	4,186,326
Manufacturing	9,392,811	8,437,418	9,973,528	13,314,291	14,619,140
Transportation	16,781,408	14,730,089	7,297,988	7,585,459	8,735,773
Communications ⁽¹⁾	750,000	12,044,981	12,185,447	13,165,323
Wholesale	10,682,707	10,608,768	8,946,443	12,559,558	17,282,512
Retail trade	147,909,435	152,163,684	155,667,230	171,423,008	178,084,155
Finance and insurance	17,625,485	18,198,371	19,188,005	20,805,219	21,102,170
Services	38,750,858	37,507,089	37,431,731	36,410,711	39,880,201
Government	323,263	221,225	195,930	264,591	147,522
Other	2,170,054	2,036,553	1,202,541	1,995,127	1,942,456
Total	\$ 249,063,112	\$ 249,892,441	\$ 258,287,279	\$ 283,040,846	\$ 301,943,876
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⁾ Taxable sales associated with communications services tax.

Source: Florida Department of Revenue

Calendar Year				
2005	2006	2007	2008	2009
\$ 2,242,702	\$ 2,076,127	\$ 1,652,121	1,369,553	\$ 1,169,974
751,037	849,709	663,193	469,944	320,213
4,881,040	5,220,010	3,990,215	3,343,767	2,813,374
17,726,833	18,880,215	16,277,337	14,056,016	11,479,034
9,548,276	10,823,084	10,852,559	10,965,637	11,215,193
14,253,972	15,042,938	15,677,020	15,924,520	16,084,681
22,480,523	25,890,934	21,307,898	19,899,564	17,283,554
198,092,426	192,829,254	182,161,612	164,058,988	158,206,374
23,697,839	18,872,894	20,875,323	21,022,328	27,554,293
44,364,948	45,374,785	46,330,585	46,799,729	44,001,387
102,172	211,732	274,053	354,338	331,221
1,470,912	1,235,108	1,708,341	817,777	757,198
<u>\$ 339,612,680</u>	<u>\$ 337,306,790</u>	<u>\$ 321,770,258</u>	<u>\$ 299,082,161</u>	<u>\$ 291,216,496</u>
6.0%	6.0%	6.0%	6.0%	6.0%

Principal Sales Tax Payers By Industry
Calendar Years 2009 and 2000
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2009			Calendar Year 2000		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	9,304	\$ 78,043	0.40%	3,545	\$ 22,678	0.14%
Mining	922	20,774	0.11%	935	27,538	0.17%
Construction	9,429	184,603	0.95%	11,963	267,352	1.67%
Manufacturing	33,583	751,728	3.88%	23,948	584,618	3.65%
Transportation, communications, electric, gas, and sanitation	9,332	1,891,771	9.76%	8,298	1,149,532	7.19%
Wholesale	56,123	1,146,127	5.91%	41,469	667,234	4.17%
Retail trade	278,597	10,468,077	53.98%	304,183	9,370,649	58.58%
Finance and insurance	164,383	1,837,746	9.48%	126,549	1,123,211	7.02%
Services	111,485	2,938,526	15.15%	113,688	2,453,065	15.34%
Government	158	23,449	0.12%	246	190,743	1.19%
Other	3,874	50,455	0.26%	3,709	139,808	0.87%
Total	677,190	\$ 19,391,299	100.00%	638,533	\$ 15,996,428	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 Nine Fiscal Years
(dollars in millions, except per capita)

SCHEDULE C-1

Fiscal Year	Governmental Activities					Business-type Activities		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	Pledged Revenue	Total Primary Government		
2002	\$ 9,921	\$ 4,688	\$ 125	\$ 101	\$ 14,835	\$ 1,799	\$ 16,634	71.39%	\$ 998.77
2003	10,586	5,286	132	96	16,100	1,716	17,816	73.70%	\$ 1,047.95
2004	11,170	5,301	182	91	16,744	2,159	18,903	72.41%	\$ 1,087.75
2005	12,035	5,245	174	85	17,539	2,071	19,610	66.37%	\$ 1,103.65
2006	11,476	5,379	144	279	17,278	3,358	20,636	62.56%	\$ 1,135.78
2007	12,004	5,227	135	267	17,633	6,361	23,994	74.28%	\$ 1,301.46
2008	12,939	5,912	111	256	19,218	10,220	29,438	98.97%	\$ 1,584.39
2009	13,417	6,395	207	395	20,414	7,714	28,128	108.18%	\$ 1,504.90
2010	13,782	7,362	70	846	22,060	8,600	30,660	108.16%	\$ 1,630.74

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 Nine 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	\$ 446	\$ 9,701	41.63%	\$ 582.49	
2003	10,586	132	96	10,814	80	10,734	44.40%	\$ 631.38	
2004	11,170	182	91	11,443	76	11,367	43.54%	\$ 654.10	
2005	12,035	174	85	12,294	83	12,211	41.33%	\$ 687.24	
2006	11,476	144	279	11,899	76	11,823	35.84%	\$ 650.73	
2007	12,004	135	267	12,406	73	12,333	38.18%	\$ 668.96	
2008	12,939	111	256	13,306	84	13,222	44.45%	\$ 711.61	
2009	13,417	207	395	14,019	143	13,876	53.37%	\$ 742.40	
2010	13,782	70	846	14,698	247	14,451	50.98%	\$ 768.61	

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 2010

Tax-supported revenues ⁽¹⁾	\$ 28,346
Debt limit ⁽²⁾	1,701
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>2,095</u>
Legal debt margin	<u>\$ (394)</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽³⁾
Debt limit ⁽²⁾	\$1,373	\$ 1,398	\$ 1,450	\$ 1,566	\$ 1,773	\$ 1,979	\$ 1,938	\$ 1,785	\$ 1,560	\$ 1,701
Total debt applicable to limit	<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>	<u>2,058</u>	<u>2,095</u>
Legal debt margin	<u>\$ 70</u>	<u>\$ 41</u>	<u>\$ (10)</u>	<u>\$ 14</u>	<u>\$ 177</u>	<u>\$ 298</u>	<u>\$ 166</u>	<u>\$ (113)</u>	<u>\$ (498)</u>	<u>\$ (394)</u>
Total net debt applicable to the limit as a percentage of debt limit.	94.90%	97.07%	100.69%	99.11%	90.02%	84.94%	91.43%	106.33%	131.91%	123.19%

⁽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, 2010, the total outstanding balance of tax-supported debt was approximately \$23,557,300,000.

⁽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⁾ In Fiscal Years 2009 and 2010, tax-supported debt service exceeded 7% of tax-supported revenues.

2010 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 ⁽⁵⁾	
<i>Florida Turnpike</i>						
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
2009	604,897	190,603	414,294	81,660	121,485	2.04
2010	611,596	172,422	439,174	91,405	132,816	1.96
<i>Save Our Coast</i> ⁽¹⁾						
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
2009	91,104	.....	91,104	13,950	1,657	5.84
2010	85,749	.....	85,749	9,450	937	8.26
<i>Florida Forever/Preservation 2000/Everglades</i> ^(1,6)						
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
2009	655,500	.....	655,500	272,975	140,919	1.58
2010	622,282	.....	622,282	275,925	127,008	1.54
<i>Conservation and Recreation Land</i> ^(1,2)						
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
2009	51,354	.....	51,354	2,435	571	17.08
2010	44,599	.....	44,599	2,580	443	14.75

2010 STATE OF FLORIDA CAFR

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

SCHEDULE C-4

Year Ended	Revenue ⁽⁴⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest ⁽⁵⁾	
Lottery Education ^(1,3)						
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
2009	1,287,856	.....	1,287,856	139,955	145,166	4.52
2010	1,247,150	.....	1,247,150	156,660	145,787	4.12
Alligator Alley						
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
2009	19,384	7,292	12,092	1,395	2,051	3.51
2010	19,948	6,360	13,588	1,460	1,988	3.94
State Infrastructure Bank ⁽⁶⁾						
2007	39,602	.....	39,602	5,195	3,000	4.83
2008	43,550	.....	43,550	5,915	5,785	3.72
2009	48,924	.....	48,924	5,390	5,543	4.47
2010	48,924	.....	48,924	7,075	5,296	3.95
Florida Hurricane Catastrophe Fund Finance Corporation ⁽⁶⁾						
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
2009	1,570,615	16,224	1,554,391	309,673	199,167	3.05
2010	1,798,380	15,467	1,782,913	256,655	115,739	4.79

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 pledged to the bonds are combined in calculating revenue. The Phosphate Severance Tax is a fixed amount of \$10,000,000 per year. 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.
- (5) Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.
- (6) 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.

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.
2001	16,331,179	1.61%	285,049,647	1.01%	487,499	8,878,830
2002	16,654,470	1.98%	287,745,630	0.95%	508,400	9,054,702
2003	17,000,812	2.08%	290,242,027	0.87%	531,218	9,369,072
2004	17,378,150	2.22%	292,936,109	0.93%	582,766	9,928,790
2005	17,768,289	2.24%	295,618,454	0.92%	633,193	10,476,669
2006	18,168,964	2.26%	298,431,771	0.95%	690,268	11,256,516
2007	18,436,174	1.47%	301,393,632	0.99%	720,451	11,899,853
2008	18,579,976	0.78%	304,177,401	0.92%	737,950	12,379,745
2009	18,690,898	0.60%	306,656,290	0.81%	720,949	12,165,474
2010	18,801,310	0.59%	309,050,816	0.78%	737,578	12,545,300

⁽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: Historical data are from the US Department of Commerce, University of Florida, the US Department of Labor, Florida Department of Education, and Florida Demographic Estimating Conference. Forecast data are from Florida Demographic Estimating Conference, February 2011 and Florida Economic Estimating Conference, November 2010.

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	3,034,565	18.99	3,401,635	18.12	3,739,776	17.60
15 - 24	1,942,399	12.15	2,407,558	12.82	2,468,116	11.62
25 - 44	4,569,259	28.59	4,668,792	24.87	5,095,519	23.98
45 - 64	3,628,544	22.70	4,989,955	26.58	5,416,732	25.49
65 and Over	2,807,611	17.57	3,305,416	17.61	4,526,783	21.31
Total	15,982,378	100.00	18,773,356	100.00	21,246,926	100.00

Source: Forecast from January 2010 Demographic Estimating Conference and the University of Florida, Bureau of Economic and Business Research. 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
29,851	31,148	4.7%	4.7%	38.9	2,434,403
30,526	31,468	5.7%	5.8%	39.4	2,500,161
31,247	32,280	5.3%	6.0%	39.4	2,539,932
33,534	33,894	4.7%	5.5%	39.6	2,596,524
35,636	35,440	3.8%	5.1%	39.7	2,634,223
37,992	37,719	3.4%	4.6%	39.9	2,668,337
39,078	39,483	4.1%	4.6%	39.9	2,662,701
39,717	40,699	6.2%	5.8%	40.1	2,652,684
38,572	39,671	10.3%	9.4%	40.4	2,628,754
39,230	40,593	11.9%	9.6%	40.6	2,634,382

**Industry Sector Employment
For Calendar Years 2009 and 2001
(in thousands)**

SCHEDULE D-2

Industry	2009		2001 ⁽¹⁾	
	Employment	Percentage of Total Employment ⁽²⁾	Employment	Percentage of Total Employment ⁽²⁾
Retail trade	922	12.54%	943	12.99%
Health care and social assistance	916	12.46%	766	10.55%
Local government	771	10.49%	690	9.50%
Accommodation and food services	727	9.89%	673	9.27%
Administrative and waste services	532	7.24%	552	7.60%
Construction	432	5.88%	373	5.14%
Professional and technical services	393	5.35%	495	6.82%
Manufacturing	328	4.46%	324	4.46%
Finance and insurance	323	4.39%	455	6.27%
Wholesale trade	318	4.33%	316	4.35%
Total	5,662	77.03%	5,587	76.96%

Notes: 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.

Florida's economy began to slow in late 2006 and the state started losing jobs in July 2007. The downturn started with construction jobs, but all major sector industries except private education, health services, and government lost jobs over the year in 2009. In 2009, Florida had lost 475,600 jobs (- 6.1 percent) over the year. The 2009 rate of job decline was steeper than the rates in all previous recessions including the 1973-1975 recession. The industries losing the most jobs in 2009 over the year were: construction (-118,700 jobs) and retail trade (-66,500 jobs).

⁽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 2009 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:

	2009	2001
Total non-agricultural employment (in thousands)	7,260	7,160
Total agricultural employment (in thousands)	90	100
Total employment	7,350	7,260

Sources: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Current Employment Statistics Program, Quarterly Census of Employment and Wages Program, and the University of Florida.

THIS PAGE INTENTIONALLY LEFT BLANK

2010 STATE OF FLORIDA CAFR

**Full-time Equivalent (FTE) State Employees by Function
Last Ten Fiscal Years**

SCHEDULE E-1

Function	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Financial administration	13,585	13,175	15,385	15,453	15,498	15,416	15,551
Streets and highways	9,022	8,467	7,606	7,356	7,173	7,074	7,030
Public welfare	23,922	22,463	21,647	19,369	17,194	12,673	12,458
Police protection	4,225	4,226	4,328	5,270	5,314	5,342	5,355
Natural resources	8,391	8,418	8,489	7,711	7,691	7,698	7,791
Health	14,473	14,566	15,014	15,197	15,583	15,959	16,434
Housing ⁽¹⁾	29	27	28	29
Community development	335	337	295	291	277	292	303
Criminal justice and corrections	38,168	36,430	37,471	37,710	38,870	39,555	40,756
Utility and transportation	370	370	369	346	317	315	296
Employee security	1,398	1,539	1,445	1,307	1,345	1,315	1,272
Education	2,165	2,205	2,386	2,367	2,386	2,461	2,481
State courts	2,921	1,792	1,953	2,735	3,869	4,137	4,457
Other	2,117	2,042	1,980	2,024	2,007	2,154	2,140
Total	121,092	116,030	118,368	117,165	117,551	114,419	116,353

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.

Sources: Florida Legislature, Florida State Courts System, Florida State Board of Administration, Florida Justice Administration Commission, Florida Department of Management Services

Fiscal Year		
2008	2009	2010
15,409	15,510	15,542
7,156	7,229	7,048
12,507	12,528	12,723
5,248	5,137	5,079
7,761	7,773	7,687
16,388	17,105	16,917
28	27	28
284	289	256
40,558	40,555	41,229
323	321	315
1,243	1,269	1,439
2,499	2,359	2,251
4,401	4,113	4,117
2,059	1,908	1,802
<u>115,864</u>	<u>116,123</u>	<u>116,433</u>

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

SCHEDULE E-2

	Fiscal Year				
	2001	2002	2003	2004	2005
<u>General government</u>					
Department of Revenue					
Total administered taxes (<i>in millions</i>) ⁽¹⁾	25,066	26,369	27,811	30,756	34,742
Department of Management Services ⁽¹⁾					
Number of retired members covered	188,770	198,303	208,680	224,813	236,974
<u>Education</u>					
Universities					
University enrollments	240,753	251,984	262,354	271,337	277,583
Degrees awarded	48,956	52,306	54,863	58,554	59,771
<u>Human services</u>					
Department of Health ⁽²⁾					
Number of live births	205,800	205,580	212,243	218,045	226,219
Number of deaths	167,181	167,702	168,459	168,364	170,300
Department of Children and Families					
Food stamp recipients	881,808	983,511	1,042,418	1,238,517	1,286,530
Food stamp households	422,251	466,894	505,452	602,323	629,685
<u>Criminal justice and corrections</u>					
Department of Corrections					
Inmate admissions	25,731	26,049	28,882	31,896	32,204
Community supervision admissions	96,223	97,284	99,123	100,557	99,616
Facility population	72,007	73,553	77,316	81,974	84,901
<u>Natural resources and environment</u>					
Department of Environmental Protection					
State park visitations	18,075,329	17,722,275	18,240,624	19,106,966	17,296,273
Florida Fish and Wildlife Conservation Commission					
Fishing and hunting licenses holders	1,284,197	1,272,549	1,221,884	1,471,395	1,538,965
<u>Transportation</u>					
Department of Transportation					
Vehicles registered	15,506,616	15,798,757	17,249,305	17,948,464	18,762,439
Titles issued	5,122,220	5,244,493	5,127,520	6,477,928	6,829,690
Traffic crashes ⁽²⁾	256,169	250,470	243,294	252,902	268,605
Daily vehicle miles traveled (<i>in thousands</i>)	258,528	267,229	273,744	280,754	292,398
<u>State courts</u>					
State Courts System					
Number of cases filed/added:					
Circuit criminal defendants	182,581	179,757	182,893	193,870	199,009
County criminal	513,101	499,339	489,437	489,422	485,864
County civil	407,142	444,703	459,959	473,660	425,012
Traffic	446,039	454,696	487,413	523,072	510,513
Family court	362,185	371,961	369,652	378,429	365,990
Circuit civil	171,775	186,218	184,858	178,970	162,116
Probate	95,020	96,712	101,736	108,183	109,505

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

2010 STATE OF FLORIDA CAFR

SCHEDULE E-2

Fiscal Year				
2006	2007	2008	2009	2010
38,736	37,477	34,152	30,140	29,677
250,496	263,198	274,842	288,216	Unavailable
287,375	294,016	301,135	302,513	312,259
61,215	64,778	68,423	70,616	73,579
237,166	239,120	231,417	221,391	Unavailable
169,365	167,708	170,473	169,854	Unavailable
1,248,359	1,266,308	1,523,273	2,109,289	2,726,167
623,270	650,277	783,282	1,084,754	1,452,191
35,098	37,864	41,054	39,354	36,992
103,387	107,203	107,861	100,619	94,387
88,576	92,844	98,192	100,894	102,232
18,174,879	19,516,852	20,737,052	21,458,588	20,110,021
1,588,227	1,605,617	1,576,518	Unavailable	Unavailable
21,773,396	22,126,592	22,125,361	20,918,645	19,496,005
7,181,742	6,668,861	5,920,326	4,901,295	5,104,919
256,200	256,206	243,342	235,778	Unavailable
300,010	303,603	305,253	293,858	286,902
219,157	230,417	235,451	209,593	201,785
509,525	523,274	515,552	464,090	433,437
479,514	541,823	615,290	503,314	483,521
571,858	604,054	618,506	538,406	500,316
365,468	356,485	350,477	335,854	347,049
164,245	226,288	418,579	547,194	490,092
111,583	105,486	102,532	98,345	98,553

**Capital Assets by Function
Last Ten Fiscal Years**

SCHEDULE E-3

	Fiscal Year				
	2001	2002	2003	2004	2005
<u>General government</u>					
Department of Management Services:					
Buildings	211	90	90	90	90
<u>Education</u>					
Universities and colleges: ⁽¹⁾					
Assignable square feet (in thousands)	35,847	37,186	39,666	40,114	40,495
<u>Human services</u>					
Department of Health					
Buildings ⁽³⁾	39	42	42	45	48
Vehicles	122	129	136	179	212
Department of Children and Families					
Buildings	551	491	507	514	515
<u>Criminal justice and corrections</u>					
Department of Corrections					
Correctional institutions	57	56	56	58	59
Work camps, forestry camps	36	36	36	35	37
Work release centers	26	24	24	23	26
Other facilities	6	5	7	7	6
<u>Natural resources and environment</u>					
Division of Recreation and Parks					
Number of state parks	153	155	156	157	158
Acres of state parks	555,814	570,576	593,459	603,953	730,573
Department of Environmental Protection					
Acres of land owned ⁽²⁾	3,559,115	3,836,193	4,035,686	4,143,860	4,257,103
Florida Fish and Wildlife Conservation Commission					
Vehicles	1,371	1,494	1,637	1,591	1,562
<u>Transportation</u>					
Department of Transportation					
Highway lane miles	40,042	40,451	40,696	40,970	41,295
Vehicles	5,942	5,868	5,679	4,872	5,709
Buildings	1,607	1,662	1,624	1,619	1,584
<u>State courts</u>					
State Courts System					
Machinery and equipment	Unavailable	Unavailable	4,646	4,496	4,800

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				
2006	2007	2008	2009	2010
85	85	85	85	85
41,779	45,460	49,990	50,702	51,787
49	49	53	51	57
209	235	319	300	327
227	211	211	211	223
59	60	60	78	62
40	41	42	42	43
30	30	32	34	34
6	6	5	5	5
159	159	161	161	160
723,852	724,629	698,648	700,296	702,730
4,316,161	4,429,484	4,500,719	4,521,508	4,535,931
1,514	1,519	1,549	1,520	1,669
41,613	42,022	42,181	42,542	42,711
5,841	5,445	5,313	5,125	5,125
1,578	1,622	1,691	1,719	1,774
7,825	8,608	9,335	9,400	9,760

THIS PAGE INTENTIONALLY LEFT BLANK



CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES